



# Anticorruption Measurement in Business

Annual International Business Integrity Conference (IBIC) 2018

4 December 2018



# Agenda

**1 Introduction**

**2 Sharing KPMG's Approach**

**3 Technology in Anticorruption Measurement**



# Introduction

# Ranking of top ABC challenges

**Managing third-party risk is the biggest challenge that companies face in bribery and corruption compliance. We asked respondents to rank key issues in order of difficulty.**

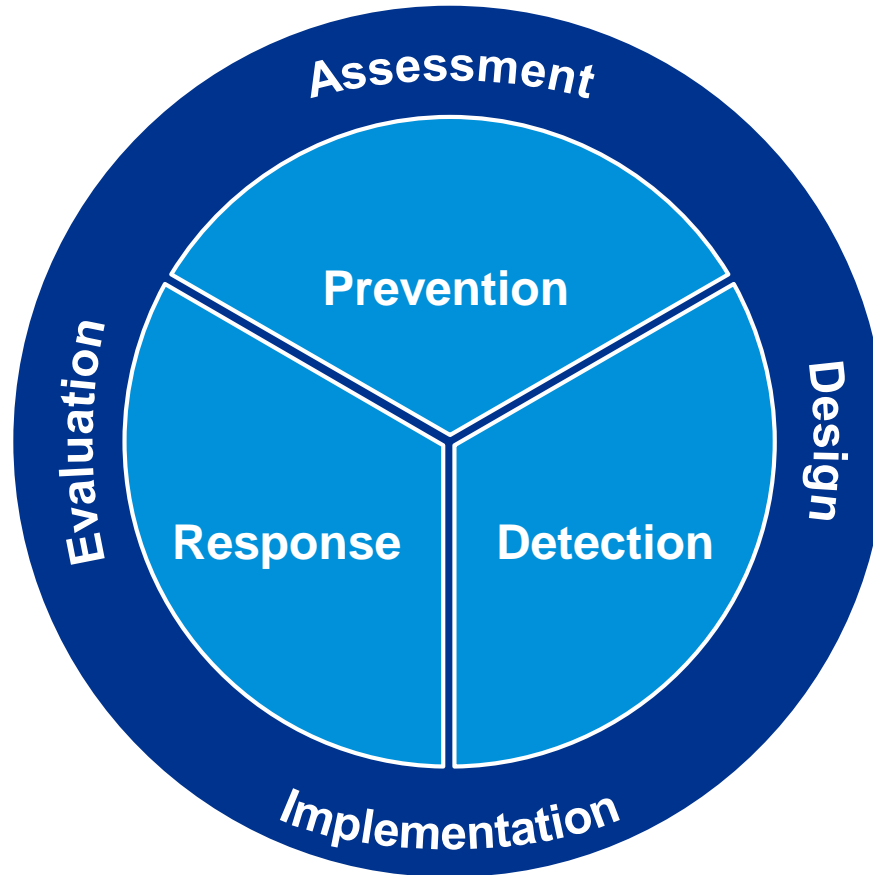
<b>1</b>	Auditing third parties for compliance
<b>2</b>	Variations in country requirements-data privacy etc.
<b>3</b>	Difficulty in conducting due diligence over foreign agents/third parties
<b>4</b>	Lack of internal resources
<b>5</b>	Difficulty in identifying & assessing risk
<b>6</b>	Cultural/language issues

Source: KPMG Global Anti-Bribery and Corruption Survey, KPMG International, 2015



# Sharing KPMG's Approach

# Framework



# Framework Attributes

Prevention	Detection	Response
<ul style="list-style-type: none"> <li>— Board and Audit Committee functions</li> <li>— Compliance and internal audit functions</li> <li>— Executive and line management functions</li> </ul>		
<ul style="list-style-type: none"> <li>— Risk assessment</li> <li>— Code of conduct, antifraud and ABC framework and related standards</li> <li>— Communication and training</li> <li>— Employee and third party due diligence</li> <li>— Process-specific controls</li> </ul>	<ul style="list-style-type: none"> <li>— Hotlines and whistleblower mechanisms</li> <li>— Substantive testing</li> <li>— Forensic data analysis</li> <li>— Auditing and monitoring</li> </ul>	<ul style="list-style-type: none"> <li>— Internal investigation protocols</li> <li>— Remediation protocols</li> <li>— Enforcement and accountability protocols</li> <li>— Disclosure protocols</li> </ul>

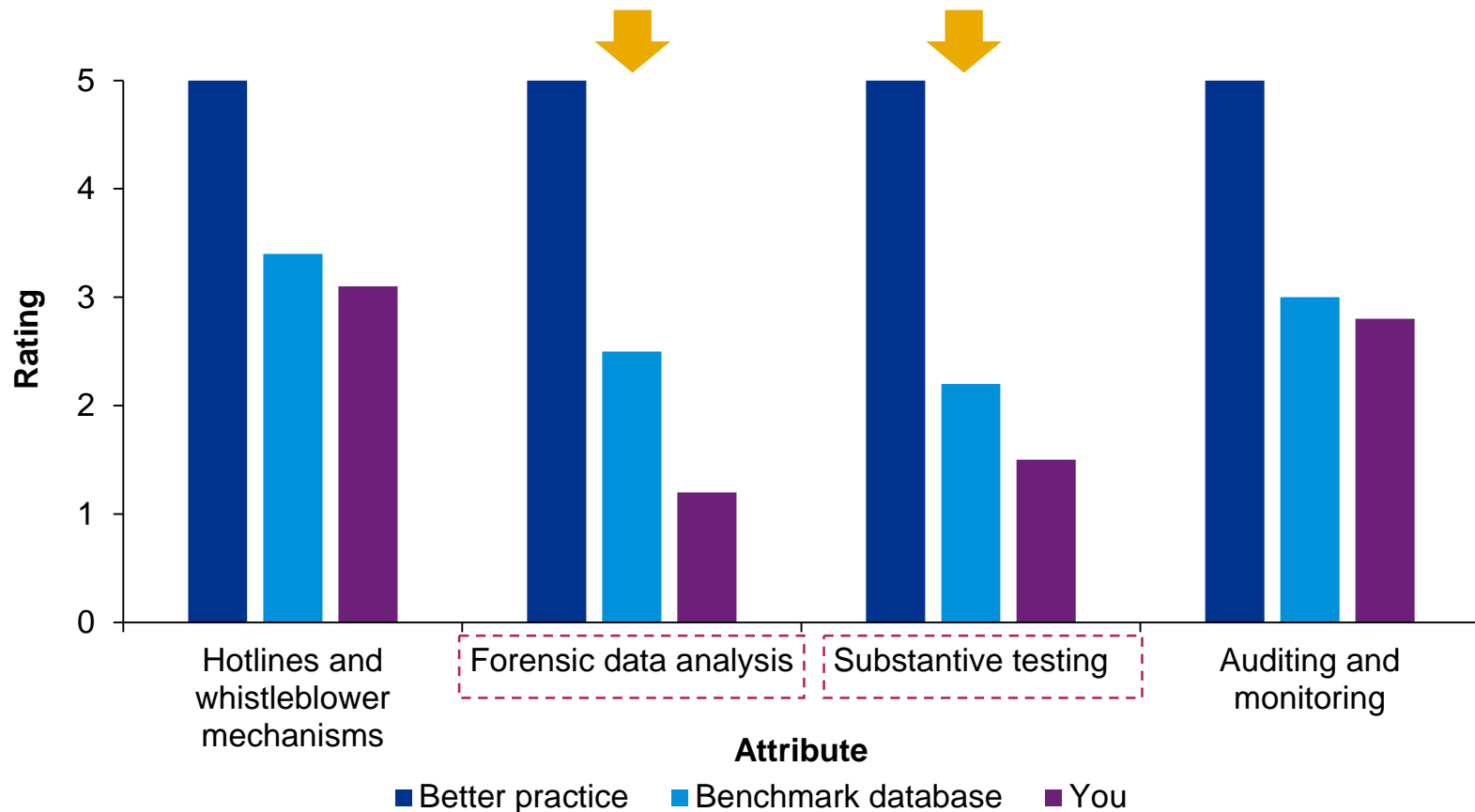
# Measurement: Risk Rating

Rating	Assessment
1	No elements of “better practice”
2	Few elements of “better practice”
3	Some elements of “better practice”
4	Approaching “better practice”
5	Equivalent to “better practice”



# Benchmarking

Measurement of areas for improvement, compared to benchmark:



***For Illustrative Purposes Only***

# Improvement Plan

Attribute	Rating	Comment	Recommendations
Risk assessment	2	<p>A formal programme for the periodic assessment of potential bribery and corruption risks does not exist.</p> <p>Current internal control reviews are not risk focused, do not consider external factors and do not have an implementation programme for actions aimed at mitigating the risks identified.</p>	<p>A formal bribery and corruption risk assessment programme for all key business processes should be conducted every two years. The bribery and corruption risk assessment should involve:</p> <ul style="list-style-type: none"> <li>— Identifying all potential bribery and corruption risks</li> <li>— Analysing the effectiveness of the internal controls currently in place</li> <li>— Rating the risks in terms of likelihood and consequence</li> <li>— Developing proposed actions aimed to address all risks rated high or very high.</li> </ul>

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# Technology in ABC Measurement

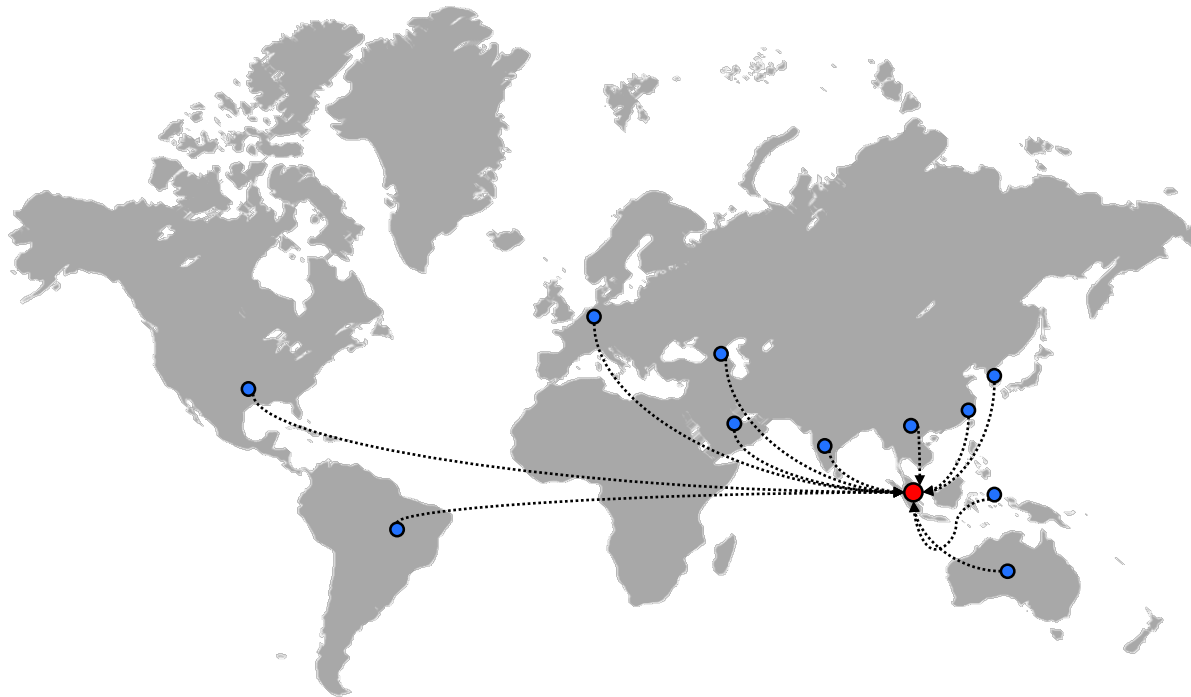
# The Challenges in this Technology Era

- Information is increasing in electronic form that is **not visible** unless aided by technology.
- The challenges for companies today is to use the **burgeoning volume of data** to capture its value and compete more effectively.
- The ability to collect, manage, and analyze data effectively can lead to **better decisions made and provide a critical competitive advantage.**

# Digital Disruption is Inevitable

We believe that digital disruption is inevitable. Solutions to tackle your business issues should be technology-enabled to enhance effectiveness and reduce costs.

Current technology allow us to transmit and analyse information quickly and centrally. The cost of computing power and technology is now at a level that is ideal data analytics implementation.



# Benefits Of Data Analytics

## Comparison of the Traditional Review Approach with the Data Analytics Approach



### Traditional Review Approach

- Usually on sampling basis.
- Manual review of supporting documents.
- Typically performed on-site, with repeated requests for hard-copy documents.
- Dependent on the skill and experience levels of reviewer.
- Perform non-quantitative review and capture non-quantitative red flags.

VS.

- Conducts analysis on 100% of the data set.
- Focused on using data to identify trends and anomalies.
- Can be performed off-site after data extraction, less intrusive.
- Can leverage machine learning to detect known fraudulent patterns and predict future suspicious activity.
- Limited to available data and technology.

### Data Analytics Approach



# Technology in ABC Compliance



**Monitoring of ABC Compliance Risks**



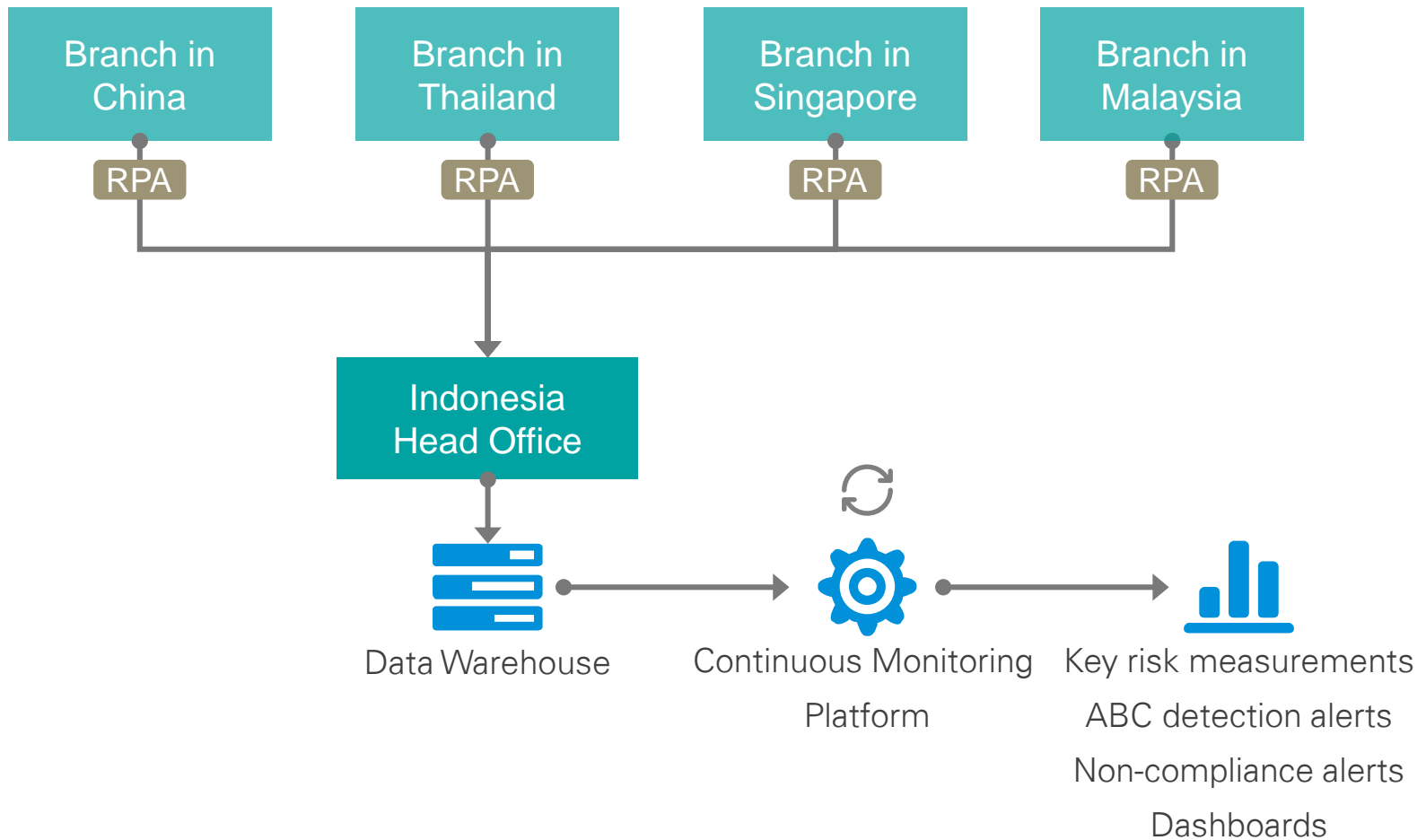
**ABC Compliance Training & Risk Assessment**



**3rd Party Integrity Diligence**

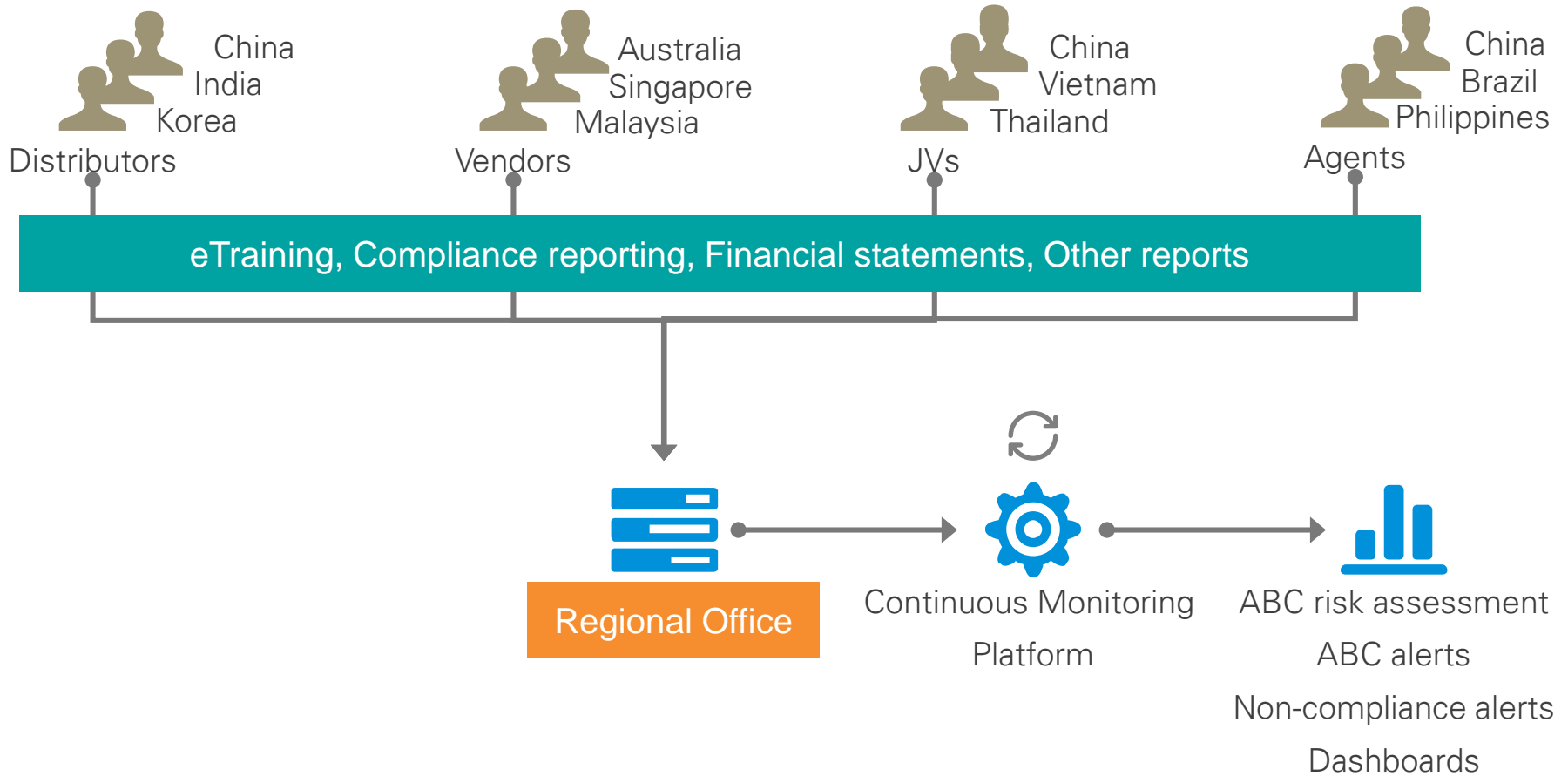
**“What are the possibilities today?”**

# Monitoring of ABC Compliance Risks

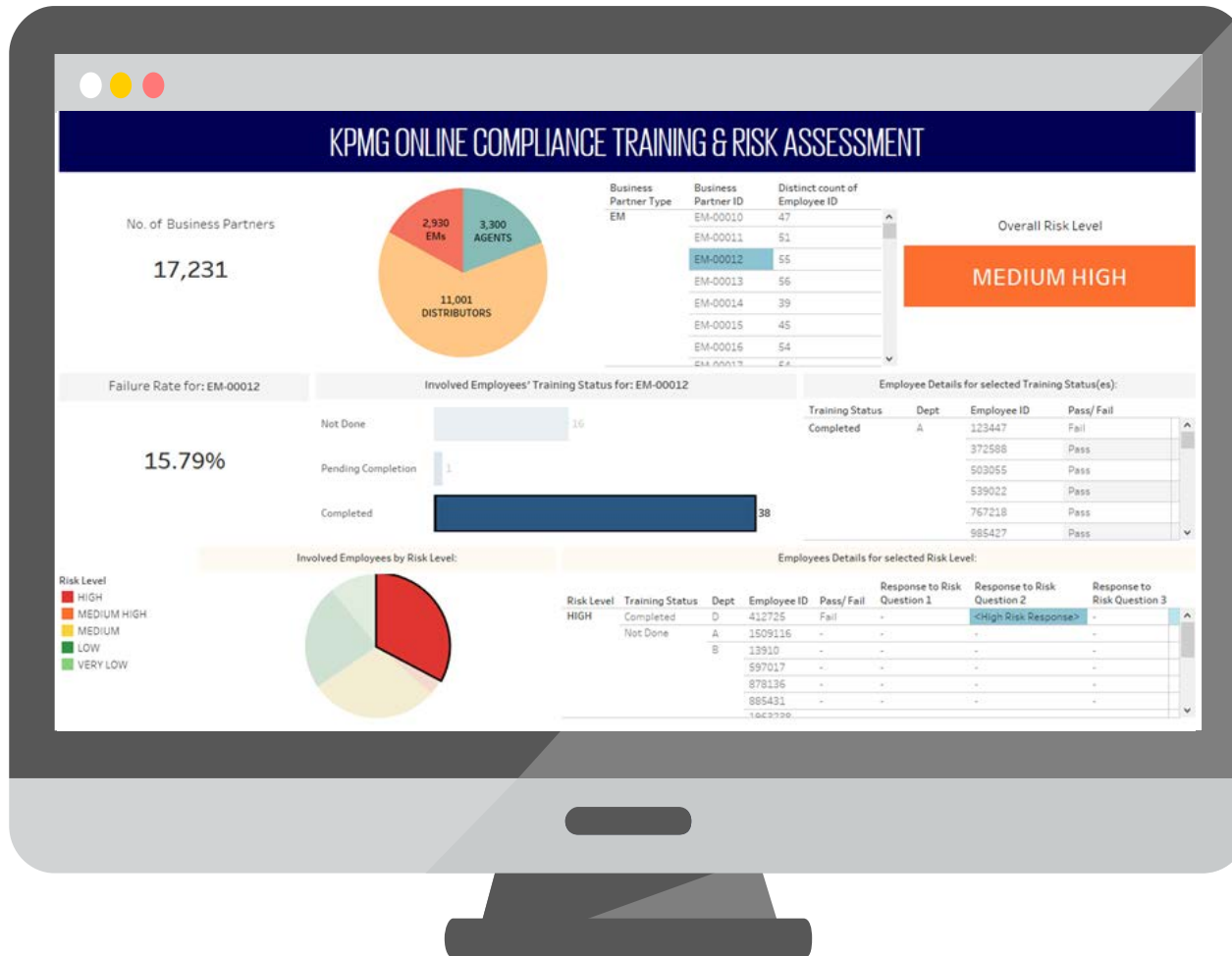




# ABC Compliance Training & Risk Assessment

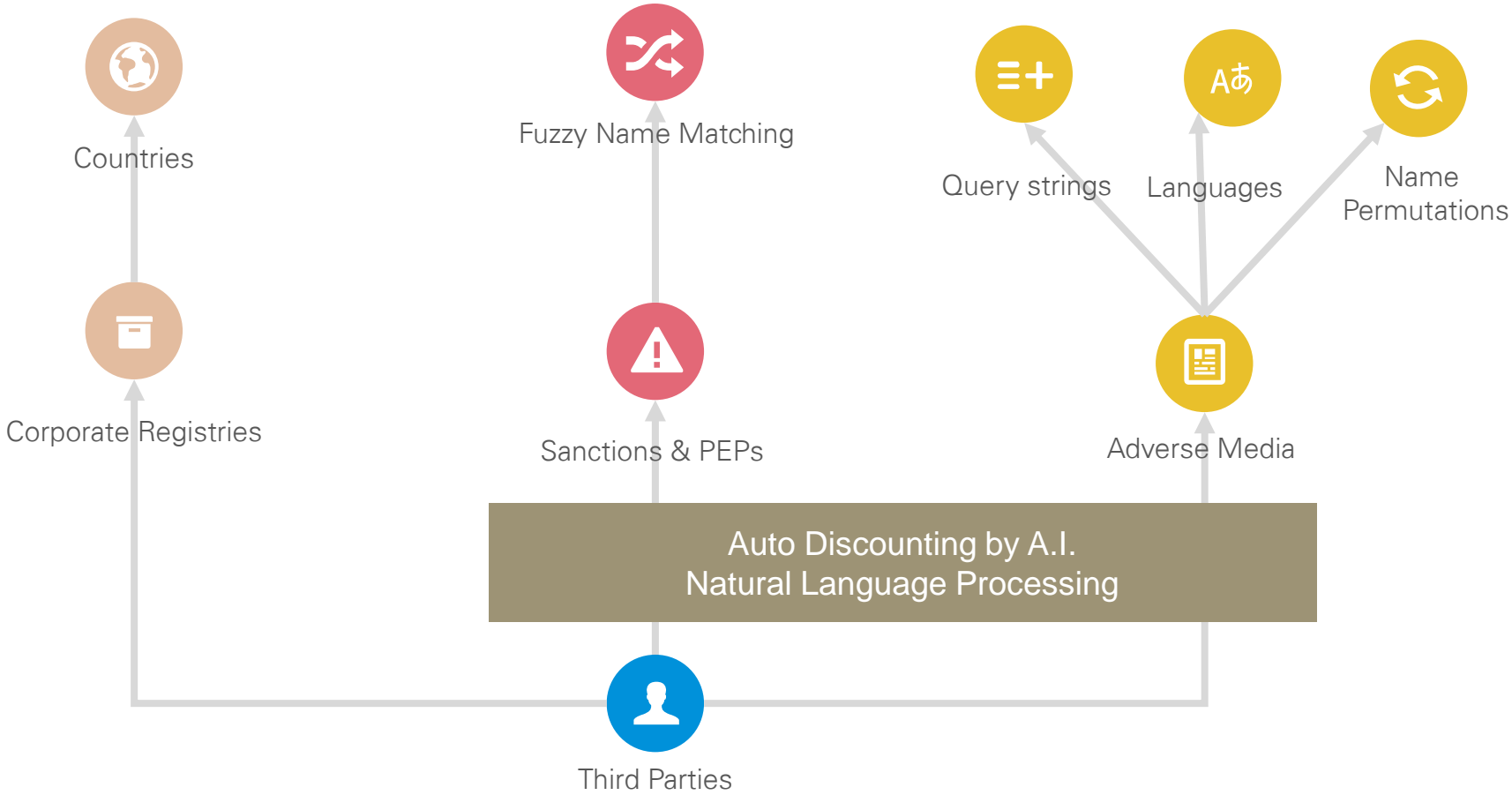


# ABC Compliance Training & Risk Assessment



# 3<sup>rd</sup> Party Integrity Diligence

## Automated due diligence





Q & A



## Contact

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