

Oversight for FCPA Transaction Monitoring

2021 Executive Summary

OVERVIEW

In June 2021, the Biden Administration issued a Memorandum on Establishing the Fight Against Corruption as a Core United States National Security Interest. The memorandum clearly states that the Administration “will lead efforts to promote good governance; bring transparency to the United States and global financial systems; prevent and combat corruption at home and abroad, making it increasingly difficult for corrupt actors to shield their activities.”

Organizations of all sizes should expect to see increased enforcement of the Foreign Corrupt Practices Act (FCPA) by the U.S. enforcement authorities who will look to determine if their program is well-designed, effectively implemented, and if it works in practice. Considering the potential liabilities they could face with an ineffective program, it would be prudent for companies to undertake a holistic review of their anti-corruption compliance programs to protect themselves and their employees.

The best practices of a compliance program are outlined in the joint DOJ/SEC FCPA Resource Guide and cover many areas. Oversight’s automated transaction monitoring solution, Oversight for FCPA, addresses three specific areas of best practice:

- Continuous monitoring of transactions and activities for improper behavior.
- Performing compliance audits around travel & entertainment (T&E) and payables (AP) transactions.
- Reinforcing policy compliance.

Oversight for FCPA provides a centralized transaction monitoring system that automatically identifies risky activities and facilitates efficient resolution of any issues. Our analytics look for behaviors or patterns of FCPA risk across expense reports and card transactions in T&E, or invoices and payments in AP.

Oversight’s library of FCPA analytics looks across multiple dimensions including employees, attendees,

vendors, and countries over an extended time horizon. This can pinpoint employees exhibiting patterns of potentially improper behavior or collusion that are difficult to detect in traditional FCPA monitoring and audit approaches.

From this analysis, we present FCPA risk in the form of cases/exceptions needing further investigation and resolution. Compliance teams access this cloud-based system to act on the cases identified using an integrated workflow with built-in email communication management and audit trail functionality. The system automatically tracks the steps taken to review, research and communicate with employees and other internal stakeholders.

Oversight enables clients to easily demonstrate to the executive team and board, and to government agencies, if necessary, that they are proactively monitoring their

HOW IT WORKS

Oversight acquires expense reports, card transactions, invoices, vouchers, and payments from our clients' systems for analysis using artificial intelligence (AI) and complex algorithms. Oversight supports most major financial applications including Concur, SAP, Oracle, PeopleSoft, JD Edwards, and others.

Leveraging Transparency International's Corruption Perception Index and the CIA or Dow Jones Politically Exposed Persons databases, Oversight for FCPA identifies high-risk transactions in T&E based on factors including the employee, the attendees, the merchant, the vendor, and the country where the transaction occurred. Oversight then combs through transactions for FCPA-specific keywords such as ministry, facilitation fee, consulting fee and other suspicious terms. Multiple languages are also included in our keyword analysis.

Within Payables, Oversight for FCPA evaluates the type of transaction, the vendor, and the country where the

business transactions for FCPA risk and acting on the exceptions. The DOJ has been favorable in their rulings with companies that have been able to demonstrate such capabilities, the World Acceptance Corporation (WAC) case of 2020 (<https://www.velaw.com/insights/recent-doj-prosecution-declination-supports-its-promise-of-leniency-for-self-reporting-violations-even-when-bags-of-money-are-involved/>) being a great example of prosecuting the individual versus the organization based on their robust compliance program and being able to demonstrate this to the DOJ.

A continuous transaction monitoring solution such as Oversight's is an important part of an effective compliance program addressing the DOJ's guidelines for compliance monitoring, communication with employees, compliance evidence, and audit trails.

transaction occurred using the Corruption Perception Index, PEP lists, and FCPA specific key words. Based on political exposure, Oversight also identifies voucher outliers, unusual vouchers or payments, split invoices, and high-risk vendors.

Our monitoring solution maintains transaction records for up to 18 months which enables a comprehensive approach to evaluate patterns of high-risk behavior that are difficult to see with the naked eye.

Oversight automatically prioritizes exceptions, highlighting the highest risk countries, employees,

spend categories, merchants, and vendors to streamline the review process. Compliance auditors access these exceptions through a secure web-based portal where they can leverage the built-in case management functionality to communicate, collaborate, and act on the findings.

Oversight maintains a permanent, tamper-proof audit

CONCLUSION

Key points of the Oversight for FCPA automated transaction monitoring solution are:

- The advantage of being able to monitor all transactions over an extended time horizon versus a manual, sample-based approach. This longitudinal style analysis derives exceptions across employees, expense reports, attendees, purchase orders and merchants that can be difficult with traditional audit programs.
 - Oversight's library of FCPA analytics take a risk-based approach to identify anomalies that may suggest FCPA concerns.
 - With Oversight's built-in workflows, any actions taken during the review and resolution of potential FCPA violations are recorded automatically. Because these workflows are retained indefinitely, the records provide a defensible audit trail demonstrating to all stakeholders that there is continuous monitoring of all business transactions.
- Automation around data acquisition, data analysis, and tracking communication steps to resolve issues significantly lowers the cost of compliance. Clients often see a reduction of 50% or more in effort when they are using Oversight versus a manual, sample-based approach.
 - Oversight can operationalize FCPA compliance efforts to monitor your travel, entertainment, and payables at an affordable price point, and a timeframe that is achievable.
 - While there is no guarantee that you will be able to prevent bad actors from circumventing controls, with Oversight you can have a best practice approach to identify possible FCPA violations in travel, entertainment, and payables.

log that automatically documents the steps taken to resolve issues. This ensures you can effectively address anti-bribery and corruption risks.

Oversight for FCPA is an add-on component of our T&E and Payables solutions that may require one-time implementation fees.