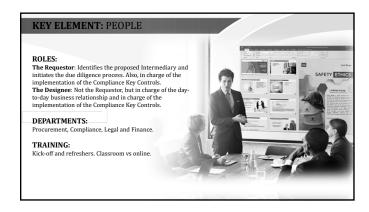
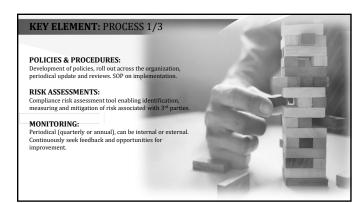
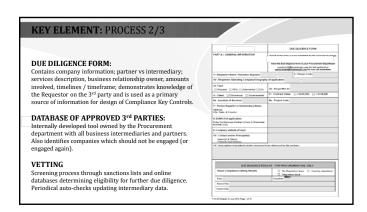
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ACT LOCALLY	
How to implement a due diligence program in Western Balkans?	
Miloš Stopić	
Compliance & Ethics Officer Europe / Middle East	-
Sarajevo, 4 October 2018 SCCE Regional	
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MEETING OBJECTIVE	
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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	
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WHAT IS DUE DILIGENCE?	
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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.	
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WHY DO WE DO DUE DILIGENCE?	
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To help the organization mitigate $3^{\rm rd}$ party risk by:	
Identifying 3 <sup>rd</sup> parties	
Defining organization's risk appetite	
Making informed business decisions	
Increasing transparency	
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DUE DILIGENCE	
PROCESS	
FROCESS	
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GLOBAL FOOTPRINT	
What shapes your Due Diligence program?	
PEOPLE         PROCESS         TECHNOLOGY           Roles         Policies & Global trook	
Departments Procedures Decision-Making Tool (Authority)	
Training Assessments Monitoring Belgomen Belgome	
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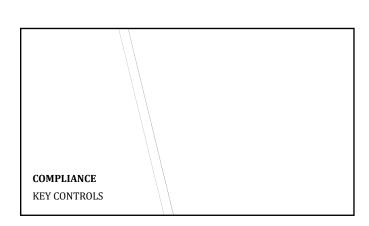






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DUE DILIGENCE QUESTIONAIRE:  Contains 3 <sup>rd</sup> party information provided by the company itself on business practices, history, ownership, management structure, registration details and responses to legal (FCPA/UKBA) requirements. An opportunity for a 3 <sup>rd</sup> 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.	New York Control of the Control of t	Section 1 (Section 1 (

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 3 <sup>rd</sup> 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  AUTHORITY MATRIX  Authority of the state of the stat



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COMPLIANCE KEY CONTROLS		
	PART C - APPROVALS  PPR all instruct Company not to discuss or use government less to benefit in any say, (REQUIRED FOR GOVERNAMENT OFFICE-SECRED FACES)  OFFICE-SECRED FACES	
RESPONSE TO RED FLAGS	beneft   n any way (RECURRED FOR COLVERAMENT OFFICIALS SOCE RED FLACE)     FOR will reform   encyclyres molecule with Company that   Requester   Ves   No     Pen will reform   encyclyres molecule with Company that   Requester   Ves   No     Pen should all are soverment of foliasis and self invertices with employees:	
By designing a key control, a Compliance Officer is mitigating a potential risk from occurring. They represent an	FPR still inform. employees involved with Company that the sholutions are government officials and still review with emboyees are still review and emboyees are enterprised in the Court Article (Annual Court English (Annual Court English)) (ANNUAL COURT ENGLISH) (ANNUAL COU	
adequate and proportionate response to a red flag identified in a DD Form, DD Questionnaire or DD Report. It is a future	they will not request or pay fees that are not dearly published by the government aparty. (IECOLOGY DON'S VISA ADDITION)  16. KEY CONTROLS REQUIRED WITHIN 30 DAYS OF CONTRACT EXECUTION.	
action designed to be implemented in order to enable a business relationship.	Company employees working on behalf of will complete will complete have provided by a Complete captive of a party let 5 "Text" or by vy  " of a "Text" or by	
CONDITION SINE QUA NON	Company will provide a copy of its anti-comption policy and training program to.   and will certify that appropriate anti-comption training is complished at least every 2 pears.	
If the key controls are not in place or are not implemented, the Compliance Officer has the authority to withdraw the	TC. KBY COMMICES REQUIRED Networksout COMMACT EXECUTION Company will be monitored for Red Flags throughout the term of the Requirem (V) Yes ho- contract.	
approval given in the DD process. Any agreement signed might become null and payments will be stopped.	Une dem charges on invoices from Company to	
IMPLEMENTATION	Relationship and performance will be reviewed relative to compliance Requestor Ves INO controls.  10. ADDITIONAL NET CONTROLS REQUEST If availables	
Sole responsibility of the Requestor. The Compliance Officer designs steps and timelines to be completed. The	ves   No   Ne   Ne   Ne   Ne   Ne   Ne   Ne	
Procurement officer monitors the completion.	□ Ves □ No	
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	WHAT TO DO	
	WHEN IT GOES WRONG?	
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WHAT IF? #1		
<ul> <li>Your company is working on a project in Western Balkans, providing professional services to one of your largest clients, a Government Agency.</li> </ul>	<ul> <li>The investigative report comes back with several red flags:</li> </ul>	
<ul> <li>The Accounts Payable team informs Procurement that they have received an invoice from a sub-contractor.</li> </ul>	Investigations or allegations of      Invitory (3x)	
but cannot confirm that the sub-contractor went through the due diligence process; they will not pay until the missing due diligence is resolved.	Investigations or allegations of criminal behavior (3x)	
until the missing due diligence is resolved.	PEP: individual linked to a state- owned enterprise	
	<ul> <li>Research findings are inconsistent with client-provided</li> </ul>	
	information  • Criminal conviction	
<ul> <li>Procurement executes the due diligence process now that the sub-contractor has been identified and sends</li> </ul>	The Legal Department notifies you	
the subcontractor information for investigation.  Procurement obtains the fully executed subcontract from the local project manager, as well as a	<ul> <li>The Legal Department notifies you there are no anti-corruption clauses in the subcontract, and no suitable clauses to force a modification or</li> </ul>	
from the local project manager, as well as an explanation of how the company was selected, to properly complete the procurement file.	termination of the subcontract.	
<ul> <li>Procurement sends the subcontract to Legal for a contract review, as would have been done before</li> </ul>	<ul> <li>What course of action do you suggest to the business?</li> </ul>	
signing if the proper process had been followed.	(O tile pratitess.	

PITFALLS?    Description is worthing on a major george training and the great before stated winding on the great before stated winding on the great before stated winding on the great before stated.	WHAT IF? #2	
PITFALLES?	<ul> <li>Your company is working on a major project funded by the World Bank providing professional services to a State owned company.</li> </ul>	The No Longer in Operation
The Recruisment town did at timely due to personnel Magajar van mollinist on a project without a contract constitution register at last behavior.  The Project molecular contracted of the Commonst contract to the Commonst		PEP: Individual is/was a Senior
PITFALLS?  PITFALLS?  QUESTIONS CONCERNS	client insisted.	PEP: Individual Linked to describe State-Owned Enterprise or Possible Government Instrumentality
PITFALLS?  PITFALLS?  QUESTIONS CONCERNS		
PITFALLS?  PITFALLS?  QUESTIONS CONCERNS	The Recruitment team did act timely due to personnel	The Project Manager confirmed his son, a former high ranking World Bank
PITFALLS?  PITFALLS?  QUESTIONS CONCERNS	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	official, was the owner of 50% of his consultancy. He also confirmed that the entity was dormant prior to his
PITFALLS?  QUESTIONS CONCERNS	The Recruitment team contacted the Procurement	<ul> <li>engagement by your company.</li> <li>What course of action do you suggest</li> </ul>
QUESTIONS CONCERNS	for his Dominica based consultancy. The following red flags were identified:	to the business?
QUESTIONS CONCERNS		
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CONCERNS —————	PITFALLS?	
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