

Alliance for Integrity's
Asia-Africa Regional Exchange on Compliance
20th May 2021, 8th June 2021 & 24th June 2021
Cisco Webex

Alliance for Integrity is a global project and active in 14 countries in Asia, Africa, Latin America, and Europe. The socio-economic and cultural diversity of most of the countries provide a remarkably interesting opportunity for an inter-regional exchange and enrichment. To promote this exchange, Alliance for Integrity is organizing a focused series of regional exchange between the compliance professionals in countries from Africa and Asia on areas of relevance. The experts will exchange notes on the issues, the challenges faced, the solutions and best practices and learnings used by them in course of their profession.

It will be a 3-part exchange and the topics suggested are as follows:

- 1) Risk Assessment
- 2) Responsibility and functions of Compliance Professionals
- 3) Third Party Transactions

A brief overview of the discussion points on each of the topics could be as follows:

1) Risk Assessment (20th May 2021)

Business and risk go hand in hand, but that does not mean that businesses cannot do anything to minimize the impact of these risks. In the general parlance we end up regarding the term “risk” as something negative and to be avoided. But risks cannot be done away with, and the only solution is to accept and to understand, prioritize and mitigate the risk rather than living under its fear or ignoring it.

In a company, big or small, there are various risks involved in different processes and transactions. In such circumstances, it is important for a company to have an established and continuous process of risk assessment and mitigation. The companies need to assess the frequency and impact of each of the risks that they are prone to. Based on their company’s individual resources, risks most likely to have a bigger impact on them will need to be prioritised. To control these, mitigating measures need to be implemented and employees involved in transactions or processes related to these risks must be trained .

In this risk assessment session we would hear experiences of compliance professionals on how to carry out risk assessments, processes to be followed, planning of risk mitigation and challenges and best practices that have been experienced by the countries from the two regions.

- a) How do you carry out the risk assessment process in your company? Which departments participate and what is the frequency of such assessments?
- b) What are the considerations a compliance officer should take when making the risk assessment? What are the challenges that can be expected in the process?
- c) How do you prioritise the risks to be mitigated and are there any learnings you would like to share with us?
- d) Have you come across any innovative process of risk assessment, especially in the digitally working world?

2) Responsibility and functions of Compliance Professionals (8th June)

Being a Compliance professional is not an easy task. Often, they are seen by their company's colleagues as people who slow down the process and create hindrance to increasing the business, especially by the sales and marketing teams. The compliance officers need to ensure that all documents and permits are in order before moving ahead in a deal. While other colleagues are trying to coerce on "making things happen," the Compliance Officers need to ensure that all steps and regulations are followed in a comprehensive manner, and this can lead to internal friction with fellow colleagues. Similarly, there is a constant struggle for compliance officers to monitor whether the company's compliance regulations are viewed as a mere checklist or if they are implemented by the leaders of their company to actually follow the intent of the law, thus creating a company truly committed to compliant business behaviour.

During the Corona Pandemic, the role of compliance officers underwent severe changes. The challenges thrown in their way have created a need to change their mode of working. Within this session for exchange we will try to explore the experiences of compliance professionals from the various countries regarding the challenges and dilemmas faced and how to overcome them.

- a) What are the responsibilities discharged by compliance professionals?
- b) What kind of conflicts or dilemma have they faced in discharging their duties as a compliance professional? How have they handled it?
- c) Do you view compliance as a burden to business or do you feel that we have a business case for compliance? Are there any examples you would want to share?

- d) Are there any best practices that you have implemented in your companies or come across you wish to share?

3) Third-Party Transactions (24th June)

A company or a business does not work in isolation. In the course of business, companies enter into many third-party transactions to procure or sell goods or services.

These third-party transactions bear a great risk for companies as they may be liable for wrongs conducted by a third party. Any irregularity found in such transactions not only leads to reputational harm but may also be punishable under the local legal regime. In recent years, we have seen a global trend of increased responsibilities and liabilities of companies resulting from actions including third parties.

Hence, it becomes *sine qua non* for the businesses to establish processes to enter into transactions with trustworthy third parties only and screen them to prevent unnecessary troubles. The companies need to carry out necessary screening, due-diligence and risk assessment regarding all third-party transactions being undertaken by the company.

This screening leads to due diligence examinations even with Small and medium enterprises (SMEs), which need to be prepared. In this Third-Party-Transaction session, we reflect on what kind of processes are established and how these processes are carried out; how SMEs prepare for screenings and what kind of support they may expect from the bigger companies.

- a) What is the process established in your company for the risk assessment and due diligence regarding third parties and third-party transactions? What are the key observations you make before entering third-party transactions?
- b) What are the challenges faced while carrying out the due diligence and what would you advise the companies starting out the process in terms of preparation and precautions?
- c) Does your company organise awareness raising sessions for the third parties? What are other modes for constant communication with the third parties to mitigate risks?
- d) Are there best practices by the third parties you came across in the process, which makes the assessment efficient and simpler for you?