



BEM Guidelines on Integrity Management System (IMS) for Engineering Consultancy Practices (ECP)

Presented by:

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Outline of Presentation

Introduction

Guidelines on Integrity Management System

Relationship of TRUST principles and ISO 37001:2016



Did you know ...

ACCORDING TO *PWC GLOBAL ECONOMIC CRIME AND FRAUD SURVEY 2020: MALAYSIA REPORT*

43%

of organisation experienced fraud, corruption or other economic crime within the last 2 years.

BRIBERY & CORRUPTION

is one of the most disruptive or impactful incidents of fraud experienced by organisations.

> USD 1 MIL

losses reported by 24% of the organisations who experienced fraud or economic crime in last 2 years.



25%

**MALAYSIAN RESPONDENTS THAT HAVE
BEEN ASKED TO PAY A BRIBE**



30%

**MALAYSIAN RESPONDENTS THAT HAVE
LOST BUSINESS OPPORTUNITIES
BECAUSE COMPETITORS PAID A BRIBE**

SOURCE: PWC GLOBAL ECONOMIC CRIME AND FRAUD SURVEY 2020: MALAYSIA REPORT

News on corruption practices



NEW STRAITS TIMES NEWS BUSINESS LIFE & TIMES SPORTS WORLD NST PODCAST NST TV M
CRIME & COURTS NATION GOVERNMENT / PUBLIC POLICY POLITICS

Construction company manager charged with offering bribes [NSTTV]

By Zahratulhayat Mat Arif - January 13, 2022 @ 11:44am

IPOH: A construction company manager was charged at the Sessions Court here today with three counts of bribing a civil servant with RM14,000 three years ago.

Asdi Ali, 42, pleaded not guilty when the charges were read to him before Judge, M. Bakri Abd Majid.

According to the charge, Asdi was accused of bribing an engineering assistant, Hairulnizam Sarudin, 44, as an inducement to get permission and additional work approval for repair works in Hulu Selangor.

The repair works were at the Darul Quran's women dormitory, Maktab Police Kuala Kubu Bharu and Sekolah Menengah Sains Hulu Selangor.

The offences were allegedly committed at the Ipoh Garden Maybank branch in Jalan Canning here on Dec 6 and 20, 2019.

He was charged under Section 17(b) of the Malaysian Anti-Corruption Commission (MACC) Act 2009, punishable under Section 24(1) of the same law, which provides for a maximum jail term of 20 years and a fine of not less than five times the total value of the bribe or RM10,000, whichever is higher, if convicted.

The case was prosecuted by MACC prosecution officer Fadhli Ab Wahab, while the accused was represented by lawyer, Nazrin Sulaiman.

Fadhli had requested bail to be set at RM10,000 and the case to be transferred to the Shah Alam Sessions Court to be tried jointly with another corruption case faced by the accused.

Nazrin, in mitigation, then requested the court to apply the RM15,000 bail that had been paid by the accused when he was charged at the Shah Alam Sessions Court in December 2021.

M. Bakri then set RM8,000 bail for all charges and the case to be moved to the Shah Alam Sessions Court.

The court set Jan 26 for mention.

On Dec 21, 2021, Asdi and his brother, Amir, 46, pleaded not guilty at the Shah Alam Sessions Court to giving a bribe of RM83,000 in connection with upgrading, maintenance and repair works at the Hulu Selangor Public Works Department in 2020.

On Jan 9, Asdi pleaded not guilty at the Johor Bahru Sessions Court to offering a bribe of RM10,000 to obtain a project to repair and improve road safety in Hulu Selangor in 2021.

TheStar Construction firm manager claims trial to bribery charge

Construction firm manager claims trial to bribery charge

NATION
Monday, 10 Jan 2022

JOHOR BARU: A construction company manager has been charged at a Sessions Court here with giving a RM10,000 bribe to a Public Works Department (JKR) district officer a year ago.

Asdi Ali, 42, claimed trial after the charge was read to him before Judge Datuk Ahmad Kamal Arifin Ismail yesterday.

According to the charge sheet, the accused had allegedly bribed a 43-year-old engineer in Selangor JKR as an inducement for him to get the contract for road and safety maintenance at Jalan Batang Kali-Genting Highlands (B66) in Hulu Selangor.

The work also included road repairs at Jalan Kuala Kali-Rasa in Hulu Selangor.

The offence allegedly occurred at a golf club in Persiaran Golf 5, Gelang Patah, Johor, in January last year.

The offence under the Malaysian Anti-Corruption Commission (MACC) Act carries a fine of five times the bribe amount or RM10,000, whichever is greater, and a maximum of 20 years in prison.

The case was prosecuted by MACC prosecution officer Mohd Aliiff Shaharuzaman while the accused was represented by Nazrin Sulaiman.

Mohd Aliiff asked for bail to be set at RM10,000 and for the accused to report to the nearest MACC office every month.

He also requested for the case to be transferred to the Shah Alam Sessions Court where the accused is facing another charge.

Meanwhile, Nazrin asked the court to apply the RM15,000 bail which had already been imposed on the accused, after he was charged at the Shah Alam Sessions Court last month.

The defence counsel also informed the court that the accused had also been ordered by the Shah Alam Sessions Court to hand over his international passport and to report to the MACC office in Shah Alam every month.

Ahmad Kamal Arifin then set the same bail to be applied and for the case to be moved to the Shah Alam Sessions Court. The case is fixed for mention again on Jan 26.

Other Shah Alam

(JKR) pleaded not guilty in the
e in relation to a slope
road, two years ago.

Engineering Branch, of receiving
from an account belonging to Uji
h the accused knew that the man

branch in Gombak on Dec 14, 2020,
ntence of up to two years, or a fine,

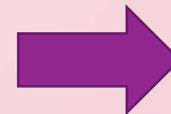
ail offered to him for a corruption
of handing over his passport to the
MACC) headquarters every month.

Court where Izwan faces five
pany as a subcontractor for a road



Introduction

The Board of Engineers Malaysia (BEM) is aligned with the Government of Malaysia to promote integrity, good ethical practices, and good governance in the fight against corruption and malpractices.



**Guidelines on Integrity
Management System for
Engineering Consultancy
Practices**

Integrity Management System



Purpose → assisting ECPs to prevent the occurrence of corrupt practices, manage integrity risks and implement integrity policies.

The organizational structure, responsibilities, procedures, processes, and resources implemented in a firm to accomplish integrity management.

Implementation of IMS → can be relied upon as a defense in legal action under the Corporate Liability Law introduced via Section 17A of the MACC (Amendment) Act 2018.



Key Principles of Integrity Management System



IMS → accordance to the principles defined in the **Guidelines on Adequate Procedure**, issued on December 2018 by the Prime Minister Office of Malaysia.

Principle 1: Top Level Commitment



"Tone from the Top"

company's management and board of directors' leadership and their commitment to being honest and ethical.



Driver for the implementation of IMS



Practice the highest level of integrity, complies with the applicable laws, regulatory requirements, and the Code of Conduct



Principle 1:

Top Level Commitment (Cont...)

The governing body should demonstrate leadership by:-

- a) Approving the organization's integrity policy;
- b) Ensuring that the organization's strategy and integrity policy are aligned;
- c) Requiring that adequate and appropriate resources needed for the effective operation of the integrity are allocated and assigned;
- d) Exercising reasonable oversight over the implementation of the organization's integrity by top management and its effectiveness.

Top Management should:

- a) Formulate a Code of Conduct that is consistent with BEM Code of Conduct;
- b) Formulate an Integrity Policy;
- c) Assign a person (s) to execute responsibilities and authority related to integrity compliance functions.



Principle 2: Risk Assessment

- Definition of RISK
 - effect of uncertainty on objectives -- Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.
(MS ISO 31000:2020 Risk management – Guidelines)
- Risk Assessment
 - Systematic process that involves identifying, analyzing, assessing and prioritizing the integrity risks.



Principle 2: Risk Assessment (Cont...)

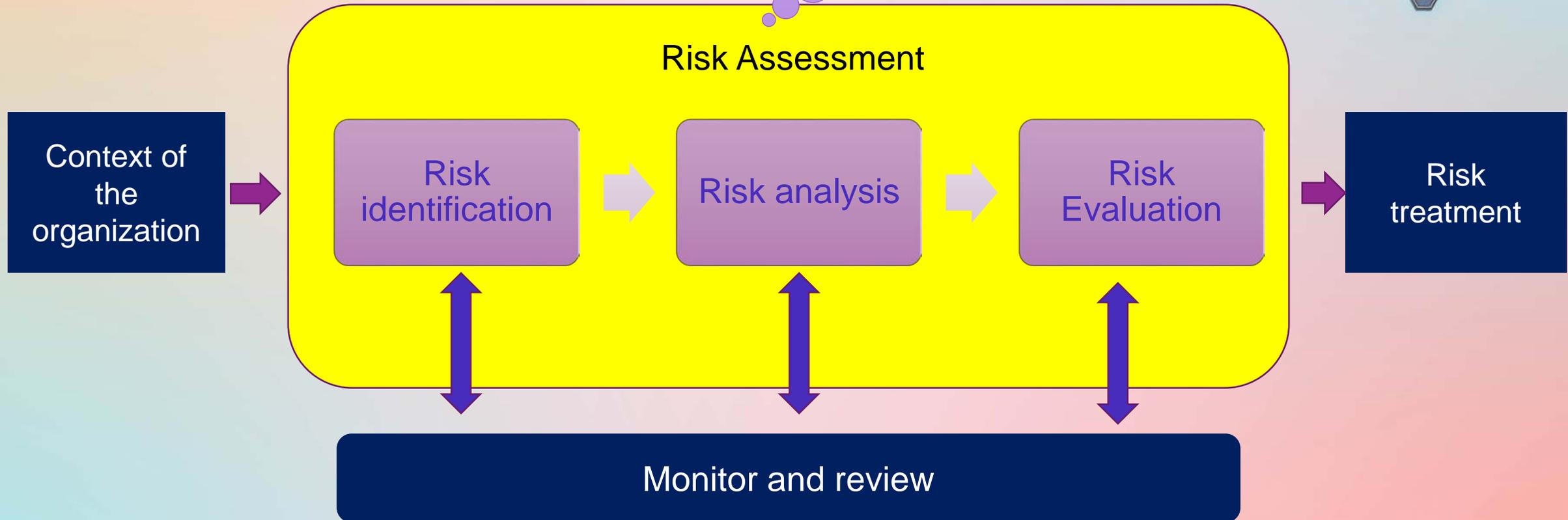


Vulnerabilities, Breaches & Leaks → Governance, Integrity and Work Ethics, Bribery, and Corruption.



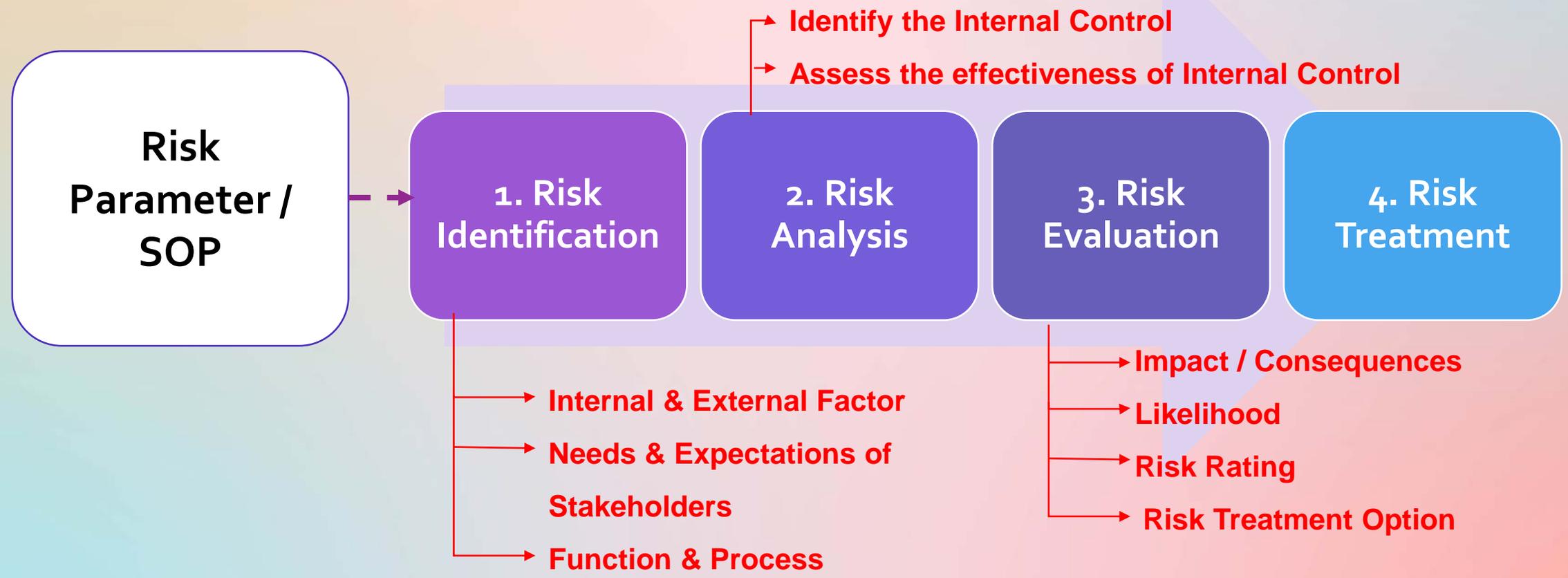
Principle 2: Risk Assessment (Cont...)

Living documents – reviewed whenever there is a change in business activities, structure, or applicable legal req.





Principle 2: Risk Assessment (Cont...)





Principle 3: Undertake Control Measure

Establish and implement the appropriate control

Develop necessary objectives and targets, action plans, and procedures



to ensure the integrity risk can be reduced or eliminated.

Consideration should also be taken to control the activities of business associates which may have a negative impact on organization.





Principle 3: Undertake Control Measure (Cont...)

- DUE DILIGENCE
 - ✓ Criteria/ Personnel screening/ entities before entering into a partnership or any business relationship.



- WHISTLE BLOWING CHANNEL/
REPORTING COMPLAINTS

- Easy access (internal & External)
- Trusted reporting channel
- Protection to complainants

- POLICY/ PROCEDURE

- Integrity Policy
- Conflict of Interest
- Gift, Hospitality, Donations
- Financial Control
- Procurement
- Control of Documents and Records
- Recruitment and dismissal
- Disciplinary action
- Investigation and dealing with violation of integrity-related incidents



Principle 4: Systematic Review, Monitoring and Enforcement

Evaluation of Performance, Efficiency & Effectiveness of Integrity Management System

1

The current integrity risks faced by organization and the effectiveness of actions taken to address integrity risks

4

Incidences relating to Integrity including the investigation findings

2

Report on IMS Internal Audit findings

5

The achievement of the organization objectives, targets and programs relating to integrity



Principle 5: Training and Communication

Communication Plan

Purpose of Communication

Information

Target Recipients

Delivery Method

Time Period

Languages

Training (Personnel/ Business Associates)

Integrity Policy

Applicable Laws & Regulations

Policies & Procedures

Role and Functions

Integrity Risks

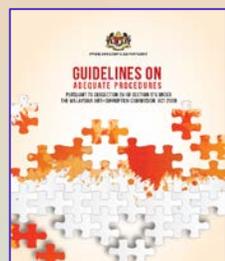
Incident Lesson Learned



* Feedback
Evaluation of
Training &
Performance
Evaluation of
Personnel



Relationship of TRUST principles and ISO 37001:2016 Anti-bribery Management System Clauses



BEM Guideline on Integrity Management System



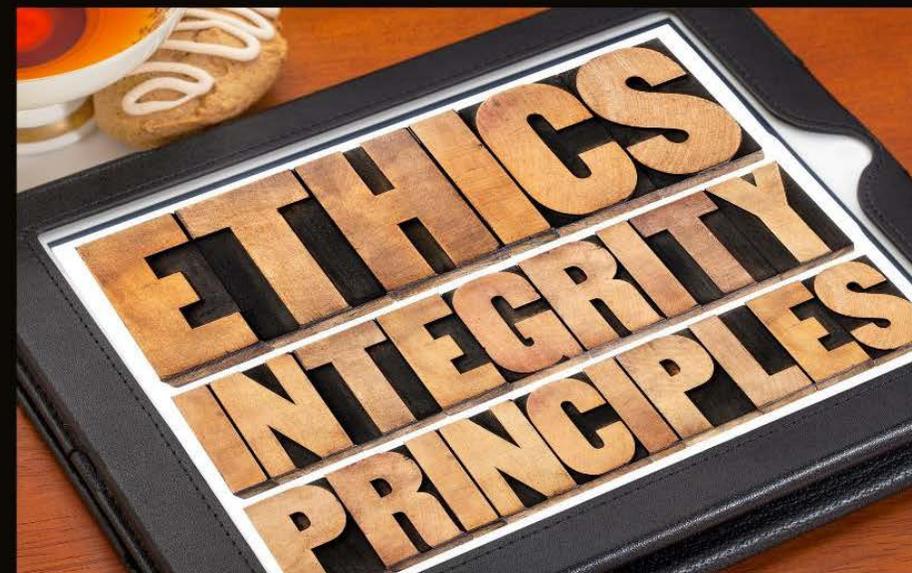
T	R	U	S	T
<p>Top Level Commitment</p> <hr/> <p>Komitmen Pengurusan Atasan</p>	<p>Risk Assessment</p> <hr/> <p>Analisa Risiko</p>	<p>Undertake Control Measures</p> <hr/> <p>Pelaksanaan Langkah Kawalan</p>	<p>Systematic Review, Monitoring & Enforcement</p> <hr/> <p>Pemantauan, Penilaian & Penguatkuasaan Secara Sistemik</p>	<p>Training & Communication</p> <hr/> <p>Latihan & Komunikasi</p>
<p>Clause 5: Leadership</p>	<p>Clause 4.5: Bribery Risk Assessment</p>	<p>Clause 6, 7 & 8: Planning, Support & Operation</p>	<p>Clause 9, 10: Performance Evaluation, Improvement</p>	<p>Clause 7.3, 7.4: Awareness & Training, Communication</p>



Conclusion

- **Integrity** is the foundation for a successful Client-ECP relationship and essential for the long-term sustainability of an ECP.
- Registered Engineers and ECPs in Malaysia shall ensure **compliance** with the law in relation to the professional practice of engineering and relevant legal statutes that relates to the promotion of **ethics** and **integrity** throughout the practice and within the organization.
- As commercial organization, ECP should implement **Adequate Procedures** as a defence from the penalty of the Corporate Liability Law.
- ECPs with **ISO 37001:2016** certification has become a pre-requisite for many project participation.

*It is not always
easy.
Yet it is always
IMPORTANT.*



With integrity, you have nothing to fear, since you have nothing to hide.
With integrity, you will do the right thing, so you will have no guilt.

- Zig Ziglar -



**END OF
PRESENTATION**



THANK YOU



Committed to Engineering Excellence

BOARD OF ENGINEERS MALAYSIA

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