

**NAVEX<sup>®</sup>**  
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**GRANITE GRC**

# **Streamlining Compliance – How Strategic Risk Assessments Can Simplify Your Journey**

October 24, 2024



# Our presenters



Clivetty Martinez

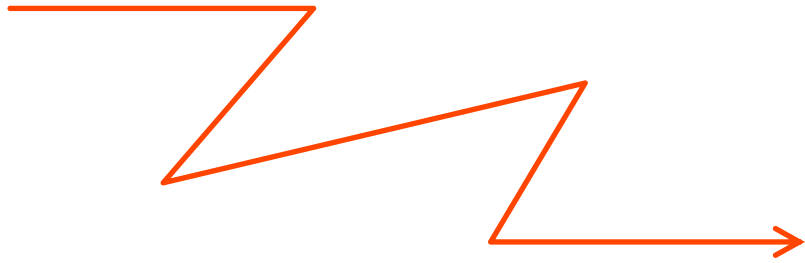
Granite GRC



Jolene Matthews

NAVEX

# Agenda



- Introduction
- Compliance as a strategic advantage
- Strategies on conducting risk assessments
- Aligning risk assessments to DOJ guidance
- Group discussion
- Read out and conclusion

# Benchmarking check

We're in this together

- Throughout this presentation we will be taking several polls to:
  - Arm you with information on industry trends
  - Share golden nuggets to solve what keeps you up at night
  - Uncover pain points need to be shaved down so they're not so pointy

To get started go to  
**[pollev.com/navexeevent050](https://pollev.com/navexeevent050)**



# Have you conducted a risk assessment that incorporates the DOJ's guidance?



Yes, in the past 2 years 0%

Yes, but more than 2 years ago 0%

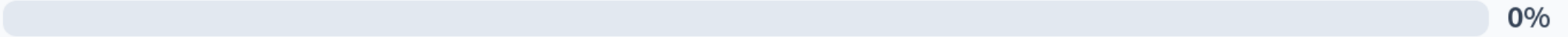
Planning our first 0%

We have not 0%

Other 0%

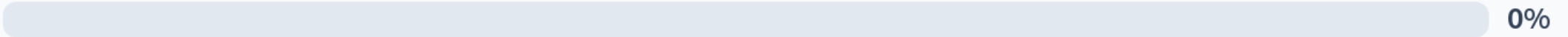
## Do you think it is better to do a simple check the box risk assessment or a comprehensive one?

Simple



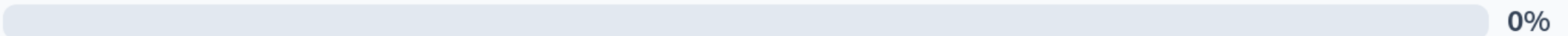
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Comprehensive



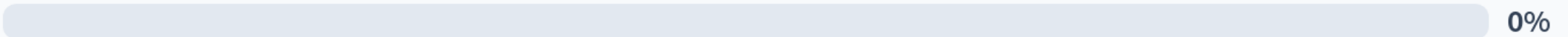
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A combination of both



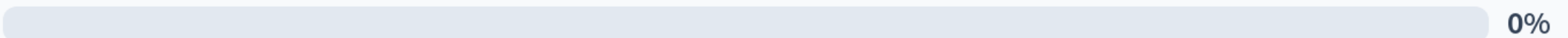
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Other



0%

None of the above



0%

# Beyond “easy” compliance

**A strategic approach is a competitive advantage**

- “Check-the-box” compliance focuses on meeting basic requirements and doesn’t prioritize a culture of compliance
- Robust risk assessments identify and mitigate critical threats and go beyond a checklist
- A strategic approach uses compliance as a foundation for building a stronger organization
- Compliance programs that are seen as a strategic part of the business prevent costly incidents, improve decision making and enhance your reputation





# The DOJ connection

## Compliance and risk assessments

- Risk assessments demonstrate a proactive approach to compliance
- Aligning assessments with DOJ guidance strengthens your compliance program
  - Assessments must be comprehensive, objected and documented
- Well-designed assessments help meet DOJ expectations for preventing misconduct and avoid consequences of non-compliance



# What questions the DOJ will ask

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 adequately resourced and empowered to function effectively?
3. Does the corporation's compliance program work in practice?



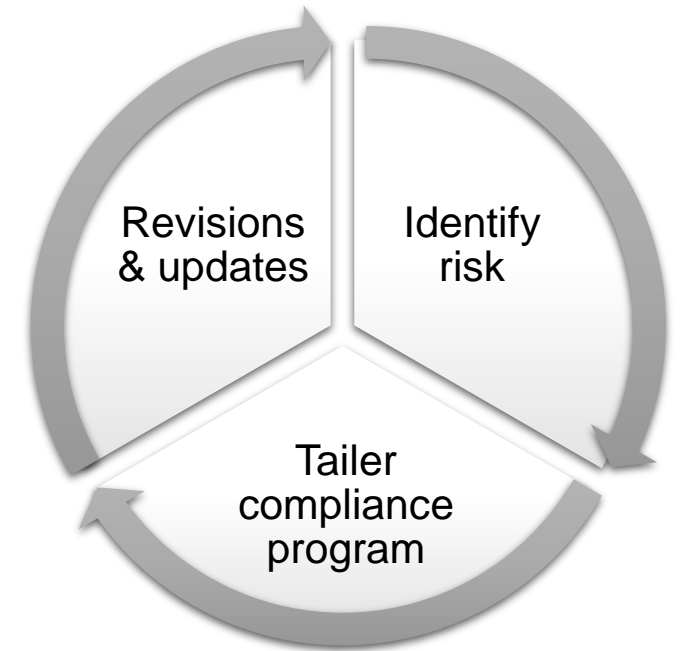
## The guidance says

“The starting point for a prosecutor’s evaluation of whether a company has a well-designed compliance program is to understand the company’s business from a commercial perspective, how the company has **identified, assessed, and defined its risk profile, and the degree to which the program devotes appropriate scrutiny and resources to the spectrum of risks.** In short, prosecutors should endeavor to understand why the company has chosen to set up the compliance program the way that it has, and **why and how the company’s compliance program has evolved over time.**”

Prosecutors should consider whether the program is appropriately “**designed to detect [and prevent] the particular types of misconduct most likely to occur** in a particular corporation’s line of business” and “complex regulatory environment[.]” ...For example, prosecutors should consider whether the company has analyzed and addressed the varying risks presented by, among other factors, the location of its operations, the industry sector, the competitiveness of the market, the regulatory landscape, potential clients and business partners, transactions with foreign governments, payments to foreign officials, use of third parties, gifts, travel, and entertainment expenses, and charitable and political donations.”

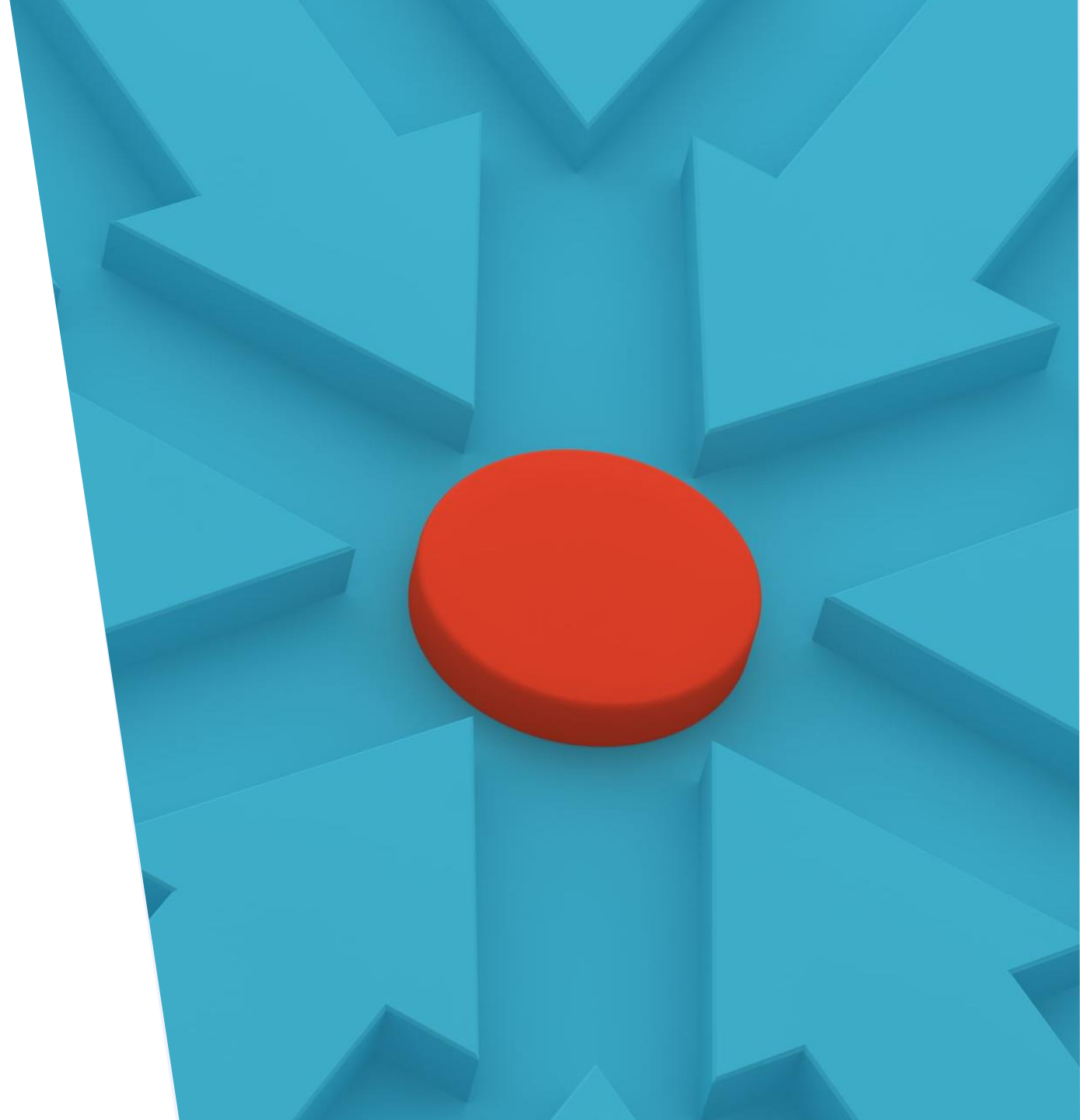
## Prosecutors should look for...

- “Effectiveness of the company’s risk assessment and the manner in which the company’s compliance program has been tailored based on that risk assessment...”
- “The organization shall periodically assess the risk of criminal conduct and shall take appropriate steps to design, implement, or modify each requirement [of the compliance program] to reduce the risk of criminal conduct”
- “Revisions to corporate compliance programs in light of lessons learned.”



# Four areas of focus

- Risk management process
- Resource allocation
- Updates and revisions
- Lessons learned



# Group activity (20 minutes)

## Group activity: translating into real life

1. Using the empty template, work with a partner at your table to read through the four RISK bullets in the DOJ guidance
2. Develop 10 questions based on the RISK section that you can use to assess your company's compliance program
3. Define if other people should be involved in answering those questions (e.g., finance, HR, IT, etc.)
4. Discuss who would take the lead on closing any gaps (e.g., incentives and claw backs require cross-functional partnership to enforce)

HINT: First question could be “Does the company have a policy to identify, analyze and address the particular risks it faces?”

# Key findings from discussion

# Prosecutors will be looking at

- **Risk management process**

- What **methodology has the company used to identify, analyze, and address the** particular risks it faces?
- What **information or metrics** has the company collected and used to help detect the type of misconduct in question? How have the information or metrics informed the company's compliance program?

- **Risk-tailored resource allocation**

- Does the company devote a disproportionate amount of time to policing low-risk areas instead of high-risk areas, such as questionable payments to third-party consultants, suspicious trading activity, or excessive discounts to resellers and distributors?
- Does the company **give greater scrutiny, as warranted, to high-risk transactions** (for instance, a large-dollar contract with a government agency in a high-risk country) than more modest and routine hospitality and entertainment?



# Prosecutors will be looking at

- **Updates and revisions**

- Is the risk assessment **current and subject to periodic review**? Is the periodic review limited to a **“snapshot” in time or based upon continuous access** to operational data and information across functions? Has the periodic review led to updates in policies, procedures, and controls? Do these updates account for risks discovered through misconduct or other problems with the compliance program?

- **Lessons learned**

- Does the company have a process for **tracking and incorporating into its periodic risk assessment lessons** learned either from the company’s own prior issues or from those of other companies operating in the same industry and/or geographical region?

# For additional resources

Download our toolkit using the QR code below

