



SPARK COMPLIANCE
CONSULTING

**Risk Assessment
and Strategic Plan
Methodology**

Introduction

A risk assessment is the bedrock of any compliance and ethics program. It ensures that the compliance program meets regulatory expectations and guidance from prosecutorial agencies. It identifies blind spots and places where risk isn't being managed consistently.

Most importantly, a risk assessment allows a company to prioritize its response to risk, and implement controls to mitigate those risks effectively.

CCREE Methodology

Spark Compliance Consulting uses its proprietary Comprehensive Compliance Risk Environment Evaluation (CCREE) methodology. This review separates regulatory and non-regulatory risk to give a comprehensive assessment of all major compliance risks facing the company.

Inputs

CCREE methodology uses the following inputs:



Inputs

- **Policies and Procedures**

Review of existing policies and procedures, including compliance-related governance framework(s), Code of Conduct/Employee Handbook, privacy policies, and other compliance-related policies or procedures.

- **Document Review**

Review of compliance-related documents including reports dealing with compliance-related topics, training materials, program charters etc.

- **Interviews / Questionnaires**

Interviews of the compliance / legal team, and, where appropriate and agreed to by the compliance/legal team, key managers, and function heads (e.g., General Counsel), either by phone or during on-site visit.

- **On-Site Visit**

On-site visit to review procedures with the staff responsible for the program's execution, on-site document / intranet review, and interviews of key staff where available.

- **Regulatory and Prosecutorial Expectations Review**

Review of regulations affecting the company, as well as benchmarking against regulator expectation and guidance notes.

- **Compliance Program Self-Assessment**

An evaluation by the compliance team regarding the company's compliance program, and their ideas for improvement.

CCREE Risk Analysis

CCREE methodology uses a complex, proprietary risk-ranking system that takes a holistic review of risk.

Areas of Compliance Risk for Assessment

We analyze Regulatory Risks to ensure that your business meets regulatory requirements and the guidance of prosecutorial agencies.

The risks we review typically include, but are not limited to:

Regulatory Risk

- Bribery and Corruption
- Data Privacy and Protection
- Competition / Anti-trust
- Trade Sanctions / Import / Export
- Modern Slavery and Supply Chain

Non-Regulatory Risk

- Conflicts of Interest
- Policy Implementation and Comprehension
- Records Management and Retention
- Whistle-blowing Systems and Investigation Protocol

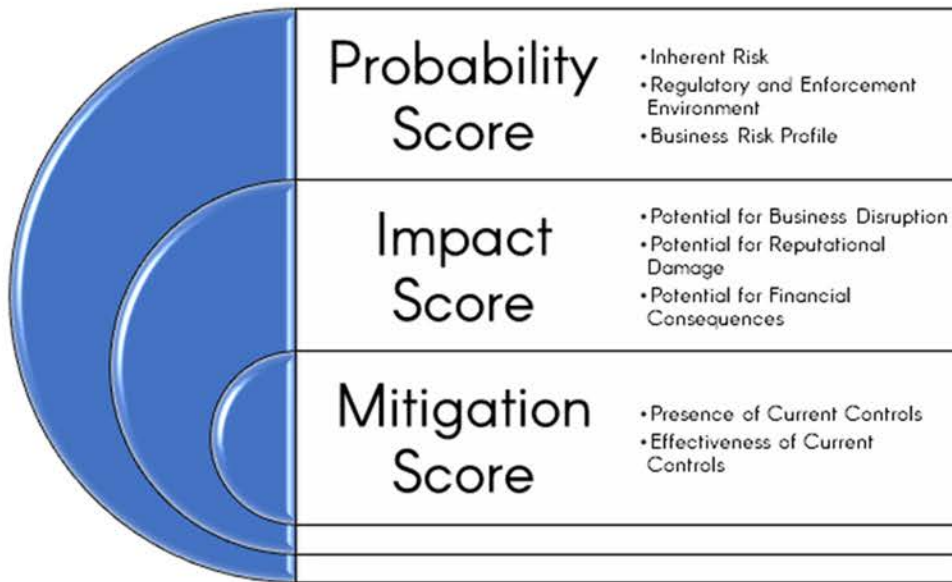
Other Risks

- Other Risks as Identified during the Review

Regulatory Risk Analysis

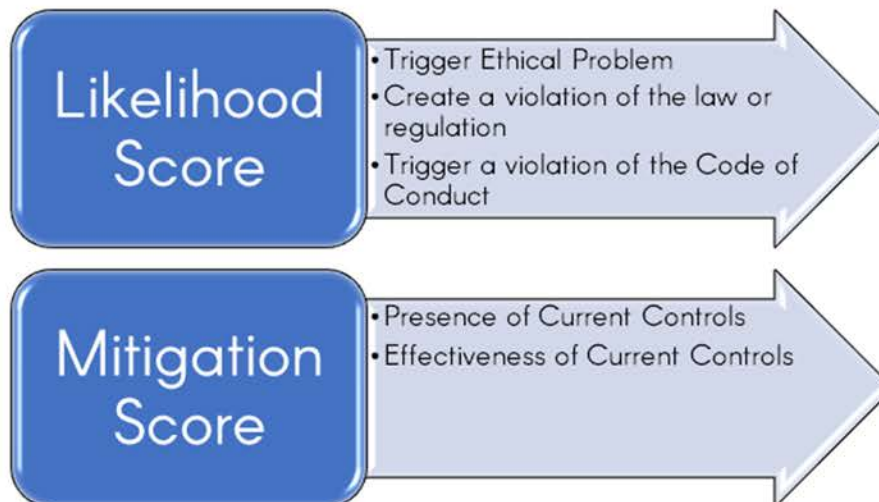
Regulatory risk, like bribery/corruption and data privacy, is reviewed using three separate scores: Probability Score, Total Impact Score, and Mitigation Score.

These three inputs are analyzed to allow for pinpoint accuracy in risk determination and prioritization.




Non-Regulatory Risk

Non-regulatory risk, like conflicts of interest, is reviewed using two separate scores, the Likelihood Score and Mitigation Score. These two inputs are analyzed to allow for pinpoint accuracy in risk determination and prioritization.



World Class Results

A Spark Compliance Consulting CCREE-based Risk Assessment provides detailed analysis, evaluation and recommendations for improvement. It will give you the confidence to prioritize risk mitigation activities, and to know with certainty, that your program meets regulatory requirements and expectations.



Numerical Score	Level of Risk
5	Of Greater Concern
4	Significant Concern
3	Moderate Concern
2	Modest Concern
1	Of Lesser Concern

2. Mitigation Score

The Mitigation Score represents the measures currently in place by the company to reduce the inherent risk of the business activity, regulatory environment, the probability that an adverse event would occur, and the impact that such an event would have. The Mitigation is scored on a zero-to-four scale as follows:

Numerical Score	Level of Risk Reduction
4	Little or No Risk Remaining
3	Strong Risk Reduction
2	Considerable Risk Reduction
1	Some Risk Reduction
0	Little to No Risk Reduction

3. Net Risk Score

The Mitigation Score is subtracted from the Inherent Score to leave the Net Risk. The Net Risk Score is paired with the Recommended Response Score to give a full picture of the risks present within the business.

Net Risk Score	Net Risk Score Description	Recommended Prioritization of Response
5	Of Greater Concern	Urgent action is recommended, with close monitoring thereafter
4	Significant Concern	Mitigating action should be taken by the company as soon as possible
3	Moderate Concern	An action plan should be developed and implemented as rapidly as practicable
2	Modest Concern	An action plan should be developed and implemented to reduce risk exposure
1	Of Lesser Concern	No specific action is immediately required, but risk should be monitored for any changes

2 Confidential

Three-Year Strategic Implementation Roadmap

We will work with you to create a three-year strategic implementation plan to optimize your compliance program using our recommendations. These include:



Roadmap Process



Defining Risk Appetite: We'll help you to define the company's risk appetite.

Prioritizing Recommendations: We'll work with you to choose the most important recommendations to form a weighted list of priorities.

Review Resources: We'll review all of the resources available to help you optimize the program.

Develop the Three-Year Plan: We'll develop a detailed roadmap for implementation. The three-year plan is based around the seven elements of an effective compliance program.

About Spark Compliance

Spark Compliance Consulting provides multinational organizations with pragmatic, proportionate, and pro-business compliance and ethics solutions. We are the leading provider of anti-bribery, data privacy, ISO 37001 anti-bribery certification services, we provide world-class compliance and privacy program evaluations, risk assessments, GDPR and CCPA data protection advice, and compliance program development services.

Spark Compliance has been featured in print, in videos, and in webinars offered throughout the world, including in such well-respected publications as the Wall Street Journal, FCPA Blog, Compliance Week Magazine and Risk Universe Magazine. For three years running, Spark Compliance has been shortlisted for the Best Compliance Consulting Firm by the Women in Compliance Awards.

We specialize in the empowerment of the compliance function within business operations and the importance of establishing and maintaining an ethical culture.



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