21st Century Data and Detection

Implementing a World-Class Global Continuous Monitoring Program to Detect FCPA and Kickback Risks Before They Become Systemic

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Speaker Bios
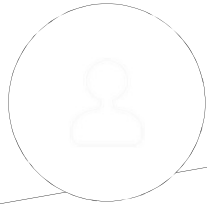

Parth Chanda
CEO
Lextegrity

Odell Guyton
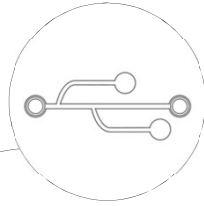Managing Director,
Klink & Co. Inc
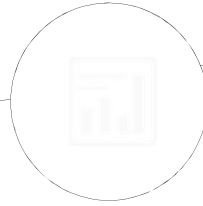
SCCE Co-Founder

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ELEMENTS OF A CONTINUOUS COMPLIANCE MONITORING & ANALYTICS PROGRAM
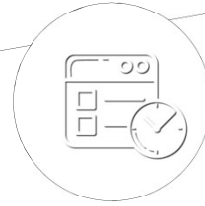

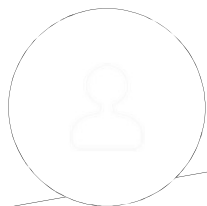| Appropriate Scoping and Governance | Data Collection and Feeds | Analytics & Visualizations | Timely Follow-Up & Remediation |

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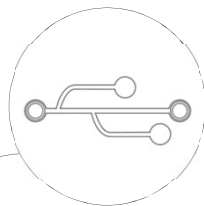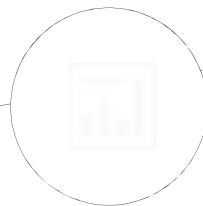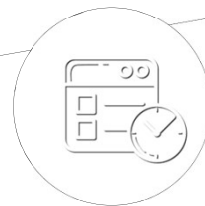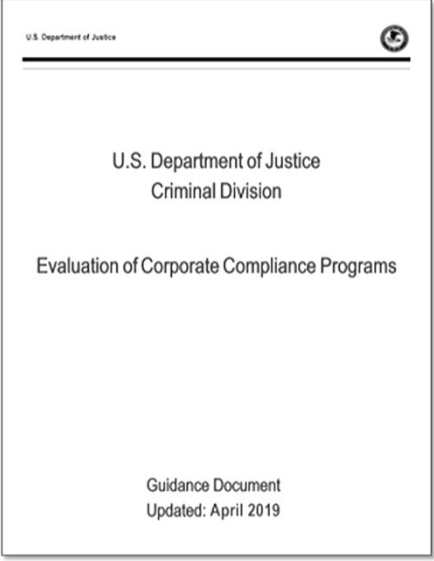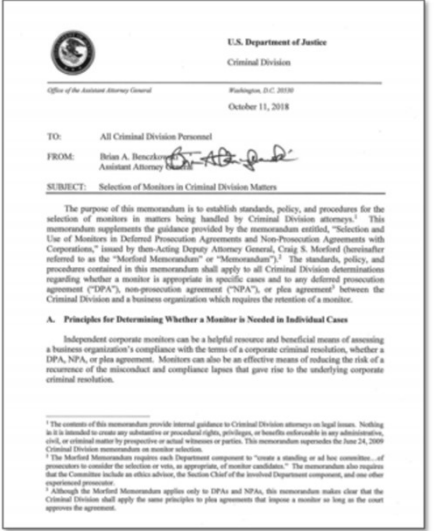| Appropriate Scoping and Governance | Data Collection and Feeds | Analytics & Visualizations | Timely Follow-Up & Remediation |

The DOJ's 2019 **Evaluation of Corporate Compliance Programs** guidance requires the following considerations:

1."Is the corporation's compliance program **well designed**?"

2."'Is the program being applied earnestly and in good faith?' In other words, is the program being **implemented effectively**?"

3."'Does the corporation's compliance program **work' in practice**?"

U.S. Department of Justice

U.S. Department of Justice
Criminal Division

Evaluation of Corporate Compliance Programs

Guidance Document
Updated: April 2019

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The DOJ's 2018 **Selection of Monitors in Criminal Division Matters** guidance requires the following considerations in determining whether a monitor is needed:

- "whether the corporation has made **significant investments in, and improvements to**, its corporate compliance program and **internal control systems**"

- "whether remedial improvements to the compliance program and internal controls have been **tested** to demonstrate that they would **prevent or detect similar misconduct** in the future."

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**DOJ 2019 Guidance: Data Analytics & Continuous Monitoring**

"Prosecutors should likewise look to whether a company has taken 'reasonable steps' to "ensure that the organization's compliance and ethics program is followed, including **monitoring and auditing**"

Considerations include:
- "[W]hether the company engaged in **ongoing monitoring of the[ir] third-party relationships**,"

- "**How often does internal audit conduct** assessments in high-risk areas?" "What **testing of controls**, **collection and analysis of compliance data**, and interviews of employees and third-parties does the company undertake."

- "Has there been sufficient staffing for compliance personnel to **effectively audit, document, analyze, and act on** the results of the compliance efforts?"

- "What types of audits **would have identified issues** relevant to the misconduct? Did those audits occur and **what were the findings**?"
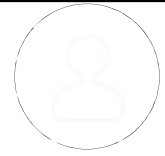
APPROPRIATE SCOPING
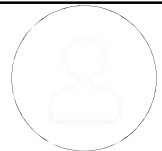
- HCP Spend
  - ❑ Fee for Service
  - ❑ Food & Beverage
  - ❑ Travel & Lodging
  - ❑ Other ToVs

- Third Party Spend and Order-to-Cash
  - ❑ Procurement Spend across categories
  - ❑ Distributor Margins

- Employee T&E
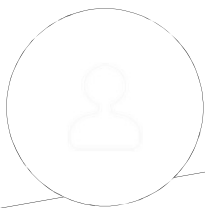 - ❑ Non-HCP meals and travel expenses
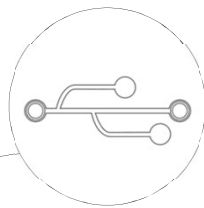
APPROPRIATE GOVERNANCE

- Appropriate SOPs
  - ❑ Refresh Cycle
  - ❑ Data Integrity
  - ❑ Review Parameters

- Appropriate Resourcing
  - ❑ Internal Audit
  - ❑ Compliance
  - ❑ Local Market Resources
  - ❑ Outside advisors
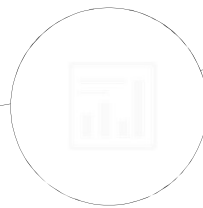
- Auditing of Monitoring Program

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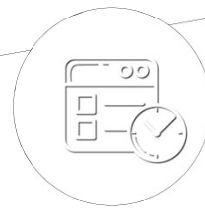# ELEMENTS OF A CONTINUOUS COMPLIANCE MONITORING & ANALYTICS PROGRAM

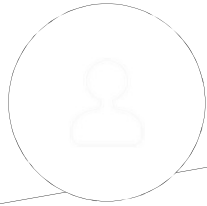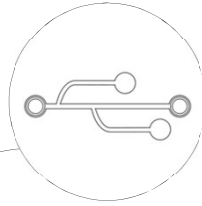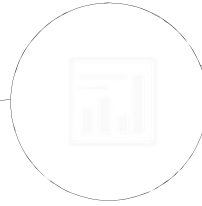| Appropriate Scoping and Governance | Data Collection and Feeds | Analytics & Visualizations | Timely Follow-Up & Remediation |

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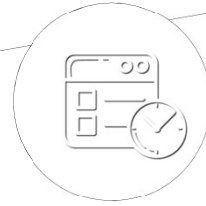# ELEMENTS OF A CONTINUOUS COMPLIANCE MONITORING & ANALYTICS PROGRAM

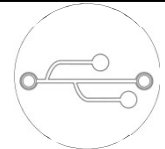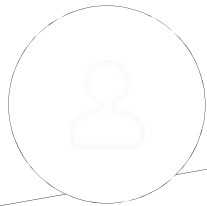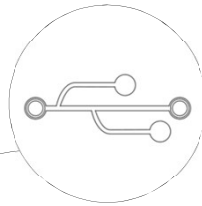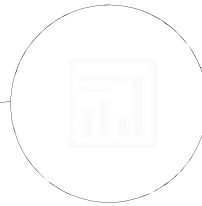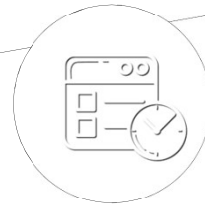| Appropriate Scoping and Governance	Data Collection and Feeds	Analytics & Visualizations	Timely Follow-Up & Remediation

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DATA COLLECTION & FEEDS

- Automated API Feeds wherever possible
  - ❑ T&E API (e.g., Concur)

- Automated or Manual Periodic Extracts
  - ❑ ERP
  - ❑ P2P
  - ❑ Transparency Data

- Rely on a unified Data Model

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ELEMENTS OF A CONTINUOUS COMPLIANCE MONITORING & ANALYTICS PROGRAM

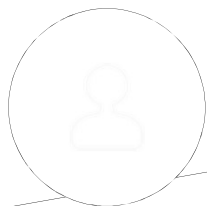Appropriate Scoping and Governance

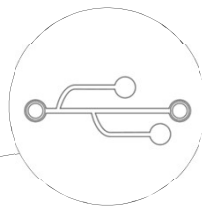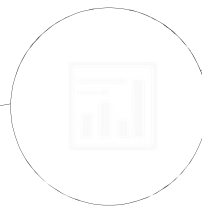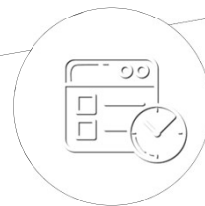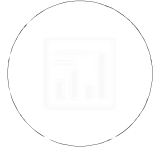Data Collection and Feeds

Analytics & Visualizations

Timely Follow-Up & Remediation

ANALYTICS & VISUALIZATIONS

- Rely on Libraries of Fraud Risk Algorithms

- Make Algorithms Configurable and Dynamic

- Integrate Machine Learning to Improve Risk Scoring

- Layer on Robust Visualizations to Explore Data

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Next Generation Continuous Monitoring

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RISK-RANKING EVERY SPEND ITEM

NAME ▾	COUNTRY ▾	ENTITY ▾	NATURE ▾	VALUE ▾	RISK SCORE ▾	
Santos International	Brazil	AB123	Services	$6,000	4.9	VIEW
David Brydon	Canada	XY456	Meals			
David Brydon	Canada	XY456	Entertainm			
Susy Stagge	United States	BY310	Meals			

RISK ENGINE SUMMARY

Strong	Moderate	Weak
1	1	0

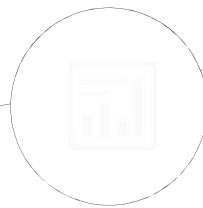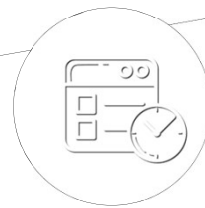| RATING	ANALYSIS FOCUS	ANALYSIS NAME
Strong	Conflicts of Interest	Vendor & Employee
Moderate	Anomaly	Round Dollar

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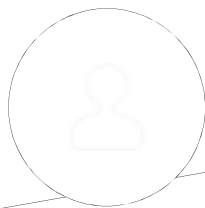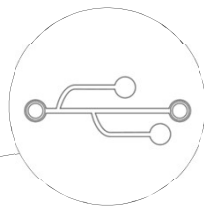
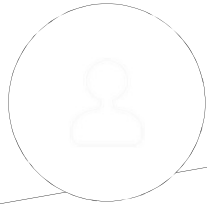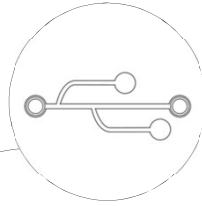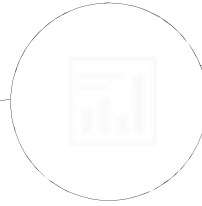| Appropriate Scoping and Governance | Data Collection and Feeds | Analytics & Visualizations | Timely Follow-Up & Remediation |

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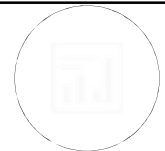| Appropriate Scoping and Governance | Data Collection and Feeds | Analytics & Visualizations | Timely Follow-Up & Remediation |

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TIMELY FOLLOW-UP & REMEDIATION

- Clear documentation of follow-up and resolution

- Clear audit trail of changes in risk settings

- Machine Learning to continuously improve monitoring engine based on findings

- SOPs should define clear owners for remediation and SLAs

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Questions?

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