



In our previous sharing, we highlighted the relevance and foundational elements of an effective **ANTI-BRIBERY AND CORRUPTION** compliance programme. Regulatory bodies worldwide continue to intensify enforcement and are setting comprehensive expectations how organisations must address bribery and corruption. The focus shifted to compliance programme design, implementation and in particular effectiveness. Organisations, now more than ever need to increase their efforts to address the risk of bribery and corruption. But this focus also provides valuable guidance for organisations on how to design an anti-bribery and corruption (ABAC) compliance programme. The key question posed by regulators is: Does the corporation's compliance programme work in practice?

To achieve effective compliance, organisations should view ABAC compliance as a continuous, iterative process, examining their design to meet objectives. Monitoring is key and should cover all organisation activities, including intermediaries and third parties. Pivotal in assessing the effectiveness of ABAC compliance programmes is to perform control and transaction testing to identify control deficiencies and anomalies or red flags in financial records. The results of these activities, along with their reporting to the board, are crucial for governance and continuous enhancing ABAC programmes.

Since bribery and corruption remain a significant risk for organisations around the world with destructive societal impacts, leaders should develop compliance programmes that are comprehensive, tailored, and defensible to global regulators, shareholders and the public. Organisations need to align their operations with these standards, not merely for compliance, but because **IT IS THE RIGHT THING TO DO.**

## Does your organisation's compliance programme work in practice?

Transaction testing is a crucial element in building and maintaining effective anti-bribery and corruption compliance programmes. We would even argue it is the most important element. By conducting thorough analyses of financial transactions, organisations can identify patterns, anomalies and irregularities that may indicate potential misconduct, such as bribery or corruption. This process enables companies to proactively detect and address red flags, ensuring that financial activities are conducted ethically and in compliance with global regulatory requirements.

The insights gained from transaction testing are invaluable for becoming truly effective in managing the risk of bribery and corruption. By identifying patterns and anomalies early, organisations can implement targeted strategies to mitigate risks associated with financial misconduct. This not only fortifies the overall compliance framework but also fosters a culture of transparency and accountability within the organisation.

Moreover, transaction testing contributes to the continual improvement of compliance programmes by providing actionable insights. These insights support the development of more robust policies and procedures, reinforcing an organisation's commitment to ethical business practices. By prioritising transaction testing, companies can uphold high ethical standards and contribute to a fairer corporate environment.



# Your proactive defence against bribery and corruption – Deloitte’s unique transaction testing capabilities

## The critical role of transaction testing in combatting bribery and corruption

Transaction testing is a pivotal tool for organisations to effectively manage and mitigate bribery and corruption risks. Despite its importance, it is often underestimated, insufficiently prioritised, or improperly resourced.

For transaction testing to be effective the model must be aligned with the specific risks associated with bribery and corruption. Success requires a thorough understanding of these risks, often challenged by time constraints, limited information, or inexperienced teams. Therefore, a proper risk assessment demands early resource allocation and a dedicated commitment to comprehensively understanding these risks.

Since corruption and bribery are deeply intertwined with financial transaction flows, it is within these flows that significant risks can be detected and addressed with the right strategies. Organisations must focus on monitoring and testing transactions to identify anomalies and prevent unethical activities.

## The essence of transaction testing

Transaction testing involves the meticulous examination of financial transactions using analytic data models to uncover irregularities or patterns that might signal bribery or corruption. This process involves analysing various internal sources, such as expense reports, bank statements, invoices, purchase orders, contracts, agreements, and payroll records. Through this comprehensive analysis, organisations can bolster their defenses against unethical practices and strengthen their overall compliance frameworks.



## What do we offer?

In the battle against bribery and corruption, **transaction testing** is fundamental in managing risks effectively and thus safeguarding your company. Recognising the intricate challenges organisations face globally, our transaction testing services continuously adapts by monitoring public ABAC cases and assessing new bribe schemes. This approach enables us to transform the latest insights into tests and risk indicators, effectively scrutinizing vast amounts of data to identify patterns and anomalies that highlight corruption risks, ensuring compliance with ABAC regulatory standards. Our service is integral to fortifying your compliance programme by providing a robust mechanism to test and validate the effectiveness of your existing ABAC framework.



### Comprehensive and dynamic approach

Transaction testing is vital for managing bribery and corruption risks effectively. Our services scrutinise extensive data to identify patterns and anomalies, ensuring ABAC compliance. By choosing Deloitte, you invest in transparency, accountability, and integrity. Our approach fosters ethical conduct, mitigating risks and contributing to a just society, while enhancing the robustness of your compliance programme through insightful analyses and reporting.



### Collaborative expertise and advanced analytics

We leverage advanced technology and a seasoned team to collaborate with compliance, legal, and finance departments. Our dynamic approach aligns with regulatory requirements and your risk profile, focusing on high-risk areas. Through rigorous processes, we detect transaction anomalies and deliver insights to enhance your ABAC compliance programme, ensuring proactive and effective risk management.



### Adaptive intelligence in transaction testing

Our adapting continuously integrates the latest analytical advancements. By analysing public ABAC cases, we create sophisticated tests and risk indicators, enhancing efficiency in identifying high-risk transactions. With extensive experience in bribery and corruption investigations, our superior analytics capabilities keep you ahead of emerging risks, ensuring proactive and effective fraud management.

# How it works: A suite of AI-driven monitoring services and accelerators for proactive fraud risk management, utilizing machine learning and advanced analytics for continuous risk assessment, monitoring, training, and early detection of fraud and misconduct to anticipate emerging risks and enhance trust.



Payment timing deviates from normal business practices. Large companies use regular intervals for paying invoices

**Analytical parameter:** *the interval anomaly between invoice issuance and payment*



Payment to agent / consultant have a higher risk for bribery and corruption

**Analytical parameter:** *descriptions such as 'consulting', 'advisor', 'strategic services', or 'agent' in invoices, or payments routed through specific GL accounts*

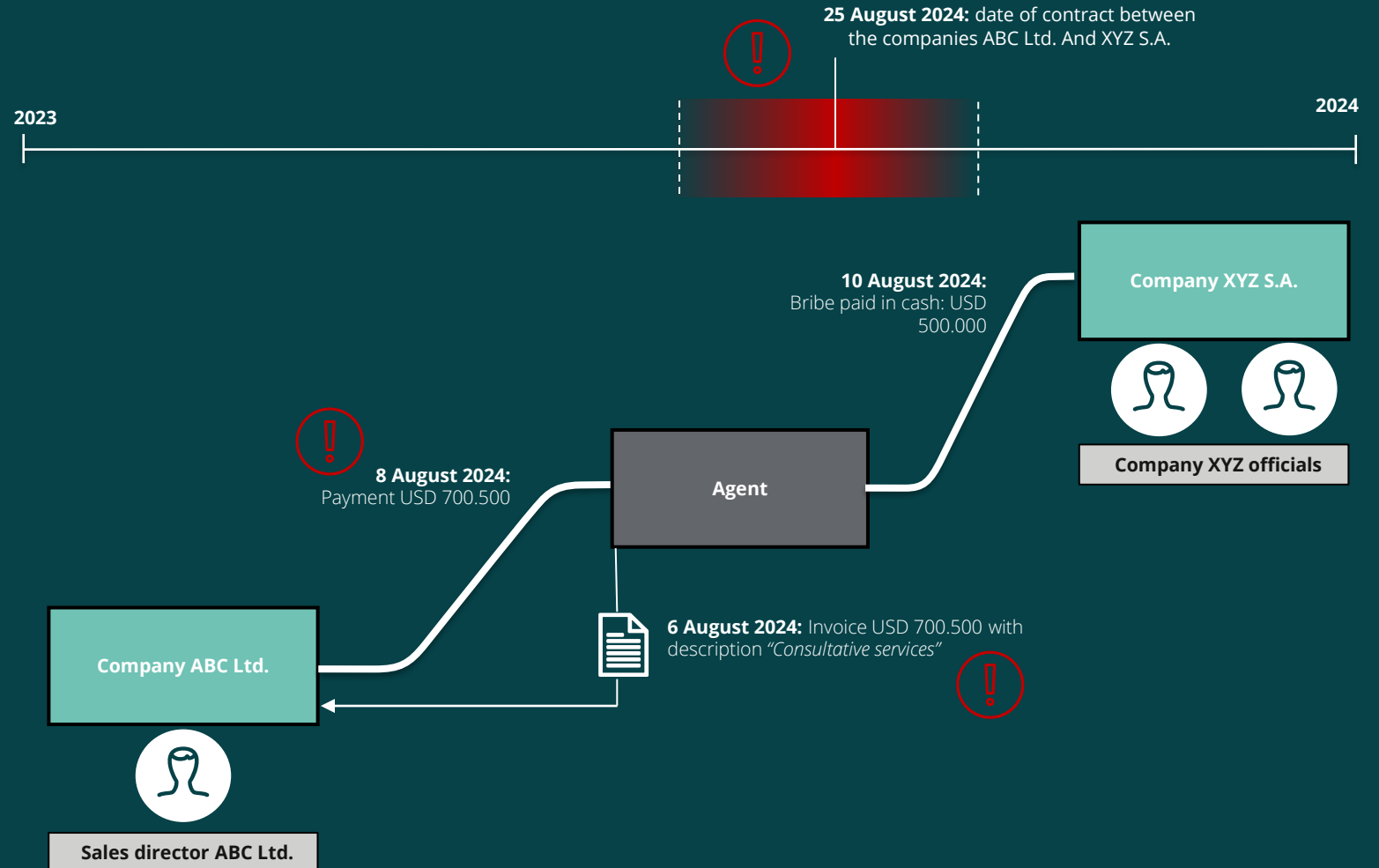


Chronology of events: bribes are payments to influence a decision. Hence a period with an organisation key milestone, for example winning a big contract, pertain a higher risk

**Analytical parameter:** *temporal proximity to organisations key milestones*



A combination of numerous analytical parameters are employed to identify high-risk transactions



# Our approach about transaction testing

## Phase 2 - Pre-fieldwork procedures

During this stage, we focus on carefully selecting transactions for further examination. Through advanced analytics, we identify an initial sample of transactions, which are then refined based on feedback from your team. We collaborate closely with your organisation to obtain explanations and relevant documentation, ensuring that our selection process is both detailed and transparent.

## Phase 1 - Entity planning and risk assessment

In this initial phase, we lay the groundwork for a thorough review by customising our approach to your organisation's unique needs. Our team conducts an in-depth assessment of the financial systems to gather critical data and identify potential risk areas. By interacting with key stakeholders, we ensure a comprehensive understanding of the operational and IT landscape and collaboratively define the scope and methodology of our transaction testing.

## Phase 4 - Reporting procedures

Following our analyses, we compile detailed findings into a structured report, highlighting higher-risk transactions, areas of concern and further investigation. This includes a workbook that documents transaction details, gaps in documentation, identified internal control deficiencies and outstanding questions. We work with your team to review and validate these findings, ensuring accuracy and completeness before finalizing the report.

## Phase 3 - Fieldwork procedures

In this critical phase, we analyze the selected transactions in detail, scrutinizing all supporting documentation. We may expand the sample, if necessary, based on early findings. We engage with personnel to gather additional insights and context, ensuring a comprehensive understanding of each transaction's business rationals and compliance with ethical standards.

# Transaction testing as cornerstone of effective compliance

## Proactively manage risk

Transaction testing is crucial in assessing and maintaining the effectiveness of anti-bribery and corruption compliance programmes. At Deloitte, we understand that early detection of fraudulent activities is essential to safeguard your organisation from potential financial and reputational harm.

## Deter bad actors

With our extensive experience in large-scale fraud investigations, we offer a strategic approach that is cost-effective, proactive, and scalable. By conducting meticulous analyses of financial transactions, we help identify patterns, anomalies, and irregularities indicative of potential misconduct, such as bribery or corruption.

## Strive for effective compliance

This proactive detection allows your organisation to address red flags early, ensuring that financial activities align with ethical standards and comply with global regulatory requirements. The insights gained from transaction testing are invaluable in managing bribery and corruption risks, aiding

in the implementation of targeted mitigation strategies and the fortification of effective compliance frameworks. Our approach not only enhances business processes by identifying and filling security gaps but also offers cost-effectiveness by uncovering commercial anomalies that lead to potential savings.

## Build and maintain trust

Moreover, sophisticated monitoring systems deter bad actors, reinforcing a culture of transparency and accountability. By prioritising transaction testing, your company upholds high ethical standards and contributes to a fairer corporate environment. This commitment fosters trust and integrity both internally and externally, ensuring resilience in the face of compliance challenges. Embrace the opportunity to strengthen your organisation's defences against unethical practices. Contact us today to learn how Deloitte's transaction testing services can transform your compliance programme and drive your business towards a sustainable and ethical future.

# Do you want to know more? **Contact us.**



**GERRIE LENTING**

**Partner Forensic & Financial Crime**

Office: +31 (0) 88 288 0781  
Mobile: +31 (0) 61 099 9221  
E-mail: [glenting@deloitte.nl](mailto:glenting@deloitte.nl)



**FRANK CEDERHOUT**

**Director Forensic & Financial Crime**

Office: +31 (0) 88 288 7283  
Mobile: +31 (0) 65 359 8411  
E-mail: [fcederhout@deloitte.nl](mailto:fcederhout@deloitte.nl)



**NICK TEN DAM**

**Manager Forensic & Financial Crime**

Office: +31 (0) 88 288 3132  
Mobile: +31 (0) 65 008 8557  
E-mail: [ntendam@deloitte.nl](mailto:ntendam@deloitte.nl)



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s more than 415,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte organization shall be responsible for any loss whatsoever sustained by any person who relies on this communication.