Red Flag Group

BEST PRACTICES FOR USING COMPLIANCE TECHNOLOGY

24 January 2018

AGENDA

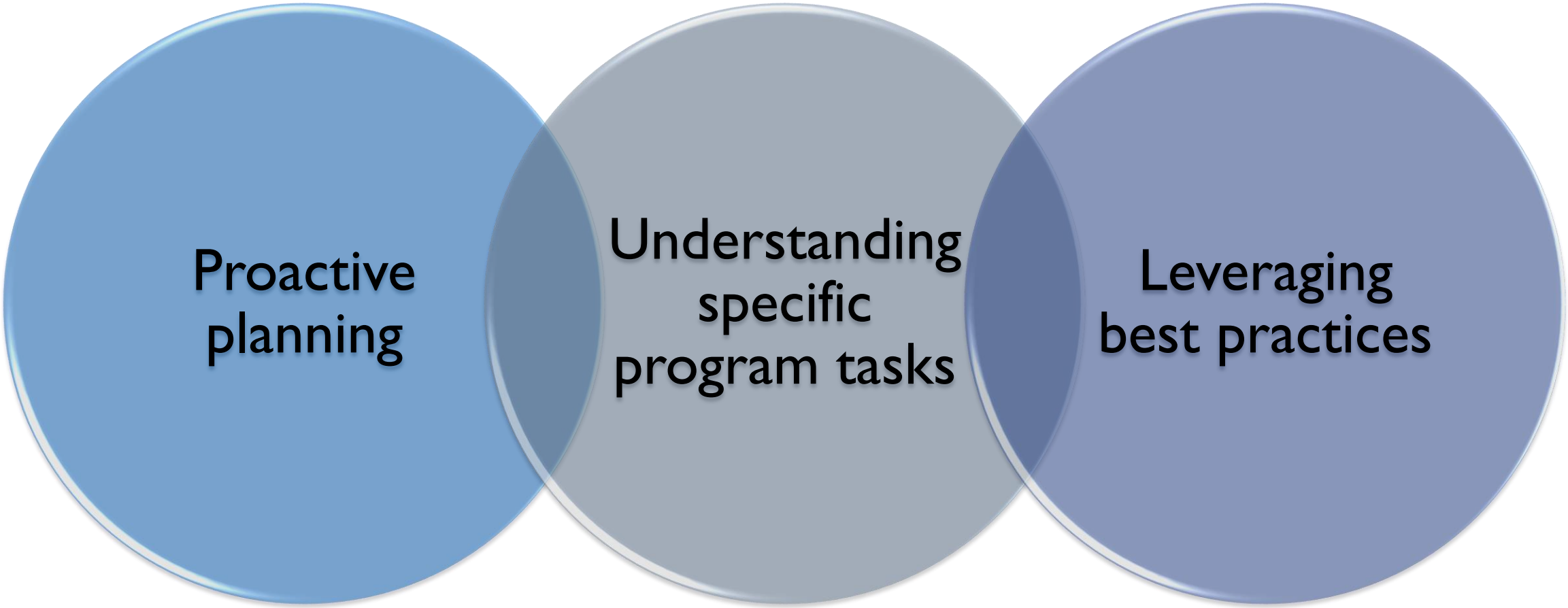
- About The Red Flag Group
- Three Keys to Success
- Third Party Onboarding
- Gifts, Travel, & Entertainment
- Preparing to Use Data
- Closing remarks

WHO IS THE RED FLAG GROUP?
WHAT DO WE DO?

WE MANAGE COMPLIANCE AND INTEGRITY RISKS

The Red Flag Group is a global integrity and compliance risk firm. We apply our unique set of advice, technology and business intelligence applications to manage the integrity and compliance risks of our customers. We have a proven methodology that we use to help companies manage these risks.

Three Keys to Success



Third Party Onboarding

Partners
Suppliers
Distributers
Resellers
Agents

Pitfalls To Implementing Onboarding Technology

- Lack of buy-in from the business
- Inconsistent application of a risk based approach
- Failure to understand scope of work required
- Failure to assign responsibility
- Lack of communication protocol

Third Party Onboarding – Proactive Planning

- Buy In – Does business understand importance and its role?
- Policy – Do you have a clearly communicated policy documenting process and your approach?
- Resourcing – Who is Managing Each Task?
- Communication – How Are Results Communicated?

Third Party Onboarding – Understanding Specific Tasks

- Data – What information do I need at each stage/task?
- Process – How do I define the workflow at each task level?
- Coordination – How do we keep stakeholders informed?
- Approval – What constitutes approval or rejection at each stage?

Third Party Onboarding – Leveraging Best Practices

- Establish minimum data requirements – name, address and country, and onboarding and renewal dates
- Add the human touch – Follow up with third parties directly. Automated reminders to answer questionnaire are not enough
- Get support at local level – Due diligence, remediation and final approval should be handled by compliance and business at business unit level
- Workflow Flexibility – The workflow must be flexible enough to accommodate change as time goes on
- Measurability – Process, activities, scoring and decision making must be measurable to automate

Gifts Travel & Entertainment

Policies
Reporting
Tracking

Why Do GTE Processes Fail?

- Lack of a clearly communicated policy
- Does not account for diverse regulations and customs
- Lack of business buy-in
- Failure to levy penalties for non-compliance

GTE – Proactive Planning

- Geography – Where do we do business?
- Customs – What are the customs in each region?
- Local Law – What does local law allow or prohibit?
- Policy – Do we have a policy, and how do we train on it? Do we need multiple policies?
- Limits – Do we set limits by number, frequency, or both?
- Oversight – Efficiency vs. supervision
- Training – How do users get answers to questions?

GTE – Understanding Specific Tasks

- Data – What information is required for a declaration?
- Rules – Do our rules sync with the technology's capabilities?
- Benefit Types – Are all of our benefit types covered, and easy to find for the declarer?
- Process – Does a declaration provide all information needed for approval/rejection?
- Follow-up – How do supervisors follow up with declarers for more information?
- Special requests – How do we manage special requests?

GTE – Leveraging Best Practices

- Frequency vs. Value - Ensure that rules built around frequency and value can work together
- Timeframes - Establish clear time frames for rules built around frequency
- Set out Examples - Clearly indicate which benefit categories are covered under your GTE policy, and describe specific types under each so they are easy to find within the tool
- Exceptions – Allow for local exceptions if needed, and ensure these are described in the local policy
- Updates - Ensure changes to rules have minimal disruption to use of tool or functionality of the GTE process
- Vacation – Have substitute managers should a direct approver go on vacation

Leveraging Data to Support Your Program

Agreements
Transactions
Reports
Investigations
Contracts

Data Analytics

- Good Data + Massive Computing Power = Opportunity to Identify RISKS
- PROBLEM: Data, data everywhere, but no insight is in sight
- Needle in a haystack… an individual action may not represent risk
- Nuanced patterns speak volumes, previously undiscovered
- Harness data – at scale

Data and Automation in Compliance

- Process workflow automation
- Third party risk scoring
- Adverse media assessment and relevance measure
- Transaction fraud monitoring

Get Started With Best Practices

- Define goals and measures of program success
- Set up key indicators of potential misconduct

Set measurable goals

- Assess your data assets; what do you have to work with
- Ensure you have access to clean, relevant data

Make friends with IT!

Key Takeaways

- Focus on organization and consistency of process that can be represented through technology, rather than the technology itself
- Clearly articulate important risks, and the process and tasks that will be used to manage them
- Think about each task carefully. Programs often fail due to lack of support or expertise to manage individual tasks
- Move from the subjective to the objective, based on data and metrics

Red Flag Group

CONTACT US

To find out more about our products and services, please visit **www.redflaggroup.com** or contact us at **info@redflaggroup.com**.