



The bridge to possible

Updated August 2020

# Off-Book Funds Training

# Contents

- Off-Book Funds Definition
- Examples
- FAQs
- Summary
- Contacts

# Off-Book Funds Definition

## Why are we asking Partners to review this training?

- As you know, governance is a key element in our go-to-market strategy and, like you, Cisco is required to properly maintain its books and records in order to accurately and completely reflect the company's transactions and financial position.

## So what are off-book funds and why are they an issue?

- Off-book funds are any funds inappropriately established or retained in a non-Cisco account where the use of the funds continues to be directed by Cisco employees without proper transparency, authorization, documented terms and conditions, and appropriate accounting treatment on Cisco's books and records in accordance with the company's policies.

## Ok...but how are funds like that even created?

- Off-book funds can be created in any number of ways with customers, partners, and marketing or other vendors, including, but not limited to: non-standard discounting, unrecovered rebates or credits, misuse of sales/marketing incentive funds, excess vendor payments (including prepayments), or any other efforts to control the company's funds outside of the company's established financial record keeping processes.

# Example #1: Marketing Fund

## Case:

- Cisco account teams provide additional discount to enable the creation of an undocumented marketing fund to be held by the Partner with use of funds to be directed by Cisco. The Cisco account team directs all usage of the funds toward partner marketing, sales enablement activities, dedicated headcount or other activities related to driving Cisco Sales with the partner.

## Issues:

- Although the use of funds is appropriate, Cisco directing the use of the partner-held funds without proper documentation or approval is prohibited.
- The use of any funds sitting with a partner should never be directed by Cisco.

## What Should Be Done:

- Work with your Cisco account and partner teams to explore existing partner programs that are designed to provide incentives for sales enablement and marketing activities.
- Another option is the partner leveraging their own funds for these activities, taking no direction from Cisco.

# Example #2: Partner Funding Cisco Travel and Events

## Case:

- Cisco partner funds internal Cisco meetings in exchange for extra discounts to cover the partner's expense in executing the request. You might have even approached Cisco with the same request.

## Issues:

- Cisco's policy prohibits establishing any fund outside of Cisco's financial books and records and prohibits Cisco employees providing direction on how those off book funds could be spent.
- Cisco travel and events must be charged to the appropriate accounts on Cisco's books.

## What Should Be Done:

- Please deny any requests to create or hold funds for any Cisco directed purpose (e.g. internal Cisco travel/events, marketing).

# FAQs

## What if a Cisco employee is directing me to create the funds?

- Please deny any requests to create or hold funds for any Cisco directed purpose (e.g. internal Cisco travel/events, marketing).
- Please report this situation to Cisco management or leverage the following link:  
[gpf\\_compliance@cisco.com](mailto:gpf_compliance@cisco.com)

## Why are off-book funds against Cisco policy?

- Cisco is required to keep books and records that accurately and completely reflect the company's transactions and financial position.
- Off-book funds can cause Cisco funds to be retained on a non-Cisco account without proper financial visibility, documented terms and conditions, and thus inaccurate accounting treatment on Cisco's books and records.

# Summary

The establishment, retention or use of off-book funds (and any attempt to circumvent or manipulate processes, systems or data associated with off-book funds), whether intentional or inadvertent, and even if ultimately used for an appropriate business expense or purpose, would be a serious violation of Cisco's Code of Business Conduct and the Cisco Global Anti-Corruption Policy for Partners.

Cisco's Code of Business Conduct

<https://investor.cisco.com/corporate-governance/code-of-business-conduct/default.aspx>

Anti-Corruption Policy

<https://www.cisco.com/c/en/us/about/legal/global-anti-corruption.html>







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