

**THINK GLOBALLY
ACT LOCALLY**

How to implement a
due diligence program
in Western Balkans?

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MEETING OBJECTIVE

Provide an overview of a
Due Diligence Process
in a way that clarifies:

- What is it and why is it done?
- Structure of an effective program
- Compliance key controls
- What to do when it goes wrong

WHAT IS DUE DILIGENCE?

Due Diligence ensures that your organization
does not enter into any business relationship
with a:

- Business Intermediary or
- Business Partner

that has been debarred, suspended,
or otherwise deemed ineligible
to enter contractual relationships
with a federal, state or local government
and/or international organization.

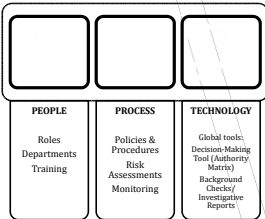
WHY DO WE DO DUE DILIGENCE?

To help the organization mitigate 3rd party risk by:

- Identifying 3rd parties
- Defining organization's risk appetite
- Making informed business decisions
- Increasing transparency

**DUE DILIGENCE
PROCESS**

GLOBAL FOOTPRINT



What shapes your Due Diligence program?

KEY ELEMENT: PEOPLE

ROLES:
The Requestor: Identifies the proposed Intermediary and initiates the due diligence process. Also, in charge of the implementation of the Compliance Key Controls.
The Designee: Not the Requestor, but in charge of the day-to-day business relationship and in charge of the implementation of the Compliance Key Controls.

DEPARTMENTS:
 Procurement, Compliance, Legal and Finance.

TRAINING:
 Kick-off and refreshers. Classroom vs online.




KEY ELEMENT: PROCESS 1/3

POLICIES & PROCEDURES:
 Development of policies, roll out across the organization, periodical update and reviews. SOP on implementation.

RISK ASSESSMENTS:
 Compliance risk assessment tool enabling identification, measuring and mitigation of risk associated with 3rd parties.

MONITORING:
 Periodical (quarterly or annual), can be internal or external. Continuously seek feedback and opportunities for improvement.




KEY ELEMENT: PROCESS 2/3

DUE DILIGENCE FORM:
 Contains company information; partner vs intermediary; services description, business relationship owner; amounts involved, timelines / timeframe; demonstrates knowledge of the Requestor on the 3rd party and is used as a primary source of information for design of Compliance Key Controls.

DATABASE OF APPROVED 3rd PARTIES:
 Internally developed tool owned by the Procurement department with all business intermediaries and partners. Also identifies companies which should not be engaged (or engaged again).

VETTING
 Screening process through sanctions lists and online databases determining eligibility for further due diligence. Periodical auto-checks updating intermediary data.



KEY ELEMENT: PROCESS 3/3

DUE DILIGENCE QUESTIONNAIRE:

Contains 3rd party information provided by the company itself on business practices, history, ownership, management structure, registration details and responses to legal (FCPA/UKBA) requirements. An opportunity for a 3rd party to disclose data of interest to a Compliance Officer (if they have a Code of conduct, ABAC policies or ethics training) and their practices related to FCPA/UKBA.

DUE DILIGENCE REPORT:

Contains company information provided by an outsourced independent service provider. Data on reputation, ownership, management, sanctions, ABAC violations, criminal acts based on key word searches using publicly available information. Standard and enhanced level of due diligence depending on red flags.



KEY ELEMENT: TECHNOLOGY

AUTHORITY MATRIX

Decision making tool for business activities and tasks which is easy to search and sort through the approval and review steps. Enables delegation of authority within teams. Enhances the transparency and efficiency within the decision making process. Provides an auditable record of all required reviews and approvals.

COMPLIANCE TOOL

Platform providing a work environment for a Compliance Officer when mitigating 3rd party risk intaking all company data and enabling export to Authority Matrix.

COMPLIANCE AND ETHICS SHAREPOINT

Team website containing useful documents on good practices and internal policies and SOPs.



**COMPLIANCE
KEY CONTROLS**

WHAT IF? #2

- Your company is working on a major project funded by the World Bank providing professional services to a State owned company.
- The new Project Manager started working on the project before signing the employment contract, as the client insisted.
- The Recruitment team did act timely due to personnel changes and a slow internal handover. The Project Manager was mobilized to a project without a contract while specifying he would like to be hired through his consultancy registered in the Dominica.
- The Recruitment team contacted the Procurement team immediately and initiated a due diligence process for his Dominica based consultancy. The following red flags were identified:
- Entity No Longer in Operation
- PEP: Individual Is/was a Senior Government Official
- PEP: Individual Linked to Government, State-Owned Enterprise or Possible Government Instrumentality
- The Project Manager confirmed his son, a former high ranking World Bank official, was the owner of 50% of his consultancy. He also confirmed that the entity was dormant prior to his engagement by your company.
- What course of action do you suggest to the business?

PITFALLS?

**QUESTIONS
CONCERNS
FEEDBACK**
