

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.

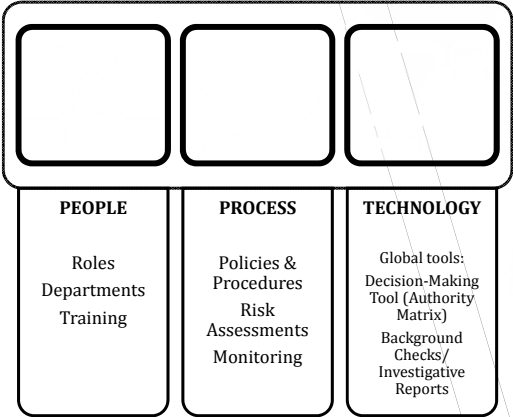
WHY DO WE DO DUE DILIGENCE?

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.

DUE DILIGENCE FORM	
PART A - GENERAL INFORMATION Part A of this form is to be completed by the requestor for every request. Send the Due Diligence form to your Procurement Department email: procurement@vishanger.com for International or procurement@vishanger.com for non-LEI submissions.	
1*. Requestor Name / Business Segment:	2. Charge Code:
1b*. Requestor Operating Company/Geography (if applicable):	
3a. Type: <input type="checkbox"/> Proposal <input type="checkbox"/> RFP <input type="checkbox"/> Subcontract <input type="checkbox"/> EOI	3b. Merger/War ID:
4*. Client: <input type="checkbox"/> Commercial <input type="checkbox"/> Governmental	5*. Contract Value: <input type="checkbox"/> < \$150,000 <input type="checkbox"/> > \$150,000
6a. Location of Services:	6b. Project Code:
7*. Partner/Supplier or Intermediary Name: Address: City, State, & Country	
8. DUNS # (if applicable): Enter the Business Partner's DUNS & Streetview Number (US).	
9. Company website (if any):	
10*. Contact and/or Principal(s): Name(s) & Title(s) Phone(s) & Email Address	
11*. Description of products and/or services to be delivered by the partner:	
DUE DILIGENCE RESULTS - FOR PROCUREMENT USE ONLY Visual Compliance Vetting Results: <input type="checkbox"/> No Regulatory Issues <input type="checkbox"/> Country regulations <input type="checkbox"/> Regulatory Issue Date: _____ Signature: _____ Name/Title: _____ Comments: _____	

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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.



AUTHORITY MATRIX

Before you review or approve a request in the Authority Matrix, make sure:

- You've understood all the facts
- You've read all the supporting documents
- You're comfortable making the approval and if not, contact previous reviewer(s) for clarifications or advice, as needed.

Delegation of approval authority to employees on your teams is subject to approval from the Chief Operating Officer or the President. The ultimate accountability rests with the original authority holder.

- Remember – you are accountable for all approvals you make.

If you approve it, you own it.

COMPLIANCE

KEY CONTROLS

COMPLIANCE KEY CONTROLS

RESPONSE TO RED FLAGS

By designing a key control, a Compliance Officer is mitigating a potential risk from occurring. They represent an adequate and proportionate response to a red flag identified in a DD Form, DD Questionnaire or DD Report. It is a future action designed to be implemented in order to enable a business relationship.

CONDITION SINE QUA NON

If the key controls are not in place or are not implemented, the Compliance Officer has the authority to withdraw the approval given in the DD process. Any agreement signed might become null and payments will be stopped.

IMPLEMENTATION

Sole responsibility of the Requestor. The Compliance Officer designs steps and timelines to be completed. The Procurement officer monitors the completion.

PART C – APPROVALS		
PPR will instruct Company not to discuss or use government ties to benefit _____ in any way. (REQUIRED FOR GOVERNMENT OFFICIALS/SOE RED FLAGS)	Requestor	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
PPR will inform _____ employees involved with Company that the individuals are government officials and will review with employees the relevant portions of the Global Anti-Corruption Policy. (REQUIRED FOR GOVERNMENT OFFICIALS/SOE RED FLAGS)	Requestor	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Company will certify adherence to the U.S. FCPA and clearly state they will not request or pay fees that are not clearly published by the government agency. (REQUIRED FOR VISA AGENTS)	Requestor	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
1B. KEY CONTROLS REQUIRED WITHIN 30 DAYS OF CONTRACT EXECUTION		
Company employees working on behalf of _____ will complete anti-corruption training provided by a Compliance-approved 3rd party (e.g. TRACE) or by _____ and will certify completion to _____	Requestor	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Company will provide a copy of its anti-corruption policy and training program to _____ and will certify that appropriate anti-corruption training is completed at least every 2 years.	Requestor	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1C. KEY CONTROLS REQUIRED THROUGHOUT CONTRACT EXECUTION		
Company will be monitored for Red Flags throughout the term of the contract.	Requestor	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Line item charges on invoices from Company to _____ will be reviewed to make sure fees are appropriate, contain no Red Flags and there are no miscellaneous charges without justification.	Requestor	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Relationship and performance will be reviewed relative to compliance controls.	Requestor	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1D. ADDITIONAL KEY CONTROLS REQUIRED (if applicable)		
		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No

WHAT TO DO
WHEN IT GOES WRONG?

WHAT IF? #1

- Your company is working on a project in Western Balkans, providing professional services to one of your largest clients, a Government Agency.
- The Accounts Payable team informs Procurement that they have received an invoice from a sub-contractor, but cannot confirm that the sub-contractor went through the due diligence process; they will not pay until the missing due diligence is resolved.
- Procurement executes the due diligence process now that the sub-contractor has been identified and sends the subcontractor information for investigation.
- Procurement obtains the fully executed subcontract from the local project manager, as well as an explanation of how the company was selected, to properly complete the procurement file.
- Procurement sends the subcontract to Legal for a contract review, as would have been done before signing if the proper process had been followed.
- The investigative report comes back with several red flags:
 - Investigations or allegations of bribery (3x)
 - Investigations or allegations of criminal behavior (3x)
 - PEP: individual linked to a state-owned enterprise
 - Research findings are inconsistent with client-provided information
 - Criminal conviction
- The Legal Department notifies you there are no anti-corruption clauses in the subcontract, and no suitable clauses to force a modification or termination of the subcontract.
- What course of action do you suggest to the business?

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**