FIDIC, the International Federation of Consulting Engineers, is the global representative body for national associations of consulting engineers and represents over one million engineering professionals and 40,000 firms in more than 100 countries worldwide.

Founded in 1913, FIDIC is charged with promoting and implementing the consulting engineering industry’s strategic goals on behalf of its member associations and to disseminate information and resources of interest to its members. Today, FIDIC membership covers over 100 countries of the world.

To further its goals, FIDIC publishes international standard forms of contracts for works and for clients, consultants, sub-consultants, joint ventures and representatives, together with related materials such as standard pre-qualification forms.

FIDIC also publishes business practice documents such as policy statements, position papers, guidelines, training manuals and training resource kits in the areas of management systems (quality management, risk management, business integrity management, environment management, sustainability) and business processes (consultant selection, quality based selection, tendering, procurement, insurance, liability, technology transfer, capacity building).

The key priorities agreed by FIDIC are as follows:

1. Leading the consultancy and engineering industry visibly and effectively.
2. Strengthen FIDIC’s position in the overall construction industry.
3. To connect and support members more effectively.
4. Adapt and improve the governance of the federation.
5. Innovate the way the FIDIC secretariat operates to be more effective and efficient.

FIDIC also organises the annual FIDIC International Infrastructure Conference and an extensive programme of seminars, capacity building workshops and training courses.
## Contents

1 Introduction  
   1.1 Background  
   1.2 Purpose of the guide  

2 Overlap of FIMS and ISO 37001  

3 Adaptation of FIMS to ISO 37001  
   3.1 Initial steps for a FIMS-equipped firm  
   3.2 Risk assessment  
   3.3 Develop policies and procedures to address incremental ISO 37001 features  
      3.3.1 Employment process  
      3.3.2 Financial controls  
      3.3.3 Anti-bribery controls for controlled organisations  
      3.3.4 Gifts, hospitality, charitable donations  
      3.3.5 Due diligence  
      3.3.6 Investigating and dealing with bribery  

4 Concluding remarks
This ‘tool kit’ sets out a road map on how consulting engineering firms could apply Integrity Management in their work and provides the details on how to develop a **FIDIC integrity management system (FIMS)** and use it in their day-to-day consulting practice.

Developing a FIMS presents an ideal opportunity for a consulting company to introduce improved business practices designed to enhance the quality of business management. Firms and member associations are encouraged to take advantage of the available published material, training and professional seminars offered by FIDIC, recognised associations and others on the subject of integrity management, and to customise the material to address the specific characteristics of the firms and their clients.

In 2015 FIDIC published the *Guidelines for Integrity Management in the Consulting Industry, Part I - Policies and Principles*, in which a broad integrity management framework is formulated and used in the definition of the scope and the parameters of a comprehensive Integrity Management System (FIMS). A companion document, *Part II – Procedures (2017)*, presents a step-by-step process to guide firms through the establishment of their FIMS. It also includes examples to show how other consulting companies have developed their particular integrity management procedures, examples that may be used by interested firms for guidance and as references.

This current document, *Part III – FIMS and ISO 37001 Procedures (2019)*, illustrates how consulting engineering companies that already have a functioning FIMS may move towards the adoption and eventual certification of an integrity management system incorporating an anti-bribery framework under the ISO 37001 standard.

FIDIC wishes to record its appreciation of the time and effort devoted to prepare and review this document by Richard Stump, chairman of the FIMS III task force, Stanley Consultants (USA); Manoochehr Azizi, Atec Consultants (Iran); Michael K. De Chiara, Zetlin & De Chiara (USA); Liu Luobing, Shanghai Investment Consulting Corporation (China); John Ritchie, integrity management consultant (Canada); Ahmed Haj Stifi, Karlsruhe Institute of Technology (Germany); and Jorge Díaz Padilla, chairman of the FIDIC integrity management committee, SYSTEC (Mexico).

Acknowledgement of reviewers and contributors does not mean that such persons or organisations approve the wording of the guide. The ultimate decision of the form and content of this publication rests with the integrity management committee of FIDIC.
1 Introduction

1.1 Background

Developing a FIDIC Integrity Management System (FIMS) presents an ideal opportunity for a consulting engineering company to introduce improved business practices designed to enhance the quality of business management. Firms and member associations are encouraged by FIDIC to take advantage of the available published material, training and professional seminars offered by FIDIC, recognised associations and others on the subject of integrity management, and to customise the material to address the specific characteristics of the firms and their clients.

In 2011 FIDIC published Guidelines for Integrity Management in the Consulting Industry, Part I - Policies and Principles, in which a broad integrity management framework is formulated. This framework is used to define the scope and the parameters of a comprehensive integrity management system (FIMS). A companion 2015 document, Part II – FIMS Procedures, presents a step-by-step process to guide consulting engineering firms through the establishment of their own FIMS. Part II includes examples of other consulting companies’ efforts to develop and to execute their particular integrity management systems.

International Standard ISO 37001, which is described in the ISO publication entitled Anti-bribery management systems - Requirements with guidance for use, is an international management standard to help all organisations, not just consulting firms, in the fight against corruption by establishing a culture of integrity, transparency and compliance. This system can be a stand-alone system or integrated into an already implemented management system such as FIMS. The standard is applicable only to bribery and it does not “specifically address fraud, cartels and other anti-trust/competition offences, money-laundering or other activities related to corrupt practices, although an organisation can choose to extend the scope of the management system to include such activities”.


1.2 Purpose of the guide

This current document, Part III – FIMS and ISO 37001 Procedures, illustrates how consulting engineering companies that already have a functioning FIMS may move towards the adoption and eventual certification of an integrity management system incorporating an anti-bribery framework under the ISO 37001 standard.

Accordingly, consulting engineering firms that want to become ISO 37001 certified are advised to make a start by following the guidance provided in this document. It is strongly recommended that they obtain expert advice before applying for certification. For the purposes of this edition of the guide, the terms ISO 37001 and the standard refer to the ISO 37001:2016 (E) version of the ISO anti-bribery standard.

The guide begins in section 2 with an outline of the overlap between a fully functional FIMS and a compliance programme for a typical consulting engineering firm that is certified in accordance with ISO 37001.

This is followed in section 3 with a description of the steps to be followed in expanding a FIMS to incorporate the required elements of an ISO 37001 anti-bribery system. Section 3 covers the initial steps, followed by an initial company-wide risk assessment. Section 3 concludes with descriptions of the principal features that are required by ISO 37001 and are not included in a typical FIMS, along with outlines of the procedures that should be developed to address these features. Section 4 provides some concluding remarks on “next steps”.
In general, FIMS and ISO 37001 risk management distinguishes between two types of risks: integrity risks and compliance risks, where:

- **Integrity risk** is defined as a risk caused by the failure of internal control over people, process, technology and external events.
- **Compliance risk** is defined as a risk caused by the failure to act in accordance with regulations, laws, or legal obligations in a given jurisdiction.

In this regard, the integrity risks identified in the FIMS documents and the compliance risks described in ISO 37001 are risks which, if not proactively managed and mitigated, may negatively affect the continued existence of a consulting engineering company. Therefore, both the FIMS and ISO 37001 anti-bribery management system (or, in general, any compliance management system) can be understood as a type of risk management system. However, FIMS has been developed to manage “integrity risk”, which is seen in a positive light — a well-defined FIMS will preserve the integrity of the company and its reputation. Managing compliance risk can be viewed in a more negative light — these activities are developed in order to keep the company “out of trouble” on the issue of bribery. Therefore, FIMS plus ISO 37001 can yield a holistic approach—integrity management plus management of compliance risk as it relates specifically to bribery.

**Figure 1.1 Overlap between FIMS and ISO 37001**

Figure 1.1 illustrates the primary characteristics and overlap of FIMS and ISO 37001. These should be taken into account when adapting an existing FIMS to incorporate ISO 37001 compliance and eventual certification.

A well-designed and operated FIMS provides consulting engineering firms with a substantial base for developing an ISO 37001 compliant integrity management system.

Key features of the FIMS that will set the foundation for ISO 37001 certification are:

- Establishment of a systematic approach to integrity assurance
- Provision of ‘tone from the top’
- Establishment of a direct reporting line to the top level of management

- Establishment of a company Code of Conduct (CoC)
- Provision of integrity training programmes for staff – general for all staff, specialised training for staff in higher risk positions
- Annual signoff by all staff confirming training on the company CoC
- Confidential reporting line(s) to allow staff to report on integrity-related concerns
- A clear prohibition against bribery
- Safeguards against personal and corporate conflicts of interest
- Provision of a clear process to engage representatives (using the FIDIC Model Representative Agreement)
3. Adaptation of FIMS to ISO 37001

3.1 Initial steps for a FIMS-equipped firm

- **Initial Review** Review the firm’s FIMS versus the Key Features listed in Section 2 above. Correct any shortcomings identified in the review.
- **Audit the FIMS** Conduct and document audits to verify that FIMS principles and procedures are being followed.
- **Review ISO 37001** Obtain a copy of the official ISO 37001 documents and consider the additional features that are needed to augment relevant FIMS provisions. Review the findings with senior management, assess the implications of required new features and their costs and benefits.
- **Perform a Gap Analysis** Refer to section 3 of this document, together with the official ISO 37001 documents, and develop a preliminary summary of the gaps between the firm’s FIMS and the requirements of ISO 37001.
- **Conduct overall company risk assessment** Conduct a firm-wide risk assessment, using the process outlined in section 3.2 as a guide.
- **Develop preliminary scope of ISO 37001 system** Outline the scope of the proposed ISO 37001 system in a format and level of detail that will allow all affected employees to understand it and its implications for the firm’s operations.
- **Communicate awareness of the standard** Inform all staff and business partners of the firm’s plans to adopt ISO 37001 and the new policies and procedures that will be introduced.
- **Budgeting** Establish a budget and work plan to move from FIMS to “FIMS plus ISO”.

3.2 Risk assessment

The efficiency of the combined FIMS - ISO 37001 system will be highly dependent upon the conduct of a proper risk assessment. The consulting engineering firm first needs to understand its own context and to define the needs and expectations of the stakeholders that are relevant to its integrity or anti-bribery management system. Therefore, many internal and external factors should be addressed to achieve a successful self-examination.

Risk assessment should be a regular and essential part of the strategic and operational management of a consulting firm to achieve sustainable legal, economic, and social outcomes which are the insurance for continued existence. Understanding the above factors and their interaction leads the company to perform a risk assessment based on the following steps.

Step 1. Establish the process of risk assessment

The first step in establishing a successful risk assessment, as stated above, is the clear understanding of the company’s context in the consulting engineering industry and the commitment of the stakeholders involved in the risk assessment process. The company’s senior leadership must have demonstrated a clear commitment to preventing corruption and doing business in an ethical, transparent manner. This commitment must be supported by a clearly articulated policy against corruption. Additionally, an understanding of compliance risk and its potential legal consequences is required. Both FIMS and ISO 3700-based systems benefit from consideration of the following points (questions) when initiating a risk assessment process:

- Who are the key stakeholders relevant to the system?
- What are the relevant requirements of the stakeholders?
- What internal and external issues are relevant to the system?
- What internal and external resources are needed?
- What type of data should be collected and how?
- What framework will be used to measure, manage and document the compliance (integrity, bribery) risks?
3. Adaptation of FIMS to ISO 37001

Step 2. Identify the risks

In this step, integrity and compliance risks are identified. The consulting firm may continue to utilise questioning techniques to identify risks such as:

- Which locations where the firm does business pose a greater compliance risk than others? (FIMS, for example, considers the geographical coverage of consulting services in three levels: local, national and international).
- Where in the firm’s business processes is there exposure to compliance risks?

The business model of the consulting company and the nature, scale and complexity of the organisation’s activities and operations should be analysed. The core processes of consulting services will likely be analysed. These include marketing of consulting services, subcontracting and alliancing, project execution, purchasing and supply, and accounting and financial management. In addition to the core processes (engineering design, preparation of tender documents and specifications), other processes - including prequalification of bidders for a client, bid evaluation, construction supervision, approval of payments and decision-making in case of claims - all need to be considered.

- What type of compliance risks could be faced?
  While an ISO 37001 anti-bribery system considers only bribery risks, a FIMS addresses all other corruption types - classified as collusion, fraud, and extortion. Additionally, FIMS considers conflict of interest as a type of corruption requiring mitigation. An appropriate FIMS requires the consultant to undertake transparent conflict mitigation measures. The FIMS should provide members of the firm with helpful tools and checklists for identifying potential conflicts of interest and measures that may be taken to resolve them.

- What type of transactions and arrangements with clients, subcontractors, business partners and public officials could result in creating compliance risks?
- What applicable statutory, regulatory, contractual and professional obligations and duties should be considered?

Consulting firms have many ways to collect data and facts that support the identification of integrity and compliance risks. These ways include the following:

- Transparency International’s Corruption Perceptions Index (CPI): The CPI is considered to be one of the most useful indicators for measuring the perception of corruption in a project.

![Figure 3.1 Sources of Risk Contributing to Critical Project Identification under a FIMS](image-url)
3. Adaptation of FIMS to ISO 37001

given country. The CPI depicts the degree to which public officials or politicians in a given country are believed to accept bribes or use their positions to gain personal benefits.

- Reports from the firm’s internal audit function on compliance risk, including (if applicable) past incidences of non-compliance, such as communications from the World Bank.
- Interviews with individuals from important company functional groups including legal, risk management, ethics and compliance, internal audit, project delivery and procurement, as well as with senior management, board members (internal and external) and stakeholders.
- Surveys, including self-assessment by employees and external parties
- Workshop or brainstorming sessions to explore compliance risks

Step 3. Rate compliance risk

The identification of integrity and compliance risks is followed by their evaluation. In practice, risks are analysed and prioritised. It would be desirable for a company to deal with all risks with the same level of importance and response. However, since companies usually do not have resources available to efficiently and effectively deal with all possible risks, the risks should be rated and prioritised according to their probability and impact. As an example of how rating compliance risks can be completed, Figure 3.1 delineates a sample approach to risk identification for Critical Projects (refer to FIMS II, section 4.2.1 for more information on the definition of a Critical Project).

The quality and credibility of the risk analysis requires that different levels of risk probability and impact be defined that are specific to the company context and stakeholders’ expectations.

A simple relative or numerical scale could be used to classify each probability or potential impact. For example, a simple qualitative scale can be “unlikely, possible and likely” or “very high, medium, low and very low”.

Combining the probability and potential impact assessment generates an assessment of inherent integrity and compliance risks and represent the overall risk level without consideration of existing controls.

The Project Management Institute (PMI) approach to risk management could be used as a rating tool. One specific example demonstrated in Figure 3.2 is a probability and impact matrix, which is defined as “a grid for mapping the probability of each risk occurrence and its impact if that risk occurs”. Each risk is identified and scored accordingly, providing the company with a combined value that represents low, medium or high risk of negative impact.

![Figure 3.2 Probability and impact matrix](image-url)
Step 4. Identify and rate mitigating controls

After identifying and classifying risks into different priority levels, existing controls and mitigating activities are assigned to defend against each risk. While all potential risks should be mitigated, priority should be given to critical and medium risks. Controls must be based on the results of previous processes – i.e. the inherent risk. Here, it is important for the consulting company to distinguish between preventive and detective controls. Relevant controls can be identified via interviews and targeted surveys with stakeholders who can help identify the appropriate controls available within the firm.

Management of integrity and compliance risks is the most important control principle in FIMS. Prevention forms the first basic process of FIMS in addition to detection, response, documentation and continuous improvement processes. Prevention measures are intended to discourage a risk “before it begins.” The prevention measures suggested by FIDIC in the execution of a FIMS are: Code of Conduct, Due Diligence Assessments and Identification of Critical Projects.

It is common for several controls to be selected as mitigation for each identified risk. At the end of this step, the consulting firm would likely have identified relevant mitigating controls for each of the risks identified in step 2. This step is similar to PMI’s approach of “Plan Risk Response,” where a strategy or a mix of strategies with the most likely effectiveness should be selected for each threat. This strategy is referred to as “mitigation control”.

Step 5. Review

The risk assessment should be subjected to regular review so that changes and new information can be properly assessed and mitigated, if appropriate. The review cycle should be based on timing and frequency defined by the needs of the company, or by the most stringent external requirements. If a significant change occurs to the company structure or activities, or if new lines of business or countries of operation are introduced, or if new developments in anti-corruption legalisation or enforcement occur, a review should be initiated. As risks cannot be entirely eliminated, residual risks will exist (these are the remaining risks after considering the risk reduction impact of mitigation controls). This recognises that corruption can still occur despite implementing mitigation controls. Therefore, it is important to consider residual risks in the review process, to assess whether existing or proposed controls are effective and proportionate to the level of the inherent risk.

Step 6. Documentation

The risk assessment process requires appropriate, regular documentation. The consulting firm must retain documentation that demonstrates that regular compliance risk assessments have been conducted and used to improve the company system.

Maintaining standardised documentation is essential for the review and reporting process. It is the key to continuous improvement.

3.3.3 The risk assessment process associated with documentation process based on FIMS and ISO 37001.
3. Adaptation of FIMS to ISO 37001

3.3 Develop policies and procedures to address incremental ISO 37001 features

This document assumes that the firm has established a fully functional FIMS, with features as outlined in the FIDIC document Guidelines for Integrity Management in the Consulting Industry – Part II – FIMS Procedures. The topics that are covered by ISO 37001 but not by FIMS include:

- **Employment process** – ensuring that potential new employees are effectively screened for bribery risk
- **Financial controls** – ensuring that financial controls that manage bribery risk are in place
- **Anti-bribery controls for controlled organisations** – ensuring that anti-bribery controls that are implemented by the firm are extended to entities that it controls
- **Gifts, hospitality and charitable donations** – ensuring that corporate entertainment, gifts and donations cannot be construed as attempts to bribe
- **Due diligence** – ensuring that procedures are established to conduct due diligence on high-risk categories of personnel, business associates or transactions
- **Investigating and dealing with bribery** – ensuring that procedures are in place to govern investigation of suspected bribery

The subsections presented below are structured in the following manner:

**Standard** - identifying the heading of the ISO 37001:2016 clauses, together with a brief summary of the requirements stated under the heading.

**Guidance for consulting engineering firms** - discussing the interpretation of that clause in the context of the operations of a typical consulting engineering firm. Where appropriate, procedures that should already be in place with a fully functioning FIMS are referenced.

3.3.1 Employment process

**Purpose**

The standard (section 7.2.2) requires the organisation to “determine the necessary competence of persons doing work under its control that affects its anti-bribery performance” and to “where applicable, take actions to acquire and maintain the necessary competence”. Actions include training and coaching of personnel.

Within these broad statements of purpose, the organisation is required to take steps to include anti-bribery screening and training during the recruitment and personnel induction phases.

**Guidance for consulting engineering firms**

Most firms focus on technical and managerial competence of potential new employees and contract personnel. Since most firms will already have implemented measures to check on the background of potential new hires using social media checks and reference checks, it should not be a major problem to add the measures specified in the standard to cover integrity-related issues as well. Referring to standard section 7.2.2.1 and 7.2.2.2, and to standard annex A section A.8, the firm should consider the following incremental measures to demonstrate compliance with the intent of the standard:

- Note in job postings, advertisements, etc. the firm’s code of conduct and its expectation that all employees and contract personnel agree to adhere to it
- Check the ethical background of shortlisted candidates as part of the screening process prior to conducting interviews
- Include questions and ethical dilemma scenarios in employment interviews
- Conduct further integrity-related checks on shortlisted candidates, before an offer is made. Verify that no inappropriate relationships exist between a candidate and an existing or potential client
- Conduct induction training for new employees and contract personnel. This training should include an introduction to and explanation of the firm’s code of conduct, introduction to the firm’s confidential reporting line(s) and assurance that no retaliation or negative employment consequences will result from reporting misconduct
3. Adaptation of FIMS to ISO 37001

- Ensure that personnel evaluations include integrity-related commitments and actions, so that it is clear that positive contributions to the firm's anti-bribery system are highly valued.
- Avoid bonus payment schemes that reward “winning at any cost” performance.

Note that standard annex A section A.8.3 discusses measures to address potential conflicts of interest that could affect the ability of an individual to act in the best interests of the firm or its clients. As FIMS contains specific measures to address the types of conflict of interest that are typically encountered by consulting engineering firms, it is assumed here that the firm’s FIMS addresses the standard’s conflict of interest requirements.

3.3.2 Financial controls

**Purpose**
The standard (section 8.3) requires the organisation to implement financial controls that manage bribery risk.

**Guidance for consulting engineering firms**

Most firms will have in place standard financial controls to prevent fraud, including separation of duties, appropriate tiered levels of authority for payment approvals, etc. Referring to standard annex A section A.11, the firm should consider the following incremental measures to demonstrate compliance with the intent of the standard:

- Restrict the use of cash (ideally eliminate the use of cash at all locations)
- Implement periodic management review of significant financial transactions
- Conduct periodic and independent financial audits, with changes to the persons or organisations carrying out the audits.

In addition to the above measures, the firm should consider implementing accounting measures to monitor, manage and approve “compliance sensitive” payments. Payments should be easily audited and monitored for compliance with corporate policies and relevant laws. Examples of sensitive payments include Customs clearance payments, visa payments, representative/agent payments, or payments that could be classified as facilitation payments. Note that some integrity laws, such as the UK Bribery Act of 2010, require compliance by all members of the firm, regardless of location, if the company has a presence or subsidiaries in the UK.

3.3.3 Anti-bribery controls for controlled organisations

**Purpose**
The standard (section 8.5) requires the organisation to “implement procedures which require that organisations over which it has control either implement the organisation’s anti-bribery controls or implement their own anti-bribery controls.” The standard clarifies that direct or indirect control of management of an organisation defines a “controlled organisation.”

The standard requires that such implementation should be “reasonable and proportionate” with regard to the bribery risk associated with the controlled organisation.

Section 8.5 of the standard also covers anti-bribery controls by business associates that are not controlled by the organisation. These include representatives and agents, subcontractors and joint venture partners.

**Guidance for consulting engineering firms**

It is clear from court cases involving international bribery that bribery by an affiliate firm, even if that firm cannot be classified as a “controlled organisation”, can result in legal liability for the subject firm. The term “willful ignorance” is often used to describe the attitude of managers of firms who are caught up in such bribery cases. Accordingly, the standard calls for the organisation seeking ISO 37001 certification to impose its anti-bribery controls on “controlled organisations” and “non-controlled business associates.”

The degree to which an individual firm can control the activities, including the anti-bribery activities, of another corporate entity varies depending on the relationship between the two entities. Tight control can be exercised over a wholly owned subsidiary that is managed by long – term staff from the owner firm, while much less control can be exercised over a joint venture in which the subject firm is a minor partner. Representatives, although they are typically independent firms or individuals, can be substantially controlled using a carefully-worded representative agreement combined with annual
3. Adaptation of FIMS to ISO 37001

training, regular progress reports, and other safeguards.

Standard annex A, section A.13 contains useful guidance on how the intent of the standard can be met. Some practical considerations that are specific to the consulting engineering industry include:

- Act early in the development of a corporate relationship. The subject firm will have a greater ability to impose its anti-bribery system if the programme, and the firm’s requirements to see it followed, are introduced well before formation of a joint venture and submission of a proposal. Compliance with requirements of an anti-bribery system can be included in a memorandum of understanding, partnering agreement, or even within a joint venture or sub-contracting agreement.

- Start with a relationship in which the subject firm is dominant – either the prime consultant in a prime-sub-consultant relationship, or the managing partner of a joint venture.

- For a major project, propose the implementation of a project-specific anti-bribery system that mirrors the subject firm’s system.

- Ensure that all representatives are engaged following a formal due diligence process, supplemented by signing an effective representative agreement with the firm or individual. The 2013 FIDIC Model Representative Agreement provides a useful template.

3.3.4 Gifts, hospitality, charitable donations

Purpose
The standard (section 8.7) requires the organisation to “implement procedures that are designed to prevent the offering or acceptance of gifts, hospitality, donations and similar benefits where the offering, provision or acceptance is, or could be reasonably perceived as, bribery.”

Guidance for consulting engineering firms
Developing positive relationships with clients is fundamental to most consulting engineering firms, as repeat business from good clients forms the foundation of a successful firm. Most consulting engineering firms therefore consider the reasonable exchange of gifts, entertainment and similar ‘favours’ to be essential to the development of good client relationships. However, thinking on this topic has changed in today's world of heightened transparency, media coverage of alleged corporate and government wrongdoing, and tightening of national and international anti-corruption laws. The giving and receiving of gifts, entertainment, donations and the like can be perceived by a third party (including the client’s organisation, the media or the courts) to have been provided for the purpose of bribery and/or for gaining an unfair business advantage.

As a first step in satisfying the requirements of the standard, firms should refer to the guidance provided in standard annex A, section A15 and develop separate policies and procedures to cover the following topics at a minimum:

1. Offering and providing gifts, entertainment, travel and /or hospitality to client staff and representatives
2. Making political donations
3. Making charitable donations
4. Sponsoring community events, teams, etc.

Gifts, entertainment, travel etc.
The firm should consider the following points in establishing its policy and procedure to cover this topic:

- Key client requirements, - restrictions are increasingly being established within both public and private sector client organisations. Such requirements could include refusal of all meals and entertainment, disclosure of all offers, or strict limits on the financial value of a gift.

- Clarity and simplicity – those affected by new procedures should find it easy to understand and comply with them. As an example, large organisations have developed smart phone apps to govern both the giving and receiving of gifts and entertainment. Such an app can facilitate record keeping and approvals in accordance with established thresholds.

- Travel and hospitality for clients are normally offered rarely enough that formal approvals can be obtained prior to initiating a trip. Different policies will be required for travel associated with an existing contract and travel associated with development of business (e.g. a visit to the firm’s head office).
Political donations
Political donations normally require high level approval within a consulting engineering firm, concurrence from the firm’s legal counsel or risk management function, or all three. Policies and procedures to regulate political donations should reflect the need for high level approval, and should consider the potential for a donation to be linked to the award of a contract or other benefit to the firm.

Charitable donations
Charitable donations are usually made with the best of intentions but they can be difficult to justify if the receiving charity is associated in a significant way with a client organisation or individual. Policies and procedures should require due diligence on potential charitable donations to verify that no such connection exists. This process can be very simple if the charity is well known locally and it has legal status as an independent charity. The process can be more complicated where the charity is in an unfamiliar foreign country.

Community benefits, team sponsorships, etc.
As with charitable donations, well-intentioned community benefits, team sponsorships and the like can be misconstrued by third parties as disguised bribery. Due diligence processes can be simple for small contributions to local community organisations. Larger donations, especially those made in a location where the contribution will have a significant local impact, require closer scrutiny. Such larger contributions will require senior-level approval within the firm.

3.3.5 Due diligence

Purpose
The Standard (Section 8.2) requires the organisation to refer to its bribery risk assessment and establish due diligence procedures where a greater than “low bribery risk” has been identified in relation to the following:

“a) Specific categories of transactions, projects or activities,
b) Planned or on-going relationships with specific categories of business associates, or
c) Specific categories of personnel in certain positions”

Given the assessed bribery risk for each of these categories, due diligence procedures are required “to obtain sufficient information to assess the bribery risk”. The standard requires that the due diligence “be updated at a defined frequency, so that changes and additional information can be properly taken into account.”

Guidance for consulting engineering firms
Standard annex A, section A.10 provides general guidance on the topic of due diligence. There is no single template available for conducting due diligence assessments. The “acceptable” level of detail of a due diligence inquiry continues to evolve, as improved search tools become available and as specific due diligence inquiries are tested in court. Exact procedures should be developed by the firm and updated, as appropriate, as part of regular audits of the firm’s policies.

The bribery risk assessment for a typical consulting engineering firm that operates outside its home country is likely to identify the following categories of activity or relationship as having a bribery risk that warrants a formal due diligence process:

a) Proceeding with certain types of project and client.

The guidance provided in standard annex A, section A.10 as applied to “projects, transaction and activities” provides a useful checklist of relevant points to consider. More specific guidance that is relevant to a consulting engineering firm can be found in section 4.2.1 of the 2015 FIDIC document Guidelines for Integrity Management in the Consulting Industry – Part II – FIMS Procedures. This document sets out suggested criteria to identify a “Critical Project” – defined as a project that “poses an important integrity risk to the firm”. Recommended FIMS procedures, including project-specific integrity audits, should address the specific bribery and other corruption risks involved in a particular project.

b) Engagement of a representative to assist with business development - especially a representative that would work for the firm in a foreign market.

Standard annex A, section A.10.3 provides useful guidance on the conduct of due diligence
on “business associates” – a term that can be used to describe a proposed representative or a proposed project partner. The 2013 FIDIC Model Representative Agreement provides FIDIC’s recommended contracting framework for the engagement of a Representative. The Guidance Notes for the Model Representative Agreement identify the need to conduct “…risk-based due diligence …on potential representatives for the entire engagement process, to ensure that the representative has proper anti-corruption policies and procedures in place and that they are, in fact, implemented.”

Key steps in conducting due diligence on potential representatives are:

- Require candidates to complete a comprehensive questionnaire, detailing ownership of the firm, company registration details, information on anti-bribery measures, relevant professional registrations, and information on any past legal problems. References from credible sources (embassies, other clients, etc.) should be requested.
- Verify information provided in the completed questionnaire and contact references.
- Check available information on “Denied Party” databases, including the World Bank and other international financial institution (IFI) lists of debarred entities.
- Using appropriate search methods (Internet searches may be effective initially, but it may be necessary to use one of a number of available proprietary databases), search for any sign of past problems – press reports of involvement in corruption, etc.
- Identify any “red flags” associated with a candidate, and ask the candidate to clarify if an allegation is valid or the circumstances that led to the allegation or incident.
- If “red flags” cannot be satisfactorily resolved or “lowered”, terminate discussions with the concerned candidate.
- If the situation is complex and/or if the firm still wishes to engage a specific candidate with unresolved “red flags”, it may be appropriate to engage a specialist firm to conduct a more detailed due diligence assessment.
- Document all due diligence assessments and retain them on file. These files will be useful in the future, in case it becomes necessary to demonstrate the process that was followed to engage a specific Representative.

C) Participation in a joint venture or engagement of a subconsultant that is not well known to the firm.

The recommended due diligence process on a proposed partner firm is like the process outlined above for a proposed representative. Key points to establish through the due diligence process include:

- Verifying that the proposed partner firm is a legitimate business entity with all required registrations and with the required capabilities to fulfill its proposed role
- Verifying the identity, ownership and reputation of the proposed partner firm
- Reviewing the anti-corruption measures that exist within the proposed partner firm
- Identifying any “red flags” – for example, allegations of involvement in corruption-and resolving the red flags
- Developing project-specific anti-corruption measures if the proposed partner firm has weaker anti-corruption measures than the subject firm.2

3.3.6 Investigating and dealing with bribery

Purpose

The Standard (section 8.10) requires the organisation to “implement procedures that require assessment, and where appropriate, investigation of any bribery which is reported, detected or reasonably suspected.” In essence, the organisation is required to set out processes to respond to potential incidences of bribery, ensuring that investigations will take place and that they will be carried out by empowered investigators who will act confidentially.

Guidance for consulting engineering firms

Standard annex A, section A.18 provides useful guidance on the conduct of investigations and the need to define clearly the actions to be taken if an investigation reveals a confirmed case of bribery or violation of the firm’s anti-bribery policies.

Experience has shown that preparing an agreed-upon “road map” for an investigation into
a bribery allegation before any such investigation is needed is a worthwhile investment of time and resources. This is especially true if an allegation involves a senior person within the firm.

At a minimum, a policy document that governs potential investigations should identify the following initial steps:

- Confidentiality requirements – who are the company officials to be informed of the allegation and when?
- If the allegation involves an employee of another firm (e.g., in a joint venture), inclusion of requirements to inform the other firm and the responsibility of the other firm to conduct its own investigation while mitigating risks to the subject firm to the greatest extent possible
- Legal consultation requirements, especially to determine the need to inform the authorities immediately
- Involvement of the human resource function of the firm, both to protect the interests of an accused employee and to advise on the nature and extent of potential disciplinary measures
- Guidelines on the assignment of internal resources to investigations
- Guidelines on the engagement of external expertise
- Commitment to report on the investigation outcome as required to the authorities and take appropriate action, potentially including withdrawal from a client relationship, correcting accounting inaccuracies, etc.
- Commitment to revise the firm’s anti-bribery policies and procedures in response to any deficiencies identified by the investigation.

2 Experience has shown that a project-specific compliance programme should be outlined in reasonable detail and agreed among the parties before any joint venture or subconsultant agreements are signed.
4. Concluding remarks

This current document, *Part III – FIMS and ISO 37001 Procedures*, should provide a useful “roadmap” to help a consulting engineering firm move from a fully functioning FIMS towards the adoption and eventual certification of an integrity management system incorporating an anti-bribery framework under the ISO 37001 standard. The key steps in the process are identified herein, and detailed references are made to relevant ISO 37001 documents where applicable. After the steps have been followed to develop the design of the FIMS – ISO 37001 system for the firm, senior management should review the system to assess its impact on the firm’s operations and the budgetary and staffing resources needed to operate it effectively. After senior management approval has been given, a consultant who has detailed experience with the implementation of ISO 37001 anti-bribery systems should be engaged, to verify that the system that has been designed using this guide is compliant in all respects with the intent of the ISO standard. The company can then decide whether to proceed immediately to ISO certification, or wait until it has gained experience with operating and improving its system.