

DENIED-PARTY ADDRESS SCREENING FOR SAP

INCREASED REGULATORY
COMPLIANCE AND BETTER
RISK MANAGEMENT



What is the Denied-Party Address Screening Packaged Service?

Anti-terrorism legislation governing foreign trade poses new challenges for global enterprises. Due to the increased emphasis on security in the supply chain, SAP customers need to be responsible for their own compliance with these rules and restrictions. Government agencies around the world have published lists of individuals, companies and organisations they believe to be engaged in terrorist activities. Some of these lists run to hundreds of pages and manual checks of denied-party lists are time-consuming, impractical, and prone to error. AEB's Denied-Party Address Screening module provides automated real-time checks of addresses held in the SAP system.

AEB's Denied-Party Address Screening module enables denied-party address screening directly within the SAP system environment. The screening is carried out in the background without slowing down business processes. With Denied-Party Address Screening, all partner roles listed on sales documents are checked against the relevant denied-party lists. This is performed in real-time whenever an address is created or modified. All vendor and customer master data is also automatically checked against the denied-party lists.

AEB's Denied-Party Address Screening module works invisibly in the background and monitors the complete flow of documents in the order management process, from order creation to delivery, transport and invoicing. All the addresses of the various partner roles – consignee, bill-to party, forwarder, payer, bank, customs declarant – are checked as they are created and whenever any of these address fields is modified. Every master data record, whether it's being created or modified, is automatically checked. Existing addresses of all vendors and customers are checked via batch processes and any positive matches to the lists will be automatically locked within SAP preventing further processing until an administrator has investigated.

What we will do:

Within the scope of the Packaged Service we will:

- Install software and connect to an existing SAP system
- Configure the solution
- Undertake unit and system testing
- Transfer knowledge to up to 3 key staff
- Deliver documentation.

What you will get:

AEB's ATC: Compliance Screening module with provision to screen up to 15,000 unique addresses per year.

The module will be configured to screen addresses against the following lists:

- BOE – Her Majesty's Treasury Consolidated List of Financial Sanctions Targets in the UK.
This list contains the lists based on EC Regulations 2580/2001 and 881/2002 and lists based on various UN resolutions against Iraq, Serbia, Liberia, Zimbabwe, Myanmar and others
- CFSP – Common Foreign & Security Policy List Consolidated List of persons, groups and entities subject to EU financial sanctions
- SDN – Specially Designated Nationals List Office of Foreign Assets Control (U.S. Department of the Treasury)
- DPL – Denied Persons List (Bureau of Industry and Security (U.S. Department of Commerce))
- EL – Entity List (Bureau of Industry and Security (U.S. Department of Commerce))
- UL – Unverified List (Bureau of Industry and Security (U.S. Department of Commerce))
- LSDP – List of Statutorily Debarred Parties (Directorate of Defense Trade Controls (U.S. Department of State)).



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Resulting in:

- Seamless integration with your SAP system
- Denied-Party Address Screening in SAP against key UK, EU, and US lists
- Increased regulatory compliance
- Demonstration of best-practice necessary for programmes such as AEO
- Reduce risk of fines, penalties, and negative publicity.

Requirements:

- SAP® R/3 v.4.6C or above
- Operating system of
 - Separate server
 - Windows 2000 Server or Windows 2003 (up to SP2), 32 Bit
 - Main memory: at least 2 GB RAM (4 GB recommended)
 - Processor: at least 2 GHz
 - Free hard disk space for installation: at least 15 GB
 - Required database space per log entry/address: approx. 5 KB
- Installation in directories whose names do not exceed a length of 250 characters.

Restrictions:

- 1 SAP instance including Test and Production. Screening restricted to 15,000 unique addresses per year
- Limited to the following denied-party lists: BOE (Her Majesty's Treasury Consolidated List of Financial Sanctions Targets in the UK), CFSP (Common Foreign & Security Policy List), SDN (Specially Designated Nationals List), DPL (Denied Persons List), EL (Entity List), UL (Unverified List), LSDP (List of Statutorily Debarred Parties).



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FREQUENTLY ASKED QUESTIONS



Q: Why do I need to check for denied-parties?

A: Due to the current political climate, governments around the world have started to introduce more stringent regulations to combat terrorism. Regulatory compliance has understandably become one of the most important topics for companies operating in the modern business environment. For these companies it is important to ensure not only that they are acting in accordance with national and international regulations, but also demonstrate that they have undertaken due diligence in this respect.

The penalties for non-compliance with these regulations can include prison sentences and severe fines. Beyond this, there is also the risk of bad publicity and the possibility of inclusion on one of the denied-party lists. If, for example, a European company were to be included on one of the US denied-party lists it could effectively result in that company being unable to trade with the US.

Q: Surely I can check denied-party lists manually?

A: Whilst this is theoretically possible, the practicalities of screening in real-time mean that a software solution is the only effective way to screen for denied-parties. As an example, the Specially Designated Nationals List (SDN) currently runs to over 400 pages and includes the names of thousands of individuals, companies, and organisations. As companies should check all of their business partners (customers, suppliers, etc.) against the denied-parties on these lists, it would be an impossible task as a manual process.

Software also has the advantage that it will provide repeatable processes and standardised checks across the whole business. Each check is automatically logged to provide an audit trail for regulatory authorities.

Q: How do I know that these lists are current and up-to-date?

A: AEB's Denied-Party Address Screening module features an automated data service whereby all denied-party lists held in the system are kept up-to-date with the latest versions issued by the various government agencies.

Q: Will running constant background checks affect the performance of my SAP system?

A: No. The plug-in module works invisibly in the background as a pro-active security tool without slowing down business processes. You only become aware of its monitoring activities should a match against a denied-party list be found. In such a case, the module locks the relevant document or master data entry and initiates a pre-defined workflow.

Q: Does the solution offer any flexibility for the user?

A: Yes. In addition to checks against lists issued by government agencies, it is also possible for the SAP user to add their own 'bad guys' (e.g. bad creditors) to the system to prevent orders and shipments for these parties. Conversely, should the module identify any suspicious addresses that are definitely not linked to any terrorist activities, it is possible for the user to add these to the 'good guys' list so that they will be exempted from future checks. Administrators are notified of any potential matches to denied-parties via e-mail and SAP work items.



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RETURN ON INVESTMENT



Companies that fail to comply with current national and international anti-terrorism legislation may face substantial fines and other penalties that could include prison sentences for key individuals in their organisation. As such, AEB's **Denied-Party Address Screening** module acts as an effective risk management platform whereby companies can increase regulatory compliance.

This reduction in risk exposure is hard to quantify in financial terms (although potential fines could be millions of US dollars). The key concern for many companies is not the hefty fines, but bad publicity and potential inclusion on existing denied-party lists. Some businesses that have experienced inclusion on US lists have been unable to source components from US suppliers and effectively been barred from selling products into the US market.

This cost-effective solution ensures that all partners in the business process are automatically checked in real-time against the key UK, EU, and US denied-party lists. Any potential matches are reported to administrators via e-mail and SAP work items. As such you can be confident that the only business dealings you have are with bona fide companies and individuals.

As the system runs checks in the background without need for manual intervention (unless a match against a denied-party is found), this can significantly reduce the workload for any company that is currently undertaking manual denied-party checks. In addition to reduced workload, the software ensures standardised and thorough checking of each list that would not be possible with a manual screening procedure.

Key benefits

- Increased regulatory compliance
- Reduced risk of fines and penalties
- Avoid inclusion on denied-party lists
- Reduced workload compared to manual screening procedures
- Automated, accurate, and comprehensive checks of business partners
- Demonstration of best-practice necessary for programmes such as AEO.



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