



GENERATING RISK AND COMPLIANCE IMPACT

How an oil and gas company lowered risk and aligned compliance following a merger



Client

Global oil and gas equipment manufacturer

Business challenge

Following an acquisition, this oil and gas major had to grapple with the increased risk of being in violation of anti-bribery laws. The acquired company's compliance levels had to be integrated with the oil and gas equipment manufacturer's Foreign Corrupt Practices Act (FCPA) policies and processes

Genpact solution

- Re-designed existing processes to be more compliance-focused following an assessment of high-risk processes
- Designed system changes for flagging and recording interactions with government customers
- Created and conducted training for robust compliance mechanisms

Business impact

- Tightened and integrated compliance processes and systems seamlessly in less than six months
- Reduced controllership effort and increased compliance teams' productivity by 40%
- Lowered risk, potentially saving millions of dollars in penalties

An oil and gas company that manufactures advanced technology equipment and services faced a high risk of non-compliance with FCPA rules after it acquired another oil and gas equipment manufacturer. The two entities needed to have their compliance processes closely aligned. Genpact reimaged compliance processes, transformed ERP functionalities to tighten compliance, and built monitoring mechanisms. A communication and training plan was also designed and rolled out to raise strong awareness of revised policies among the employees of the acquired company. The result was a robust compliance process that lowered the risk of violation of anti-bribery laws.

Business challenge

The acquired company had more than 1,500 employees operating in 30 locations across six countries. The challenge lay in ensuring that they were aligned with FCPA policies, and that all employees were made familiar with revised policies and procedures in order to reduce the risk of violating anti-corruption laws.

Genpact solution

An end-to-end compliance solution was designed, including a framework and roadmap for resolving identified process and policy gaps in high-risk areas. Additionally, a training program was built to communicate the revised policies.

Assessment of high-risk policies

An “as-is” process risk assessment by Genpact revealed 13 key high-risk processes in the acquired company’s compliance systems that needed incremental controls to comply with FCPA guidelines. These included processes such as travel and entertainment (T&E) and sourcing, among others. A design-level risk assessment in the existing accounts payable, know your customer, and know your supplier processes and systems also helped detect areas that were prone to bribery risks.

Genpact created a robust controls framework with more than 150 controls for these processes and subsequently ensured that the gaps were closed. For example, T&E processes relating to interactions with government officials were re-designed with new pre-approval workflows or forms for expenses that helped employees follow FCPA guidelines. Policies on other high-risk areas, such as commission structures, discounts, and credit notes, were also created or strengthened where required.

Tighter screening

The ERP system was updated with new general ledger codes to reflect policy changes, including changes to the customer and vendor master to flag new and existing government customers and third parties dealing with government agencies. Additional account codes were added in the general ledger to record expenses incurred for government officials to comply with the “Books and Records” provision of FCPA. For example, codes were created to record payments to third parties dealing with government officials and to monitor these expenses for FCPA compliance.

Training and awareness

The policy changes were communicated to the employees of the acquired company through classroom sessions and other communication channels. Genpact created replicable training content

and designed standard operating procedures to roll-out a communications and training program. This program was designed to quickly get the acquired company up to speed on policy changes, especially in the critical areas of booking expenses and interactions with government agencies.

Business impact

The acquired company's compliance systems were seamlessly integrated in line with the client's policies

in less than six months. The integration helped potentially save the company millions of dollars in penalties. Results included:

- End-to-end design and implementation of the project, which led to a reduction in controllership efforts by 40%
- Greater visibility into high-risk vendors and customers, creating improved monitoring and recording of FCPA-related expenses

About Genpact

Genpact (NYSE: G) is a global professional services firm focused on delivering digital transformation for our clients, putting digital and data to work to create competitive advantage. We do this by integrating lean principles, design thinking, analytics, and digital technologies with domain and industry expertise to deliver disruptive business outcomes – an approach called Lean DigitalSM. We deliver value to our clients through digital-led, domain-enabled solutions that drive innovation, and digital-enabled intelligent operations that design, transform, and run clients' operations. For two decades we have been generating impact for clients including the Fortune Global 500, employing 77,000+ people in 20+ countries, with key offices in New York City, Palo Alto, London, and Delhi.

For additional information, contact, cfo.services@genpact.com and visit, <http://www.genpact.com/what-we-do/business-services/enterprise-risk-compliance>

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