

**Open  
Ownership**

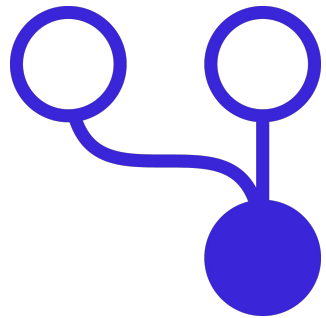


# **Beneficial Ownership in Open Contracting**

**Thom Townsend, Open Ownership  
UNGASS Briefing 30th March 2021**



- **Understanding company ownership structures has always been a fundamental part of good due diligence**
- **Growing awareness during the COVID-19 pandemic that limited access to basic ownership information creates significant corruption risks**
- **Globally, a number of governments are beginning to address this challenge**
- **Opportunity for the UNGASS to raise awareness of this challenge and potential solutions**



# An important building block of due diligence

# Company ownership in due diligence



	Necessity and Proper Retention	Expertise	Affiliations and Organization	Integrity	Fees
<b>Low risk</b>	Local business manager to decide	Webpage review	Check legal form and commercial register extract, get Dunn & Bradstreet (or equivalent) report	Check Google and one pertinent local paper	No special scrutiny required
<b>Medium risk</b>	Regional management and compliance function to decide	Ask for licenses, etc.	Ask for ultimate beneficial ownership, background check on employees	Ask for disclosures (bankruptcy, criminal register extract, etc.). Obtain internal certifications (financial stability, books and records, etc.)	Internal benchmarking
<b>High risk</b>	Compliance function and executive leadership to sign off	Conduct onsite visit to check appropriateness of premises etc.	Examine detailed business profile (who are their other clients, etc.). Conduct compliance health check by reviewing Code of Conduct, internal policies, etc.	Involve officers and employees, ask for CV, interview staff, etc. Ask for bank references etc., review compliance programme	Request comments from third party on usual fee range in market and certification

# Company ownership in due diligence

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INTERNATIONAL FEDERATION OF ACCOUNTANTS

STANDARD-SETTING BOARDS ▾

NEWS

EVENTS

CONTACT

SELECT LANGUAGE

LOGIN OR REGISTER



WHO WE ARE

WHAT WE DO

KNOWLEDGE GATEWAY

Site Search

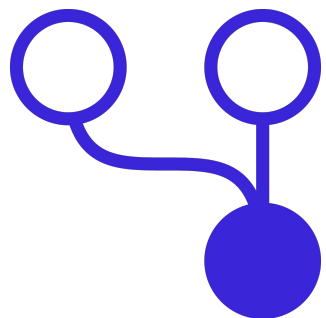


CONTRIBUTING TO THE GLOBAL ECONOMY

## The Public Sector Battle Against Two Pandemics: COVID-19 and Public Procurement Corruption

RACHEL BLEETMAN | JANUARY 13, 2021

Open  
Ownership



**Governments are  
taking action**

- **South Africa, Mexico and Indonesia taking part in the UNODC, Open Contracting Partnership, Open Ownership and UK Government ‘Transforming Procurement Systems Project’ developed in response to COVID**
- **Utilising beneficial ownership data right at the start of a business entering the government’s supply chain or registering to bid**

Tenders » IT Infrastructure Delivery

# IT Infrastructure Delivery

<b>Published by</b>	Department of Digital Infrastructure
<b>Published date</b>	Jan. 1, 2010, 9:30 a.m.
<b>Closing date</b>	April 1, 2020, 6 p.m.
<b>Contract start date</b>	June 1, 2020, midnight
<b>Value of contract</b>	2400000 ZAR

### Filtered By Dataset

- All
- Prototype
- Contracts Finder unlinked
- Contracts Finder with linked suppliers
- Contracts Finder with beneficial owners

### Filtered By Flag

- Any Flag
- Beneficial Owner matches Cabinet Minister
- Company linked to multiple applications to a tender
- Person linked to multiple applications to a tender

## Tenders received

[New Vision and Technology Trading \(Pty\) Ltd](#) [ZA-LAC] 1602647563 error

[Speedy Services and Catering \(Pty\) Ltd](#) [ZA-LAC] 5740394756

[Mitchell System Ltd.](#) [ZA-LAC] 5315469852 warnings

[Boyes and Brown Ltd.](#) [ZA-LAC] 5315469854 warnings

[Impilo Trading \(Pty\) Ltd.](#) [ZA-LAC] 3264298751 warning



## Beneficial owners

<b>John Simon Hain</b> <span>▲ 2</span>
Full name <b>John Simon Hain</b> This person has control over multiple applicants to this tender. Name and ID match a currently serving public official .

## Parent companies

<b>Khuzwayo Holdings Ltd.</b> <span>▲ 1</span>
Company name Khuzwayo Holdings Ltd.
Company ID <b>This company appears in multiple applications to this tender.</b>
Country of registration ZA

<b>Mitchell Wade LLC.</b>
Company name Mitchell Wade LLC.
Company ID
Country of registration US

<b>ABC SOC Ltd.</b>
Company name ABC SOC Ltd.
Company ID
Country of registration ZA



- **New legislation in the USA will require all federal contracts above USD\$500,000 to disclose the beneficial ownership of contract awardees**
- **UK Public Procurement Green Paper (Dec 2020) will require all foreign companies bidding on UK contracts to disclose their beneficial ownership**
- **Since 2017 Slovakia has required all recipients of public funds of more than €100,000 to disclose their beneficial owners**

- **Buying quickly and safely has been harder than ever during this pandemic for government and business**
- **There is an opportunity at the UNGASS to support the global effort to ensure government has the information it needs, much faster, to make informed decisions about who it does business with**
- **This means ensuring that, as a minimum, all agencies in government can access beneficial ownership data at speed and in usable formats**