



How to Increase Risk Awareness, Control Adoption and Visibility: The Vestas Journey to Streamline Financial Compliance Processes

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Vestas Wind Systems

SAPinsider
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In This Session

- Re-gaining control over SAP Authorizations and Vestas approach to remediate SODs.
- The challenges we faced through the journey, and how we overcome them.
- Key success elements from concept to global rollout.

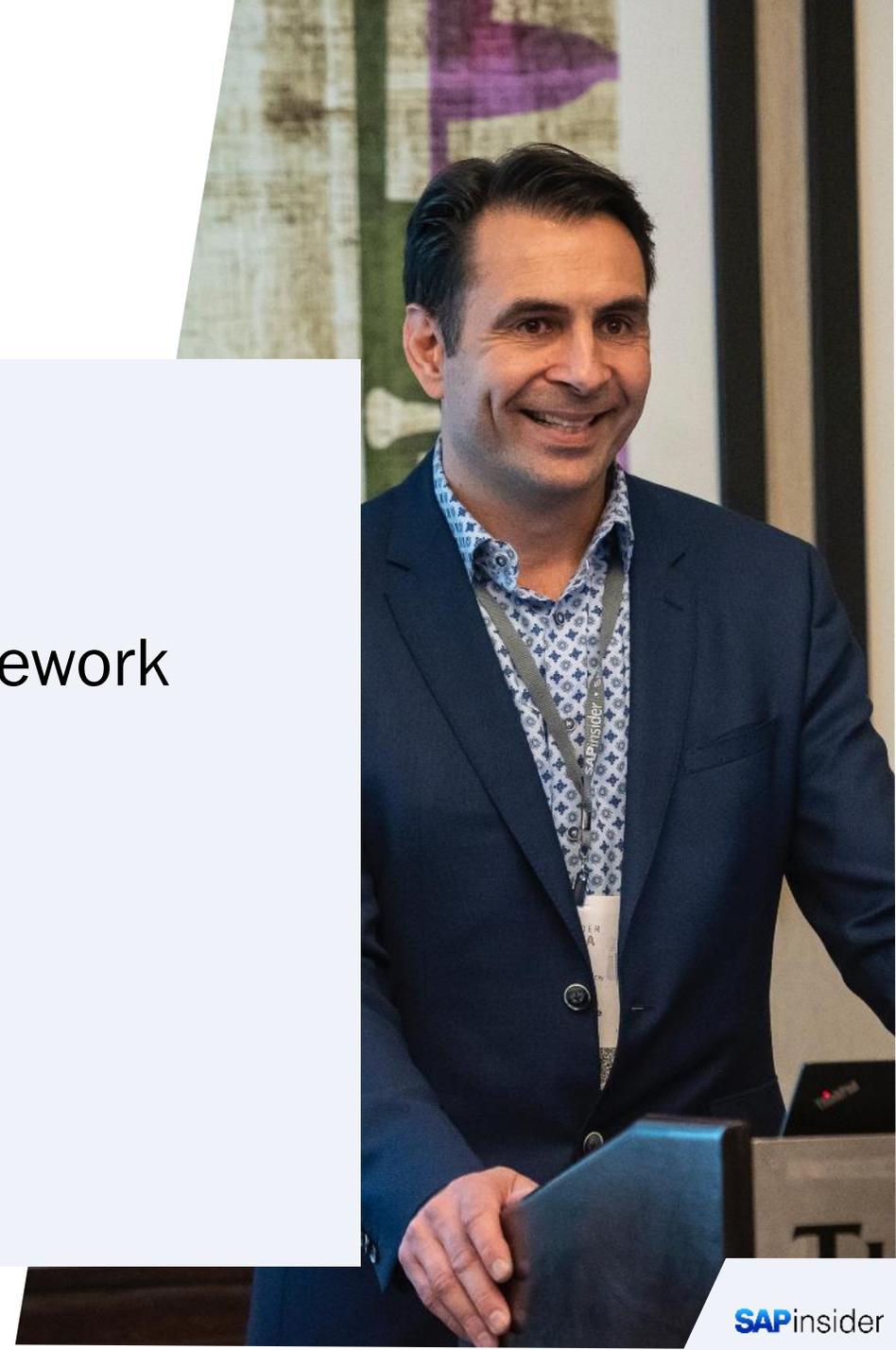


In This Session

- Learn about how to increase controls adoption.
- Learn how change management and technology can enable your compliance function.
- Gain insights about the value that control workflows, dashboards and CCMs brings for Vestas.

Agenda

- About Vestas
- The Burning Platform
- Streamline of the Control Framework
- People Engagement & Change Management
- Technology as Key Enabler
- Wrap Up



About Vestas

- Vestas key figures
- About the speaker



Vestas – The undisputed global leader in wind energy



+29,000

Employees



169 GW

Installed wind turbines
capacity across 88
countries



€ 14.5bn

Revenue



+56,000

Turbines under
Service

Vestas®



222m

Tonnes CO2e avoided annually



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The Burning Platform

- A mature control framework but..
- How we approach the challenge



A Mature Control Framework but... Low Adoption and Visibility

The Challenges



Small Compliance Team



Limited Visibility



Time Consuming
Documentation



Unclear Accountability



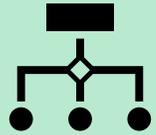
Decentralized External
Audits



No application Control
Testing

A Mature Control Framework but... Low Adoption and Visibility

The Objectives



Clear Accountability



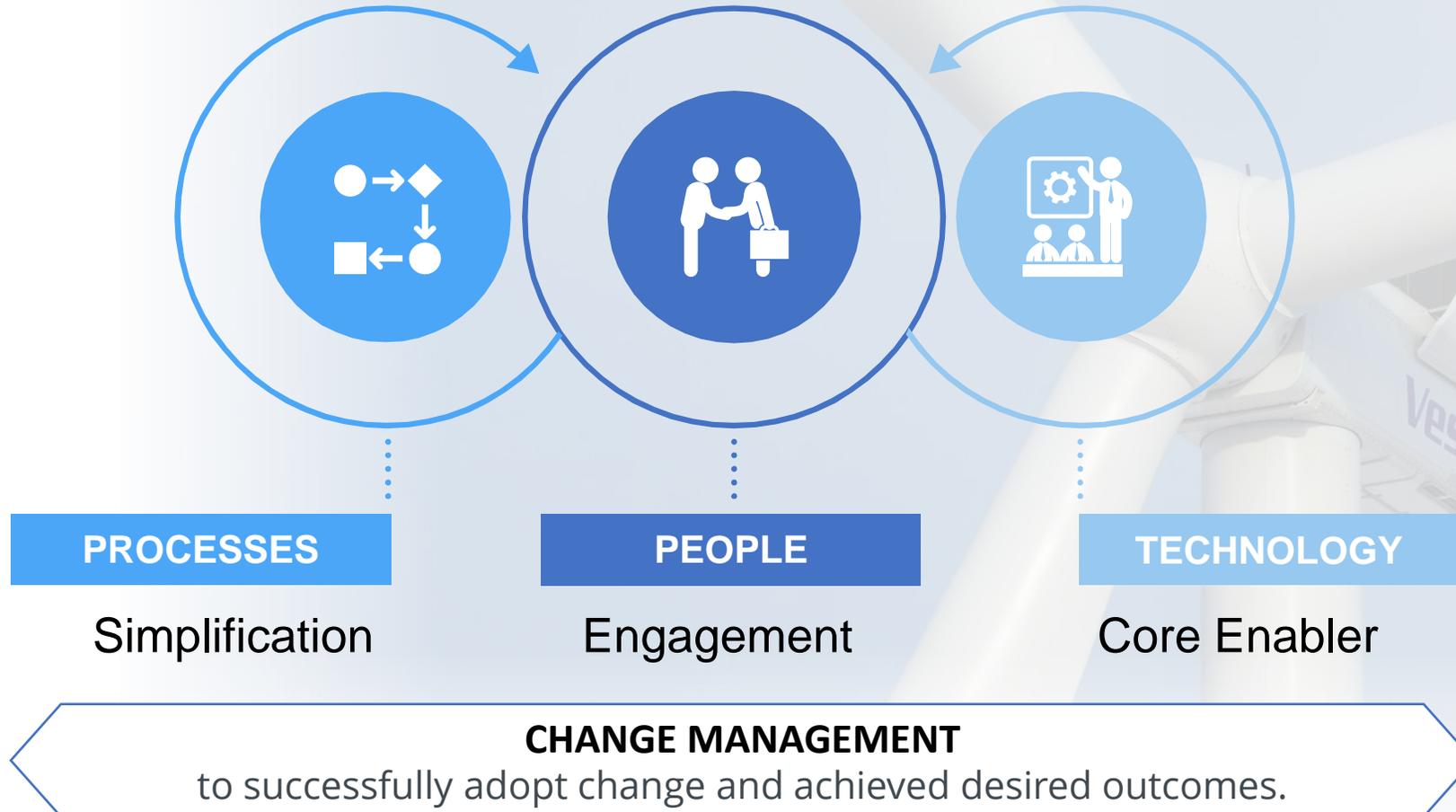
High Visibility



Low Cost of Controlling

**“Let's make
it easy to be
compliant”**

How We Approach the Challenge



Streamline of the Control Framework

- Context and Pain Points
- Control Framework Simplification
- The Operating Model
- Process Overview



Context

130+ Legal Entities

170+ Controls

A developing Shared Service Center

Unclear R&R

Undefined processes

Pain Points

- Undefined scope per legal entity.
- Undefined materiality/risk profile of legal entities.
- Irrelevant controls assigned due to scope.
- Irrelevant controls assign due lack of risk profiling.
- Administrative burden for the local finance teams.

- Multiple local “solutions” – SharePoint, Local Drives, Shared Drives, Emails, Printouts, etc.
- No audit trail.
- No central accessibility, and data retention.
- Uncertainty about “who does what?”.
- Multiple controls without “owner”.
- Multiple controls not performed.
- High change management effort, with no reward.

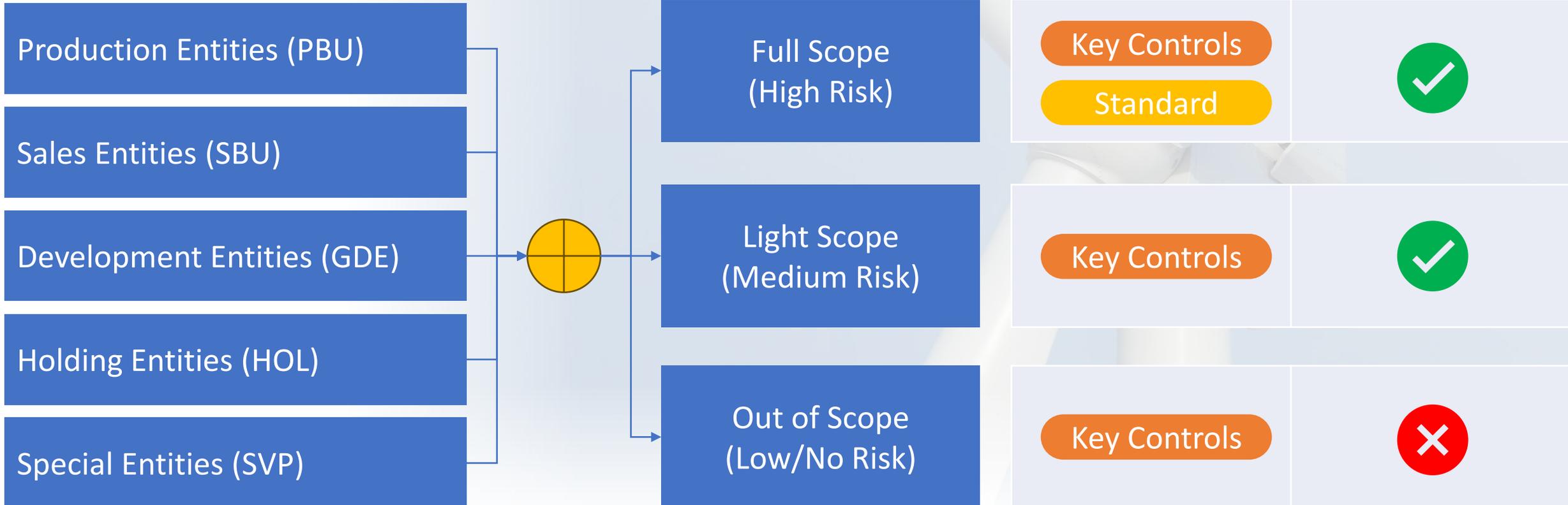
Control Framework Simplification

Defined & Streamlined Control Content per Business Unit

Defined Legal Entity Materiality

Defined FS line Materiality

Required Documentation

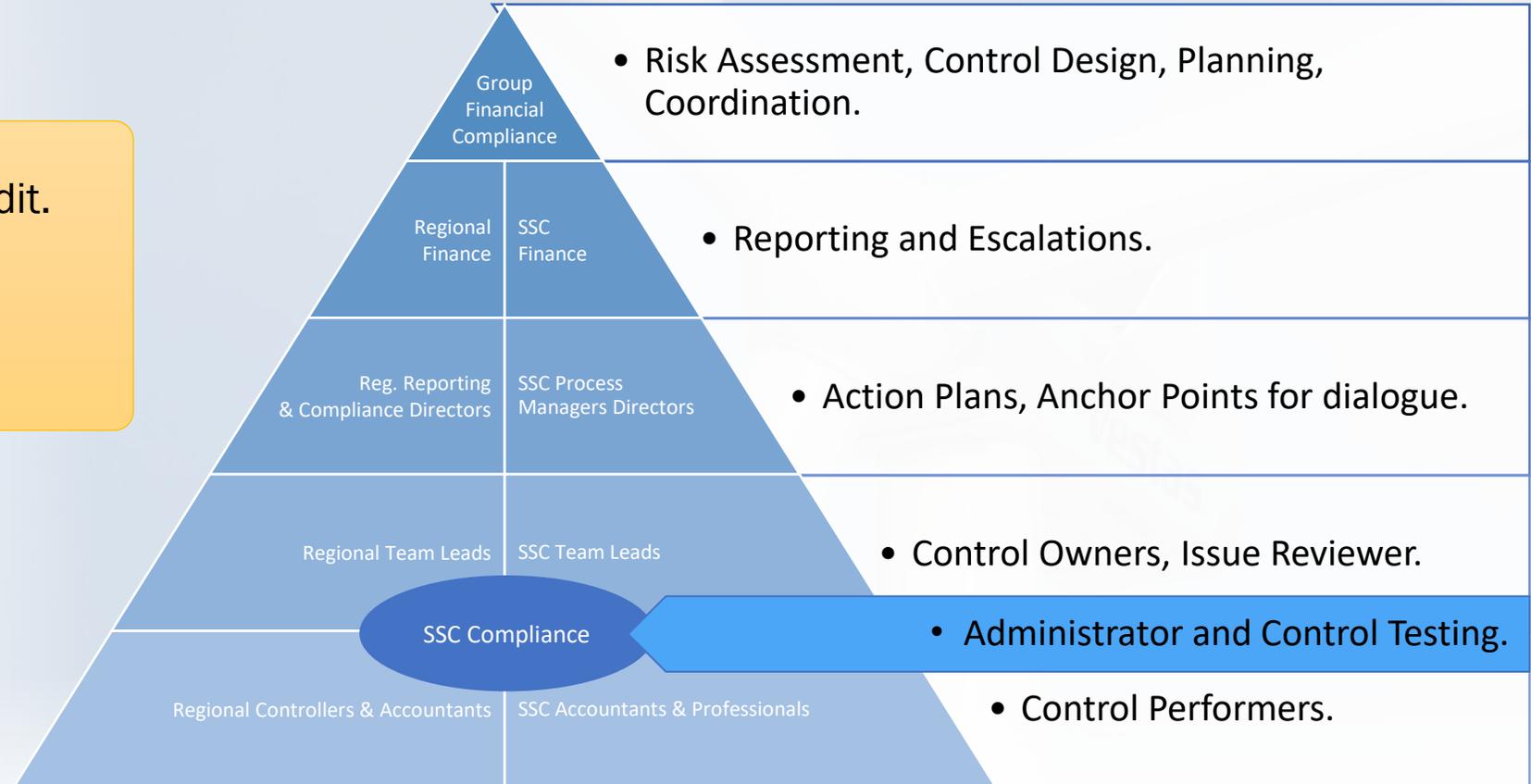


The Operating Model

Objectives:

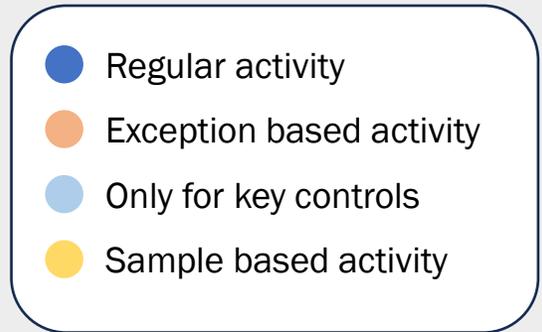
- Centralized & control-oriented audit.
- Quarterly reporting on control timeliness & quality.

- Senior Management
- Audit Committee
- Auditors



Process Overview

Control Scheduling



Control Execution and Testing Workflow



Reporting



People Engagement & Change Management

- Change Management and Expected Resistance
- Change Management Efforts
- Insights from the Users



Expected
Resistance

Bureaucracy / Non-
Value adding

System Rigidity

Increased Visibility

Why?
What?

WIIFM?
How?
When?

CHANGE MANAGEMENT
ADKAR Methodology

Awareness

- Awareness of the need of change.

Desire

- Desire to participate and support the change.

Knowledge

- Knowledge on how to change.

Ability

- Ability to implement desired skills and behaviors.

Reinforcement

- Reinforcement to sustain the change and build a culture around the change.

Change Management Efforts



- Designation of local coordinator.
- Raise profile of SSC CoC.
- Kick off sessions covering WIIFM, TOM and solution.
- Sponsor involvement.

- Regular check-ins to define control scope and identify control performers and owners.
- Raise further awareness on accountability.

- On site and remote trainings sessions based on users' actual assignments.
- Post training survey about user readiness.

- Post go-live refreshers sessions.
- Follow up on control completion and timeliness.
- Post go-live impact assessments surveys.

- Monthly results distribution and follow up.
- Quarterly Financial Compliance Forums.
- Dialogue with CFOs and head of functions.

Awareness and **D**esire

Knowledge and **A**bility

Reinforcement

10+ local coordinators

20+ kick off sessions

30+ training sessions

600+ trained users

50+ stabilization calls

16 Financial Compliance Forums

Insights from the Users

Control Visibility has increased significantly 4.2 

Control Accountability has increased significantly 4.3 

Focus on Risk Remediation has increased significantly 4.0 

Understanding of control steps and risks has increased significantly 4.2 

Time spent perform controls has been reduced significantly 3.5 

Control performance has become significantly easier 3.7 

The control performance experience has been improved significantly 3.9 

The change management efforts were giving positive results...

...yet we had to put more focus on the user experience and gaining efficiencies

Technology as Key Enabler

- Landscape.
- Manual Control Performance.
- Manual Test of Effectiveness.
- Continuous Control Monitoring.
- Monitoring Dashboard.



Landscapes

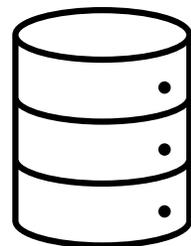
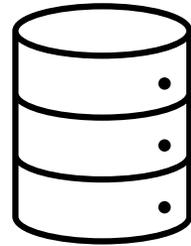
SAP GRC

Process Control

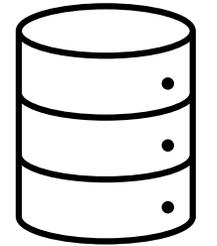
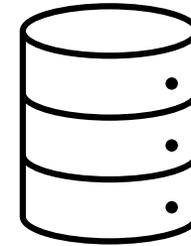
- Manual Control Performance (MCP)
- Manual Test Of Effectiveness (MTOE)
- Continuous Control Monitoring (CCM)
- Issue Management
- Shared Service Provider
- Policy Management

Access Control

- Access Risk Analysis (ARA)
- Access Request Management (ARM)
- Mitigating Controls



Reporting



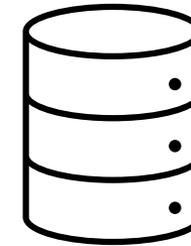
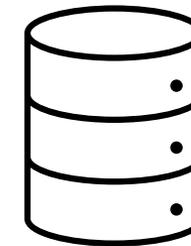
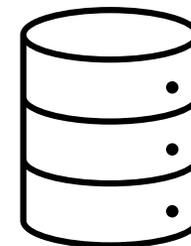
SAP Business Warehouse

- Data staging and calculations

SAP Analytic Cloud

- Dashboards

Source/Target Systems



In progress

Manual Controls (MCP)

- All controls evidence is capture through workflows.
- One single form to document all manual controls.
- Clear instructions and reference for every control.

Manual Control Performance

Organization: Global Controls
 Due Date: Jul 21, 2022
 Control Name: MDM_CUS Customer change validation
 Control Description:
 The purpose of this control is to ensure that critical customer master data changes are correct and valid at time of creation.

Steps Control Info Forward Info

Review Comments

██████████: approved
 Approve · Jul 21, 2022, 8:17:01 AM

Step	Description	Evidence Required	Comment	Attachments	Status
1	Sample test 25 customer master data changes on the list within the relevant period.	No	Comments Not Required	1 File(s)	<input checked="" type="checkbox"/>
2	Test that the bank details and/or the company registration number VAT/Tax number is changed correctly and based on valid documentation	No	25 samples are correct.	1 File(s)	<input checked="" type="checkbox"/>
3	For all customers on the list, test that no master data changes are done by employees outside the MDM team	No	Comments Not Required	0 File(s)	<input checked="" type="checkbox"/>
4	Attach relevant documentation (e.g. List with all new customer showing the sample test, with commentary notes and documented follow up actions; List with all changes to existing customers showing the sample test with commentary notes and documented follow up actions; List with all employees who has performed customer creations or changes to existing customers with commentary notes and documented follow up actions.) Indicate overall control conclusion	Yes	See attached. 25 samples are all passed.	1 File(s)	<input checked="" type="checkbox"/>
5	- If no anomalies are identified, submit workflow - If anomalies are identified, create an issue, set issue priority to high, and submit workflow	No	Comments Not Required	0 File(s)	<input checked="" type="checkbox"/>

0 reported issue(s)

Test of Manual Controls (MTOE)

- All documentation that requires review for Quality Assurance and testing is collected under one workflow.
- MTOE:MCP → 1:N relation
- Clear instructions for testing in one single form.

Control Effectiveness Manual Test: MDM_CUS Customer change validation

Test Period: March 2022 Status: Closed Organization: Global Controls Process: Accounts Receivable Subprocess: MDM_CUS Customer change validation

General Regulation Control Performance Control Details Account Groups Risks Attachments and Links

Test Steps

Step Description	St...	Result	Comments
Was the sample at least 10% of the customer master data change list?	Step	Done	Add Comment
Were bank details and company registration number correctly tested and validated based on valid documentation?	Step	Done	Add Comment
For all customers on the list, was it correctly tested that no master data changes are done by employees outside the MDM team?	Step	Done	Add Comment
Were all identified discrepancies resolved? If not, was an issue raised?	Step	Done	Add Comment

Test Details

Test Name: Log for Manual Test of Effectiveness MDM_...
 Test Owner: ██████████
 Description: Manual testplan for MDM_CUS Customer change validation

* Test Date: 26.05.2022
 * Test Result: Pass

Comments: All procedures are accurately performed and relevant supporting documents were submitted. No exceptions noted.

Administration

Step #	Step Description	Performed By	Performed On	Changed By	Changed On
001	Was the sample at least 10% of the customer master data change list?	██████████	26.05.2022		
002	Were bank details and company registration number correctly tested and validated based on valid documentation?	██████████	26.05.2022		
003	For all customers on the list, was it correctly tested that no master data changes are done by employees outside the MDM	██████████	26.05.2022		

General Regulation Control Performance Control Details Account Groups Risks Attachments and Links

Send Notification Ad Hoc Cor

Period	Year	Name	Regulation	Status	Start Date	End Date
March	2022	March 2022 (WD15) controls due 26.04.2022	Vestas Internal Control Framework	Done	01.04.2022	26.04.2022

Performance Steps

Step	Description	Evidence Required	Comments Required	Sequence	Status	Last Changed On	Last Changed By	Comments	Co
1	Sample test 25 customer master data changes on the list within the relevant period.	No	No	001	Done	21.04.2022 16:29:07	██████████		1
2	Test that the bank details and/or the company registration number VAT/Tax number is changed correctly and based on valid documentation	No	No	002	Done	21.04.2022 16:31:55	██████████		1
3	For all customers on the list, test that no master data changes are done by employees outside the MDM team	No	No	003	Done	21.04.2022 16:32:21	██████████		
4	Attach relevant documentation (e.g. List with all new customer showing the sample test, with commentary notes and documented follow up actions; List with all changes to existing customers showing the sample test with	Yes	Yes	004	Done	22.04.2022 13:58:22	██████████	No error found.	1

Continuous Control Monitoring (CCMs)

CCMs are a product capability within SAP GRC with some of the following applications

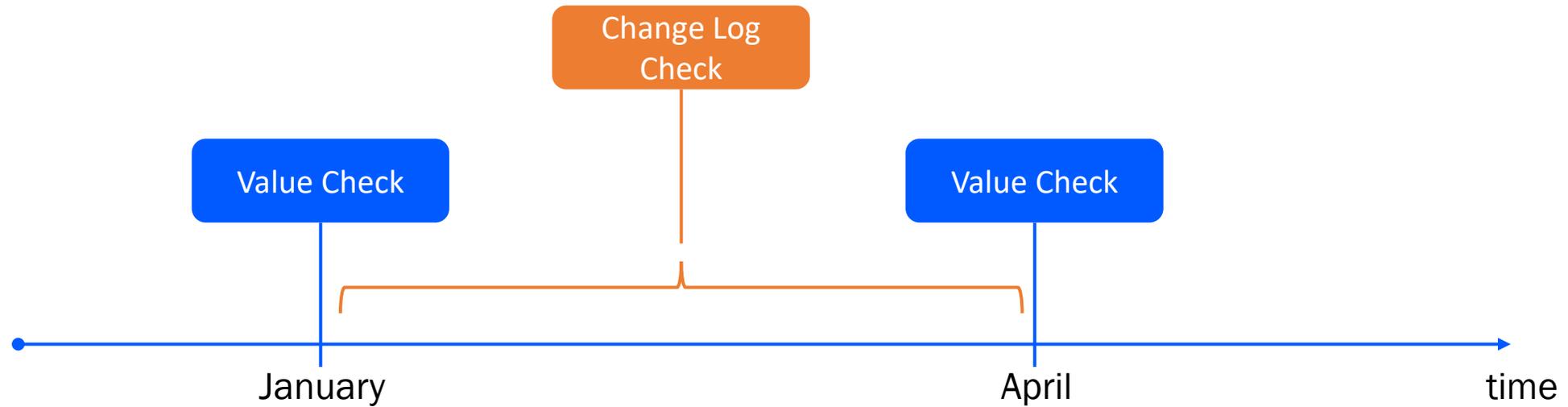
- ◆ *Monitor that a given Application Control is configured as per certain values at a certain point in time (value check)*
- ◆ *Monitor that a given Application Control configuration has not suffered unauthorized changes within a certain period (change log check)*

◇ *The “Continuous” can be defined as:*

- *Hourly*
- *Daily*
- *Weekly*
- *Monthly*
- *Quarterly*
- *Yearly*

Continuous Control Monitoring (CCMs)

Value Check & Change Log Check

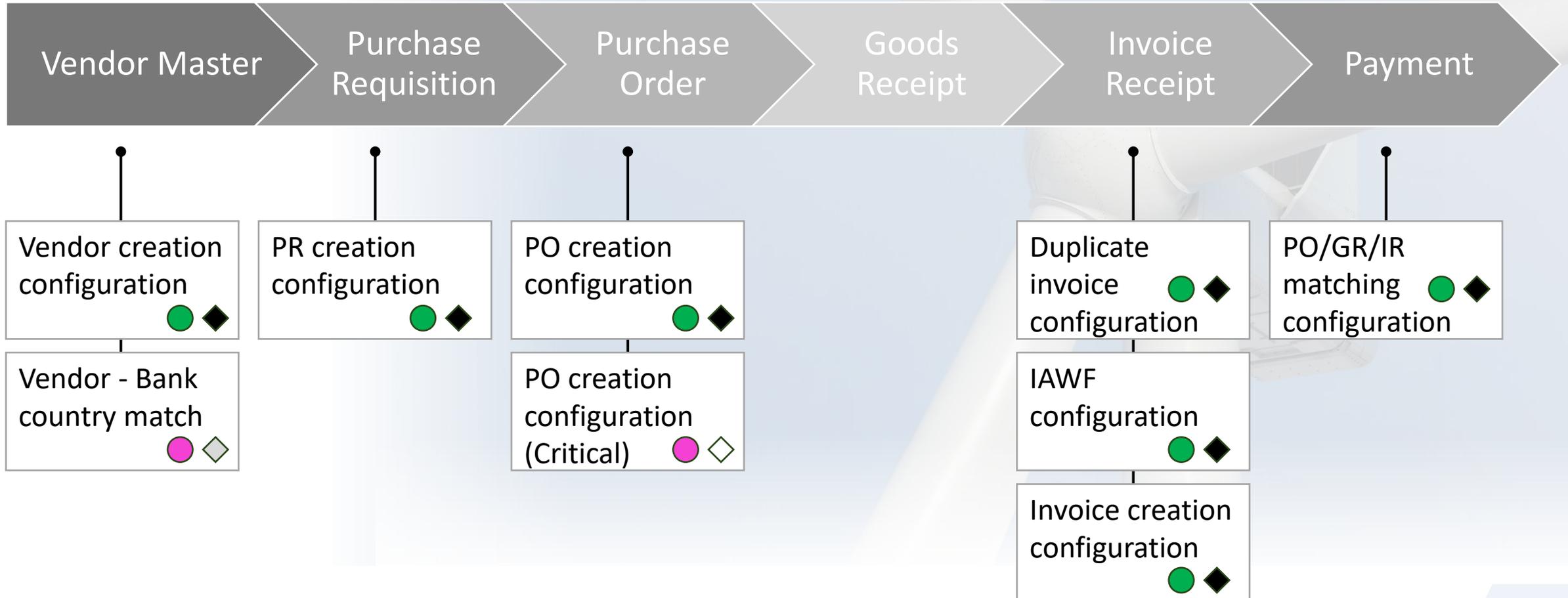


CCM Frequency: Quarterly

Continuous Control Monitoring (CCMs)

What controls we monitor in P2P process?

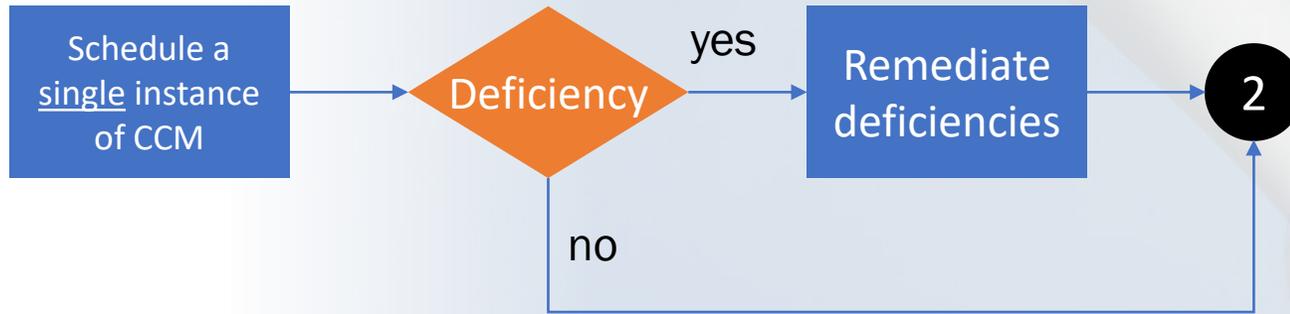
CCM Type	Data Source Type
● Change Log Check	◆ Configuration
● Value Check	◇ Master Data
	◇ Transactional Data



Continuous Control Monitoring (CCMs)

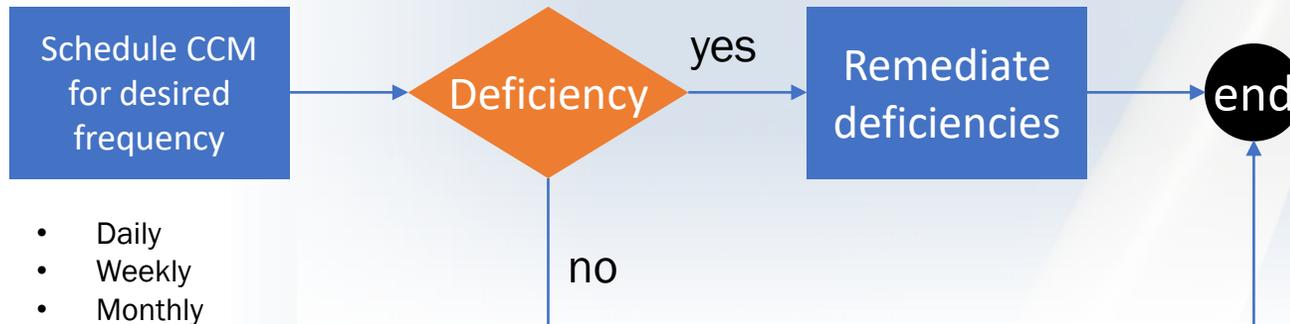
1

Fix the base



2

Manage new deficiencies by exception



Allow sufficient time to fix the INITIAL deficiency in your application controls.

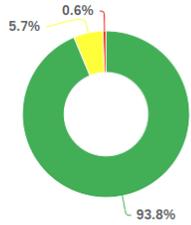
Avoid generating unnecessary alerts generated by the same foundational deficiency that will overwhelm the control performer.

Reporting & Compliance Dashboard: Control timeliness

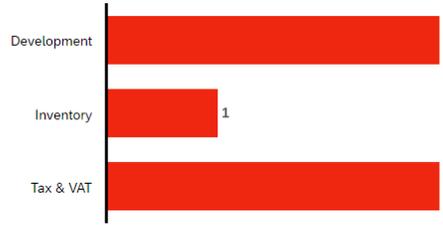
Select control period
Jun, 2022

Key figures: (Count)
1,168 No of controls for
1,095 Submitted
66 Submitted but
7 Not submitted
- Not yet due

Control timeliness



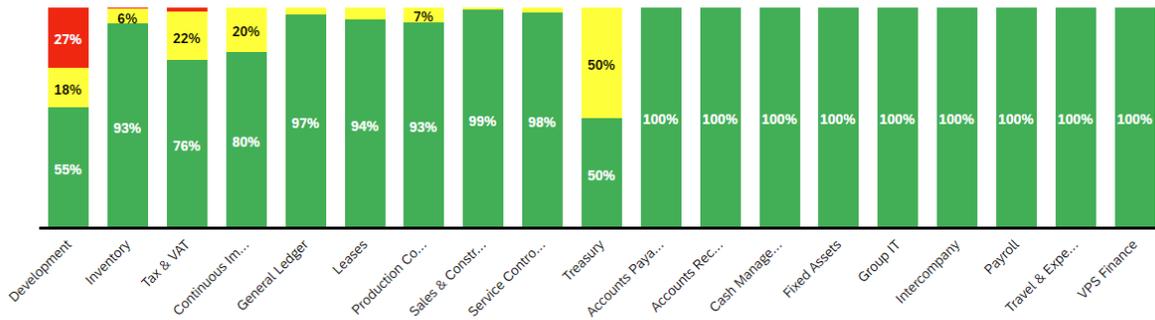
Not submitted and overdue controls



Control timeliness definition

- Submitted** - Controls performed and submitted timely
- Submitted but overdue** - Controls performed but submitted after deadline
- Not submitted and overdue** - Controls are not performed and not submitted
- Not yet due** - Controls are not performed but not yet due

Control timeliness per process area



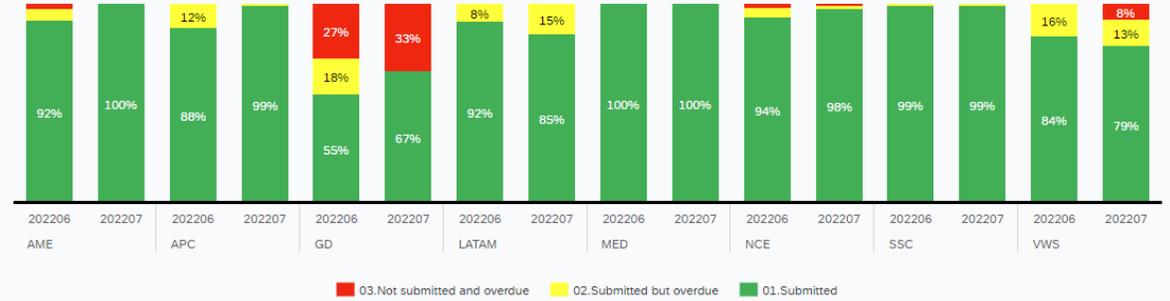
Month to month trend: Controls submitted timely (in %)



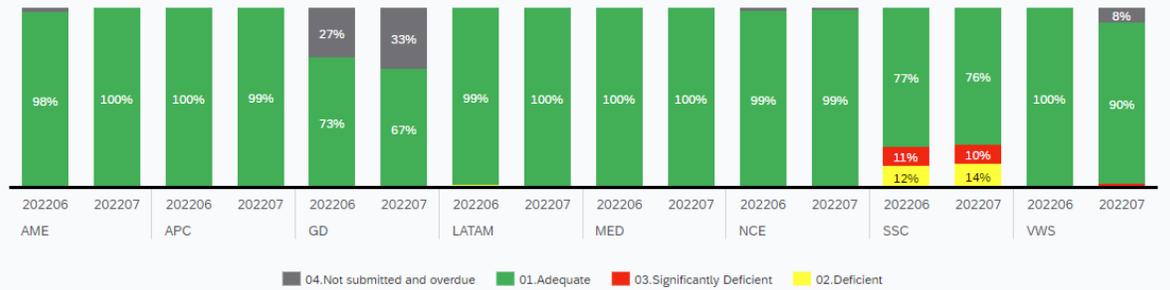
Financial Controls Dashboard: Summary

This page provides an overview of control timeliness, self-assessment rating and issues and remediation plans

Control timeliness per region



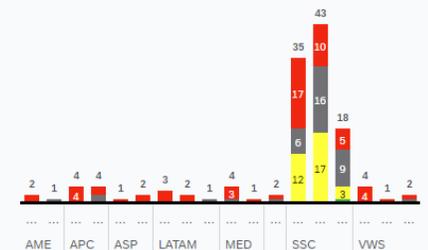
Self-assessment rating per region



Controls submitted timely

Region	KPI Target - 95%	
	202206 Submitted %	202207 Submitted %
AME	92	100
APC	88	99
LATAM	92	85
MED	100	100
NCE	94	98

Open control issues and remediation plans per region



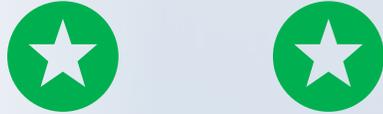
Wrap up

- Change Management embedded in the solution.
- Outcomes
- Key Points to Take Home (Learnings)

Change Management embedded in the solution.

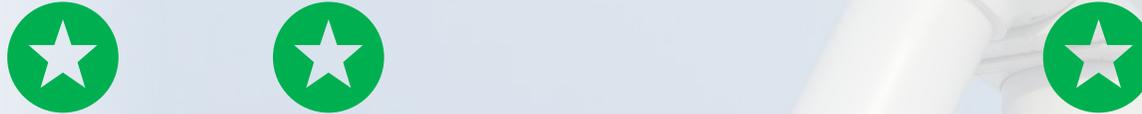


Notifications & Reminders



- Awareness of due dates and scope of controls.

Escalations



- Enables manager to put focus overdue controls and highlights the relevancy.

Control & Test Forms



- Guides users on how to perform and test controls.

Monitoring Dashboards



- Supports dialogue around performance and risk areas.

Outcomes

A centralized control platform that supports the Financial Compliance agenda



Centralized Repository

- 5 Control Frameworks.
- 11000+ workflows per year.
- 100% controllers identified.



Transparent

- 12 dashboards.
- Reminders & Notifications.



Efficient

- 50% less admin work.



Full Accountability

- 600+ assigned users.
- **99% control timeliness.**



Audits

- 4 centralized & remote audits.
- **0 high & medium risk audit findings.**

Key Points to Take Home

- Simplify your processes, controls and operating model to ease adoption.
- Don't underestimate the change management effort.
- Change Management doesn't end at "Go-Live".
- Use the technology to drive change.
- Fix deficiencies on first instance before scheduling CCMs.
- Consider the CCM type, sometimes is easier to monitor the output of an application control, than the application control itself.

Where to Find More Information

- SAPinsider.org
- <http://help.sap.com>
 - Follow Product Hierarchy > Supply Chain Management > SAP Extended Warehouse Management > SAP Extended Warehouse Management (SAP EWM)

Thank you! Questions?



Diego Allera

Business Digital Transformation
Leader - Finance - GRC - Process Min...



Please remember to complete
your session evaluation.

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