

# Deloitte Bribery and Corruption Survey 2012 Australia and New Zealand

## A Storm on the Horizon

*Deloitte*

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### **OBJECTIVE:**

To confirm experiences that Deloitte has been experiencing in Australia and New Zealand in the area of bribery. The survey confirmed that organizations are encountering bribery and corruption incident and challenges. The report provides a summary of the results of the survey as well as views of regulatory bodies, the international body fighting corruption, Transparency International, and industry experts.

### **METHODS USED:**

Chief Financial Officers, Chief Risk Officers, other senior executives, board members and other employees responsible for risk management from organizations in Australia and New Zealand were asked to respond. The survey was completed by 390 respondents which also included Australian subsidiaries of foreign companies, public sector organizations and other listed and private companies. The most common profile of respondents was an employee within a finance position, followed by executive/board members then those working in compliance/risk, legal and internal audit roles.

### **KEY FINDINGS:**

- Australian and New Zealand organizations are increasingly becoming exposed to foreign bribery and corruption due to a combination of economic volatility and a growing focus on offshore operations.
  - There is an increase in using temptation and incentive to resort to bribery to close the deal, especially in countries where it is an acceptable practice.
- 34% of respondent reported operations in high risk jurisdictions.
  - 21% of those respondents experienced a bribery/corruption incident in the last 5 years.
    - 61% of these instances occurred in the last 12 months.
  - Of the 34%, 48% have never conducted a corruption risk assessment.
    - 21% do not discuss corruption risk at management or board level.
- Top three industries to have experienced known instances of bribery and corruption in offshore operation are: Energy and resources (30%), manufacturing and engineering (19%), and financial services (11%).
  - These industries generally have operations in high risk jurisdictions that require high levels of government interactions which increase exposure to risk of corruption.
- Only 25% of organizations have a comprehensive understanding of their domestic and foreign anti-bribery laws.

- Of organizations with offshore operations, 40% said they are not concerned with risks arising from non-compliance, yet 67% of these respondents have never conducted a bribery and corruption risk assessment.
- 48% of the organizations with offshore operations responded that they do not have any formal policy or compliance program in place to manage corruption risk.
- 49% of organizations have never conducted a formal foreign bribery and corruption risk assessment.
- 14% of respondents whose organization have never undertaken a risk assessment have experienced a foreign bribery and corruption incident in the last five years.
- Only 20% see bribery and corruption as one of the top five risks to their business.

**CONCLUSION:**

Organizations should recognize that bribery and corruption is a real business risk. If management does not promote a sound corporate governance culture in respect of bribery and corruption, this will permeate through the organization. Organizations should be asking whether they can afford to ignore this.

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