

Recovery Story

Earl Devaney

Devaney Group

President



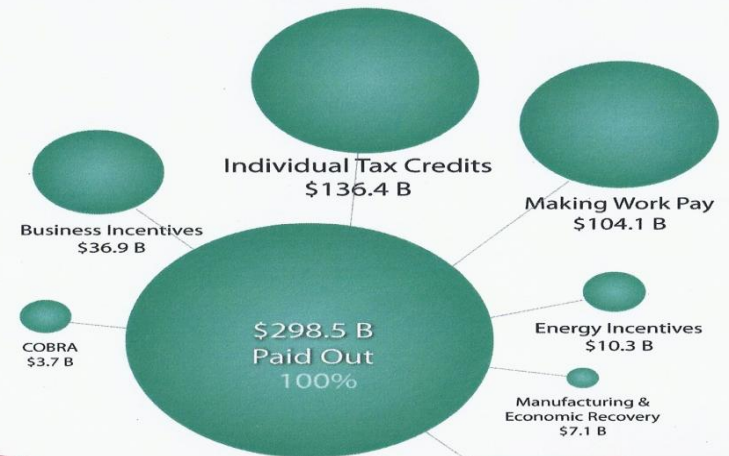
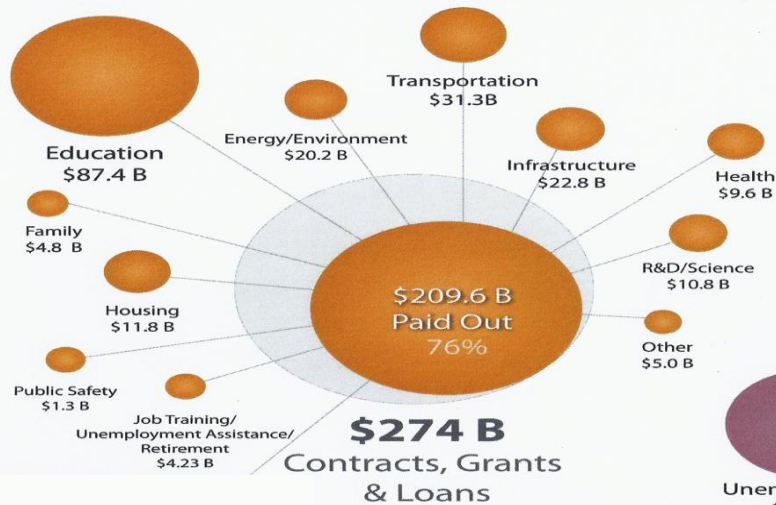
COMPLIANCE WEEK **2013**
POWERFUL INSIGHTS, PRACTICAL IDEAS, REAL SOLUTIONS

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Recovery Funding Overview

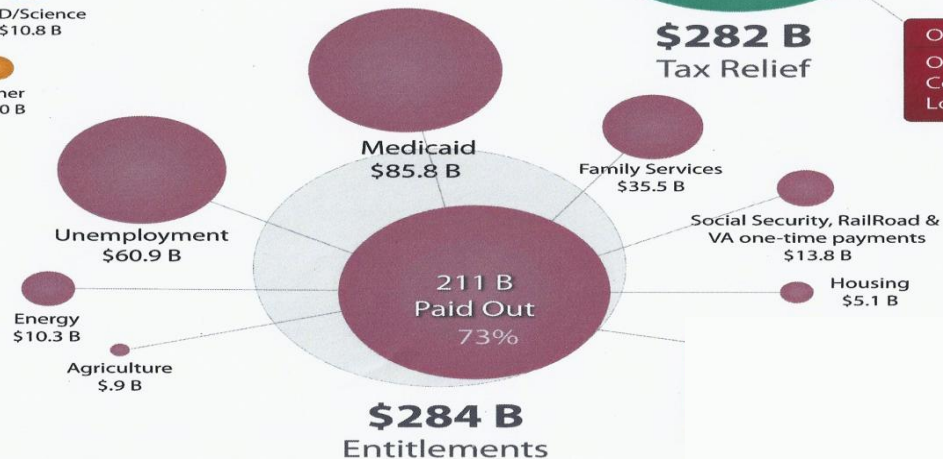


Overview of Funding \$840 Billion



Oversight Actions

Open Cases:	172
Convictions:	5
Loss:	\$216,454

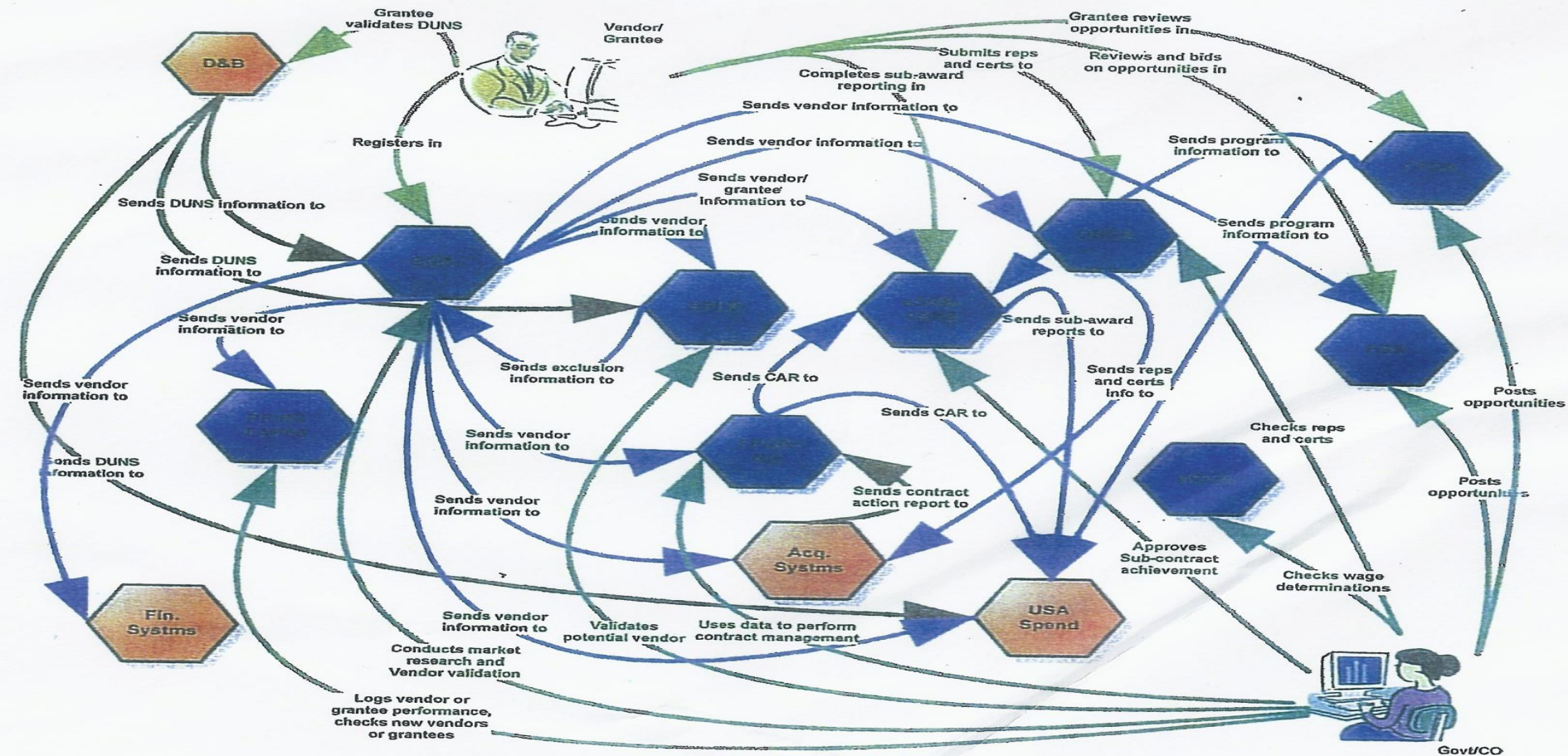


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Interface Diagram

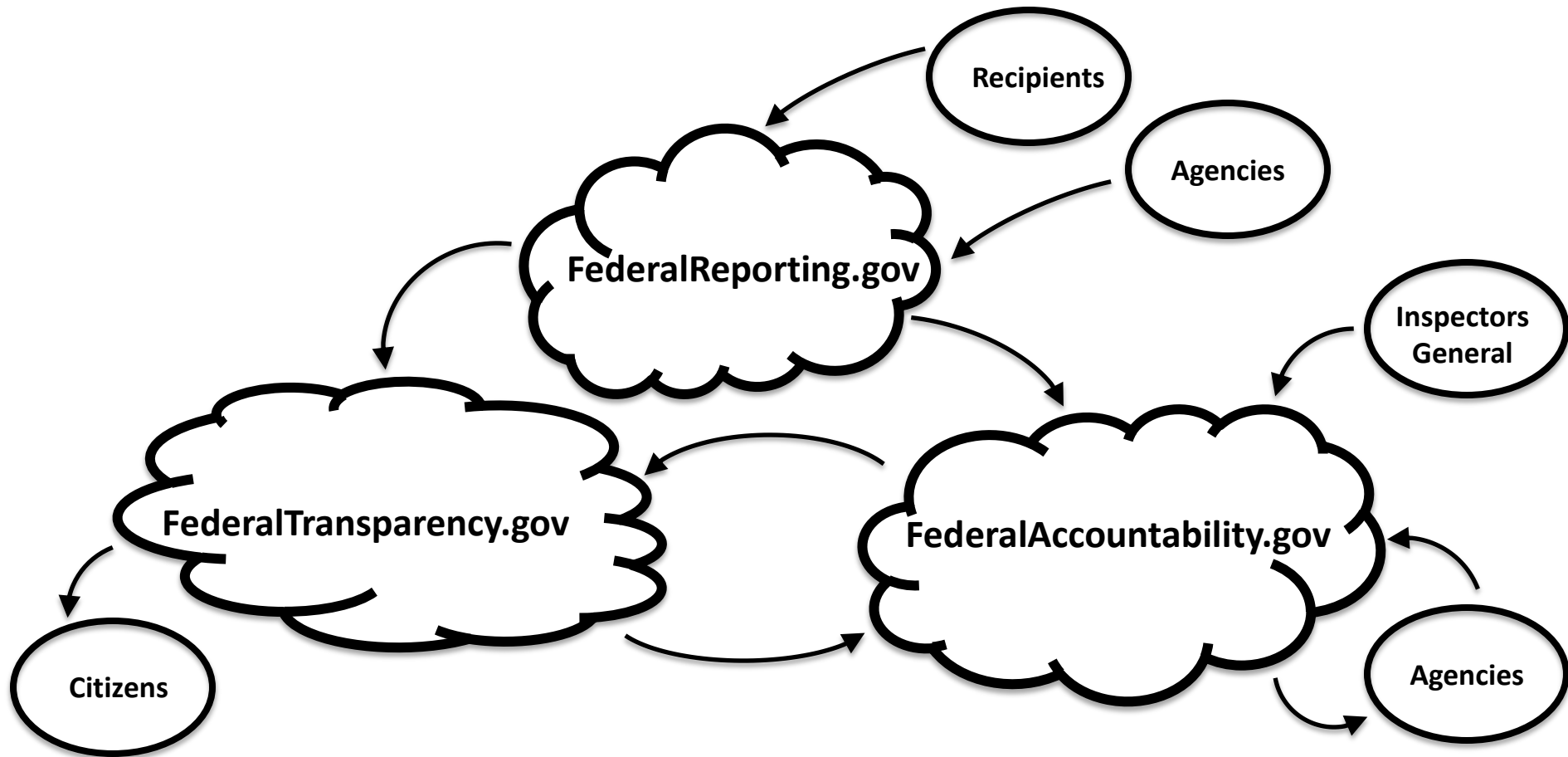


COMPLIANCE WEEK 2013

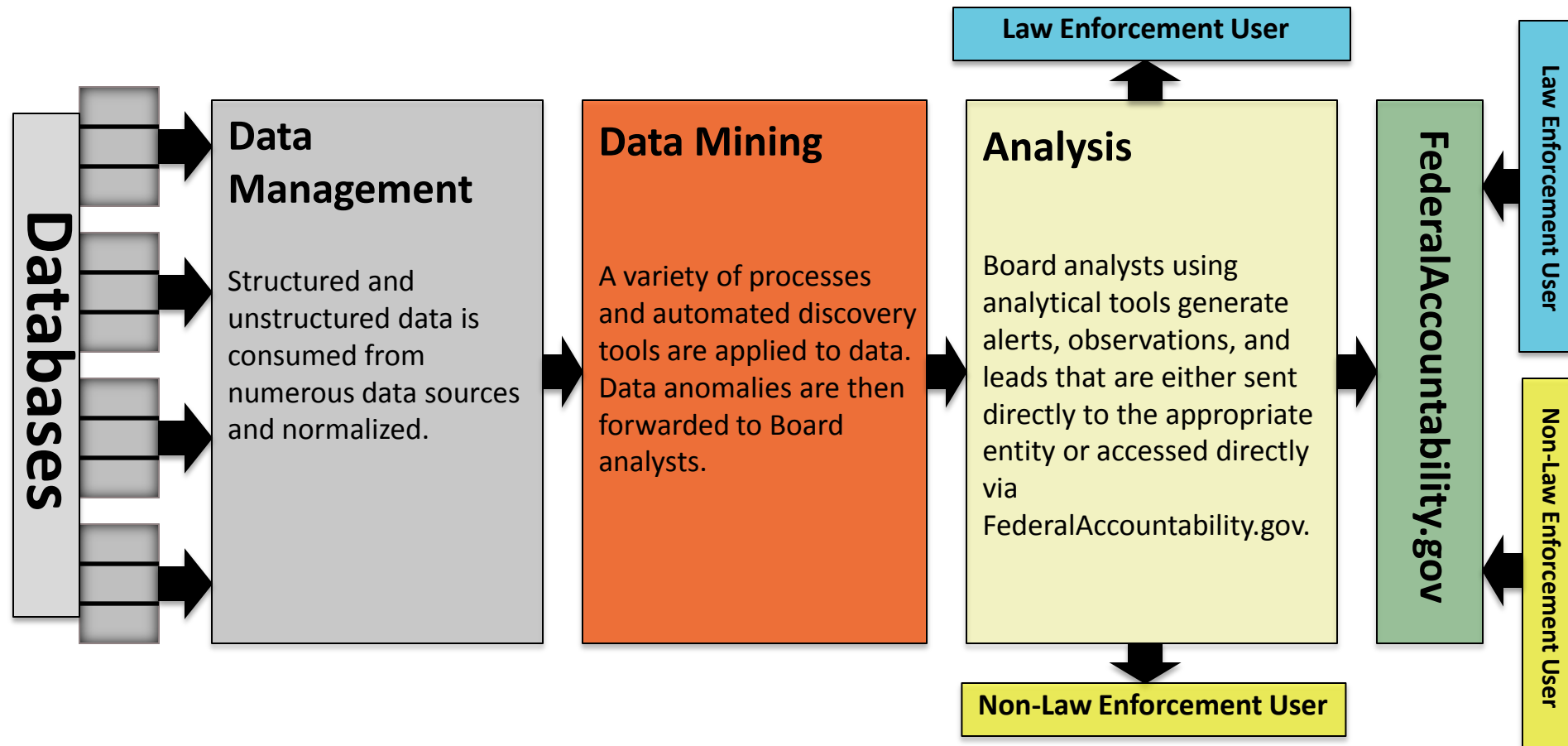
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Accountability and Transparency Data Flow



Accountability Process Flow



Anti-corruption & Ongoing Transaction Monitoring: Continuous Enforcement of your Compliance Program



Patrick Taylor – Oversight Systems

May 21st, 2013



Oversight is the leader in transaction monitoring



Morgan Stanley Set the Gold Standard



**And for everyone else
-two questions**

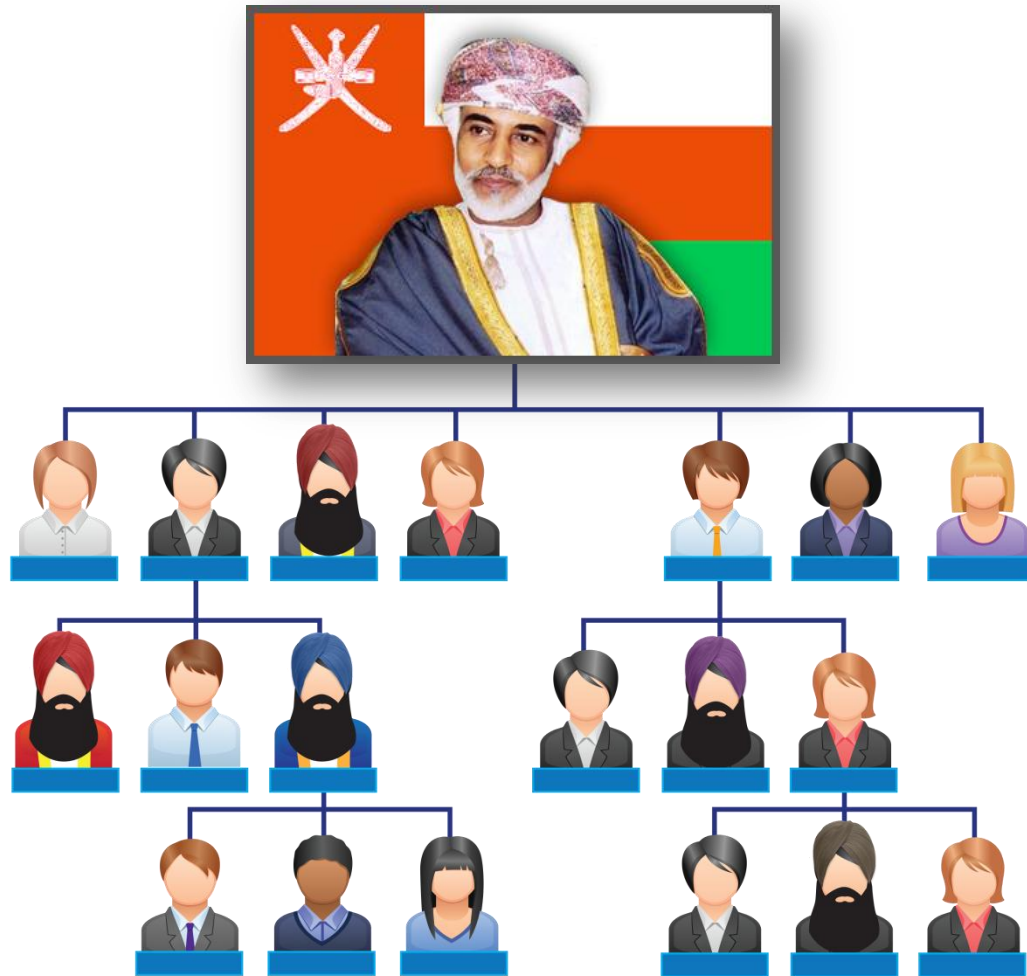
1. Can we find anything?
2. What do we do with it?

Not a Black & White Issue



The state owns 39 of the 42 Chinese companies in the Fortune 500

All in the Family

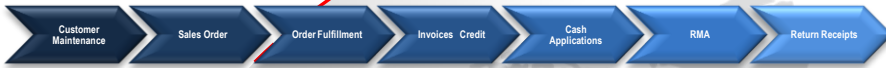


It's all about the Gray

EXCESSIVE ENTERTAINMENT
USUAL AND CUSTOMARY
AGENTS
FACILITATION PAYMENTS
UNUSUAL SALES DISCOUNTS
OPEN CREDITS
EXTENDED TERMS
EXCEPTIONAL MARGINS
SITE VISITS TO VEGAS
IMPROPER BOOKS AND RECORDS
MANUAL CHECKS
CONSULTANTS
DONATIONS
OUT OF COUNTRY BANK ACCOUNTS

Business Processes X Actors

Order to Cash



General Ledger



PARTNERS



CONTRACTORS



EMPLOYEES



AGENTS



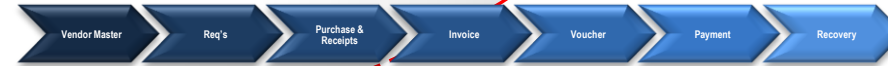
VENDORS



Travel & Expense



Procure to Payment



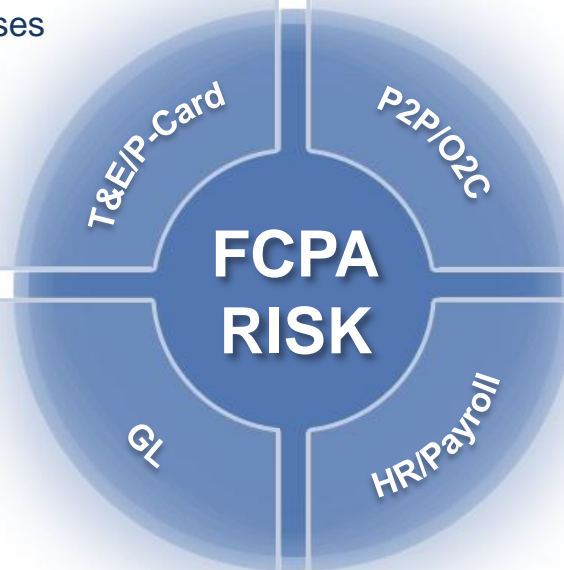
Global Risk

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Anti-Corruption Risk Areas Addressed by Analytics

- Significant T&E expenses in entertainment, donations, gifts, sponsorships
- Rogue Actors
- Suspicious purchases
- Outstanding credits not reported
- Out-of-pocket suspicious expenses
- Excessive cash advances and personal spend
- Misclassified expenses
- Suspicious keyword match

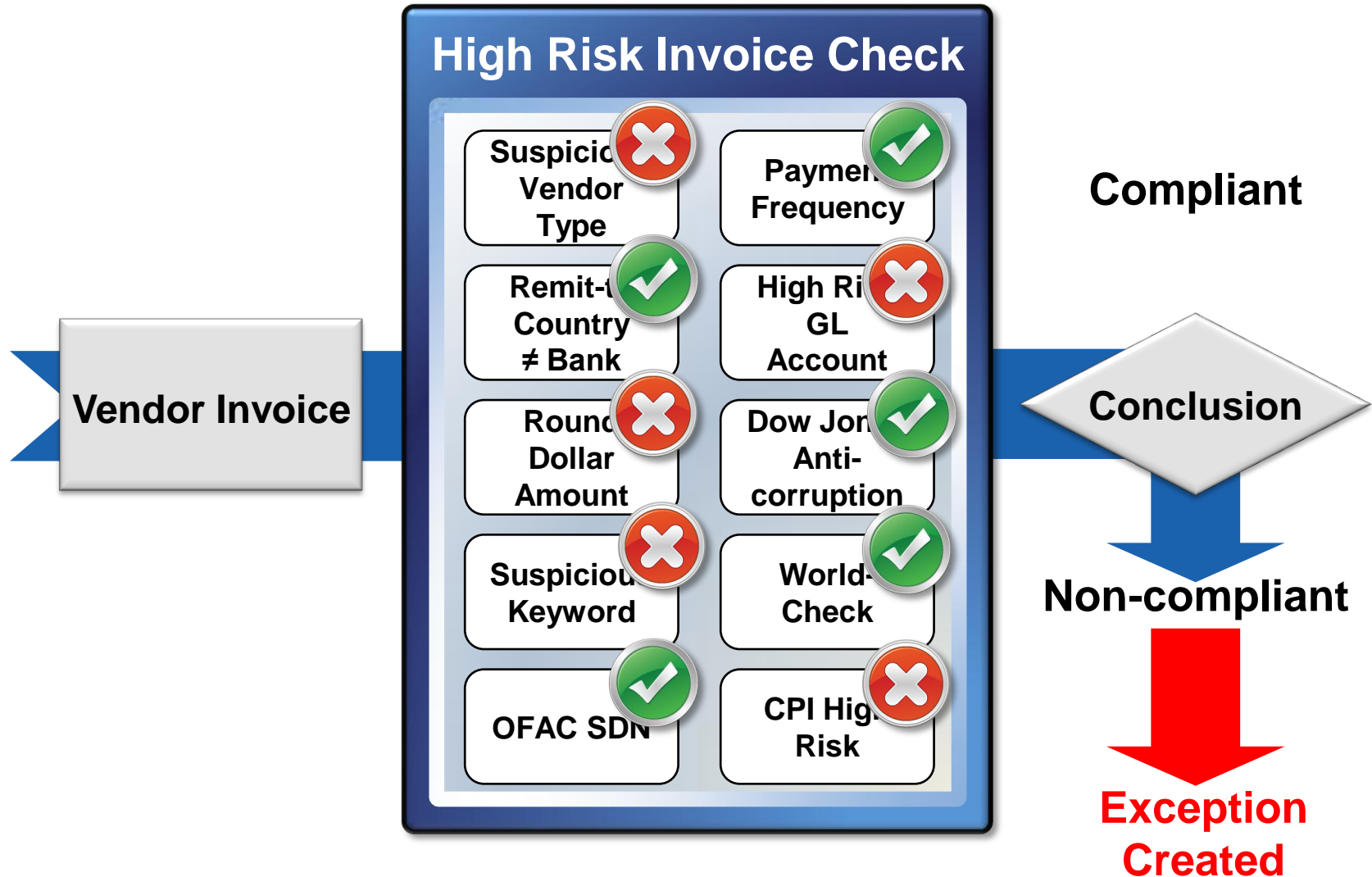
- Unusual postings to high risk GL accounts
- Suspicious keyword match
- Unusual Manual GL entries
- Unusual GL account pairings
- Unusual patterns of revenue and expense bookings



- Unusual payments to small sized agents, contractors, resellers
- First time payments to vendors in high risk GL accounts
- Excessive sales discounts
- Manual checks issued off-cycle
- Out of norm commissions to agents
- Changes to remit-to addresses and bank accounts
- Suspicious keyword match
- Monitoring vendor on-boarding process
- Vendor or customer match to PEP list

- Fictitious employee with unusual benefits, pay rate, and address
- Employee relationship to vendor
- Unusual paycheck, commissions or bonus payouts
- Employee match to PEP list

Correlate Evidence to Draw Precise Conclusions



Alerts for High Risk Transactions

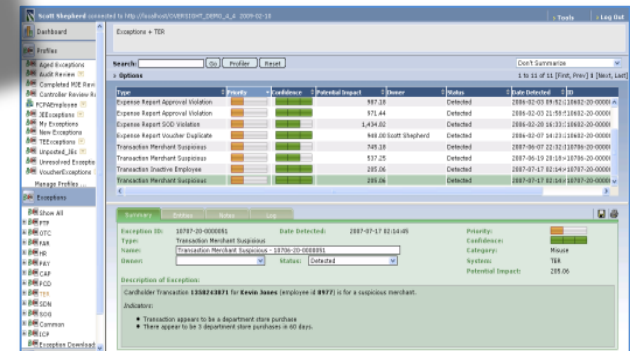
High Risk Event Detected



High Alert email notification to
Compliance/Internal Audit Team

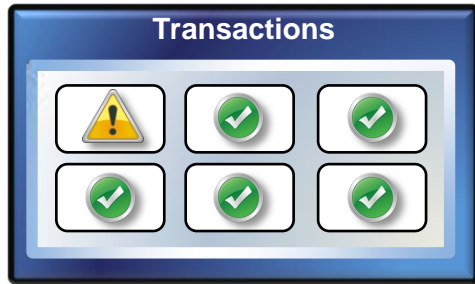


Case Management system



Compliance Reminders Set the Tone

**Suspicious but Immaterial
one time event detected**



**Automated Compliance
Reminder to employee**

Reminder of Corporate Compliance Policy

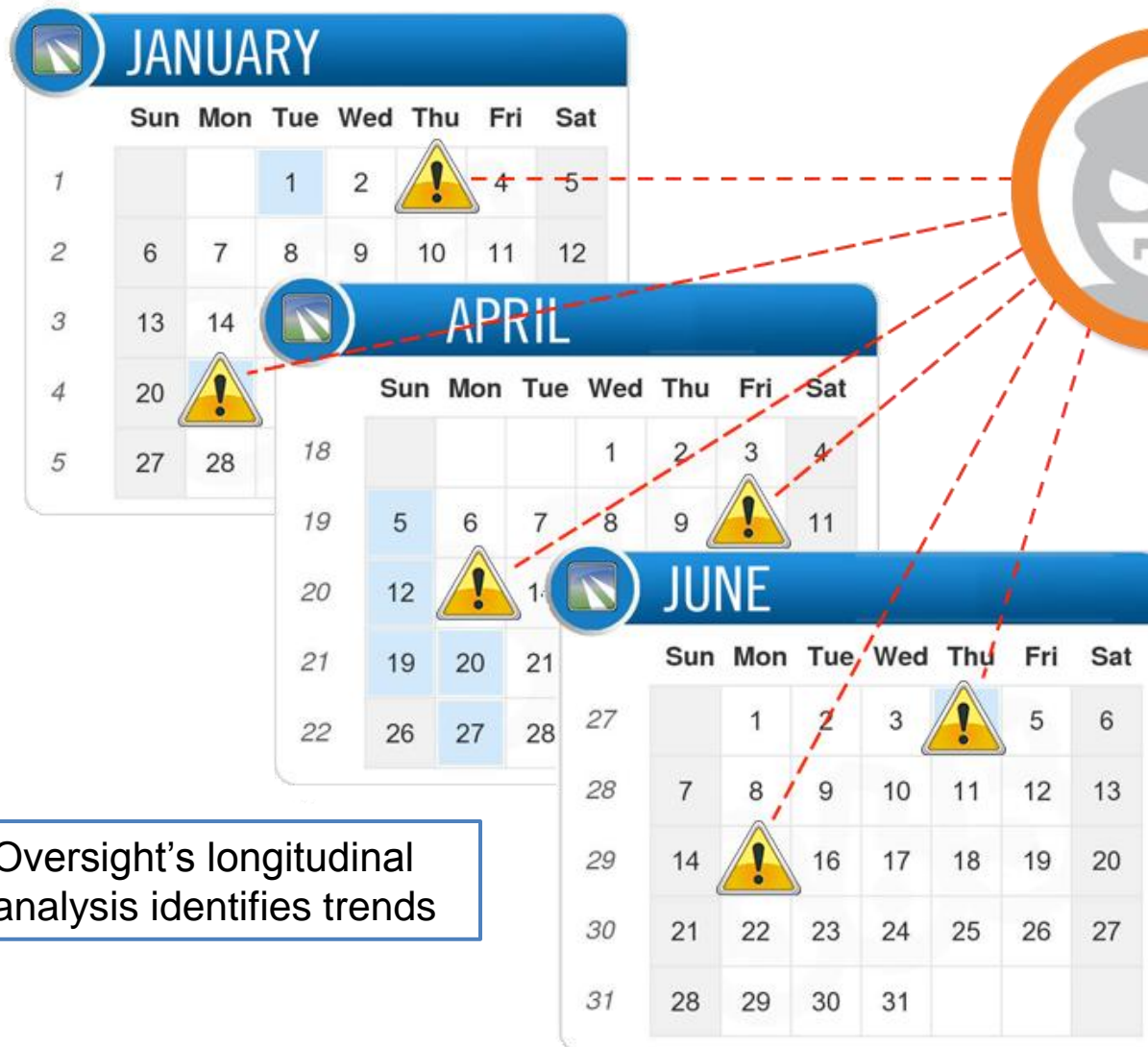


**Event detection &
notification are logged**

 *No Action Required*



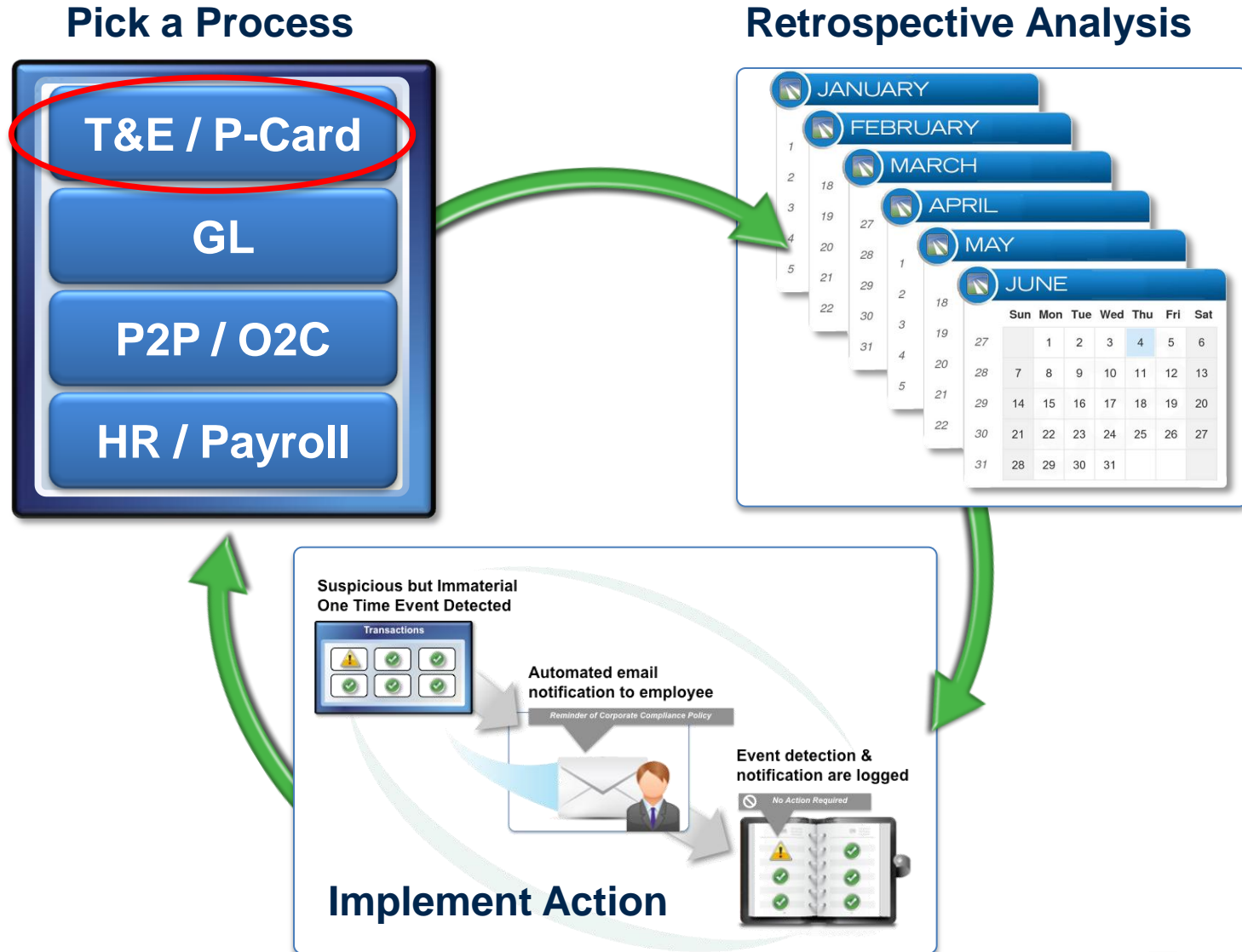
Suspicion Index to ID the Bad Actor



- Investigation
- Enroll in additional training

Oversight's longitudinal analysis identifies trends

Getting Started with Transaction Monitoring



Building Your Defense

- There are No Guarantees
 - Never underestimate a “bad actor’s” ability to circumvent controls
- Ongoing Transaction Monitoring
 - Identify suspicious activity
 - Communicate to reinforce tone at the top, middle and front lines
 - Remediate high risk transactions
 - Investigate suspicious actors
 - Automatically document due diligence



Thank you.



Patrick Taylor

Oversight Systems

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Continuous Transaction Monitoring That Works

Joe Ownby

Kimberly-Clark Corporation

Global T&E Coordinator



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Continuous Transaction Monitoring That Works

Personal Care



Consumer



Health Care



K-C Professional



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Continuous Transaction Monitoring That Works

Kimberly-Clark's Control Environment

Departments



Systems / Software

Systems / Software for Corp Card Programs

SAP

Concur Expense with CBS

Concur Intelligence

Oversight Systems

ACL

First Strike

GCMS

Citi Manager

Continuous Transaction Monitoring That Works

Reasons Kimberly-Clark implemented Oversight Systems

- Expand audit focus to include fraud detection not just corporate policy compliance
- Enable audit to reveal trends indicating potential problems or issues
- Strengthen internal control environment to support increased spend on the Purchasing card
- Automate exception workflows (communication stream)
- Capture complete audit trail in one system
- IT / programming background not required to use the system
- Global scalability
- Minimum IT investment to configure / maintain

Continuous Transaction Monitoring That Works

Benefits from implementing Oversight Systems

- Enhanced Internal Control Environment
- Enhanced Documentation and Reporting of findings
- Increased awareness of where issues exist (with historical detail)
- Improved Policy Compliance
- Earlier detection of potential issues
- Confidence that the Purchasing Card program is well controlled

Continuous Transaction Monitoring That Works

Some of our findings to date:

- Split Transactions
- Card Sharing
- Inappropriate use of the purchasing card
- Personal use of the purchasing card

Continuous Transaction Monitoring That Works

Future Plans for Oversight Systems

- Scope expansion to include Corporate Travel Card
- Scope expansion to include Non PO
- Unusual General Ledger Transactions (SAP)
- FCPA compliance