

Using Data Analytics To Uncover and Prevent Misconduct in Remote Work Environments

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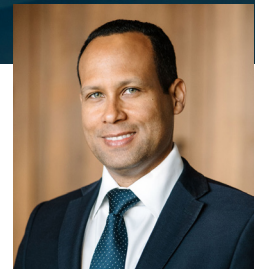
by *Steven Neuman*

Most of us are accustomed to receiving electronic alerts from our bank or credit card when a suspicious transaction is attempted. Similar technology is now helping more and more organizations proactively identify if an employee engaged (or attempted to engage) in a transaction with an unauthorized third party, at a prohibited venue or beyond pre-set authorization limits. The result is that even as compliance, investigations and internal audit teams are forced to work remotely amidst the pandemic, data analytics is enabling more targeted and effective reviews, investigations and risk mitigation at organizations worldwide.

Data Analytics Defined

Data analytics combines computer science, mathematics, statistics, problem-solving and technology to help companies and their counsel unlock critical insights within the volumes of business and transactional data generated each day. Data analysts inspect, cleanse, transform and model data with the goal of discovering useful information and suggesting conclusions to support sound decision-making.

Through data analytics, business leaders can also establish a bridge between disparate data sets, systems and even operating units in order to gain valuable, holistic insights across the enterprise. As COVID-19 makes in-person oversight of day-to-day operations less practical, data-driven methods are increasingly being used to detect and assess potential compliance issues before they escalate. Forensic reviews of business data, bolstered by data analytics, help to root out misconduct and can increase the efficiency of internal auditors and investigators, allowing business leaders to focus on and more effectively manage identified risk areas.



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As Assist from Data Analytics

At every stage of the forensic lifecycle, data analytics aids investigative teams in seeing the bigger picture, uncovering hidden relationships and asking the right questions pre-, during and post-incident. When data analytics and complimentary visualization tools are employed to create a robust transaction monitoring framework, early detection of potential fraud and abuse becomes possible—similar to the way a home smoke detector signals a problem before a four-alarm blaze erupts.

For example, after a whistleblower claimed that sales personnel were abusing expenses at a multinational organization, a forensic team utilized data analytics to review three years of historical expense reimbursement data. Interactive visualizations and custom analytics were leveraged to identify individuals, venues and events that were high-risk for further evaluation. Individuals in the sales organization who had violated company policy and created reputational risk quickly came to light. The team found instances of duplicate expenses, split-invoices to avoid approval threshold controls, as well as charges at inappropriate venues.

As part of corrective efforts after individuals were disciplined, a reimbursable expense transaction monitoring program was implemented at the organization to strengthen controls. Going forward,

the company can, in near real-time, identify outlier transactions, such as meal totals above a certain threshold, as well as any charges for reimbursement at prohibited venues.

Conclusion

As the pandemic continues to normalize remote work environments across the globe, compliance and internal audit practitioners are increasingly leveraging technology-enabled and data-driven approaches to stay one step ahead of misconduct. Unlike traditional approaches to oversight—which may not be effective during remote working conditions—data analytics and transaction monitoring tools help to uncover and consistently focus resources on red flags to prevent larger issues down the line.



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