

# Domestic business issues

[Business](#)



There have been many cases of corrupt business practices, such as bribing foreign officials and money laundering. The Foreign Corrupt Practices Act (APPC) was created to address these issues. The following discusses risk management and the board of directors, managing compliance risk, anti-corruption trends, and how supplier codes can help handle third-party risks.

Risk management and the Board Cultivating an ethical corporate climate on the Board of Directors is essential to risk management strategies, mitigating corruption, and Implementation of the firm's " cultural and business operations. " Legal Issues relative to corruption start with the Boards; an ethical Board can mitigate many issues even though " companies need to incur risk in order to run their businesses" (Lipton, 2010). Risk oversight is a highly anticipated Board responsibility and damage control is an even greater responsibility.

A framework for assessing risk management was developed in the Delaware court system, which determined limited liability " for a failure of board oversight" (In re Caretaker International Inc. Derivative Litigant- tool, 698 A. Ad 959, 971 (Del. Chi. 1996)) under conditions of failure to communicate ethical responsibility. The board must demonstrate the capacity to design policy and procedures that are in line with best practice strategic planning. The board monitors that a risk-awareness climate is adhered to and that every stakeholder is " engaged in risk management. Board operations establish the tone of the corporate culture and there should be no space between the company and the board on issues of ethics, transparency, inconsistency and communication, and the anticipation of risk. Managing Compliance Risk For over a decade, the federal government has taken a <https://assignbuster.com/domestic-business-issues/>

stance against the corruption in the corporate landscape. Many federally enforced laws are addressing corporate improvement of regulatory compliance, risk assessments, and the protection of weightlessness. Companies are looking for cost effective means of assuring compliance with these federal regulations.

The typical manpower is lessening and automated systems are being implemented. Noted in an article by Ted Nuke, early detection is the key to success. Automating the process of identifying risks improves early detection by utilizing such tools as web-based programs at the employee level. Assessing these risks in real-time fashion and assigning retraining as a remedy, assures early detection, accountability, and reconciliation.

Interruptions Trends In 2010, 8 of the 10 largest APPC penalties ever were handed down. There were 22 arrests resulting from sung operations in 2010.

Once officials of the APPC crack an investigation, they quickly expand it to other companies. Also, increasingly there is inter-agency cooperation. One example is when the Justice Department brings an investigation, often the SEC will follow-up with their own investigation. Even countries such as the I-J and US are starting to team up on these investigations. In the past, countries with limited ties to the US have not been as concerned about complying with the APPC. This is no longer sound strategy as most of the largest in the USA there are cases up to \$500 million in fines involving third party companies.

The fines were a result of the lack of ethics and compliance programs. In efforts to reduce the risks and fines, a report was developed by ERIC standards giving recommendations advising companies how to develop a

supplier code. The supplier code needs to discuss the risks in details that are understandable to third-party companies. The users need to know why the code is necessary and how to use it properly. Practical aids, supplements, proper structure, design, and tone assist in bringing clarity to the codes.

The design needs to ensure that users know how to port the information and distribute the information properly in order for the codes system to be effective. Conclusion All companies need to have an understanding of the compliance issues associated with the APPC. - The company and applicable boards should be in agreement of all issues concerning the company and should also use automated systems to improve early detection of risks. In light of recent arrests, it is becoming increasingly important to have systems in place to assist your company with being in compliance with the APPC.