

BUSINESS INTEGRITY MANAGEMENT SYSTEM TRAINING MANUAL

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Electronic Edition



Federación Panamericana de Consultores
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Fédération Internationale des Ingénieurs-Conseils
International Federation of Consulting Engineers
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Federación Internacional de Ingenieros Consultores



FIDIC is the International Federation of Consulting Engineers

FIDIC was founded in 1913 by three national associations of independent consulting engineers within Europe. The objectives of forming the federation were to promote in common the professional interests of the member associations and to disseminate information of interest to members of its component national associations.

FIDIC membership at present numbers over 60 countries from all parts of the globe. The federation represents most of the private practice consulting engineers in the world.

FIDIC arranges seminars, conferences and other events in the furtherance of its goals: maintenance of high ethical and professional standards; exchange of views and information; discussion of problems of mutual concern among member associations and representatives of the international financial institutions; and development of engineering consulting in developing countries.

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Errata

This electronic edition corrects several minor errors in layout as compared to the printed edition. The only significant editorial error is an incorrect numbering of ISO 9001:2000 clauses on Page 13.

Preface

Corruption wins no more than honesty

William Shakespeare, The Tempest

The BIMS Training Manual is a complement to FIDIC's *Guidelines for Business Integrity Management in the Consulting Engineering Industry*, published in 2001. FIDIC's objective in preparing this manual is to help member firms planning to run a BIMS by clearly illustrating the steps to follow in the design, training, implementation and certification of their own integrity management system based on the ISO 9001:2000 standard.

FIDIC's 2001 Annual Conference in Montreux reported on the first implementations by consulting firms of certified Business Integrity Management Systems. In the aftermath of the conference, new support from several Member Associations has prompted a variety of consulting firms, both large and small, and from developed and developing countries, to implement their

own systems. The need to expose corporate wrongdoing throughout the world will most likely continue to be an incentive for more corporations to design and implement tighter corporate governance, and to establish Business Integrity Management Systems along the lines of FIDIC's BIMS.

This first edition of the BIMS Training Manual has been prepared and edited by FIDIC's Integrity Management Task Force under the chairmanship of Dr. Felipe Ochoa, Mexico, and including Stan Kawaguchi, USA, Fatma Çölasan, Turkey, and Dr. Jorge Díaz-Padilla, Mexico. FIDIC's Integrity Management Task Force wishes to acknowledge FOA Consulting, Mexico, for sharing its registered BIMS in the preparation of this manual.

Introduction

Implementing the Business Integrity Management System: the tasks

This Training Manual has been prepared to help staff who have the responsibility for developing and implementing a BIMS within their consulting firm.

Consulting firms already running an ISO 9001 based Quality Management system, and are planning to explicitly include the scope of integrity as an extension, which is part of the way to do business, will benefit from using the guidelines presented in this manual.

In the absence of a quality management system, a consulting firm interested in implementing directly the scope of business integrity for consulting projects may use this manual if it wishes to operate a documented preventive system that acts against potential wrongful activities within the firm or in interactions with clients and subcontractors.

This manual for implementing a Business Integrity Management System provides a step-by-step procedure to facilitate comprehension of the process.

The workflow chart for the total process comprises five phases in sequence for developing and implementing the system, and includes 18 specific and distinct tasks.

Tasks pertaining to each of the various BIMS development phases will be addressed in the following chapters.

This manual also provides specific recommendations as to how the consulting firm can develop each task to comply with the ISO standard.

Requirements for business integrity

The FIDIC *Guidelines for Business Integrity Management in the Consulting Engineering Industry* call for firms to operate in compliance with the following requirements:

Bribery

Non-engagement in offering, promising, or giving a payment, gift or other advantage directly or indirectly to a public official or private client as undue consideration to influence selection, execution or compensation procedures.

Extortion

Non-engagement in threatening any public official or private client, his family or property in order to influence selection or compensation procedures, or the execution of an assignment.

Fraud

Non-engagement in the misrepresentation of data, factors or qualifications to meet the terms of contract during the selection or execution of a project, or during the distribution of project funds.

Collusion

Non-engagement in actions among bidders designed to influence the bidding process and prevent the client from conducting a fair and open process.

Introduction

Developing a BIMS: the process

The FIDIC *Guidelines for Business Integrity Management in the Consulting Industry* proposed an eight-step analytical model for developing and implementing a BIMS that is intended to facilitate comprehension of FIDIC's proposal for integrity management. For training purposes, this manual provides a more practical process description. The table below illustrates the relationship between the two processes.

Steps for BIMS implementation

From the FIDIC *Guidelines for Business Integrity Management in the Consulting Industry*

Workflow chart

1	Formulation of a Code of Conduct	2.1
2	Formulation of the Business Integrity Policy	2.1
3	Appointment of a firm's BIMS Representative	1.1
4	Identification of requirements for the BIMS	2.4
5	Analysis and evaluation of current practices	1.3
6	Implementation tools for the BIMS	2.3
7	Documentation	2.3
8	Analysis of current practices	2.3

Implementing a BIMS: the workflow chart

1. Analysis of the firm



2. Designing the BIMS



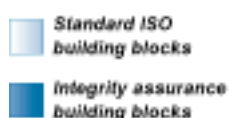
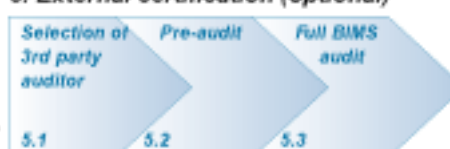
3. Training for BIMS



4. BIMS implementation and monitoring



5. External certification (optional)



1 Analysis of the firm

1.1 Nominating a BIMS Committee

Senior management must nominate a BIMS Committee to provide evidence of its commitment to the design and development of a Business Integrity Management System and to the continuous improvement of the system.

Members of the BIMS Committee, individually or with the support of external consultants, will be responsible for the design phase of the Business Integrity Management System.

Senior management and the BIMS Committee appointed by management must approach the design and implementation of a Business Integrity process with a long-term commitment and as an ongoing obligation that fails within the firm's normal operating procedures. They must also assure the availability of resources.

The BIMS Committee will have to identify and recommend to senior management the person responsible for implementing the BIMS.

1.2 Understanding and characterising the firm

Understanding and characterizing the firm will be particularly important for the BIMS design phase in order to simplify the system and yet assure integrity.

Geographical scope of work

The complexity of the BIMS will vary depending on whether the consulting firm operates locally, within one country or globally.

Scope of services

A multi-service firm may have to customise procedures to fit the various services, while a specialized firm might be able to have a procedure that applies to all projects.

Type of client

Consulting firms from signatory countries of the international OECD anti-bribery convention that compete in consulting projects abroad will have to take the convention into consideration when designing the BIMS.

There are countries where not only the international convention but also local laws such as the 1977 United States Foreign Corrupt Practices Act have to be complied with when providing consulting services abroad. This fact has also to be considered in the BIMS design phase.

For private clients, the firm may either follow the same procedures as for government procurement, or establish a simplified procedure.

Subcontractors and establishing strategic alliances

If subcontracting, or establishing strategic alliances or joint ventures is a common practice for the consulting firm, provisions to disclose the firm's policy and BIMS structure to their associates or subcontractors will have to be made.

The firm may choose to use only subcontractors having a BIMS in place. If a subcontractor or strategic ally without a BIMS is engaged by the consulting firm, the contract should include provisions to automatically disengage the consulting firm from its ally should the partner manifest any irregular conduct or wrongdoing.

1 Analysis of the firm

1.3 Review of existing Integrity Management procedures

Consulting firms operate on the basis of a business culture that can be expressed as follows:

- 1 No previous concern with Integrity Management.
- 2 The firm manages on the basis of values, with an implicit integrity programme imbedded in the firm's operation.
- 3 An explicit integrity programme is operational but it is not necessarily ISO 9001 oriented.
- 4 The firm operates an implicit or explicit integrity programme as well as an ISO 9001 Quality Management system.

If an explicit or implicit system is in place, an inventory has to be carried out and an appraisal made of how the system compares with the proposed BIMS protocol.

It might transpire that the measures and tools used within the firm are adequate, and all that is needed is to make them explicit and subject to documentation and continuous improvement. In other cases, a major effort may be required to establish a BIMS.

If there is little in place, firms should obtain FIDIC'S Integrity Management documents or seek additional help from a national FIDIC Member Association which may have programmes to provide assistance.

1.4 Review of the firm's status with respect to ISO 9001:2000

Since the BIMS protocol follows the ISO 9001:2000 standard, firms having an ISO 9001 Quality Management system in operation will benefit substantially if it is considering implementing a BIMS.

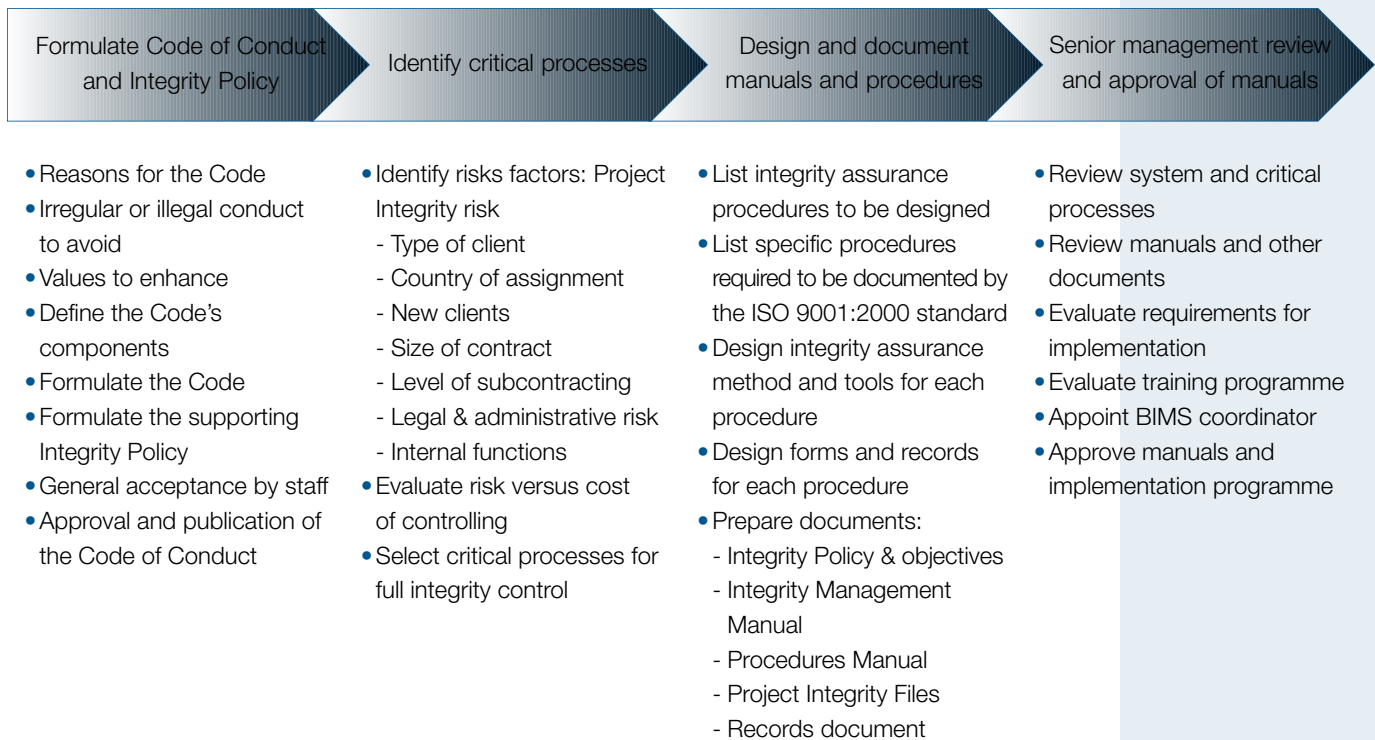
If a Quality Management system is in place, extending its scope to include business integrity will imply only a marginal cost for its implementation, and reduced difficulty for its documentation.

Firms without previous ISO Quality Management experience may choose to implement a Quality Management system, including procedures for integrity assurance.

Alternatively they may opt to implement only the integrity assurance procedures complemented by the six administrative procedures required by the 9001:2000 standard (see Section 2.3.2).

2 Designing the BIMS

Tasks for designing the BIMS



2.1 Formulating the Code of Conduct

The Firm's Code of Conduct is an important component of the BIMS. It's a formal declaration of the values and the ethical working rules of the firm.

The Code of Conduct cannot anticipate every circumstance or irregular conduct that might occur. It is the ISO approach for continuous improvement which will permit the enhancement of the system.

BIMS is intended to assure integrity of the firm as offered by its management and rest of the staff to its clients and society. However, the code might also incorporate the expected behaviour of the firm's staff regarding integrity towards the firm.

The requirements can be summarised as follows:

- 1 A firm's mission, vision and objectives should address integrity.
- 2 A Code of Conduct should be stated.

2 Designing the BIMS

2.1.1 Contents of a model Code of Conduct

A model Code of Conduct that synthesizes a number of existing codes which have been drawn up by engineering and consulting organisations is presented in Appendix B. It incorporates a set of values representing best practices for consulting work:

- 1 Corporate integrity
- 2 Social responsibility
- 2 Quality of service
- 3 Objectivity of the firm
- 4 Loyal competition

2.1.2 General requirements for a BIMS

- | | |
|---|--|
| 1 Objectives and goals to be achieved with the system | 5 How and who will implement the BIMS |
| 2 Risks associated with corrupt behaviour that are to be controlled | 6 How sanctions will be managed |
| 3 The degree of systematization of processes to be controlled | 7 Strategy for awareness and acceptance of the programme |
| 4 Existence of a Quality Management System | 8 Criteria to opt for in the case of certification |

2 Designing the BIMS

2.1.3 Enhancing the corporate integrity culture

FIDIC believes in measures to continuously improve the productivity of member firms.

FIDIC also strongly believes that productivity improvement should be the result of innovation - the potential creativity of the firm - and not the result of wrongdoing or irregular conduct.

Member firms are encouraged to enhance their integrity culture, and to declare it as part of their mission. A firm's values, goals and objectives should also reflect the integrity culture on behalf of all of the firm's stakeholders.

The integrity culture of the firm should extend to both the internal "customer", namely the firm's staff, as well as to clients, the external customers.

BIMS is mainly focused on assuring integrity in client-firm relationships owing to its potential to enhance a firm's continuous improvement process.

Internal integrity assurance forms part of total integrity. It could be addressed as a second phase of continuous improvement, once the external integrity component has been implemented successfully.

As part of the integrity culture, the firm's expectations in terms of value for all stakeholders should be defined in order to establish what constitutes the firm's objectives for integrity.

The integrity culture may be defined and expressed as part of the firm's vision, since the vision expresses the firm's view forward, and the aspirations of shareholders and employees.

2.1.4 The components of business integrity conduct

Internal integrity

Integral behaviour of the firm's staff

Objective

To protect the firm against potential wrongful acts by staff

External integrity

Integral behaviour of the firm vis à vis its clients and stakeholders

Objectives

To avoid potential abuse by officials of government clients for their personal gain.

To protect client and stockholders from potential wrongdoing by the firm.

To protect the firm from potential wrongful acts of subcontractors.

To protect staff from potential management wrongdoing.

2 Designing the BIMS

2.2 Identification of the critical processes for integrity compliance

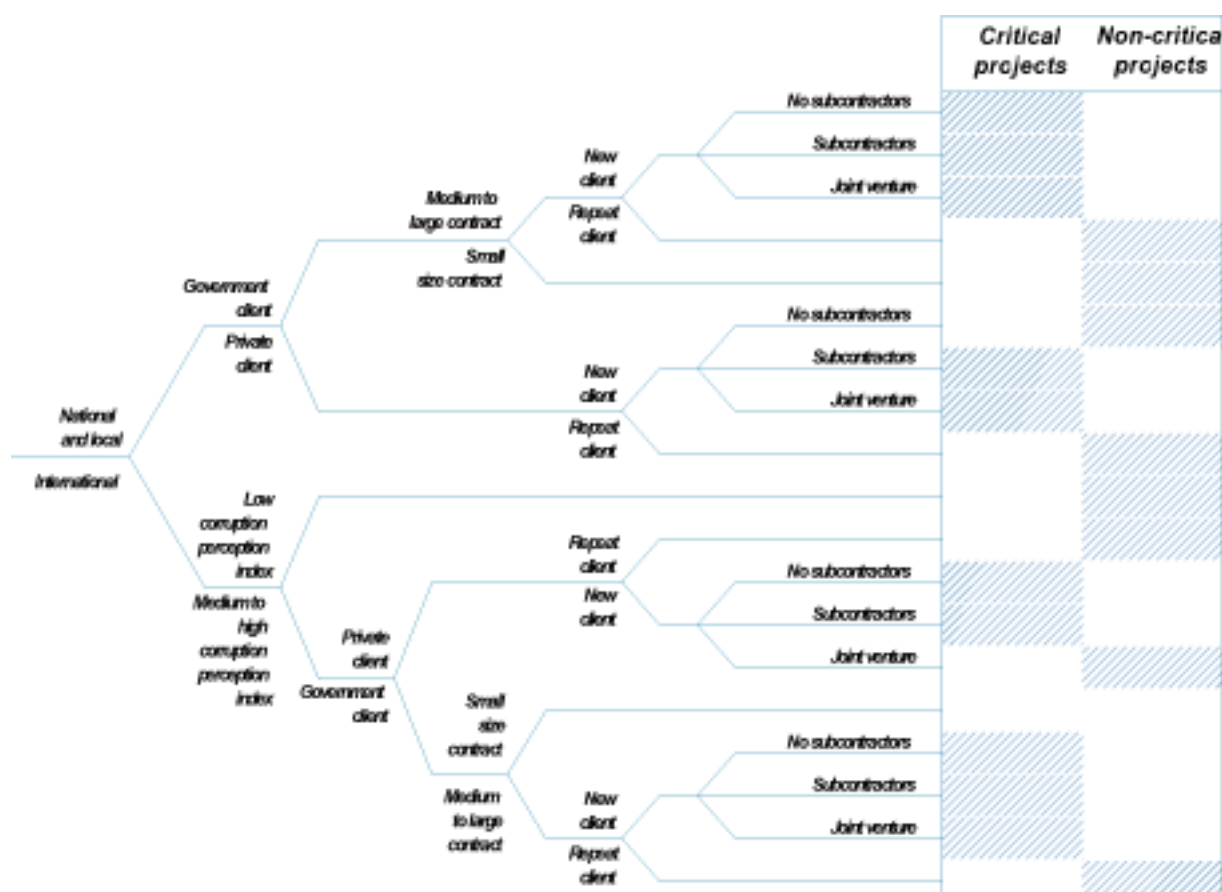
Business integrity shall cover all consulting projects of the firm and a project Integrity Record File should be kept for each project (see Section 2.3.4)

Keeping Project Integrity Record Files for all projects may be a substantial burden for large consulting firms operating internationally. As an alternative, firms could include business integrity activities in their firm's existing procedures for projects considered "non critical", and keep only specific project Integrity Record Files for projects considered to be "critical" owing to a high risk of potential corruption.

The firm will have to decide which are the critical projects of high potential corruption risk that qualify for close monitoring as part of a BIMS. A project Integrity Record File will have to be kept for critical projects, and once the company establishes the specific guideline, the ISO standard will accept it as long as the firm "says what to do and does as it says".

The following issues might be considered when defining critical projects (see the illustration below):

- 1 Local, national or international services
- 2 Level of perceived corruption in countries being supplied
- 3 Type of client: government, institutional, private
- 4 New or repeat client
- 5 Type of contract: lump-sum, cost-plus, turnkey
- 6 Selection mechanism: short-list bid, open bid, Quality Based Selection, Quality-Cost Based Selection, Cost Based Selection
- 7 Type of subcontracting involved



2 Designing the BIMS

2.2.1 Potential wrongdoing to be avoided

A consulting firm will have to specify the corrupt practices and potential wrongdoing that it wishes to avoid during all phases of its workflow.

Corrupt practices may occur at various points of the workflow. The firm may prepare a wrongdoing/work process matrix, illustrated below, to facilitate the identification of potential corrupt practices that are to be prevented.

The main reference, as established in the *Guidelines for Business Integrity Management in the Consulting Engineering Industry*, are the OECD anti-bribery convention and FIDIC's *Code of Ethics* that indicate the need to avoid corrupt practices including bribery, extortion, fraud and collusion.

As a second step, the strategy to prevent all identified opportunities for wrongdoing will have to be designed, together with the tools needed to demonstrate compliance.

The BIMS is a voluntary set of best practices adopted by the consulting firm. However, it may also serve as an important tool for reducing the risk of litigation.

BIMS may also prove to be the system for demonstrating compliance with a foreign corrupt practices act when providing services abroad in countries where such an act exists.

Core processes Corrupt practices to avoid	Marketing of consulting services	Sub-contracting and alliances	Project execution	Delivery of services and collection	Purchasing and supply	Accounting and financials
Bribery						
Collusion						
Fraud						
Extortion						

Wrongdoing/work process matrices

Core sub-processes Corrupt Practices to avoid	Engineering design	Preparation of tender documents and specifications	Prequalifying and evaluating tenders	Supervision of contractors	Approval of payments to contractors	Decision making on contractors claims
Bribery						
Collusion						
Fraud						
Extortion						

Sub-processes of project execution

2 Designing the BIMS

2.2.2 Control of potential conflict of interest

FIDIC's *Code of Ethics* requires that consulting firms provide objective and unbiased advice in the interest of the client, avoiding any potential conflict with the firm's own interests.

To avoid situations that might lead to illegal conduct by the firm, the firm may decide to include assurances that any potential conflicts of interest are handled properly.

Non-engagement in the proper handling of conflict between the firm's interests and those of the client is what has to be complied with in this situation.

In the case of an identified potential conflict of interest, the recommended procedure for integrity assurance includes a four-step process:

- 1 Disclosure to the client of the potential conflict of interest.
- 2 Acknowledgment by client of the firm's disclosure.
- 3 Consent from the client to proceed under certain conditions.
- 4 Mitigation of potential conflict by specific actions taken by the firm.

The consulting firm should imbed in its project integrity procedure a checklist for identifying potential conflicts. These arise:

- 1 **Between consulting firms and during a client's relationship with the firm.**
Source: family relationships, or former employee or partner relationships.
- 2 **Between consulting assignments.**
Source: assignments conflicting in their basic characteristics, or with recommendations made by the firm on previous assignments.
- 3 **Between consulting services and procurement.**
Source: conflicting design services and conflict in the procurement of goods and works.
- 4 **In the review of the work of other consultants' work.**
Source: conflict in reviewing work may imply difficulty in undertaking an objective appraisal.
- 5 **Between the nature of the assignment and the principles of the firm.**
Source: fundamental conflicts.

2.2.3 Designing the integrity control methods

Procedures have to be designed to prevent corrupt practices during the various processes of providing consulting services.

Internal audit level

- A signed, hand-written Integrity Review Form provided by the internal auditor (see Appendix C).
- Records of non-conformance procedures initiated in the case of wrongdoing or suspected irregular conduct.

Management level

- Records of procedures for corrective action, and of sanctions in the case of wrongdoing.

Project Manager level

- Disclosure of the firm's Business Integrity Management System to potential clients.
- The explicit identification of potential conflicts of interest, and their disclosure to clients.
- An assertion that no irregular practices such as bribery or collusion were initiated by potential clients.
- Records of actions taken in the case of suggestions by third parties of wrongdoing.
- An assertion that irregular conduct was not initiated either by the firm's Project Manager or by authorized representatives of the firm.
- A signed, hand-written form from the Project Manager providing evidence of integrity compliance.

2 Designing the BIMS

2.3 Designing and preparing the BIMS documentation

BIMS documentation is that which is required by the ISO 9001:2000 standard (Clause 4.2.1) - see *Guide to the Interpretation and Application of the ISO 9001:2000 Standard for the Consulting Engineering Industry*, FIDIC, 2001.

A firm having an ISO Quality Management system in place with all its standard documentation will only have to add the specific procedures needed for integrity assurance of the firm's processes. Secondly, it will only generate new records if existing records cannot accommodate the new procedures.

Firms planning to have an ISO-based BIMS as a first step, without an ISO Quality Management system in place, will have to establish the BIMS documentation from the beginning.

The following sections suggests ways to design manuals, procedures and complementary records. Firms already running a Quality Management system might be inspired to use the sections to design their required integrity assurance procedures.

The BIMS documentation will be particularly useful for training staff.

2.3.1 Statement of the Integrity Policy

As required by the ISO 9001:2000 standard, a statement by senior management of the Integrity Policy

BIMS documents

1 Integrity Policy

A formal statement specifying the Integrity Policy and its objectives.

2 Integrity Manual

A document describing the BIMS and how the requirements of the ISO standard are met.

3 Procedures Manual

Integrity assurance procedures and the procedures required by ISO 9001:2000.

4 Project Integrity Record Files

Documents to ensure the effective operation and control of the critical processes and the critical projects.

5 Records

Documents stating results achieved or providing evidence of activities performed and compliance with specific aspects of the ISO 9001:2000 standard.

Partners' commitment

"The firm's partners and staff are committed to providing quality services to their clients, with value added by means of best practices and business integrity".

"The firm's objective is to satisfy the client's expectations and requirements by adapting quality and its continuous improvement as its work method, and integrity as the overriding consideration in its behaviour".

Complementary policy statements

1. Every firm employee plays a key role in ensuring the firm's integrity.
2. All consultants and employees must fully understand the ethics of serving clients.

must be drafted as one of the BIMS documents. An example of an Integrity Policy statement is given below.

3. All consultants must trust their Project Leader whenever the relationship with the client becomes uncomfortable.
4. The Project Leader shall guarantee that all consultants and staff members on the project team are familiar with, understand and comply with the firm's BIMS.
5. The Project Leader shall ensure that throughout project development and until project completion there is full compliance with the firm's BIMS.
6. All members of the firm shall seek to identify, apply and exchange best practices for integrity assurance.
7. Every department within the firm must stipulate goals and actions for maintaining integrity, and must seek continuous improvement.

An example of a consulting firm's Integrity Policy

Source: *Integrity Management Manual*, FOA Consulting BIMS © 2001

2 Designing the BIMS

2.3.2 Business Integrity Management Manual

The Business Integrity Management Manual should describe the BIMS and how the requirements of the ISO 9001:2000 standard are addressed.

In the event that a consulting firm decides to extend the scope of an operational ISO 9001:2000 Quality Management system, since the BIMS complies with the standard, the Quality Manual for the quality system will have to be adapted to include the business integrity aspects.

Firms designing a BIMS in the absence of a previously implemented Quality Management system will benefit greatly from the *FIDIC Guide to the Interpretation and Application of the ISO 9001:2000 Standard for the Consulting Engineering Industry* when drafting an Integrity Manual.

The proposed contents for an Integrity Manual that follow the contents of the 9001:2000 ISO standard are presented below.

1. Introduction	7. Product Realization
2. Scope, Purpose and Field of Application	7.1 Planning of production realization
3. Glossary of Terms	7.2 Customer related processes
4. Business Integrity Management System	7.3 <i>(does not apply to BIMS)</i>
4.1 General requirements	7.4 Purchasing
4.2 Documentation requirements	7.5 Production and service provision
5. Management Responsibility	7.5.1 Control of production and service provision
5.1 Management commitment	7.5.2 Validation of process integrity
5.2 Customer focus	7.5.3 Identification and traceability
5.3 Integrity Policy	7.5.4 Control of client's information
5.4 Planing	7.5.5 Preservation of product
5.5 Responsibility, authority and communication	7.6 <i>(does not apply to BIMS)</i>
5.6 Management review	8. Measurement, Analysis and Improvement
6. Resource Management	8.1 General
6.1 Provision of resources	8.2 Monitoring and measurement
6.2 Human resources	8.2.1 Clients' perception
6.2.1 Competence and Training	8.2.2 Internal audit
6.3 Infrastructure	8.2.3 Monitoring and test of processes
6.4 Work environment	8.2.4 Monitoring and test of services
	8.3 Control of non-conforming processes
	8.4 System feedback
	8.5 System Improvement
	8.5.1 Continual improvement
	8.5.2 Corrective action
	8.5.3 Preventive action

Standard contents for a Business Integrity Mangement System Integrity manual

2 Designing the BIMS

2.3.3 Procedures Manual

The Procedures Manual aims to specify the person responsible, the tools to be used, their order of application, and the records to be generated for each of the consulting processes in order to avoid corrupt practices at all times.

Integrity assurance procedures

The ISO 9001:2000 standard calls for a number of procedures which are designed to conform with the integrity scope. It is up to the firm to specify and design these procedures (Sub-clause 4.3 of the standard).

The consulting firm may choose to design a single procedure for each of the main processes of providing consulting services, including marketing, bidding and contracting, project selection, final delivery, and collection processes.

Additional functions to be controlled by integrity management that are associated with the firm's administrative functions may merit their own procedures. This may be the case for accounting and financial reporting, or for the firm's purchasing and supply functions.

Other internal integrity assurance functions may require their own procedures, as is the case for "confidentiality of internal information" or "intellectual property integrity protection". These procedures may be included as part of the continuous improvement philosophy of the standard.

Two types of procedures have to be considered: those that assure integrity and those required by the ISO Quality Management standard.

Procedures required by ISO 9001:2000

The management review procedure must be a part of the Procedures Manual, together with the six procedures specifically required by the standard which are listed in the table below.

The procedures for corrective and preventive action require a well thought-out action plan, approved by senior management, for adopting appropriate sanctions in the various potential cases of non-conformance.

The Procedures Manual must include details of the forms and records to be generated for each of the procedures that will be designed.

Name of the procedure	Reference to ISO 9001:2000 Clause
Review	
1 Management Review	5.6
Procedures for Integrity Assurance (required by the firm)	
2 Review of the marketing, bidding and contracting processes	4.1
3 Review of the project execution process	4.1
4 Review of the final delivery process	4.1
5 Review of the collection process	4.1
Procedures Required by the Standard	
6 Control of documents	4.2.3
7 Control of records	4.2.4
8 Internal Audit	8.2.2
9 Control of the non-conformance function	8.3
10 Corrective actions	8.5.2
11 Preventive actions	8.5.3

Contents of the Procedures Manual

2 Designing the BIMS

2.3.4 Consulting Project Integrity Record Files

A Project Integrity Record File has to be prepared for each of the *critical projects*. The file should contain evidence that the Integrity Policy has been implemented, controlled and monitored throughout the various processes that encompass the consulting services delivered.

FIDIC's Business Integrity Management System is based on a set of checks and balances based on specially designed procedures, complemented by a set of deposition or "affidavit" type documents consisting of signed, written assertions that the procedures were strictly followed. The proposed method hinges upon the creation of a "paper trail" as a strategy to prevent misconduct.

The written statements are prepared by the Project Manager who signs off to the veracity of their contents. Subsequently, the statements are reviewed and authenticated by the firm's Internal Auditor, and periodically by senior management. A voluntary, second-party acknowledgment is sought from the client in order to corroborate the integrity of the services rendered. Periodic external audits to verify conformance of the Quality Management system with the ISO standard have also to be carried out.

Finally, and as a part of the ISO standard, periodic external audits of system conformance must be established.

1. Project description.
2. Record of disclosure of the BIMS to the client.
3. Internal Auditor's record of the reviews of project integrity compliance.
4. Integrity compliance record of processes.
 - 4.1 Marketing of consulting services
 - Technical and financial proposals
 - Communication with the client
 - Contract terms
 - Project Manager's signed, written assertion specifying supporting evidence that the project marketing and contracting complied with integrity principles.
 - 4.2 Project subcontracting and execution
 - Time schedule and activity programme
 - Progress reports
 - Subcontract documents and acceptance of integrity policy
 - Communication with client and subcontractors
 - Project time sheets and cost accounts including subcontracts
 - Arguments justifying the modification of contracts
 - Signed, written assertion of the Project Manager specifying evidence that the subcontracting and project execution complied with the Integrity Principles.
 - 4.3 Project delivery of services and fee collection
 - Final report and supporting elements
 - Project Manager checklist of deliverables
 - Client acceptance of contract completion
 - Second-party acknowledgment of compliance with Integrity Principles
 - Invoice documentation and time for collection statistics
 - Benchmark of collection times versus usual collection times for each type of client
 - Project Manager's signed, written assertion with supporting evidence of integrity compliance during the delivery and collection processes.

Proposed contents for Project Integrity Record Files

2 Designing the BIMS

2.3.5 Control of documents and records

The ISO 9001:2000 standard specifically requires documented procedures for the control of documents and records (Sub-clause 4.23).

Control of documents

Control of documents means having a pre-planned specification for document identification, preparation, review, approval, distribution, availability, storage and change. Documents covered by this procedure include:

- 1 Documents describing the BIMS implementation
- 2 Integrity Manual
- 3 Procedures Manual
- 4 Project Integrity Record Files

External documents such as standards, protocols and other relevant regulations need to be identified, and their distribution controlled. A master list of documents is required so that current and superceded documents can be clearly and easily identified, and so that the issue of documents can be controlled and traced. The master list should be constantly updated, and should include a record of changes.

Control of records

The control of records entails demonstrating conformance with the standard, and with the specified integrity requirements.

- 1 Records covered by this procedure include the Project Integrity Record File plus other records required by the standard.
- 2 Records demonstrating the integrity of each process.
- 3 Records associated with the project (e.g., proposal, contract document, progress reports, deliverables).
- 4 Records demonstrating the operation of the BIMS (e.g., management review report, audit results, non-conformance reports, integrity competence of staff).

Important records should be kept in a secure place, and protected from physical damage and unauthorized access.

2.6 Senior management review and the approval of manuals

Senior management must review the designed system before proceeding with its implementation.

The critical processes selected for control and monitoring, the integrity control methods, manuals and other documents are of particular importance. They require review and clearance by management.

Senior management will have to evaluate the requirements for implementation as well as the training programme.

The purpose of the management review is to provide a strategic assessment of the Business Integrity Management System to ensure its continuing suitability, adequacy and effectiveness. The review must be performed by the executive management of the firm, and should not be delegated to subordinates.

Manuals and the implementation programme should be approved following the successful outcome of the management review, and a BIMS coordinator appointed to proceed with the implementation phase.

3 Training for BIMS

Further training of employees

A key issue for the success of a Business Integrity Management System is that all staff become aware of the Integrity Policy and act in accordance with the spirit as well as the letter of its documentation.

Additional staff training is recommended. It is envisaged that training would cover two different aspects, namely a discussion of case studies and the discussion of themes.

Discussion of themes

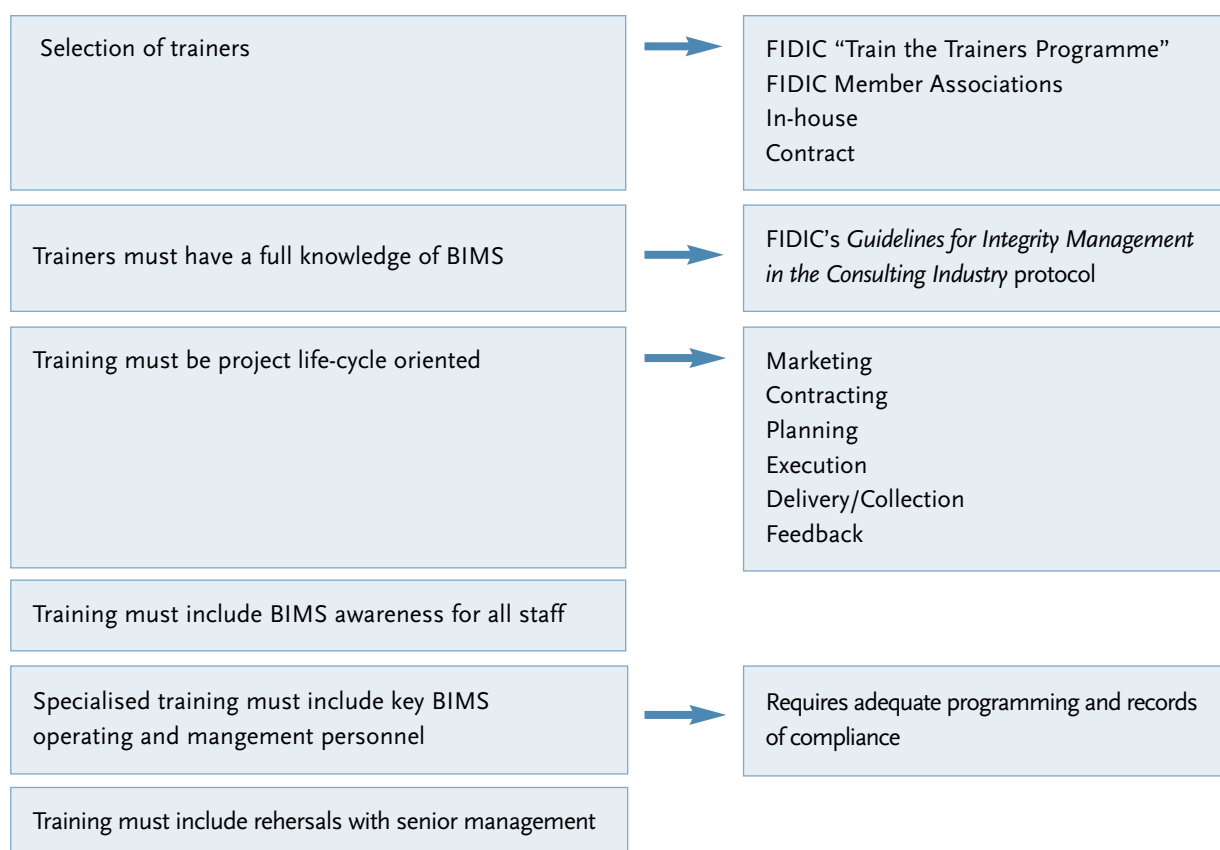
Discussion of the following themes should be considered for training programmes:

- 1 Reasons for a BIMS: objectives and stakeholders.
- 2 The Code of Conduct
- 3 Integrity Policy
- 4 Irregular conduct to be avoided
- 5 Integrity issues in the firm
- 6 External integrity issues relating to clients and subcontractors
- 7 The value of BIMS
- 8 Sanctions
- 9 Defining improvement, and items to consider.

Case studies

The following types of case study might be presented in training:

- 1 Analysis and discussion of conflicts of interest and how to manage them.
- 2 Analysis and discussion of wrongful acts that can possibly arise in the firm's various processes.



Issues for the training phase

3 Training for BIMS

3.1 Awareness training of staff

The firm has to ensure that staff understand how they participate in, and contribute to, the process of achieving the integrity objectives.

An awareness training programme for staff must be carried out before implementation of the BIMS.

All staff members will have to maintain a record confirming that have undertaken awareness training. This record will be kept by the BIMS administrator as proof of attendance at training courses.

Incoming staff must be introduced to the firm's integrity policy as soon as they are engaged.

Training will have to provide information covering at least the following components of the system (records should be kept of this fact):

- 1 The firm's senior management declaration of integrity.
- 2 Knowledge of the firm's Code of Conduct, with distribution of the document to staff and the maintaining of signed records that each staff member received a copy.
- 3 New employees will have to acknowledge reception of their copy of the Code of Conduct.
- 4 Explanation of the reasons for the firm's integrity policy.
- 5 A general description of the system procedures and their function.
- 6 Procedures for notifying possible violations of integrity.

3.2 Training of key BIMS operating personnel

The competence and value of staff in a consulting firm have a direct bearing on the integrity and honesty engaged in the services provided. All activities of the firm can affect integrity: they should be performed by staff who have the necessary training and knowledge, and who can be relied on to make sound judgements in matters concerning integrity.

The supply of training records, job descriptions and the personnel records of key staff members is normally sufficient for demonstrating compliance with the human resources aspects of the ISO Quality Management standard, and thereby meeting the firm's objectives for integrity management.

Compliance with the requirements can be demonstrated through:

- 1 The job descriptions of Project Managers (responsible for the Project Integrity Record Files) that specify the required skills based on a knowledge of the firm's Integrity Policy and system procedures.
- 2 The staff records of Project Managers that include their training and experience with respect to the work of maintaining the Project Integrity Files and of following the Integrity Management procedures.
- 3 Training programmes which take into account the specific needs for performing assigned tasks as well as general training for the integrity system.
- 4 Management training programmes with a similar level of content and evaluation as those used to train Project Managers.
- 5 The training of Project Leaders and senior management is needed to ensure that everyone involved understands and properly complies with the Integrity Policy and operates the Integrity Management procedures in all of the processes.

3 Training for BIMS

3.3 Training of the Internal Auditor and the BIMS Manager

Audits should be carried out by a staff member, working in cooperation with relevant personnel.

The Internal Auditor, who must be certified, can be an employee of the firm. Alternatively, the internal audit function can be out-sourced to a quality/integrity management consultant.

The auditor will have to be trained in FIDIC's BIMS protocol. The training course could be organised as a service offered by the FIDIC Member Association in a particular country through a train-the-trainers programme.

A similar approach could be followed to train the BIMS Manager who is responsible for filing all of the BIMS documents and records, and for supervising compliance with all of the procedures required by the ISO standard.

4 Implementation

4.1 Start up of BIMS operation

Implementation should be carefully planned once the design of the BIMS system has been approved. The consulting firm may choose to introduce Project Integrity Record Files for all ongoing projects of a critical nature, or only for those contracted after the date the BIMS was initiated. Moreover, a large firm might select a pilot implementation phase, starting with the headquarters or a regional office and then gradually enlarging coverage to the remainder of the firm.

The Project Integrity Record Files have to be prepared by their Project Managers or by the designated consultant, according to the procedures established in the BIMS Manual. At each phase of a project, the information that assures no wrongdoing in the process must be completed by the designated person and signed by the Project Manager.

All documents associated with the workflow of the consulting project must be contained in the file corresponding to each of the specially designed control procedures that are specified in the Manual.

4.2 Implementing the Internal Auditor function

At specified intervals, maybe monthly at the outset and once every three to six months when the BIMS is running smoothly, the Internal Auditor must review the operation of the system, especially completion of the project files, to make sure that all the prescribed procedures are being followed.

The Auditor will need to work through checklists designed to make sure that no wrongdoing has taken place during the various phases of the critical projects that are subject to Integrity Management.

If steps in the procedure are missing, or if the Auditor detects an incident that is thought to merit additional action, the Auditor will generate a record of non-conformance, possibly together with a recommendation for the corrective action that will have to take place.

The internal, or first-party, audit must be conducted by a certified member of the staff or by a fully qualified expert who is retained for the purpose. The audit should comprise the following phases:

1 Planning

An audit plan and checklist of topics to be reviewed will be prepared.

2 Conducting

The auditor reviews the results and prepares a report.

3 Reporting

The auditor reports the audit's findings to appropriate members of the firm's management.

5 Follow-up and close-out of the audit results

Feed-back from the Project Manager of the action taken.

4 Implementation

4.3 Implementing the Management Review Procedure

Internal monitoring requires a periodic management review. This will assure that the integrity system remains relevant, adequate and effective.

Management should seek an analysis of results derived from internal quality audits. It should act on these reviews, and records of the reviews should be maintained.

A direct outcome of the management review procedure should be a continuous improvement of the BIMS in the light of the recommendations based on the internal and external audits.

External

Monitoring by third parties audits whether “we do what we say”.

Internal

Internal monitoring verifies adherence to the Business Integrity Management System.

4.4 Changes, adjustments and continuous improvement of the BIMS

Special attention should be given during management reviews to the improvement of the Business Integrity Management System, including detailed consideration of recommendations made by staff.

Changes to be adopted should be decided as part of the management review, thus proving that there is continuous improvement of the system.

Continuous improvement takes into account recommendations made by third parties, including external auditors when they perform the auditing that is prescribed in order to maintain certification of the BIMS.

The following types of actions should be considered to:

- 1 Modify the procedures
- 2 Expedite the procedures
- 3 Simplify the system
- 4 Computerize the system that manages manuals
- 5 Widen the scope of the BIMS by including additional functions

5 External certification

5.1 Selection of the External Auditor

External or third-party certification refers to an outside body reviewing for the consulting firm that its specified BIMS is in place, and acting to prevent corrupt practices in the first instance, and to expose and sanction them whenever they occur.

ISO certification has come to be widely accepted over the past 15 years and many countries and consulting industry clients are committed to it. Even for integrity conceived as a component of providing quality service, the ISO certification represents an international standard consistently applied and verifiable by an accredited third party.

Important as it is for the firm's external evaluation, it is free market competition that will provide the ultimate incentive for BIMS certification.

Considering the unpleasant surprises of a string of large international corporations and their auditors accepting what seems to be irregular conduct, if not delinquent, one can see the opportunity costs of having had a certified system like BIMS in place to prevent them, and its value when proving compliance with a code of conduct.

When considering BIMS Certification, the first step is to seek a reliable certification/registration body, hopefully itself already BIMS certified, to find out what is offered, what it entails and the likely costs of certification and its maintenance.

It is essential for the BIMS to have been implemented and in full operation for a few months in the consulting firm. Several months of records demonstrating the operation of the Integrity Management System will help to demonstrate the functionality of the implemented system.

Once the certification organization has been selected and a formal application has been filed, the organization will review the Integrity Manual and the Procedures Manual to assess how well the consulting firm's manuals describe what should happen against what the standard prescribes.

If deficiencies are detected, the certifying organization will indicate them for the consulting firm to amend manuals or to develop additional procedures as needed.

5.2 Pre-audit visit

The certifying organisation may carry out a pre-audit check before proceeding to the certification audit.

The consulting firm will have to demonstrate to the auditor how the BIMS is running and how it complies with the ISO standard for the scope of integrity. If non-conformances are found by the auditor the consulting firm will have to arrange a final auditing.

5.3 Full BIMS audit

For the full review, the external auditor will check that all non-conformances found in the pre-audit have been taken care of, and will examine in detail the manuals, documents and records as well as other objective evidence of compliance with the standard.

If no inconsistencies are found the auditor may issue a ISO 9001:2000 Quality Management certificate with the scope of "Business Integrity in Consulting Projects".

Once certification is granted, the certification organization will carry out compliance audits of the system over the period for which the certification is valid. These audits are not as comprehensive in that the full system is not necessarily assessed at each audit.

If non-conformances are found during a compliance audit, and they are not corrected within a specified time, certification may be withdrawn. Minor non-conformances may require correction by the next compliance audit.

5 External certification

5.4 A new Business Integrity Management standard

An ISO standard on Business Integrity does not exist at present. A new standard would have to be developed and approved in order to cover the assessment of a Business Integrity Management System, and the subsequent issuing of a certificate to confirm that the applicant is in conformance with the standard's requirements.

In the meantime, FIDIC has formally requested the International Standards Organization through its Technical Committee 176 responsible for maintaining the ISO 9001 standard to consider the following:

- 1 Business Integrity Management should be given its proper status as a feature of best practice that facilitates the harmonization of world trade and improvements in quality.
- 2 Recognize that the *Guidelines for Business Integrity Management in the Consulting Industry* published by FIDIC in 2001 exist and may be used as a qualified reference document in relation to the ISO 9000 family of Quality Management standards.
- 3 Business Integrity Management is an integral part of the processes used in providing consulting services so it is compatible with the process-oriented concepts of ISO 9001:2000.

- 4 FIDIC requests that it be adequately recognized for the development of the *Guidelines for Business Integrity Management in the Consulting Industry* should the ISO Technical Committee 176 consider it in its interest to pursue the document as a suitable basis for a new international standard on Business Integrity.

ISO has a provision for the standardisation of quality management in specific sectors at the request of the interested sector, and with the support of ISO's Technical Management Board. This is the basis for a FIDIC approach to ISO to publish a complement to ISO 9001 with a specific field of application, the outcome being an ISO/FIDIC standard applicable to integrity assurance in the consulting industry.

The request is in line with ISO's guideline 72 that calls for avoiding the proliferation of management standards and the admittance of those harmonized with the ISO 9001 standard, as is the case for FIDIC's BIMS protocol. It is anticipated that the request will to be reviewed in depth by ISO's Technical Management Board.

Once the BIMS protocol is accepted as part of the standard, the ISO certification of consulting firms will be in "integrity management".

A certification strategy for the short term

Consulting firms participating in a BIMS pilot programme set up by FIDIC for its member firms have followed an accepted strategy for certification, pending official recognition of the BIMS protocol.

Since integrity is part of quality, the strategy calls for implementing BIMS in accordance with the ISO standard on Quality Management, and duly certifying the consulting firm in Quality Management with the scope of "Business Integrity in Consulting Projects".

The first firm to obtain a ISO 9001:2000 Quality Management certificate within this scope belonged to FIDIC's Member Association in Mexico. Other consulting firms from Mexico, Turkey and the Nordic countries are following a similar route, pending the ISO/IEC TC-176 committee's ruling on the BIMS protocol.

Appendix A

Glossary of Terms

Integrity	The total set of values, attitudes and attributes of a firm which may enable a rigid adherence to a code of ethics and behaviour.
Code of Conduct	The explicit expression in actions of the firm's ethical behaviour and of its integrity values.
Business Integrity Policy	The concept, approach and objectives of a firm with respect to business integrity, as formally defined and expressed by management.
Business Integrity Management System	The organizational structure, responsibilities, procedures, processes and resources implemented in a firm to accomplish management by integrity.
BIMS ISO 9001:2000 Compliance	When the firm's implementation of BIMS meets the six components of the ISO 9001:2000 standard recommended by FIDIC for the consulting engineering industry.
BIMS Certification	Third-party evaluation process attesting that a firm's specified BIMS is in place and is acting to prevent corruption and to expose and sanction corruption whenever it arises in the firm.

Appendix B

Model Code of Conduct for consulting firms

It is expected that the experience of member firms of FIDIC, the International Federation of Consulting Engineers, and FEPAC, the Federation of Pan-American Consultants, from around the world can contribute to the development of a model Code of Conduct that would be clear, simple and easy to communicate, and capable of being applied uniformly.

Being a common code, it would apply to all member firms. Individual firms would adopt regulations and procedures to fit their operations in order to implement the Code of Conduct aspects of a Business Integrity Management System.

The present Guidelines propose a model Code of Conduct that synthesizes a number of existing codes that have been drawn up by engineering and consulting organisations. It draws on the most important issues and incorporates the main best practices for consulting work, namely Business Integrity, quality and technology development.

Social responsibility

- 1 The firm accepts continuing responsibility for its consulting services before its clients and society.
- 2 The firm shall permanently contribute to the benefit of its clients and Society, through sustained personnel training and technology, development aimed at improving productivity.
- 3 The firm will include sustainability as a permanent goal in every project.

Quality of service

- 4 The firm shall only undertake project assignments in its areas of expertise, where it has the capabilities to deliver efficient and effective service to its clients.
- 5 The firm is committed to providing high quality services to clients. The firm will focus on Quality Management as a working methodology, and on permanent improvement as a means to improve the quality of service.
- 6 The firm is committed to the continuing improvement of its knowledge base, abilities and tools in its area of expertise. The firm will focus on technology management as a working methodology, and shall extend to its clients the benefits of its professional achievements.

Objectivity of the firm

- 7 The firm will act with loyalty to its clients, and maintain the confidentiality of any information from the client that is obtained in the process of performing its services. The firm will also keep confidential the documents and reports prepared for a client.
- 8 The firm shall avoid and conflict of interest, and will inform a client beforehand of any potential conflict of interest that could emerge during the execution of consulting services.
- 9 The firm will only offer its services under contracting terms that do not interfere with its independence, integrity and objectivity.
- 10 The firm will not accept any remuneration that could encourage the firm to offer a biased opinion.

Appendix B

Model Code of Conduct for consulting firms

Corporate integrity

- 11 The firm will only solicit consulting work and participate in private or public competitive bidding under the highest standards or corporate ethics and competitive practices, and with total integrity in its transactions.
- 12 The firm will act at all times for the benefit of clients, and will carry out services with professional integrity, while not jeopardising the interests of society.
- 13 The promotional activity of the firm and its services will uphold the dignity and reputation of the industry. Brochures and other formal documents describing resources, experience, work and reputation will reflect the firm's actual circumstances in a truthful manner.
- 14 The firm shall manage with integrity its internal and external affairs. The firm will focus on Business Integrity Management as a working methodology, consistent with the dignity of the knowledge-based consulting industry.

Competition

- 15 The firm favours Quality Based Selection for the contracting of its services.
- 16 If solicited to review the work performed by another consultant, the firm will act in accordance with its business integrity and objectivity policies.
- 17 The firm will not endorse compensation or contribution arrangements destined to influence or secure consulting work, nor seek commissions from suppliers of equipment and services recommended to the client as part of the firm's consulting services.
- 18 The firm shall not take part in activities that could damage the reputation or business of others.



Appendix C

Integrity Review Form

Internal Audit Project Review Checklist

A Marketing and Contracting Process

- 1 Disclosure to the client of the firm's Integrity Policy

Evidence of formal delivery to the client of company brochures stating the existence of the firm's BIMS

Integrity Policy disclosure as part of the project proposal

- ## 2 Management of potential conflict of interest

Evidence of having analyzed a potential conflict of interest checklist

Evidence of following management procedures in the case of a potential conflict

- ### 3 Integrity management during the bidding process

Proposal reflects the actual experience of the firm

Resumés of experts reflect their actual experience

Evidence that the firm was not involved in the short-listing process

Evidence that the firm did not collude with the participants

Evidence that the firm did not derive an unfair competitive advantage over competitors

- ## 4 Conditions of Contract

Conditions of Contract reflect the scope offered in the original proposal

Evidence of justifiable reasons in the case of changes to the Conditions of Contract

Evidence of action taken in the case of irregular practices initiated by the potential client

Evidence of actions taken in the case of suspected wrongdoing by associates or subcontractors

Project Manager's signed, written assertion, and evidence of the firm's integrity during the process

B Project Execution Process

- ## 5 Adequate Work Team

Evidence of adequate staffing levels and staff expertise throughout provision of services to the client

Existence of detailed terms of reference and contracts for associates and subcontractors

- ## 6 Contract modifications

In case of contract modification (involving, for example, contents, price, schedules), evidence that adjustments were as indicated and justified

- ## 7 Consultant/client integrity relationship during execution

Existence of fair treatment in dealing with contractor selection, contractor supervision and claims handling

Evidence of there being no attempts of extortion by the client's employees during execution

Concrete preventive or corrective measures if extortion is attempted

Project Manager's signed, written assertion, and evidence of the firm's integrity during the process

[illegible]

Appendix C

Integrity Review Form

C Project Delivery and Collection Processes

8 Compliance with the Conditions of Contract

Evidence that actual project deliverables fulfill the contract terms

Evidence of on-time delivery of products, and failing this evidence of the formal acceptance by the client of a time extension

Evidence of acceptance by the client of contract fulfillment

9 Contract collection

Justification in case of an earlier than agreed collection schedule

Evidence of avoidance by the firm in case of extortion attempts during collection

Project Manager's signed, written assertion, and evidence of firm's integrity during processes

D Compliance with integrity procedures

10 Compliance with the Procedures Manual

BIMS operation is in conformance with the specified system

Non conformances

[illegible]

Observations and recommendations for Senior Management Review:

The Internal Auditor:



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