

# **COMPLIANCE PROGRAM EFFECTIVENESS ASSESSMENT**

ACE ROUNDTABLE  
SEPT. 29, 2022

# AGENDA

- What are the DOJ/SEC expecting?
- First Gen Assessment
- What Does Next Gen Look Like?
- Discussion/Workshop

# 2020 DOJ GUIDANCE

## Setting a Stake in the Ground

"Is the periodic review limited to a 'snapshot' in time or based upon continuous access to operational data and information across functions?"



**Continuous Risk Assessment  
not Periodic Snapshots**

"Does the company review and adapt its compliance program based upon lessons learned from its own misconduct?"



**Continuous Improvement &  
Incorporating Investigations**

"Does the company engage in risk management of third parties throughout the lifespan of the relationship, or primarily during the onboarding process?"



**Lifespan Third-Party  
Risk Management**

# 2020 DOJ GUIDANCE

## Setting a Stake in the Ground

"Do compliance and control personnel have sufficient direct or indirect access to relevant sources of data to allow for timely and effective monitoring and/or testing of policies, controls, and transactions?"



Access to Data with  
Timely Monitoring & Testing

"[W]hat testing of controls, collection and analysis of compliance data, and interviews of employees and third parties does the company undertake? How are the results reported and action items tracked?"



Auditable Ongoing Testing of  
Controls Using Data

"Prosecutors may credit the quality and effectiveness of a risk-based compliance program that devotes appropriate attention and resources to high-risk transactions, even if it fails to prevent an infraction"



Effective Focus on the  
Highest-Risk Transactions

# 2022 Developments

## Raising the Temperature to Boiling

“[A]s a former Chief Compliance Officer who now serves as the head of the Criminal Division, I want to know whether you are doing everything you can to ensure that when that individual employee is facing a singular ethical challenge, he has been informed, trained, and empowered to choose right over wrong. Or if he makes the wrong choice, you have a system that immediately detects, remediates, disciplines, and then adapts to ensure that others do not follow suit.”

- Kenneth Polite (DOJ Head of Criminal Division)

### Hewlett Packard Enterprise Executive to Lead Justice Department's Fraud Section

Glenn Leon, a former federal prosecutor, will oversee some of the DOJ's most significant corporate investigations



**Disrupted Compliance Programs Can Come Back Stronger**

### Justice Department Recruits AB InBev Data Expert to White-Collar Crime Force

Former executive at brewer will be agency's resident compliance expert, advising prosecutors investigating foreign bribery and fraud



#### The Road Taken: Medtronic's CLO on Creating Career Opportunities

Ivan Fong's career journey may not be typical, but his willingness to embrace the unexpected and forge new career paths can be a lesson for aspiring chief legal officers.

#### Johnson Controls CCO: Use Compliance as a Sword and Shield

Digital transformation can bring compliance closer to the business, putting it in a position to add more value than in the past, says chief compliance and ethics officer Larry Leverett.

 **Matt Galvin** (He/Him) • 1st  
1w • 

Hi network. Amazing opportunity to be part of a cutting edge data team dedicated to making a difference. [#dataanalytics](#) [#fcpa](#) [#futureofcompliance](#)



#### Fraud/Corruption Data Scientist

Job by The Socium Group  
United States (Remote)

[View job](#)

**"The goal is to turn data into information,  
and information into insight."**

**Carly Fiorina  
Former CEO of HP**

# 1<sup>st</sup> GEN ASSESSMENT

## Reliance on Basic/Static/Post-Hoc Metrics

### Helpline & Matter Stats



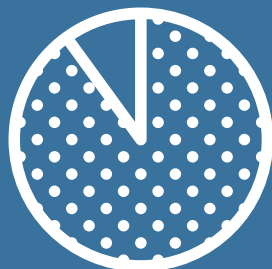
- A spike in Helpline calls may provide insights that can be leveraged to improve a program

### Code Cert Stats



- But what if numbers are low and remain low?

### Training Stats



- A decreased call volume may only mean that employees simply stopped using the helpline.



# COMMON APPROACHES

## Outlier KPIs/KRIs



- Uni-dimensional
- High False Positive Risk
- Insights Harder to Glean

## Dashboarding/Visualization



- Uni-dimensional
- High False Positive Risk
- Insights Harder to Glean

## Aggregated Risk Scoring



- Multi-dimensional
- Lower False Positive Risk
- Insights Easier to Glean

## Machine Learning/AI



- Data Needed to Train Model
- More Specialized Expertise



# NEXT GEN ASSESSMENT

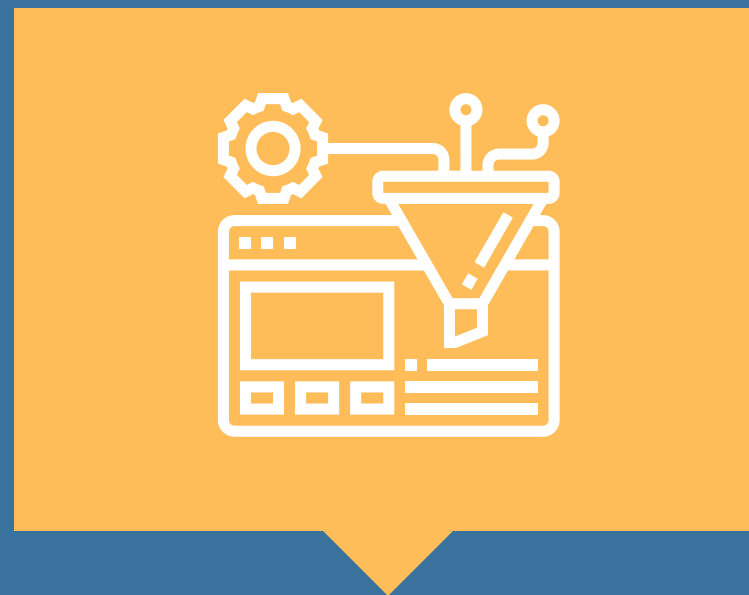
## CONTINUOUS TRANSACTION MONITORING

### DATA



- ERP Systems (e.g., SAP, Oracle, JDE)
- T&E Systems (e.g., Concur)
- Transparency Data
- HR Systems (e.g., Workday, SuccessFactors)
- Approval & Due Diligence Data

### RISK ALGORITHMS



- Behavioral
- Statistical
- Policy/Rules Based
- Machine Learning

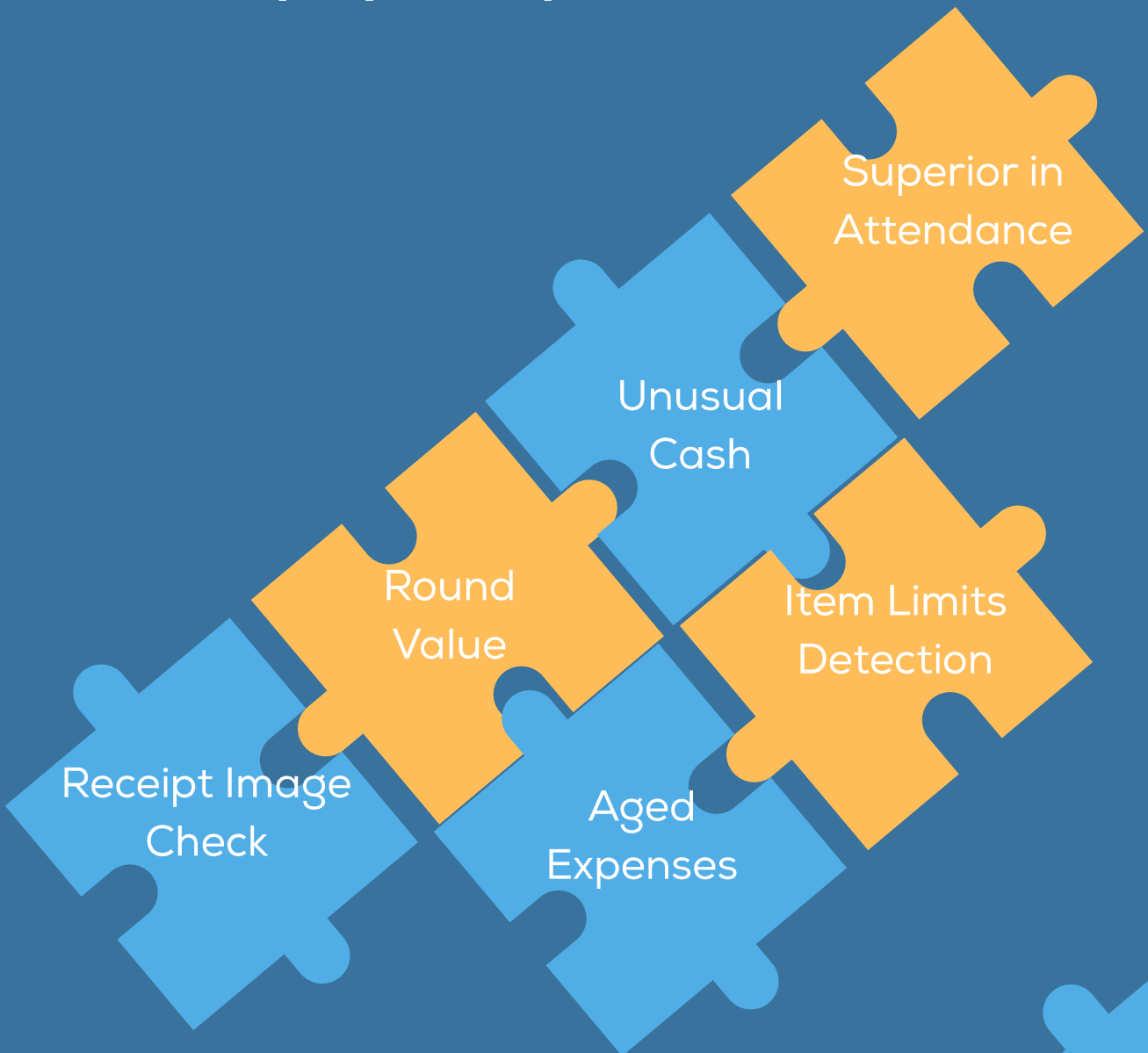
### REVIEW & INSIGHTS



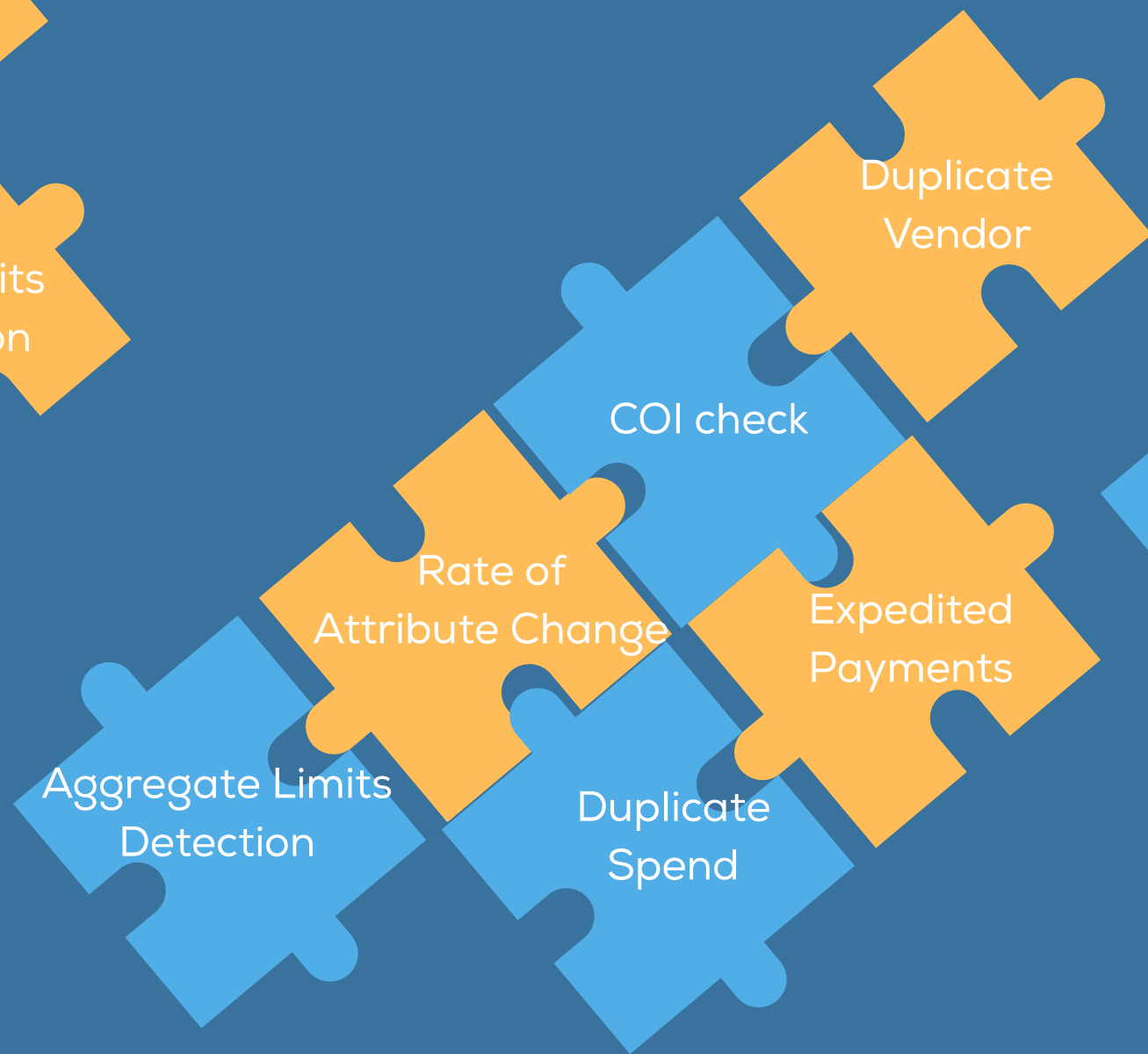
- Aggregate Transaction Risk Scores
- High Risk Transactions Flagged
- Workflow for Review & Remediation
- Risk Visualizations

# THE POWER OF AGGREGATION

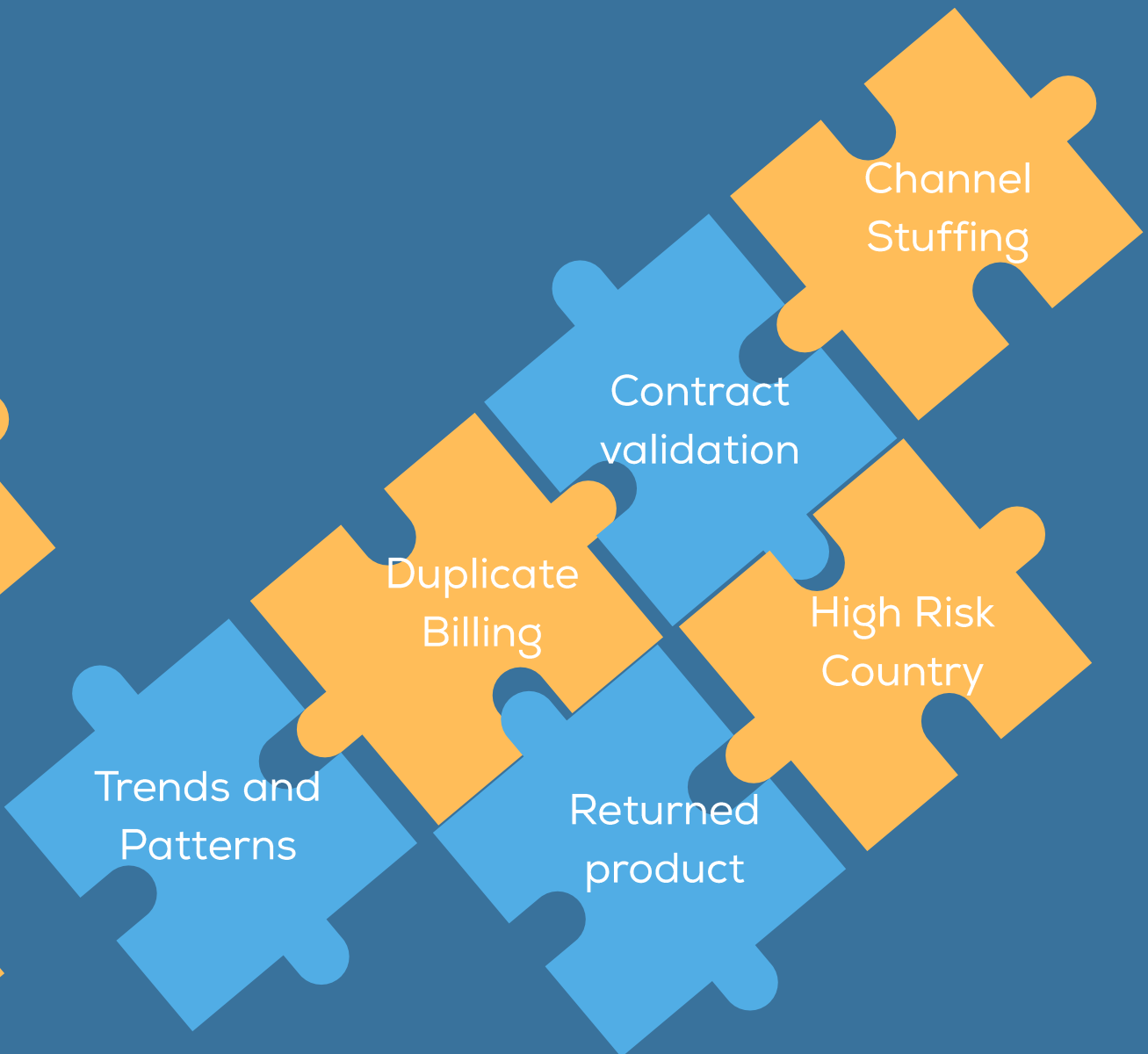
## Employee Expense



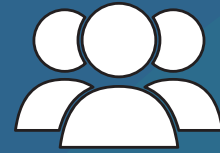
## Vendor Spend



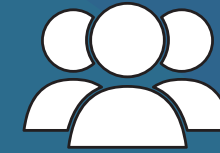
## Customer Revenue



# Enterprise Benefits

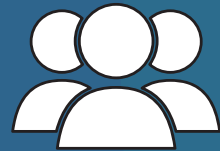


## Board & C-Suite

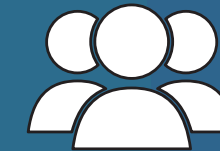


## Middle Management

- ✓ Access to Risk Data to Drive Decisions & Monitor Impact
- ✓ Cost Recovery, Waste Reduction & Vendor Rationalization
- ✓ Near Real-Time Risk Detection
- ✓ Ongoing & Objective Risk Assessment
- ✓ 100% Monitoring of Spend Post Diligence & Approvals
- ✓ Faster & More Effective Investigations
- ✓ Full Audit Trail & Documentation
- ✓ Ability to Monitor Subjects
- ✓ Ability to Feed Learnings into Ongoing Monitoring



## Procurement



## Finance



## Compliance



## Audit

# JOURNEY

Raw Data to Information to Insights

