ARBUTUS

Drive Your Analytics

VENDOR RISK MANAGEMENT

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CHALLENGE

For this multi-billion-dollar company with multiple operations across North America, Vendor Risk Management is high on the radar of the Board and Executive Management. The company deals with around 70,000+ different vendors, and therefore is exposed to multiple risks from third parties. Some of those risks are: breach of confidentiality, breach of contract, data errors, fraud, and loss of data, product defects, supply chain disruption, data security breaches, theft of intellectual property, and others—with any occurrence potentially resulting in financial and reputational loss. It's clear that the risks posed by vendors runs the gamut across multiple enterprise risk categories (Credit, Operational, Strategic, Compliance etc..), so it's important to identify, understand, and effectively manage and mitigate all risks appropriately.

Vendor associated risks are unique, depending on the type of vendor chosen, and the process or services used. As such, the Internal Audit (IA) team adopted a dynamic vendor risk management program to effectively address its top risks. Internal Audit plays an important role in the risk assessment, oversight and monitoring aspects of the program. Being an early and advanced adopter of automated audit tools for years, the Internal Audit team wanted its Vendor Risk Management analytics to be moved

PROTECTING AGAINST FINANCIAL AND REPUTATIONAL LOSS

COMPANY PROFILE

Long standing US energy infrastructure company focused on connecting North America's significant hydrocarbon resource plays to growing markets for natural gas and natural gas liquids (NGLs) with revenues of 6B+ USD.

to a robust, centralized, easy to manage and flexible platform. After a lengthy due diligence process, the team quickly realized the limitations and rampant performance issues of its previous vendor. They identified Arbutus Analyzer Server as the clear winner. The IA team needed an enterprise level system with the powerhouse capable of handling the more than 70,000 vendor data population in real time, efficiently execute its 10 analytics scripts/procedures without fail, enable the ease and flexibility of day-to-day administration and most importantly, allow a broad-based coverage of all vendor risks.

SOLUTION

The Internal Audit team is long time champion of automated audit tools and has therefore, mandated analytics to be applied to all their projects. Being a long-time analytics user, the team designs and executes advanced procedures/scripts using Arbutus Analyzer for all their analytics needs. For Vendor Risk Management, the IA team developed a suite of 10 analytics that are scheduled to run annually on the Arbutus Analyzer Server, in order to produce a risk assessment scorecard that's based on a direct read of 70,000+ vendor records. Other results include detailed analysis of spend and trending, among others. The final reports are then provided to both audit management and senior management to review to determine the high-risk vendors needed for additional review or audit.

This IA team works in a collaborative manner with the company's management in managing risk. For examples, other ongoing analytics generated around vendors are duplicate payment tests and vendor/employee matches. These analytics also leveraged the multi-threaded server power of Arbutus Server to produce exceptions which are then passed over to the appropriate management team to remediate. The duplicate payment test is now owned by the AP department to run independently so to assume first line defense responsibility.

The IA team also uses Arbutus Server as a data warehouse, due to complexity of Oracle tables. Since most of the data needed comes directly from Oracle, this set up facilitates even faster access as data are pre-defined and prepared using Arbutus scripts.

RESULTS

The multi-threaded server power and flexibility of Arbutus Server has enabled the IA team to execute a broad-based coverage of its vendor risks. The ability to dynamically execute the suite of 10 analytics on the entire vendor population of 70,000+ records has reduced audit risk inherent in sampling and allowed the IA Team significant time savings. The varying nature, scope and complexity of vendor risk necessitate the examination of the entire population and without a powerful server tool, the IA team would not able to efficiently and effectively produce a complete and accurate assessment of vendor risks. The focus of the IA team is now less on onerous, transactional work but more on strategic analysis. The IA team has been very impressed with Arbutus Analyzer and is looking at expanding its use in other departments.

ARBUTUS ANALYTICS

Based on 25 years of innovation excellence, Arbutus delivers the very best in purpose-built audit analytics technology to meet the exacting demands of today's business environment. Auditors, business analysts, and fraud investigators rely on Arbutus to enhance their testing, analysis and compliance capabilities.

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