

AI IS COMING: FUTURE-PROOF YOUR CAREER AND YOUR COMPLIANCE PROGRAM

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**THE BIG AI
TRANSFORMATION**

How AI is really transforming
risk management

Start with our friends in internal audit

DOES THIS SOUND FAMILIAR?

- Transformation of business processes
- Better analytics technology
- 'Add value to the business'

BECAUSE THAT'S THEIR EXPERIENCE

Altogether, that means...

Digital technology lets CAEs move beyond traditional audit duties of SOX compliance, internal control testing...

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... Just as boards are demanding stronger ongoing assurance of more risks.

How do we get there? Three steps...

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1. Effective internal control

Bad controls = bad data = bad conclusions

How do we get there? Three steps...

1. Effective internal control
2. Enhanced analytics

Drives up importance of data taxonomy,
completeness of reports, validations

How do we get there? Three steps...

1. Effective internal control
2. Enhanced analytics
3. Optimized risk management

Drives up importance of clear objectives,
risk tolerances

What does it look like? Three examples

1. Invoice received before PO submitted

What does it look like? Three examples

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2. T&E expenses without documentation

What does it look like? Three examples

1. Invoice received before PO submitted
2. T&E expenses without documentation
3. Hotline metrics for culture analysis

How relationships might change

Internal audit can work more closely
with other functions in first, second Lines of Defense

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Internal audit can work more closely
with other functions in first, second Lines of Defense

- Including compliance
- Including functions you work with already

How relationships might change

Imagine a future where...

- Analytics and monitoring can drive behavior more than culture.

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What becomes crucial in that world?

How relationships might change

Imagine a future where...

- Analytics and monitoring can drive behavior more than culture.

What becomes crucial in that world?

- Design of controls

How to get started

Biggest obstacles are

- Business complexity
- Unclear objectives or priorities
- Lack of staff

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- Business complexity
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So compliance officers can help by...

How to get started

- Knowing the business and compliance objectives
- Creating sources of good data
- Thinking about managing risk, rather than fulfilling compliance

THE SALES CYCLE

BUSINESS CYCLES IN YOUR ORGANIZATION

- 1. QUOTE TO CASH**
- 2. PROCUREMENT TO PAY**

Life-Cycle of a Business Transaction

- 1. PRE-SALE-RFP/BID/SALES INITIATIVE**
- 2. PRE-BID-GIFTS/ENTERTAINMENT/TRAVEL**
- 3 RFQ ---> RFP**
- 4. SALES PRICING-DISCOUNT RANGE**
- 5. REBATES PAID TO CUSTOMER**

Pre-Sales

1. WHAT IS THE AGGREGATE SPENDING ON ANY ONE GOV OFFICIAL OVER A 12-MONTH PERIOD BY ONE BD REPRESENTATIVE?
2. WHAT IS THE BD SPEND ON ONE GOV OFFICIAL BY SEVERAL COMPANY BD REPRESENTATIVES?
3. HAS THERE BEEN ANY TRAVEL INVOLVED TO TOUR COMPANY FACILITIES?
4. WHAT WAS THE AGGREGATE SPEND AND WAS IT CORRELATED WITH OTHER GTE SPENDS?

THE CONTRACT

1. ANY DISCOUNTS OFFERED OUTSIDE THE STANDARD DISCOUNT RANGE?
2. WERE THESE DISCOUNTS PROPERLY VETTED THROUGH THE INTERNAL COMPANY PROCESS?
3. WAS THIS PROCESS DOCUMENTED AND WAS THERE SENIOR MANAGEMENT SIGN-OFF IN PLACE?
4. WAS THE CONTRACT PROPERLY VETTED BY ALL REQUIRED INTERNAL PROCESSES: BY MANAGEMENT, LEGAL, AND COMPLIANCE?

Third Parties

1. DID THE CUSTOMER SUGGEST THE USE OF ANY THIRD PARTIES AS SUPPLIERS TO THE PRIME CONTRACT?
2. WHAT WAS THE 3RD PARTY COMMISSION OR COMPENSATION

Charitable Donations

1. WERE THERE ANY CHARITABLE DONATIONS REQUESTED BY THE CUSTOMER?
2. WERE THERE ANY CHARITABLE DONATIONS MADE DURING ANY PART OF THIS PROCESS OR WITHIN 12 MONTHS AFTER A SUCCESSFUL CONTRACT NEGOTIATION?
3. FULL CHARITABLE DONATION VETTING?

Post Contract

1. DID CONTRACT SPECIFY ANY TRAVEL FOR THE CUSTOMER?
2. HOW ABOUT ONGOING TRAINING AND IF SO WHERE AND FOR HOW LONG?
3. WAS THERE A SPECIFICATION OF BUSINESS CLASS OR ABOVE TRAVEL ACCOMMODATIONS?
4. WAS THERE ANY CORPORATE SOCIAL RESPONSIBILITY (CSR) REQUIREMENT GOING FORWARD?
5. DOES COMPLIANCE HAVE VISIBILITY INTO THIS OR DOES IS GO THROUGH A COMPANY CHARITABLE DONATION GROUP OR COMMITTEE?
6. LOCAL CONTENT REQUIREMENT?

COMPLIANCE & AI GOING FORWARD

Kasparov's Law

WEAK HUMAN + MACHINE + BETTER PROCESS IS
SUPERIOR TO STRONG HUMAN + MACHINE +
INFERIOR PROCESS

QUESTIONS?

