

**Risk Management of Corruption and Influence Peddling under the "SAPIN II" Law: A Case Study of an Algerian Subsidiary of a French Agro-Food Group**

إدارة مخاطر الفساد واستغلال النفوذ في ظل قانون "سابين 2" دراسة حالة شركة جزائرية تابعة لمجمع فرنسي لقطاع الأغذية الزراعية

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**Abstract:**

One of the major challenges for companies is to protect themselves and combat acts of corruption or influence peddling. This is why many international groups have adopted a business best practices guide inspired by the French anti-corruption law known as SAPIN II. This research aims to assess the internal control mechanism against acts of corruption in a multinational company based in Algeria, within the framework of the eighth (8th) pillar of the SAPIN II law, which relates to internal control and evaluation.

**Keywords:** risk; anti-corruption; influence peddling; internal control system; SAPIN II

**JEL Classification Codes:** D7 ; F3 ; M42 ; P33

**ملخص:**

أحد التحديات الرئيسية التي تواجهها الشركات هو حماية نفسها ومحاربة أعمال الفساد واستغلال النفوذ، ولهذا السبب اعتمدت العديد من المجموعات الدولية دليلاً للممارسات التجارية الجيدة مستوحى من قانون مكافحة الفساد الفرنسي المسمى سابين 2. يهدف هذا العمل البحثي إلى تقييم نظام المراقبة الداخلية ضد أعمال الفساد لشركة متعددة الجنسيات مقرها في الجزائر في إطار الركيزة الثامنة (8) من قانون سابين الثاني، وهي المتعلقة بالمراقبة والتقييم الداخلي.

كلمات مفتاحية: المخاطر، مكافحة الفساد، استغلال النفوذ، نظام الرقابة الداخلية، قانون سابين 2

تصنيفات JEL : D7 ; F3 ; M42 ; P33

## **INTRODUCTION:**

The approach of exemplarity embodied by the principle of "zero tolerance" in matters of corruption is the ideal sought within an increasingly competitive economic sphere affected by unfair competition. The fight against corruption within companies is a major issue of legal compliance. Indeed, companies must establish rigorous "anti-corruption" measures, which must naturally be adapted to the nature of their activities and regional context, and ensure the promotion of a culture of integrity and transparency among all their employees and third-party suppliers or creditors.

Corruption can have a devastating impact on the viability and sustainability of companies. Beyond market consequences, such as creating a business climate characterized by unfair competition that inevitably aims to gain an edge over rivals and consequently harm their performance, corruption can have fatal repercussions for the economic actor engaging in such practices. These acts can compromise the company's reputation, leading to financial losses and especially damaging relationships with stakeholders, not to mention legal and regulatory sanctions.

In the Algerian context, the fight against corruption was materialized through Law 06-01 from 2006, which introduced a set of measures to combat corruption within public institutions and private actors. However, the focus was primarily on public bodies, with a range of texts covering everything from personnel recruitment to public procurement.

Although it was largely dedicated to public enterprises, Algerian anti-corruption law highlighted the need for establishing internal audit structures within private companies, as indicated by the measures outlined in Article 13 of the law in question.

In France, the fight against corruption is embodied by the French Anti-Corruption Agency (AFA), which, through its evaluation work of anti-corruption mechanisms within companies, plays a key role in this area. This work falls under the "Sapin II" Law, adopted in 2016, which imposes on companies the establishment of corruption prevention and detection mechanisms, as well as emphasizing the duty of vigilance of companies regarding acts of corruption with a view to better transparency in business practices.

The SAPIN II law is structured around eight pillars, which will be developed in the body of this research. However, the issue addressed will pertain to the last of these pillars, namely the internal control and audit system. The study will examine the case of the French agri-food group's subsidiary "SA," established in Algeria since 2006, with the following question: "Does the internal control system of the Algerian subsidiary of the French agri-food group 'SA' achieve the anti-corruption objectives as provided by the Sapin II law?"

The hypothesis that will guide this research is as follows: "Although the internal control system implemented within the Algerian subsidiary serves to achieve objectives related to asset protection and financial information reliability, the aspect of corruption prevention remains improvable and requires contextualization."

The aim of the research is to highlight the application of the SAPIN II law measures on a subsidiary of a French agri-food group established in Algeria, as the law's provisions apply to

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any company based in France or belonging to a group headquartered in France, which is the case for the Algerian subsidiary.

### **Research Methodology:**

This research will be based on the case study method, specifically a qualitative study. First, a literature review will be conducted to explore the concepts of corruption, influence peddling, and differentiate these illegal acts from neighbouring practices such as sponsorship, patronage, and lobbying, which must maintain their ethical dimension to avoid becoming forms of corruption if they do not adhere to the established rules. Additionally, an analysis of the "SAPIN II" law's framework will be presented. The study will then focus on a subsidiary of a French agri-food group based in Algeria, assessing the alignment of its internal control system with the guidelines of anti-corruption efforts as prescribed by the eighth pillar of the SAPIN II law (internal control system and evaluation of implemented measures) through the analysis of the results from an internal control questionnaire specifically designed for this purpose.

### **Theoretical framework**

To begin, it is essential to define the acts of corruption and influence peddling and distinguish them from legal practices such as sponsorship, patronage, and lobbying, which, although legal, must maintain an ethical stance as they could turn into corrupt acts if they do not follow the rules established for them.

#### **1. Scope of Application of the SAPIN II Law:**

The law addresses two main illegal acts: corruption and influence peddling, defined as follows:

- **Corruption** refers to offering, proposing, or receiving a monetary or other advantage (whether or not this advantage is ultimately granted) with the intent to influence someone's behavior to obtain or retain a business deal or another undue advantage (whether or not this advantage is ultimately obtained). Corruption can take various forms, such as gratuities, commissions, misappropriation, or improper payments for a public service (extortion).

The concept encompasses both "active" and "passive" corruption:

- **Active corruption** occurs when company employees propose, agree to, or give bribes to a third party (e.g., a client).
- **Passive corruption** occurs when company employees receive, request, or agree to receive bribes from a third party (e.g., a supplier).

Corruption can be committed by any employee within an organization, regardless of their rank or location, or by any third-party performing services on behalf of the organization. Even if the act of corruption does not achieve the intended result, it remains an act of corruption.

- **Influence peddling** refers to the act of a person selling, attempting to sell, or agreeing to sell their position or influence, whether real or perceived, to influence a decision made by

a third party (whether or not the influence is exercised and whether or not it affects the third party's decision). Influence peddling involves three parties: the beneficiary of the decision (who provides, offers, or agrees to provide benefits or gifts), the intermediary (who uses, offers to use, or agrees to use their position, real or perceived, to influence a decision), and the decision-maker (who holds the power to make the decision). Like corruption, influence peddling can be active or passive and is subject to criminal sanctions.

Both **corruption** and **influence peddling** can take various forms, such as money donations, gifts, invitations to events, facilitation payments, contract awards, or even a simple verbal proposal without any concrete follow-up action.

## **2. Exclusion and Nuances of the SAPIN II Law:**

It is now essential to distinguish the aforementioned acts of corruption and influence peddling from related practices, such as sponsorship and lobbying.

### **1- Sponsorship and Patronage:**

Sponsorship and patronage are part of Corporate Social Responsibility (CSR) or Brand Social Responsibility (BSR) strategies used by businesses to enhance their positive impact and integration within the environment in which they operate. Sponsorship and patronage can take the form of money, goods, or services. However, they carry risks, particularly concerning corruption and money laundering.

To ensure that sponsorship achieves its objective and remains free from any form of corruption, the following criteria must be met:

- It must be relevant to the company's CSR or BSR strategy.
- It should align with the company's values and principles.
- It must be made in the name of the company or its brands.
- It should be fully transparent, duly justified, and recorded in accordance with applicable accounting standards.
- It must comply with all relevant laws and regulations.

Given these nuances, it is critical to prohibit employees from using sponsorship or patronage to disguise an undue advantage and divert its purpose for personal gain. It is also crucial to ban any sponsorship or patronage operation that could influence, or be perceived as influencing:

- The personal judgment of individuals involved in contract negotiations or in obtaining or retaining a business deal.
- Any public official who may have influence over the company's operating license.

### **2- Lobbying:**

Any economic enterprise can engage in lobbying activities to present its expertise to political decision-makers and external stakeholders regarding changes in the regulatory or legislative framework in which it operates, as well as to promote its image and activities. The main goal of lobbying activities is to inform political decision-makers and external stakeholders about the context and consequences of their decisions on the company's activities and industry.

However, these lobbying activities must adhere to the following rules:

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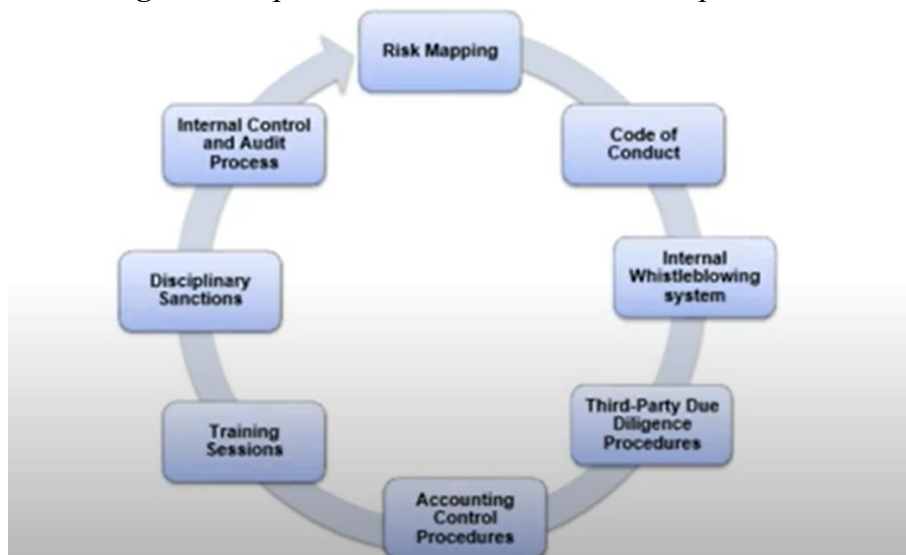
- They must be fully transparent and based on reliable information.
- They must be conducted in compliance with all applicable laws and regulations.

### **3. Provisions of the SAPIN II Anti-Corruption Law:**

Unlike laws dealing with topics such as embezzlement of public funds or abuse of power, which primarily focus on punitive measures, the SAPIN II law distinguishes itself as a comprehensive framework to be implemented within companies to mitigate corruption risks. This law includes measures ranging from employee training to disciplinary actions.

The SAPIN II law is structured around eight key measures, often referred to as "pillars," which are outlined as follows:

**Fig.1.** The 8 pillars of the SAPIN II anti-corruption law



Source : [datalegaldrive.com](https://datalegaldrive.com), 2020.

- I. Implementation of a Code of Business Conduct:** The code of conduct, either integrated into or annexed to the internal regulations, will define and illustrate scenarios involving behaviors and attitudes to avoid, as they could potentially lead to acts of active or passive corruption and influence peddling.
- II. Establishment of an Internal Whistleblowing Mechanism:** This system allows employees, stakeholders (partners, clients, and suppliers) to report any inappropriate behavior that could constitute an attempt at corruption or influence peddling. This mechanism must also include protections for whistleblowers.
- III. Risk Mapping:** Whether focused solely on corruption risks or integrated into the overall enterprise risk management (ERM) framework, risk mapping must be regularly updated. Its purpose is to identify, evaluate, and prioritize potential cases of corruption and influence peddling specific to the company's sector and geographical areas of operation.

- IV. Third-Party Evaluation Procedures:** As part of its duty of care, the company must maintain strict oversight of its suppliers, clients, and intermediaries with whom it partners.
- V. Accounting Control Procedures:** The aim is to ensure that financial accounts are transparent and free from any corruption or influence peddling-related operations.
- VI. Implementation of a Training Program:** This program, tailored to corruption scenarios, targets employees most exposed to potential risks of corruption.
- VII. Disciplinary Framework:** Once the training program is in place, employees who fail to comply with the business code of conduct will face disciplinary measures in accordance with the anti-corruption framework mandated by the SAPIN II law.
- VIII. Audit Plan:** The audit's purpose is to assess the actions taken and feed into the risk mapping. The control activities also aim to evaluate the achievement of the objectives outlined in the anti-corruption framework.

### Literature review

Although the adoption of the anti-corruption law "SAPIN II" is relatively recent (December 2016) and the fact that this study aims to assess the implementation of the eight pillars of this law within the economic enterprise in terms of internal control requirements, similar studies were initiated in this area:

- 1- **The Sapin 2 Law**, adopted in France at the end of 2016, strengthened the legal framework to combat corruption and influence peddling. It requires companies to implement specific prevention and detection measures, such as accounting control procedures and internal codes of conduct. However, it is important to emphasize that this adopted manual is limited to the improvisation of best practices to be implemented by companies and public institutions in order to combat acts of corruption and influence peddling, and it does not refer to the modalities of its implementation. In fact, it is crucial to define a roadmap for the practical implementation of the directives of the anti-corruption law.
- 2- **AFA Recommendations (2018)**, The French Anti-Corruption Agency (AFA) provides recommendations to help public and private organizations prevent and detect corruption and influence peddling. These recommendations cover various aspects, including the implementation of compliance policies, staff training, and reporting systems. Nonetheless, the AFA's recommendations are limited to the information and training aspect and do not specifically address the implementation of procedural measures and the aspect of risk management relating to acts of corruption within economic enterprises.
- 3- **Grant Thornton Study**, A study conducted by Grant Thornton (2020) analyzed sectoral exposure to corruption risk in 22 industries. It highlights the most sensitive sectors and suggests measures to strengthen control and compliance procedures. According to this study, only 39% of companies considered that they had achieved a satisfactory level of compliance with the accounting control procedures required by the Sapin 2 law. This study highlights the need to improve and strengthen compliance systems within companies. Although this study by the audit firm addresses the practical aspect of the problem of implementing a process for managing risks of corruption and influence peddling, it remains behind in terms of the actual implementation of this system.

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Managing the risk of corruption and influence peddling within companies is a complex and multifaceted field of study. Previous studies highlight the importance of risk mapping, the adoption of strict legal frameworks, specific recommendations from anti-corruption authorities, and the need for regular employee training. Companies must continually evaluate and improve their compliance systems to prevent these risks and maintain a reputation for integrity. Our contribution aims to respond to the issue of the importance of the internal control aspect in terms of risk management across all pillars of the SAPIN 2 anti-corruption law.

### **Empirical study**

The goal of this research is to test the hypothesis that the internal control system implemented within the Algerian subsidiary of the French agri-food group under study is not well-suited for preventing and managing corruption or influence peddling risks as envisioned by the SAPIN II law. Instead, it is designed to achieve more traditional internal control objectives, such as asset protection and financial statement reliability.

While the objective of this study is not to audit the application of SAPIN II within the company, it will draw on one audit tool—the Internal Control Questionnaire (ICQ)—to provide insights into whether the internal control system of the subsidiary can meet the expectations of SAPIN II, particularly in terms of creating a corruption prevention system suited to the Algerian context.

The empirical approach in this study aims to assess the extent to which the eight pillars recommended by SAPIN II are reflected in the internal controls of the Algerian subsidiary. The study will evaluate current practices and highlight areas for improvement to meet the anti-corruption objectives.

The ICQ will be adapted to the SAPIN II "anti-corruption" pillars, with each pillar analyzed in its respective domain:

1. **Implementation of a Code of Business Conduct:** Evaluated through the human resources and legal departments.
2. **Internal Whistleblowing Mechanism:** Examined via the human resources and legal departments.
3. **Risk Mapping:** This pillar will be analyzed through the internal control and risk management department.
4. **Third-Party Evaluation Procedures:** Assessed through the accounting teams (clients and suppliers).
5. **Accounting Control Procedures:** Addressed by accounting teams and the internal control department.
6. **Implementation of a Training Program:** Evaluated through the work of the human resources department.
7. **Disciplinary Framework:** This pillar falls under the legal department's responsibility and will be approached accordingly.

Next, the results of the internal control questionnaires, adapted to each of the SAPIN II anti-corruption framework's pillars, will be presented.

### **1- Establishment of a Code of Conduct:**

The first area of the framework to be examined is the introduction of a guide that will help employees detect and respond to potential cases of corruption or influence peddling. The analysis will focus on how effectively the guide equips staff with the knowledge and tools to identify and manage these risks.

**Table 1. ICQ on the Code of Business Practices**

| <b>1. Code of Conduct (Code of Business Practices) /</b>                                                                                 | <b>Yes/No</b> |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Have you received the code of conduct from the central team, including anti-corruption clauses?                                          | Yes           |
| Is the code of conduct part of the procedural rules?                                                                                     | Yes           |
| Is the code of conduct accessible to all employees?                                                                                      | No            |
| If necessary, has the code of conduct been translated into the local language?                                                           | Yes           |
| Does the code of conduct require specific local legal formalities (e.g., validation by the works council, validation by a lawyer, etc.)? | No            |
| If , please specify:                                                                                                                     | N/A           |
| Is it shared:                                                                                                                            | Yes           |
| Via internal memo?                                                                                                                       | Yes           |
| Via email to employees?                                                                                                                  | No            |
| In the employment contract?                                                                                                              | No            |
| During speeches to employees?                                                                                                            | No            |
| Other? (Please specify)                                                                                                                  | N/A           |
| Have you obtained donation and anti-corruption procedures from your corporate team within the entity?                                    | No            |
| Did the gift and anti-corruption procedures require specific local legal formalities?                                                    | No            |
| Are these procedures accessible to all employees?                                                                                        | No            |
| If necessary, have these procedures been translated into the local language?                                                             | Yes           |
| Have you shared the gift and anti-corruption procedures within the entity:                                                               | Yes           |
| Via internal memo?                                                                                                                       | Yes           |
| Via email to employees?                                                                                                                  | No            |
| In the employment contract?                                                                                                              | No            |
| During speeches to employees?                                                                                                            | No            |
| Other? (Please specify)                                                                                                                  | N/A           |
| Do you have an updated travel policy?                                                                                                    | No            |
| Do you perform checks on the following subjects?                                                                                         |               |
| Do you ensure that the code of conduct is accessible and communicated to all employees?                                                  | Yes           |
| Do you ensure that the code of conduct is accessible and communicated to business partners?                                              | No            |
| Do you ensure that the code of conduct is updated in a timely manner?                                                                    | No            |

**Source: Prepared by the researcher**

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The Code of Conduct has been implemented through a procedure shared by the Human Resources Department. However, the Internal Control Questionnaire (ICQ) highlights the following shortcomings:

- **Lack of concrete examples** of situations that could constitute attempts at corruption or influence peddling. The absence of specific scenarios limits the practical understanding of such risks.
- The **procedure does not account for local context** (Algerian-specific practices), as corruption and influence peddling often have geographical particularities. A one-size-fits-all approach is insufficient in addressing local challenges.
- The procedure fails to identify the **personnel most exposed to corruption attempts**, such as purchasing department staff involved in supplier negotiations and commercial staff who face pressures from partners and creditors. These employees are at higher risk but are not adequately targeted by the current code.

### **2- Internal Whistleblowing Mechanism :**

After assessing the implementation of the Code of Conduct, the next area of focus is the practical deployment of the whistleblowing system and the duty of care within the subsidiary. While the mechanism has been introduced, its effectiveness depends on several factors:

- **Awareness and Accessibility:** Employees and third parties must be well-informed about the whistleblowing procedure, and it must be easily accessible for them to report any suspicious behavior.
- **Protection of Whistleblowers:** The mechanism should provide strong guarantees that those who report wrongdoing will not face retaliation, thereby encouraging transparency.
- **Local Adaptation:** Similar to the Code of Conduct, the whistleblowing system must be tailored to the local context, ensuring that regional cultural and legal specificities are considered.

Overall, the whistleblowing system should not only exist in principle but also actively engage employees, partners, and third parties to ensure vigilant monitoring of potential corruption or influence peddling attempts.

**Table 2: (ICQ) on the Internal Reporting Mechanism**

| <b>2. Internal Reporting Mechanism</b>                                                                            | <b>Yes/No</b> |
|-------------------------------------------------------------------------------------------------------------------|---------------|
| Is there an internal reporting system within the entity?                                                          | No            |
| Are you familiar with the group's internal reporting system?                                                      | No            |
| Have you had access to the group's internal reporting guide for handling alerts?                                  | No            |
| Is there someone responsible for collecting warnings?                                                             | Yes           |
| If yes, please specify the name of the person responsible for collecting warnings.                                | N/A           |
| Is there someone responsible for analyzing and investigating alerts and informing the group's ethics coordinator? | No            |
| If yes, please specify the name of the person responsible for analysis and investigation.                         | N/A           |
| Is the role of the hierarchical superior and the designated ethics officer for collecting alerts well defined?    | Yes           |

|                                                                                                                                                        |     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Is there a specific technical framework for collecting alerts (e.g., a dedicated information system)?                                                  | No  |
| If yes, please describe its architecture and technical characteristics.                                                                                | N/A |
| How many times has this mechanism been used since its creation?                                                                                        | N/A |
| Do you have a formal warning form to record alerts (e.g., opening date, facts, documentation, conclusions, closing date, etc.)?                        | No  |
| Are alerts archived ?                                                                                                                                  | N/A |
| Is there a specific system that a whistleblower can use to provide additional information or supporting documents?                                     | No  |
| Has the entity ever requested an internal or external audit after receiving an alert?                                                                  | No  |
| Is there a process to promptly inform the whistleblower and, if necessary, the individuals accused by the alert about the conclusion of the procedure? | No  |
| Has there been a communication campaign to all employees regarding this system?                                                                        | N/A |
| If yes, please specify the different target groups (e.g., factory, office, etc.).                                                                      | N/A |
| Do the entity's business partners have access to the reporting system?                                                                                 | No  |
| Has there been a communication campaign (internal and external) regarding the legal protection of whistleblowers?                                      | No  |
| Do you conduct checks on the following subjects:                                                                                                       |     |
| Ensuring that the internal reporting mechanism is effective?                                                                                           | No  |
| Ensuring that individuals are aware of the internal reporting mechanism?                                                                               | No  |
| If yes, please specify the name of the person responsible for these checks.                                                                            | N/A |

**Source: Prepared by the researcher**

Although the Business Conduct Guide highlights the ethical referent of the subsidiary, its role remains insufficiently clarified, and its effectiveness depends on whistleblowers. Specifically:

- The culture of whistleblowing is not well-developed in the Algerian context ;
- Whistleblowers do not have adequate guarantees concerning the outcome of their actions ;
- The information system does not provide an option for anonymous whistleblowing.

### **3- Risk Mapping of Corruption:**

The objective is to assess whether a dedicated map for potential corruption risks is in place, or whether these risks are integrated into the company's overall risk map. Additionally, it is important to understand the subsidiary's comprehension of this evaluation and prioritization tool within the broader risk management approach, particularly in managing a major risk such as corruption.

**Table 3: ICQ on Corruption Risk Mapping**

| <b>3. Corruption Risk Mapping</b>                                                                                         | <b>Yes/No</b> |
|---------------------------------------------------------------------------------------------------------------------------|---------------|
| Have you received a corruption risk map from the group's Risk Management team?                                            | Yes           |
| Have you attended a training session on corruption risk mapping?                                                          | Yes           |
| Is this mapping communicated within each relevant department of the entity?                                               | No            |
| Are updates to the corruption risk map known to the departments responsible for implementing the associated action plans? | No            |

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|                                                                                           |     |
|-------------------------------------------------------------------------------------------|-----|
| Are the information used to develop and update the corruption risk map archived?          | Yes |
| Are the current action plans known to all relevant employees?                             | No  |
| Is there a follow-up on the validated action plans?                                       | Yes |
| Does the corruption risk mapping account for local risks?                                 | No  |
| Do you perform checks on the following issue:                                             |     |
| Ensuring that the action plans defined by the corruption risk mapping are being followed? | Yes |

**Source:** Prepared by the researcher

The Group's Risk Management Department has deployed a standard map for corruption risks and conducts training sessions for the internal control service of the subsidiary, which is responsible for developing and adjusting it to the local context (Algerian context). However, the following shortcomings are to be noted:

- The updating of the corruption risk map does not keep pace with the risk itself due to the noted deficiencies in whistleblowing (the second pillar of the system).

Unlike fraud risks, which are included in the risk maps, due to the sensitivity of corruption-related issues, such matters are directly transferred to the disciplinary (legal) regime and do not pass through the risk inventory of the map.

#### 4- partner audit:

Corruption risks could not exist without the nature of the economic enterprise, which must establish relationships with various third parties (administrations, suppliers, clients, etc.). Each significant transaction with third parties has the potential to create a situation of corruption or influence peddling. Therefore, evaluating third parties is essential to eliminate potential sources of corruption among suppliers/clients.

On the other hand, the duty of vigilance means that these precautions should not be limited to first-level third parties but should extend further. For instance, the subsidiary should not tolerate, for example, its client subcontracting the distribution of its products to another client who engages in corrupt practices to market the products in question.

**Table 4:** ICQ on Partner evaluation

| 4. Partner evaluation                                                          | Yes/No |
|--------------------------------------------------------------------------------|--------|
| Have you received third-party assessment processes from the group?             | Yes    |
| • for suppliers                                                                | Yes    |
| • for clients                                                                  | Yes    |
| • for other third parties?                                                     | Yes    |
| Have third-party assessment processes been implemented in your subsidiary?     | No     |
| Have you received training from the group on third-party assessment processes? | Yes    |
| Do you use group procedures for purchasing and sales?                          | Yes    |
| Do you have a third-party database at the entity level?                        | Yes    |
| At the entity level, do you perform supplier risk assessments?                 | No     |

|                                                                                                                            |     |
|----------------------------------------------------------------------------------------------------------------------------|-----|
| At the entity level, do you perform client risk assessments?                                                               | No  |
| At the entity level, is there someone responsible for the supplier assessment process?                                     | No  |
| At the entity level, is there someone responsible for the client assessment process?                                       | No  |
| At the entity level, is there someone responsible for the third-party assessment process?                                  | No  |
| Do you require all new suppliers to complete an ESG (Environmental, Social, and Governance) assessment?                    | No  |
| Do you require all existing suppliers to complete an ESG assessment?                                                       | No  |
| Do you conduct specific checks before listing a client?                                                                    | Yes |
| Is there someone responsible for reviewing third-party assessments?                                                        | No  |
| Do you require suppliers to develop corrective action plans?                                                               | Yes |
| Are third-party assessments updated and monitored by the subsidiary?                                                       | No  |
| Are third-party assessments archived by the subsidiary?                                                                    | No  |
| Does the third-party assessment process rely on one or more information systems?                                           | No  |
| Do you formalize your relationship with third parties through contracts and purchase orders?                               | Yes |
| Do you include specific anti-corruption clauses in your contracts?                                                         | No  |
| Do you communicate the code of conduct to each third party?                                                                | No  |
| Do you communicate the terms of purchase and sale to third parties?                                                        | Yes |
| Do you ensure that relationships with third parties are properly conducted (i.e., that a code of conduct is communicated)? | No  |
| Do you ensure that subcontractors of your suppliers/clients adhere to the code of conduct (due diligence)?                 | No  |
| Do you perform checks on the following issues?                                                                             |     |
| Ensure that general terms of purchase and sale are communicated to third parties?                                          | Yes |
| Ensure that third parties are properly assessed?                                                                           | No  |
| Ensure that third-party assessment documentation is correctly archived?                                                    | No  |
| Ensure that third-party assessments are updated in a timely manner?                                                        | Yes |

**Source:** Prepared by the researcher

- The subsidiary conducts regular audits of its suppliers and clients.
- However, these audits are limited to assessing the assurance of the services or products provided and do not extend to examining the underlying relationships that could potentially harm the subsidiary in terms of corruption, from the perspective of due diligence.
- Corruption risks may persist despite audits and partner evaluations because the subsidiary relies on its national distributors, who might use influence peddling to enhance their own advantage at the expense of the company.

#### **5- Accounting Control Procedure:**

As the primary information system within the company, accounting records can serve as a safeguard against acts of corruption and influence peddling.

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**Table 5:** ICQ on Accounting Procedures

| <b>5. Accounting Procedures</b>                                                                                                     | <b>Yes/No</b> |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Does the subsidiary fall within the consolidation scope?                                                                            | Yes           |
| Does the subsidiary use the ERP system adopted by the group, namely SAP?                                                            | Yes           |
| <i>If not, please specify your local system.</i>                                                                                    | NA            |
| Is the subsidiary integrated into the group's payment platform?                                                                     | Yes           |
| Is the accounting department outsourced?                                                                                            | No            |
| <i>If you are internal, do you have an up-to-date organizational chart of the finance and accounting team?</i>                      | Yes           |
| Do you have a local internal control team?                                                                                          | Yes           |
| Do you have a procedure outlining the accounting controls to be executed for monthly closing?                                       | Yes           |
| Do you have a procedure outlining the additional accounting controls to be executed for annual closing?                             | Yes           |
| Is the traceability of transactions (particularly login, modification, deletion, and backup) ensured?                               | Yes           |
| Does the accounting information system distinguish between manual entries and automatically generated entries?                      | Yes           |
| Is there a local procedure regarding invoicing, accounting, and information systems that takes into account the risk of corruption? | No            |
| Is there a local accounting control process to ensure that records are properly justified and documented?                           | Yes           |
| Are high-risk accounting entries reviewed and validated by an employee independent of the person who recorded the entry?            | No            |
| Is there cross-validation within the hierarchy?                                                                                     | Yes           |
| Does the subsidiary have a system for assessing the risk of segregation of duties?                                                  | Yes           |
| Has the subsidiary ever been a victim of fraud?                                                                                     | Yes           |
| Do you perform checks on the following issues?                                                                                      |               |
| Conduct an independent review of manual entries?                                                                                    | Yes           |
| Independent review of high-risk manual entries?                                                                                     | Yes           |

**Sources:** Prepared by the researcher

In terms of the accounting information system, the internal control system appears to be mature, and the likelihood of an act of corruption or influence peddling going undetected is minimal.

### **6- Implementing an Anti-Corruption Training Plan:**

To highlight the principle "ignorance of the law is no excuse," a training program addressing various contexts and scenarios of corruption is provided to employees. However, the question remains whether this knowledge transfer effectively achieves its intended objective.

**Table 6:** ICQ on the Anti-Corruption Training System

| <b>6. Implementing an Anti-Corruption Training Plan</b>                                                                | <b>Yes/No</b> |
|------------------------------------------------------------------------------------------------------------------------|---------------|
| Have specific anti-corruption training/modules been organized locally?                                                 | Yes           |
| <i>If yes, please specify:</i>                                                                                         |               |
| Specific anti-corruption training?                                                                                     | Yes           |
| Is there a specific module on corruption as part of the ethics training?                                               | Yes           |
| E-learning                                                                                                             | Yes           |
| Other? (Please specify)                                                                                                | NA            |
| Are there specific training KPIs (e.g., attendance lists)?                                                             | Yes           |
| Is there a training schedule or plan?                                                                                  | No            |
| Is there an evaluation associated with these trainings?                                                                | No            |
| Are employees most exposed to corruption risks identified?                                                             | No            |
| Is there a specific training program for executives and staff most exposed to corruption and influence peddling risks? | No            |
| Is the anti-corruption training program included for new employees as part of the onboarding process?                  | No            |

**Sources:** Prepared by the researcher

- The target audience for the training does not include those who are most exposed to corruption, such as buyers and sales personnel.
- The training has not been adapted to the Algerian context, which diminishes its effectiveness.

#### **7- Disciplinary Regime Related to Acts of Corruption and Influence Peddling:**

And to fully address the issue, a proven act of corruption or influence peddling must be sanctioned. Does the subsidiary have levels of disciplinary measures for these infractions?

**Table 7:** ICQ on the Disciplinary Regime

| <b>7. Disciplinary Regime</b>                                                                           | <b>Yes/No</b> |
|---------------------------------------------------------------------------------------------------------|---------------|
| Does the entity have one or more disciplinary regimes in place?                                         | Yes           |
| Is there a specific disciplinary regime addressing corruption and influence peddling within the entity? | No            |
| Is there a register of disciplinary sanctions?                                                          | No            |
| If so, is the register of disciplinary sanctions integrated into the internal regulations?              | No            |
| Have cases of corruption and influence peddling been recorded?                                          | Yes           |
| Have sanctions been imposed for violations related to corruption and influence peddling?                | No            |
| Was there communication to employees regarding incidents that led to sanctions?                         | No            |
| Is there someone responsible for overseeing the disciplinary regime?                                    | Yes           |
| Are there controls on the following issues:                                                             |               |

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|                                                             |    |
|-------------------------------------------------------------|----|
| Is the disciplinary regime updated?                         | No |
| Is the disciplinary regime communicated to each individual? | No |

**Sources:** Prepared by the researcher

Once an act of corruption or influence peddling is proven, the disciplinary measures range from dismissal without compensation to legal proceedings. However, these sanctions may not necessarily achieve the objective of the anti-corruption system for the following reasons:

- The act of corruption or influence peddling is usually orchestrated by more than two individuals (requiring complicity), so it would be ideal to audit the facts to eradicate the source, which may be a hidden element.

### CONCLUSION

At the conclusion of this research work, it is pertinent to recall the issue addressed, formulated as follows: does the internal control system of the Algerian subsidiary of the French agri-food group "SA" meet the anti-corruption objectives as stipulated by the Sapin II law? This issue was followed by the hypothesis asserting that the internal control system implemented within the Algerian subsidiary serves to achieve objectives in terms of asset protection and the reliability of financial information, but that the aspect of corruption prevention remains improvable and requires contextualization. After the empirical study, it turns out that the advanced hypothesis is verified; indeed, the "anti-corruption and influence peddling" system within the Algerian subsidiary needs further integration into the company's overall internal control system on the following scales:

- Promote specific training for personnel on the corruption issues they may face, as the scenario for a salesperson dealing with a partner may differ from that of an import manager dealing with a freight forwarder, for example.
- Consider a disciplinary regime that would produce better results than dismissal, for instance by including clauses for financial penalties in the contract.
- Integrate corruption risks into the risk inventory and move away from the perspective of classifying them as highly confidential.

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The introduction must contain the basic elements that are systematically accepted in the formulation of the introduction, such as: the study problem - the study hypotheses - the study objectives - the importance of the subject - the methodology used in the study - previous studies - the terms of the study.