

## **Global Development Agency**

### **Business Process Area:**

Implement better financial controls and business best-practices within the financial processes for its 166 member countries, each with its own language, currency, culture and financial practices.

### **Background:**

The Agency has encountered significant problems with effectively managing and monitoring controls in their highly-distributed financial operations, a situation which has eroded donor confidence and for which the Agency received significant criticism in their last audit.

### **The Oversight Solution:**

In order to address these issues, gain more centralized management capabilities, and establish and enforce a more uniform set of internal controls, the Agency's Chief Information Security Officer selected Oversight's automated continuous monitoring solution. The Agency provided Oversight with a "snapshot" of their data, with instructions from the Agency's Controller to monitor for particular items related to internal control breakdowns. Integrity checks for most of these were already pre-defined in the Oversight library of analytics, to which the Agency added a few custom checks to cover the balance of their proof-of-concept requirements. In just one month from acquisition of the sample data, Oversight delivered actual results for the Agency to review, having met all of the Agency's criteria.

### **Benefits:**

Initially, the Agency focused on pushing the system out to the member countries with the best experience of good financial controls and therefore the opportunity to gain the most immediate benefit from the implementation. Immediate results, such as the discovery of control failures and or violations resulting in duplicate payments, were met with a favorable response from the countries involved – an important consideration in gaining acceptance for a widespread adoption of better financial practices and compliance with controls, which will benefit the Agency as a whole.

The Agency's CFO has established a review of both current and historical financial transactions, looking for patterns that signal areas with the highest potential for control violations in terms of errors, misuse or abuse, in order to establish effective processes for remediation and prevention.

Key benefits have accrued in the areas of:

Segregation of Duties (SoD) – The system has created an SoD conflicts list identifying the users who need their permissions corrected. This is a huge issue that is acknowledged as a key problem area for the Agency, and the CFO has earmarked resources for dealing with it on an ongoing basis.

OFAC - The Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. Although the Agency is not bound by these US sanctions, the US-based banks which issue Agency checks are so bound. When the Agency sends out a check written on a US-based bank account, the bank runs the check against their OFAC list. If the payee is on the list, the bank must put a hold on the check, and the Agency loses control over those funds. The Oversight system includes pre-defined integrity checks against the OFAC list. Now, the Agency uses Oversight to run their checks against the OFAC list prior to issuing, and can issue payments through non-US-based accounts, if needed.

UN Sanction 1267 – Oversight Systems created custom integrity checks based on the list of UN Sanctioned organizations. Now, in parallel with the OFAC checks, the Agency runs checks against the UN list of restricted organizations, specifically, those associated with terrorist organizations Al-Qaeda and the Taliban, so that no payments are erroneously issued to sanctioned entities.

### **About Oversight Systems, Inc.**

Oversight Systems uniquely delivers on the promise of continuous monitoring, with real-time transaction integrity inspection for identifying fraud, misuse and errors. Oversight's software provides a platform for continuous monitoring with powerful analytics that excel at finding problems, then raises the bar with an investigator's workbench for cost-effectively fixing the problem, and workflow-enabled audit trail and journaling for proving problem resolution and compliance. By inspecting each step of individual transactions across all financial systems, Oversight identifies all errors and fraud, drives defects out of the process, and sustains regulatory compliance. For more information, visit [www.oversightsystems.com](http://www.oversightsystems.com).