

EV LUTION 20

Navigating to the NEXT Normal

Virtual Conference Series July 7 – July 28, 2020

NAVIGATE YOUR BUSINESS TO ITS NEW NORMAL

armanino 



TRIAGE

STOP THE FREE FALL TO STABILIZE YOUR BUSINESS FOR THE SHORT TERM

- Create models to get a clear financial picture
- Shore up cash by reviewing all expenditures, including staff
- Increase communication to maximize client retention
- Assess infrastructure to minimize risk

TIMING:
2-4 WEEKS



FORMATIVE ASSESSMENT

CREATE ACTION PLANS FOR VIABILITY BASED ON LEARNINGS

- Analyze products and services to attain best market potential
- Navigate regulations to determine best applications
- Communicate pivots to your stakeholders and gain alignment from your board
- Create or adjust delivery models

TIMING:
1 MONTH

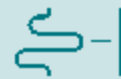


TRANSITION

IMPLEMENT YOUR PLANS AND MEASURE RESULTS

- Roll out new or reposition existing products and services and test pricing models
- Formalize human capital infrastructure and policies
- Reevaluate forecasts and models
- Ensure compliance with applicable regulations

TIMING:
1-2 MONTHS



OPTIMIZATION

INVEST IN WHAT'S WORKING AND DIVEST OF WHAT'S NOT

- Measure business performance to ensure benchmarks are being met
- Invest in modernized technology to meet new customer expectations
- Secure funding for strategic investments
- Re-benchmark key cost centers

TIMING:
3 MONTHS



GROWTH

ADAPT TO THE NEW NORMAL AND OPERATE AT A HIGH CAPACITY

- Form task forces to look for new opportunities
- Add leadership to execute innovative initiatives
- Leverage the latest technology such as AI, bots and mobile platforms to increase business functionality
- Capitalize on expansion strategies and directives such as M&A, geographic growth and new product development

TIMING:
3-6 MONTHS

Building Real-Time Visibility Across Your Organization



Ryan Prindiville

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*Senior Manager,
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Jury: Former Microsoft engineer stole \$10 million in digital fraud scheme



KeyCorp shares fall after the bank uncovers \$90 million fraud by payrolls processor



Organizations lose 5 percent of revenue to fraud every year

By Michael Cohn

accountingTODAY

April 17, 2020, 10:14 a.m. EDT

CBS Credit Union Manager Pleads Guilty to \$40 Million Fraud



Toyota Unit Loses \$37M To Vendor Payment Fraud



A close-up photograph of two hands holding white puzzle pieces. The hands are positioned as if about to fit the pieces together. The background is a soft, out-of-focus blue and white. The bottom half of the image is overlaid with a semi-transparent purple gradient.

Considering Your Business & Data Strategies

More data

Faster Decisions

Better Insights

Not Less

Not Slower

Not Worse

IMMUTABLE TRUTHS

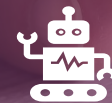
BUSINESS STRATEGY = DATA STRATEGY



DATA



ANALYTICS



ARTIFICIAL
INTELLIGENCE

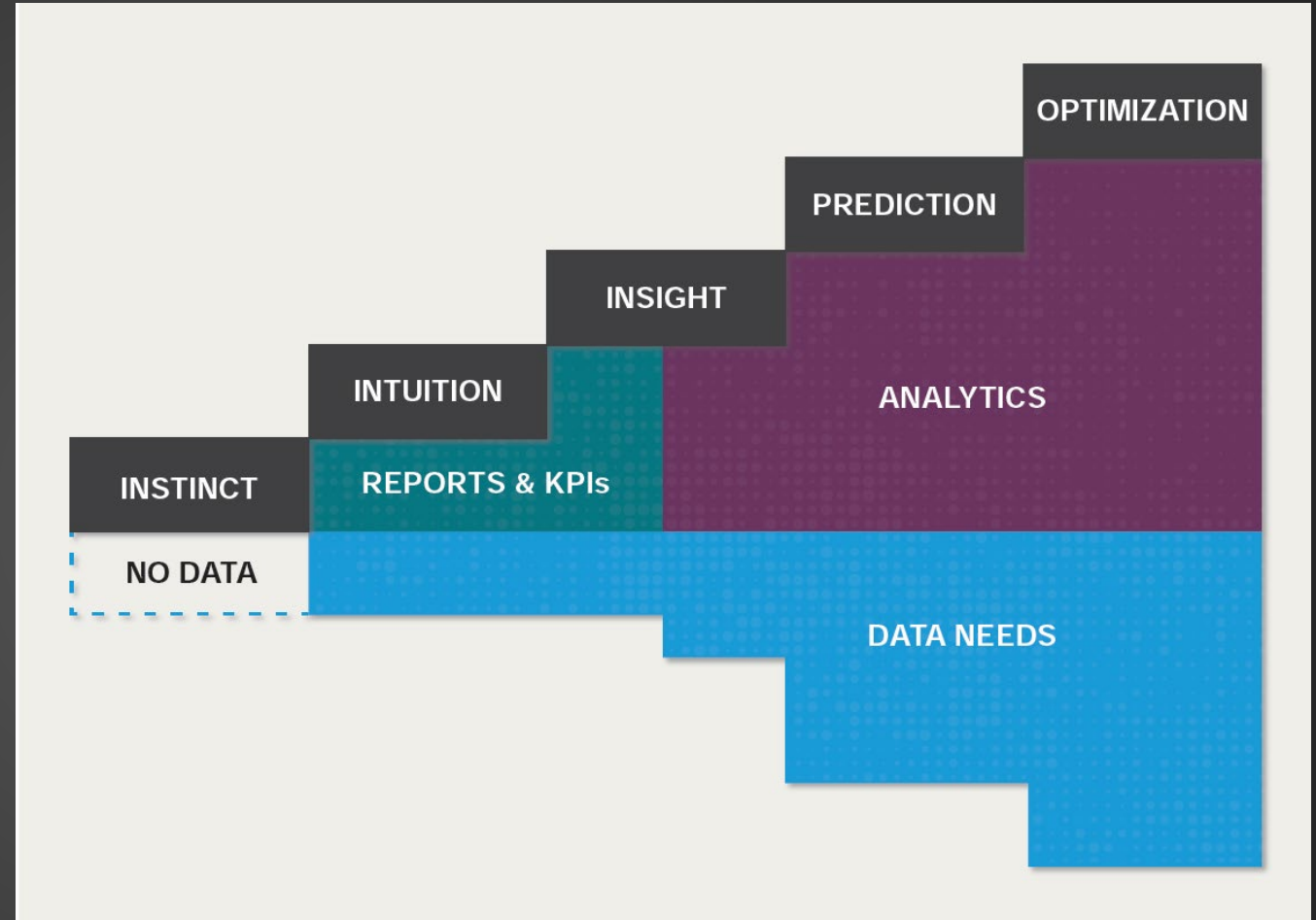
- Data is an asset, appreciating or depreciating
- Tools are mandatory for survival
- It is never too late to start a strategy

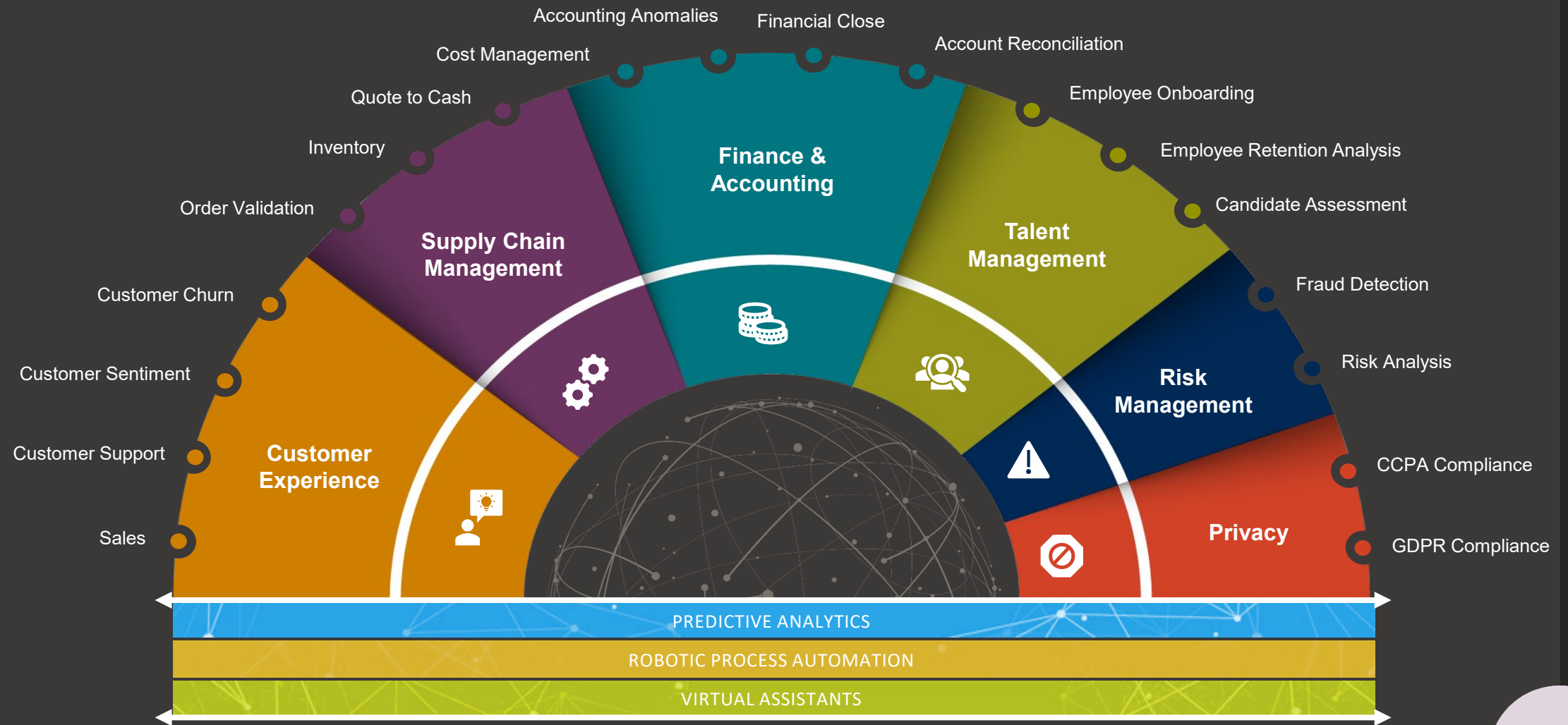


- Perfect storm for change in 2020
- Necessity
 - Agility needed to navigate downturn
 - Less resources available
- Availability
 - Technology available at every budget and business type
- Unpredictability
 - New "normal" may never come



Do you know the quality of your data?





The Spectrum of AI and Data Analytics Business Solutions



- Data and Analytics is not a single department, or problem for IT
- Efficiency and analytics should be embedded in every facet of the business
 - Customer Experience
 - Supply Chain Management
 - Finance and Accounting
 - Talent Management
 - Risk Management
 - Privacy





Strategies to Mitigate Risk

Disruption Increases Fraud Risk

Pressure to commit fraud increases with financial strain, unemployment, and uncertainty

Opportunity can proliferate as layoffs and budget cuts leave holes in organizations' internal control systems and creates a lack in segregation of duties

Rationalization becomes more acceptable as barrages of negative financial news can cause a mounting feeling of pessimism, isolation, and helplessness, which may in turn allow individuals to rationalize previously unthinkable acts



■ Key Business Processes

- Accounts Payable
- Payroll
- Corporate Expenses and P-Card
- Inventory
- Accounts Receivable
- General Ledger / Manual JEs

▶ **Vendor and accounts payable fraud analysis**

- Fake vendors
- False or inflated invoicing
- Fraudulent or duplicated payments
- Big-rigging schemes
- Conflicts of interest and/or related party transactions
- Corrupt disbursements (FCPA, etc.)

▶ **Payroll and employee file analysis**

- Ghost employees
- Unauthorized payroll payments
- Inflated hours

▶ **Inventory**

- Phantom inventory records
- Manipulation of inventory counts to conceal theft
- Unrecorded inventory to conceal theft
- Overstating and understating the ending inventory balances to inflate and reduce profits

▶ **Corporate expenses/purchase card analysis**

- Personal or unauthorized expenses
- Illegal expenditures (FCPA, etc.)
- Expenses in violation of internal policies

▶ **Customer accounts receivable analysis**

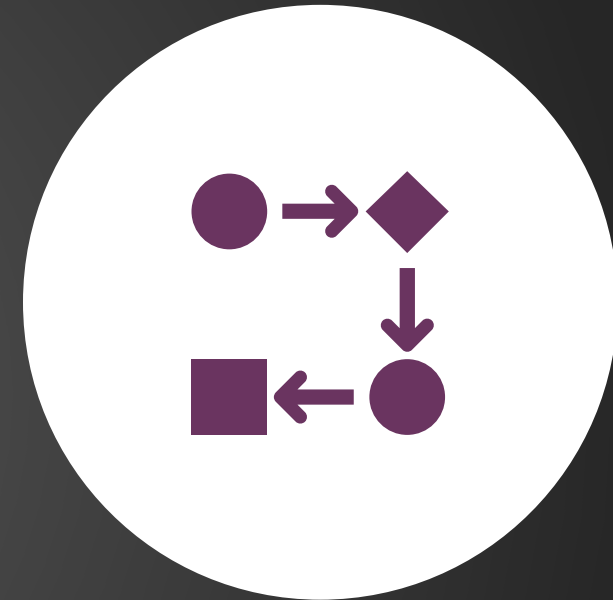
- Embezzlement (lapping or other schemes)
- Kickbacks
- Price Manipulation

▶ **General Ledger fraud analysis**

- Earnings management/financial statement manipulation
- Concealment of improper cash disbursement



- Cyber Fraud
- Disbursements
 - Fast tracking onboarding of new vendors/3rd parties
 - Submission of multiple invoices
 - Changes to vendor accounts
 - Creation of fake vendors/invoices



- Cybersecurity monitoring/training/system backups/insurance policies

- DATA ANALYTICS

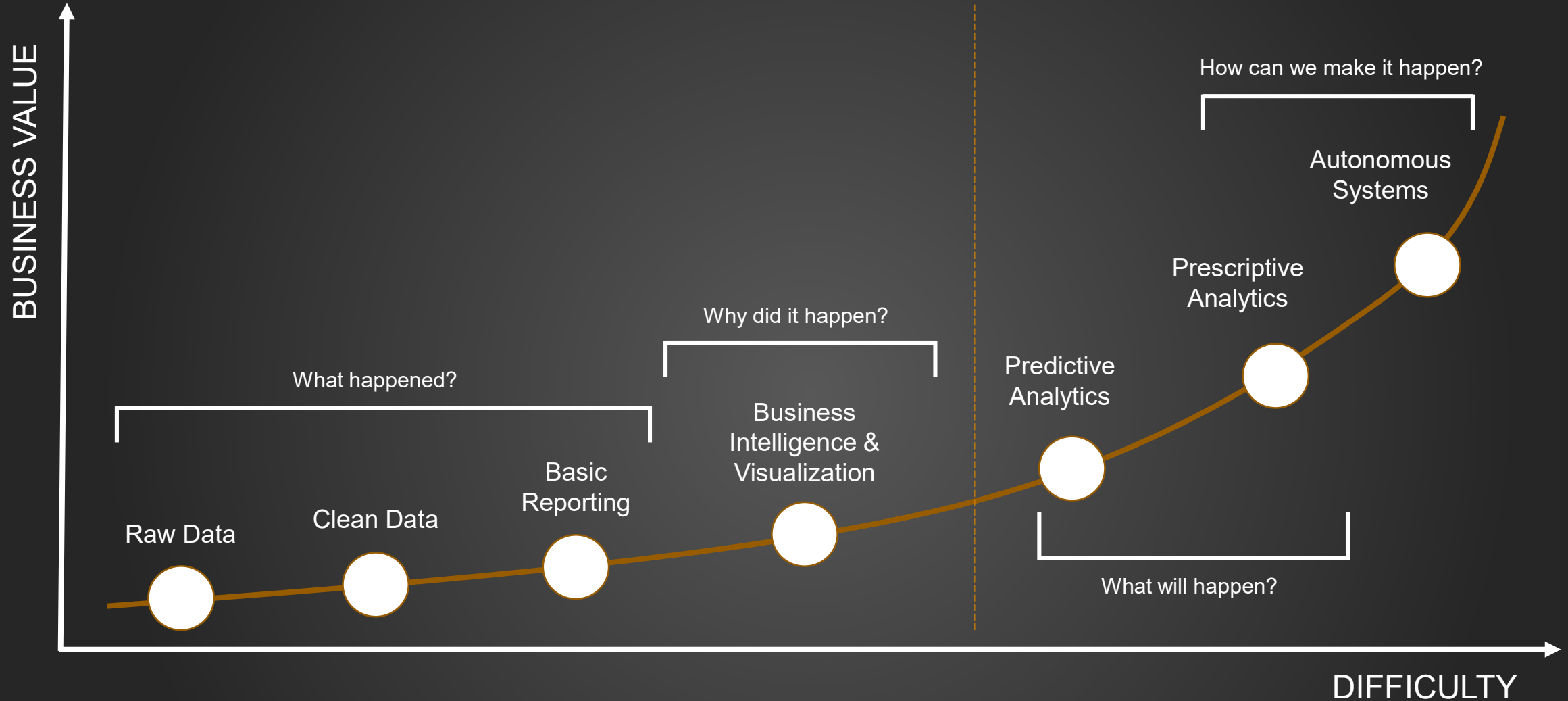
Key: Visibility

- Visibility across systems (ERP, P2P, T&E, CRM, HR)
- Coordination between functions
- Continuous monitoring not only for fraud, but for new areas of risk and trends in the business
- Data driven, intuitive and integrated





Setting Up for Success

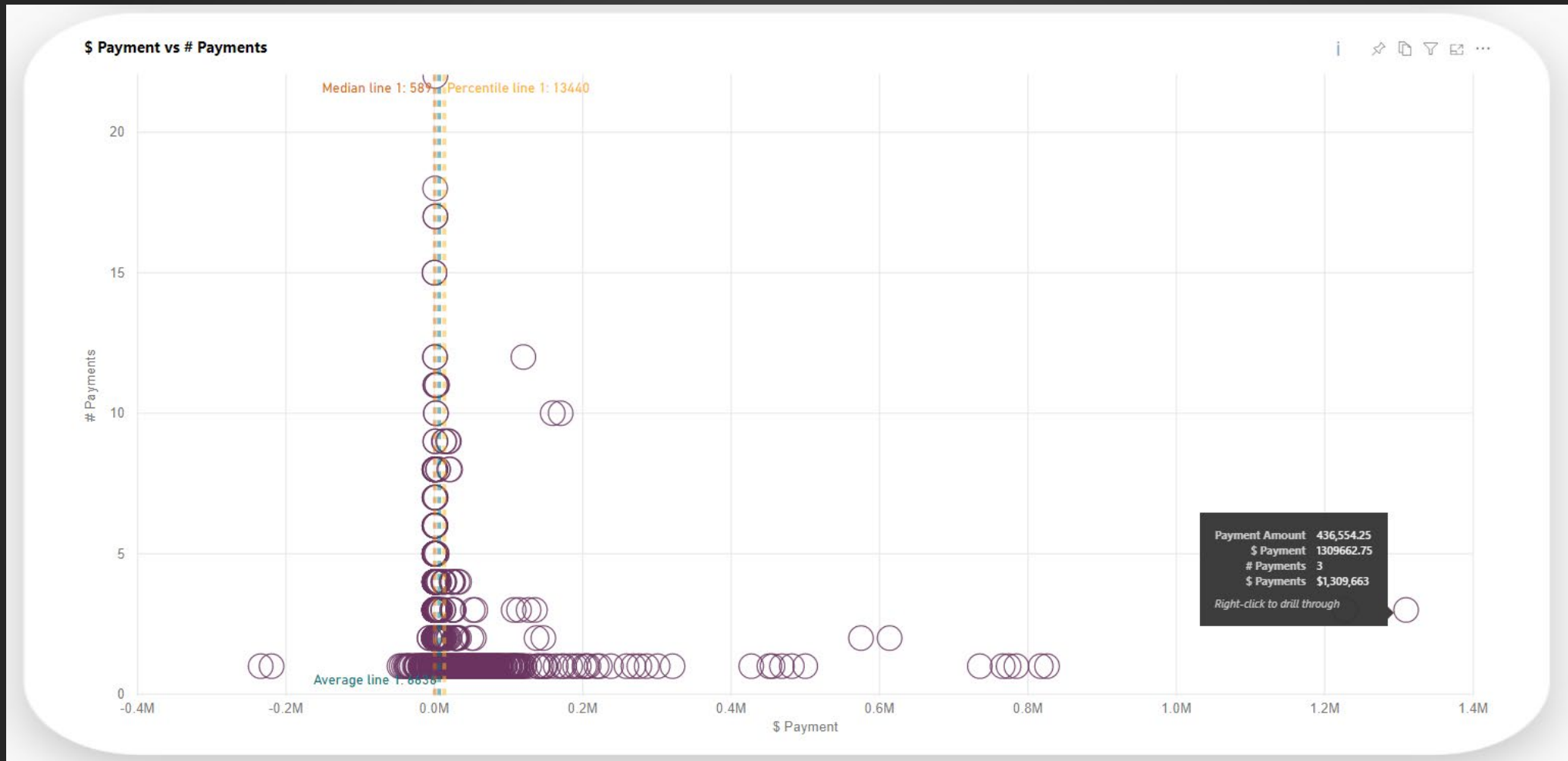


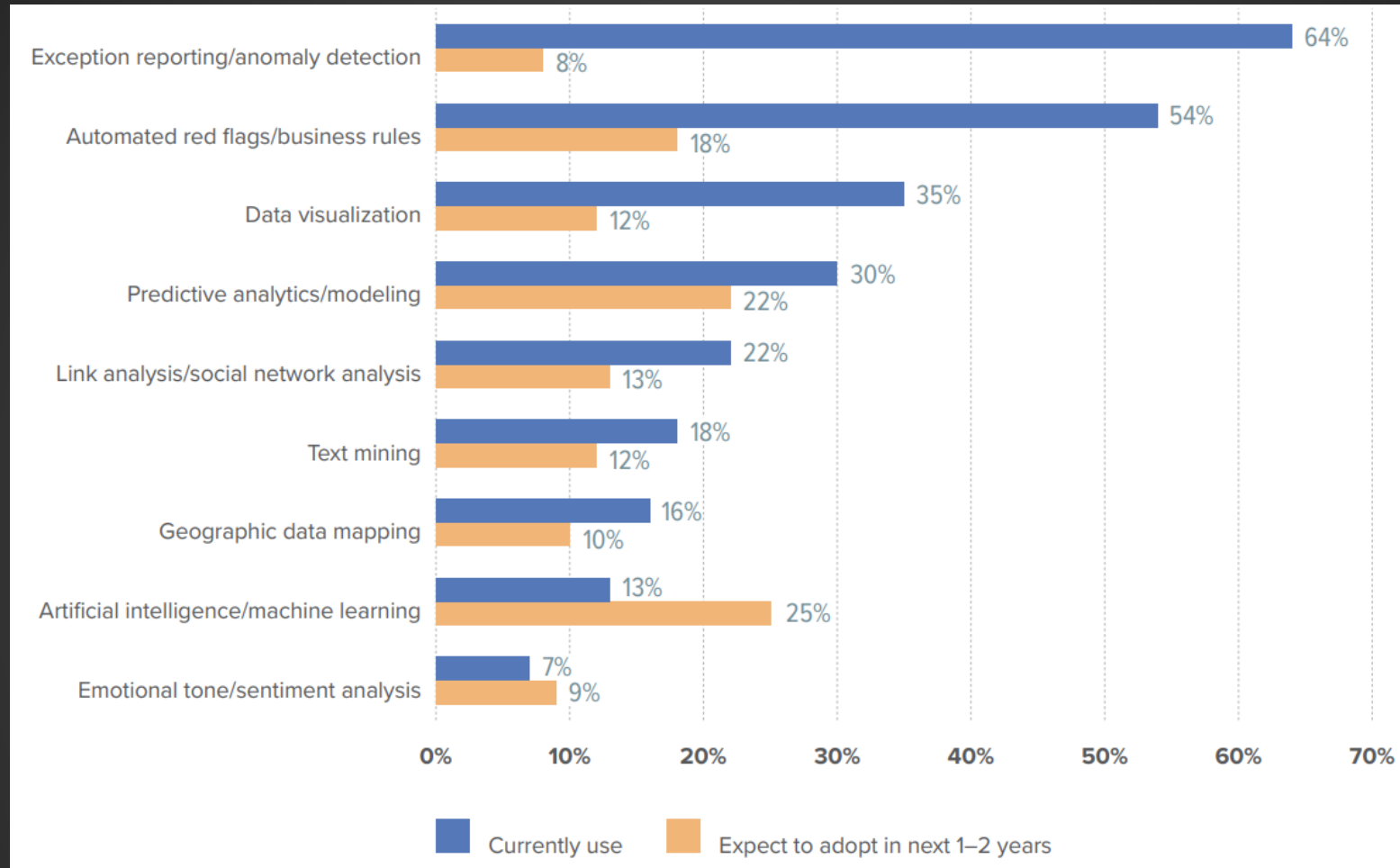
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	VENDOR	PAYEE_CITY	PAYEE_STATE	COST_CENTER_CD	PAYMENT_AMD	CURRENCY_T	PAYMENT_DATE_D	CREATED_DATE_D	CREATED_T	CHANGED_DATE_D	CHANGED_T	PURCHASE_ORGANIZATION_C	PAYEE_I	MANUALLY_ISS	BANK_ROUTING_I
1	10011	CARTERSVILLE	GA	CO22	\$ 701.05	USD	1/7/2017	1/5/2017	14:22:21	1/7/2017	10:12:23	14	30120		610
2	10011	CARTERSVILLE	GA	CO22	\$ 748.02	USD	4/7/2017	4/5/2017	14:22:21	4/7/2017	10:12:23	14	30120		610
3	10027	BRYAN	TX	CO22	\$ 2,597.95	USD	2/12/2017	2/12/2017	11:28:01	2/15/2017	12:03:25	14	77803		612
4	10027	BRYAN	TX	CO22	\$ 2,772.02	USD	5/13/2017	5/13/2017	11:28:01	5/16/2017	12:03:25	14	77803		612
5	10030	IRWIN	PA	CO12	\$ 35,971.67	USD	3/18/2017	3/18/2017	16:50:46	3/19/2017	8:24:32	14	15145		612
6	10030	IRWIN	PA	CO12	\$ 38,381.77	USD	6/16/2017	6/16/2017	16:50:46	6/17/2017	8:24:32	14	15145		612
7	10049	TULSA	OK	CO12	\$ 54.96	USD	2/16/2017	2/16/2017	15:45:01	2/17/2017	9:26:38	14	74101-0199		612
8	10049	TULSA	OK	CO12	\$ 58.64	USD	5/17/2017	5/17/2017	15:45:01	5/18/2017	9:26:38	14	74101-0199		612
9	10078	HOUSTON	TX	CO12	\$ 68.70	USD	1/29/2017	1/29/2017	11:56:32	2/1/2017	9:04:43	14	77263		612
10	10078	HOUSTON	TX	CO12	\$ 73.30	USD	4/29/2017	4/29/2017	11:56:32	5/2/2017	9:04:43	14	77263		612
11	10110	MALAKOFF	TX	CO22	\$ 58,179.50	USD	1/19/2017	1/19/2017	10:54:51	1/20/2017	8:22:16	14	75148		612
12	10110	MALAKOFF	TX	CO22	\$ 62,077.53	USD	4/19/2017	4/19/2017	10:54:51	4/20/2017	8:22:16	14	75148		612
13	10112	ABILENE	TX	CO12	\$ 93.56	USD	2/1/2017	2/1/2017	12:13:32	2/2/2017	8:41:20	17	79604		610
14	10112	ABILENE	TX	CO12	\$ 99.82	USD	5/2/2017	5/2/2017	12:13:32	5/3/2017	8:41:20	17	79604		610
15	10112	ABILENE	TX	CO12	\$ 33,633.51	USD	1/5/2017	1/5/2017	13:55:25	1/7/2017	10:12:23	14	60501		612
16	10112	ABILENE	TX	CO12	\$ 35,886.95	USD	4/5/2017	4/5/2017	13:55:25	4/7/2017	10:12:23	14	60501		612
17	10112	ABILENE	TX	CO22	\$ 95.06	USD	1/18/2017	1/18/2017	12:48:34	1/19/2017	8:40:14	17	79604		610
18	10112	ABILENE	TX	CO22	\$ 101.42	USD	4/18/2017	4/18/2017	12:48:34	4/19/2017	8:40:14	17	79604		610
19	10233	KILLEEN	TX	CO22	\$ 69.94	USD	1/7/2017	1/7/2017	11:25:24	1/8/2017	9:46:44	17	76543		610
20	10233	KILLEEN	TX	CO22	\$ 74.63	USD	4/7/2017	4/7/2017	11:25:24	4/8/2017	9:46:44	17	76543		610
21	10315	FORT WORTH	TX	CO22	\$ 3,571.33	USD	1/8/2017	1/8/2017	12:07:04	1/11/2017	9:08:56	14	76140		612
22	10315	FORT WORTH	TX	CO22	\$ 3,810.61	USD	4/8/2017	4/8/2017	12:07:04	4/11/2017	9:08:56	14	76140		612
23	10488	CHICAGO	IL	CO12	\$ 10.80	USD	1/29/2017	1/29/2017	11:56:32	2/1/2017	9:04:43	14	60680-7690		612
24	10488	CHICAGO	IL	CO12	\$ 11.19	USD	2/26/2017	2/26/2017	10:33:26	3/1/2017	10:09:34	14	60680-7690		612
25	10488	CHICAGO	IL	CO12	\$ 11.52	USD	4/29/2017	4/29/2017	11:56:32	5/2/2017	9:04:43	14	60680-7690		612
26	10488	CHICAGO	IL	CO12	\$ 11.94	USD	5/27/2017	5/27/2017	10:33:26	5/30/2017	10:09:34	14	60680-7690		612
27	10488	CHICAGO	IL	CO12	\$ 774.92	USD	2/4/2017	2/4/2017	11:32:45	2/5/2017	8:50:56	14	60680-7690		612
28	10488	CHICAGO	IL	CO12	\$ 826.84	USD	5/5/2017	5/5/2017	11:32:45	5/6/2017	8:50:56	14	60680-7690		612
29	10494	CHARLOTTE	NC	CO12	\$ 101.76	USD	1/15/2017	1/15/2017	11:00:22	1/18/2017	8:52:28	14	28289-0976		612
30	10494	CHARLOTTE	NC	CO12	\$ 108.57	USD	4/15/2017	4/15/2017	11:00:22	4/18/2017	8:52:28	14	28289-0976		612
31	10494	CHARLOTTE	NC	CO12	\$ 849.01	USD	1/15/2017	1/15/2017	11:00:22	1/18/2017	8:52:28	14	28289-0976		612
32	10494	CHARLOTTE	NC	CO12	\$ 905.90	USD	4/15/2017	4/15/2017	11:00:22	4/18/2017	8:52:28	14	28289-0976		612
33	10494	CHARLOTTE	NC	CO12	\$ 6,120.18	USD	1/15/2017	1/15/2017	11:00:22	1/18/2017	8:52:28	14	28289-0976		612
34	10494	CHARLOTTE	NC	CO12	\$ 6,530.24	USD	4/15/2017	4/15/2017	11:00:22	4/18/2017	8:52:28	14	28289-0976		612
35	10494	CHARLOTTE	NC	CO12	\$ 6,597.30	USD	1/15/2017	1/15/2017	11:00:22	1/18/2017	8:52:28	14	28289-0976		612
36	10494	CHARLOTTE	NC	CO12	\$ 7,039.33	USD	4/15/2017	4/15/2017	11:00:22	4/18/2017	8:52:28	14	28289-0976		612
37	10494	CHARLOTTE	NC	CO12	\$ 8,754.35	USD	1/15/2017	1/15/2017	11:00:22	1/18/2017	8:52:28	14	28289-0976		612
38	10494	CHARLOTTE	NC	CO12	\$ 8,885.50	USD	1/15/2017	1/15/2017	11:00:22	1/18/2017	8:52:28	14	28289-0976		612
39	10494	CHARLOTTE	NC	CO12	\$ 9,340.89	USD	4/15/2017	4/15/2017	11:00:22	4/18/2017	8:52:28	14	28289-0976		612
40	10494	CHARLOTTE	NC	CO12	\$ 9,480.83	USD	4/15/2017	4/15/2017	11:00:22	4/18/2017	8:52:28	14	28289-0976		612
41	10494	CHARLOTTE	NC	CO12	\$ 10,261.92	USD	1/15/2017	1/15/2017	11:00:22	1/18/2017	8:52:28	14	28289-0976		612
42	10494	CHARLOTTE	NC	CO12	\$ 10,949.47	USD	4/15/2017	4/15/2017	11:00:22	4/18/2017	8:52:28	14	28289-0976		612
43	10494	CHARLOTTE	NC	CO12	\$ 22,861.99	USD	1/15/2017	1/15/2017	11:00:22	1/18/2017	8:52:28	14	28289-0976		612
44	10494	CHARLOTTE	NC	CO12	\$ 24,393.75	USD	4/15/2017	4/15/2017	11:00:22	4/18/2017	8:52:28	14	28289-0976		612
45	10496	ATLANTA	GA	CO18	\$ 1,059.50	USD	3/4/2017	3/4/2017	10:26:00	3/5/2017	8:31:34	14	75093		612
46	10496	ATLANTA	GA	CO18	\$ 1,130.48	USD	6/2/2017	6/2/2017	10:26:00	6/3/2017	8:31:34	14	75093		612
47	10506	LUBBOCK	TX	CO16	\$ 209.45	USD	2/1/2017	2/1/2017	12:13:32	2/2/2017	8:41:20	17	79408-2974		610
48	10506	LUBBOCK	TX	CO16	\$ 223.47	USD	5/2/2017	5/2/2017	12:13:32	5/3/2017	8:41:20	17	79408-2974		610
49	10506	LUBBOCK	TX	CO19	\$ 8.99	USD	2/1/2017	2/1/2017	12:13:32	2/2/2017	8:41:20	17	79408-2974		610
50	10506	LUBBOCK	TX	CO19	\$ 9.59	USD	5/2/2017	5/2/2017	12:13:32	5/3/2017	8:41:20	17	79408-2974		610
51	10506	LUBBOCK	TX	CO19	\$ 9.59	USD	5/2/2017	5/2/2017	12:13:32	5/3/2017	8:41:20	17	79408-2974		610



Payment Amount by Payment Date

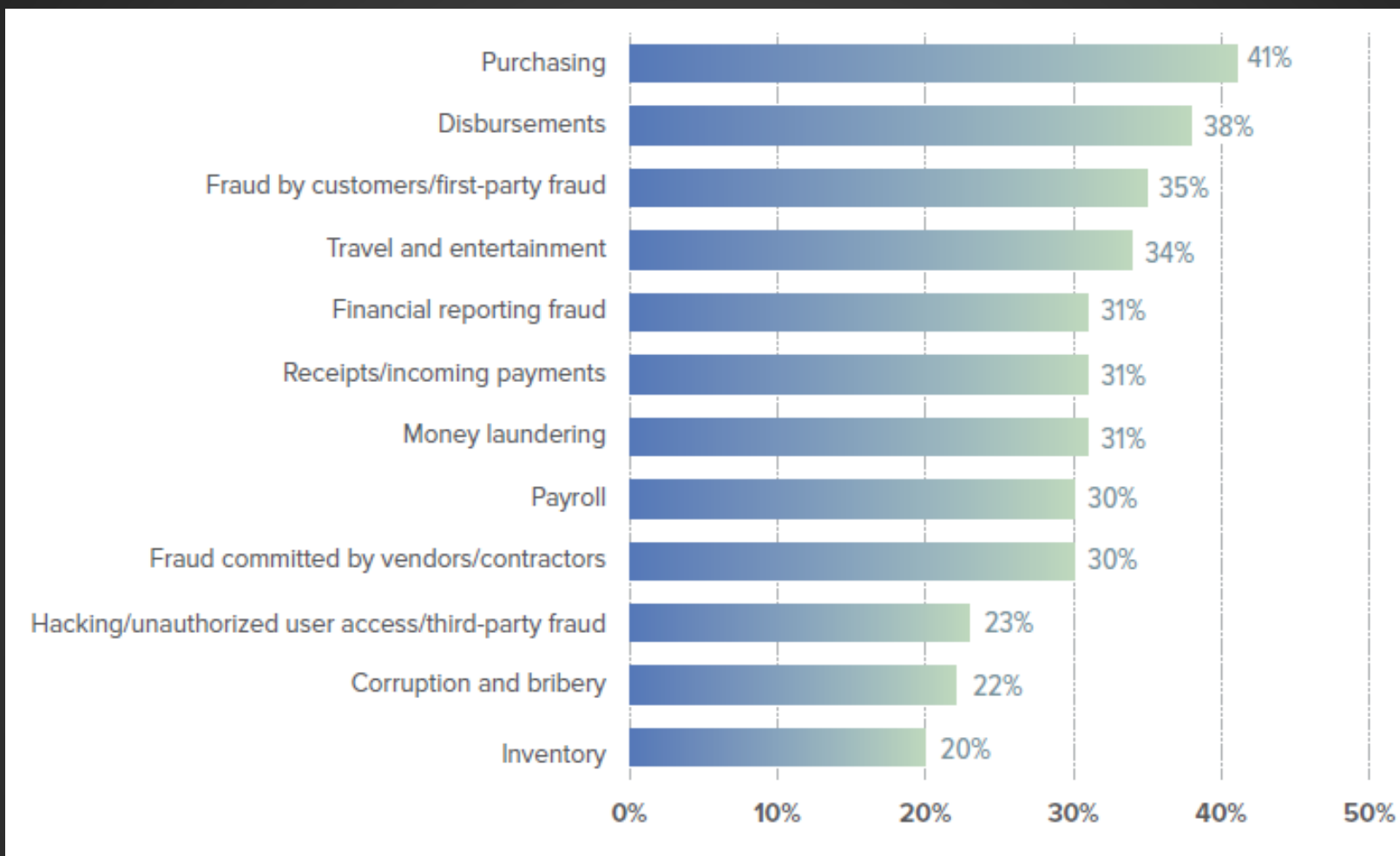






*Anti-Fraud Technology Benchmarking Report
Association of Certified Fraud Examiners, 2019*





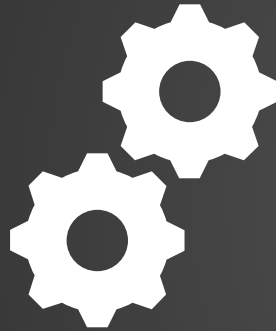
*Anti-Fraud Technology Benchmarking Report
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Company Data

- Vendors
- Employees
- Payments
- Invoices
- Corporate Expenses
- Inventory
- Purchase Cards
- Payroll
- General Ledger
- Accounts Receivable

Data Normalization & Address Verification



Armanino Anomaly Detection Platform

Risk-Based Scoring

- Repeating Amounts
- Benford's
- Conflict of Interest
- DOW / HOD
- Missing Data
- Invoice Sequencing
- Duplicate Vendors
- Duplicate Transactions

Identity Verification

- Credit Bureaus
- US Postal Service
- Phonebooks
- Business Listings
- Gov't Watch Lists
- Known Fraud
- Death Master
- Property Records

Review Results



Report with Findings & Recommendations



Live Dashboard



Questions?

Submit questions via chat.



- Join us for More Sessions in the Transition Stage
- July 16th – 22nd
- Live and On-Demand
- To learn more and add to your schedule, go to armaninollp.com



Thank you!

Connect with us at experts@armaninoLLP.com

