

Integrity Compliance – Guidance Document

The following document provides CCC staff with guidance on understanding areas of risk related to integrity, bribery and corruption. The document highlights red flags in certain areas. Red flags must be reviewed in the context of the entire project or Supplier/project risk profile. Combinations of red flags that remain unanswered and that make the project high risk from an integrity perspective should be brought forward to Management’s attention through reports to the Risk and Opportunity Committee. Ensuring that CCC’s transactions are of the highest ethical standard is not achieved simply through strong up-front due diligence. Proper oversight by CCC officers during business development and contract management activities have an equally important role to play as corruption can take place at any point throughout a contract. This list is not all encompassing but is a guide for Project Officers.

Risk	Potential Red Flags
1. Buyer Country	a. Is the perceived level of corruption risk in the country where work is to be performed high based on the Transparency International Corruption Perceptions Index? (Index is rated high, medium, low)
2. Nature of Proposed Project	a. Longer term construction or infrastructure projects in country vs. one-off sale of goods b. CCC has no history with the Supplier, Buyer and Intermediary.
3. Buyer	a. Are there negative media reports from credible sources involving the Buyer? If so, a media monitoring plan should be considered and meetings with the Supplier and Buyer should, where possible during the pursuit phase, include CCC and/or a representative from Global Affairs Canada. b. Is the Buyer directing that certain Agents/Intermediaries, business partners or subcontractor be used for the project? c. Are foreign officials of the Buyer’s country requesting any personal benefits including use of vehicles, trips, gifts in excess of US\$100, jobs for relatives etc.?
4. Supplier specific issues	a. Supplier, together with its affiliates, has in excess of 100 employees and does not have policies or training in place to deal with ethical business conduct. b. Supplier under financial duress or with a history of financial difficulties. c. Supplier, together with its affiliates, has in excess of 100 employees and does not have controls or procedures re foreign officials being offered gifts, hospitality or travel. d. Supplier with an opaque ownership structure, such as shell companies, blind trusts, off-shore holding companies. e. Supplier refuses to disclose beneficial ownership. f. Has the Supplier previously engaged in unethical business or been the subject of negative media reports, allegations or rumours of corrupt practices from a credible media source?

Risk	Red Flags
5. Agent / Representatives/Third Party Intermediaries	a. The supplier has not conducted due diligence on the Agent/Intermediary or has conducted due diligence and there remain unanswered red flags.
	b. Does the Agent or Intermediary appear to lack sufficient capability or qualifications to provide the services or goods for which it is being engaged (based on years in business, types of service performed, staffing levels, etc.)?
	c. Is the Agent/Intermediary reluctant to disclose information or provides inaccurate or incomplete information; does not provide business references or disclose principals or associates; or did the response from any of the business references present a basis for concern about the Agent/Intermediary?
	d. Is the Agent/Intermediary a lawyer, accountant or other person/intermediary who is not normally directly involved in the type of project or business activity for which it is being retained?
	e. Have we been asked or directed by a public official of the buyer to use this specific Agent/Intermediary? If so, by whom and why?
	f. Does the Agent/Intermediary want to work without a contract or with a vague contract?
	g. Is the Agent/Intermediary hesitant to make anti-corruption compliance certifications in an agreement?
	h. Has the Agent/Intermediary ever been an employee of official of the Buyer?
	i. Does the Agent/Intermediary have a history of financial difficulties?
	j. Agent/Intermediary with an opaque ownership structure, such as shell companies, blind trusts, off-shore holding companies.
	k. Has the Agent/Intermediary previously engaged in corrupt practices or has been the subject of negative media reports from credible sources?
6. Transactional Red Flags	a. Does the total amount to be paid for goods and services appear to be unreasonably high or above the customary or arms-length amount?
	b. Are unusual upfront or excessive payments required (high commissions, substantial bonuses, etc.), or is the compensation to be based on performance (success fees)?
	c. Are indirect or unusual payments or billing procedures being requested, such as:
	i. Payments through bank accounts in a foreign country outside of the one where the services are being provided

Risk	Red Flags
	ii. Payments to anonymous (numbered) bank accounts
	iii. Payments to bank accounts containing corporate funds but held in names of individuals
	iv. Payments to third persons for goods or services provided by the Third Party
	v. Payments through shell companies created to receive revenues and facilitate transactions
	vi. Payments in cash rather than by cheque or wire transfer
	vii. Cheques made out to “bearer” or “cash”
	d. Is the buyer asking for or being offered by the Supplier/Intermediary any personal benefits including meals, trips, and/or gifts?