

How **Data Analytics** Can **Transform** an Enterprise



Corruption and fraud cost companies upwards of **5%** of annual revenue each year.*

Why Data Analytics?

Corruption and fraud can cost a company - both financially and reputationally. The use of data analytics to detect fraud, corruption and other risks can transform how a company identifies and manages risk and can make Compliance, Internal Audit, Investigations and the Business more efficient and effective. Continuous monitoring of spend with analytics tools is now widely expected by regulators, and can save a company significant time and money.

Typical fraud cases last **14 months** before detection.*

What Data?

The starting point for many organizations looking to implement analytics is defining what data to collect and analyze. Companies should identify their business processes and systems and understand how to access them. Employee expenses from a Travel & Entertainment (T&E) system (e.g., Concur) and vendor payments from an Enterprise Resource Management system (e.g., SAP, Oracle) are great places to begin.

86% of fraud cases involve asset misappropriation.*

What Next?

Companies can replace typical sample selection and periodic auditing and testing with sophisticated data analytics. Libraries of fraud analytic tests typically used by forensic accountants can be run continuously to reveal fraudulent invoices or employee expenses that can be actioned before they become bigger issues for the company.

Only **38%** of fraud victim organizations had proactive data monitoring.*

*Association of Certified Fraud Examiners, 2020 Report to the Nations

BEFORE



AFTER

COMPLIANCE

- Compliance generally relies on audits and whistleblowers to identify instances of non-compliance with company policies or laws, resulting in potential delayed detection of issues.
- Risk assessments are typically questionnaire-based and representative of a "snapshot" in time.
- Although third parties may be subject to comprehensive up-front due diligence, compliance often fails to monitor the third party through its lifespan, including monitoring of all third-party spend for risks and anomalies.

- Compliance can use data analytics to gain proactive visibility into 100% of enterprise spend to detect wrongdoing far sooner, without having to rely only on audits and whistleblowers.
- Risk assessments can be driven dynamically by continuous access to operational data.
- Compliance can manage risks of third parties throughout the lifespan of the relationship by monitoring third-party spend even after due diligence is complete.

INTERNAL AUDIT

- Audits may be conducted periodically and based on a sample of transactions.
- Audits often involve basic analytics (e.g., top X vendors or employees).
- Internal Audit requires teams of auditors to travel for on-the-ground audits, which are now hampered by Covid.
- Auditors often have difficulty tracking follow-up and remediation.

- Audit functions can use data analytics to monitor 100% of spend in real-time.
- Audits can be driven by sophisticated and configurable data analyses.
- Data analytics can provide global coverage, so Internaudit can have leaner and more remote teams.
- Analytics tools can provide auditors with workflows to track follow-up and remediation.

BEFORE



AFTER

INVESTIGATIONS

- Investigators often rely on functions like Finance and IT to access data, leading to investigation delays.
- Investigators often have difficulty assessing risk within raw spend data for employees or third parties.
- Investigators cannot easily monitor spend during and after an investigation.
- Lessons from investigations cannot easily inform ongoing monitoring.

- Data analytics tools can provide investigators with 24/7 access to data in real-time.
- Investigators can access detailed risk-scored spend data on employees and third-parties.
- Investigators can easily monitor spend during and after an investigation.
- Investigators can easily feed lessons into ongoing monitoring models.

BUSINESS

- Management and the Board often have limited access to risk data to drive business decisions.
- The business generally has limited and manual access to compliance KPIs, painstakingly prepared by Compliance.

- Management and the Board can have access to risk data to embed risk analyses into commercial decisions.
- The business can have configurable real-time access to compliance KPIs, prepared in an automated fashion.

Want to learn more about how to implement data analytics?

Visit www.ethisphere.com/lextegrity for more resources and to sign-up for upcoming webcasts and other events.
