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## New corruption laws: beating back-handers

**New corruption laws are an opportunity to get tough**

Michael Littlechild, [Accountancy Age](#) 05 Mar 2009

At long last, that the UK is getting a new corruption law. The government has decided that since it was last reformed in 1916, it was due for a spot of updating.

Businesses, unusually, are clamouring for more rules – those that behave with integrity should not be disadvantaged by those who do not.

But what do we need to see in the law to achieve this? At GoodCorporation we will be looking for five key things in the new rules.

First, companies need to know that, if they operate best practice in minimising the scope for corruption, the courts will punish individual employees who err, rather than the company.

Best practice does not mean just sending out a code of ethics and getting everyone to sign it. It means a stiff regime of checks and balances to ensure decision-making is shared.

The law should set out the principles but avoid prescription about the details or we will finish up with another Sarbanes-Oxley.

Second, we should banish the odd (US) notion that corruption only applies if a public official is on the receiving end. Business-to-government corruption clearly has an insidious effect in poor countries but business-to-business corruption is also corrosive and prevents suppliers who are too honest – or too poor – to bribe from getting a fair shot.

Third, let's also leap-frog the US by outlawing 'facilitation payments'. Facilitation payment is a posh term for passing envelopes to officials to ensure that they do their job. The best businesses should not be outflanked by those with more flexible ethics.

Fourth, how about some decent sanctions? Many of those imposed currently resemble a £10,000 fine for Wayne Rooney when he would take more notice of a two-month ban. Black-listing offending companies from tenders will concentrate minds. Only when the penalties got serious did business get its act together to stamp out anti-competitive practices.

Finally, companies should be expected to have effective whistle-blowing – including reporting to management when other parties make solicitations. Currently, much of this is bottled up by those in the front-line dealing with suppliers, customers or officials. They should know they are expected to speak up – and who to – so that the issue can be confronted by senior management.

Let us hope the UK grabs the opportunity to smarten up its image.

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