

# Technology to Simplify the Compliance Role

***David E. Baker***  
*SVP, Chief Compliance Officer  
& Group General Counsel*  
The Travelers Companies, Inc.



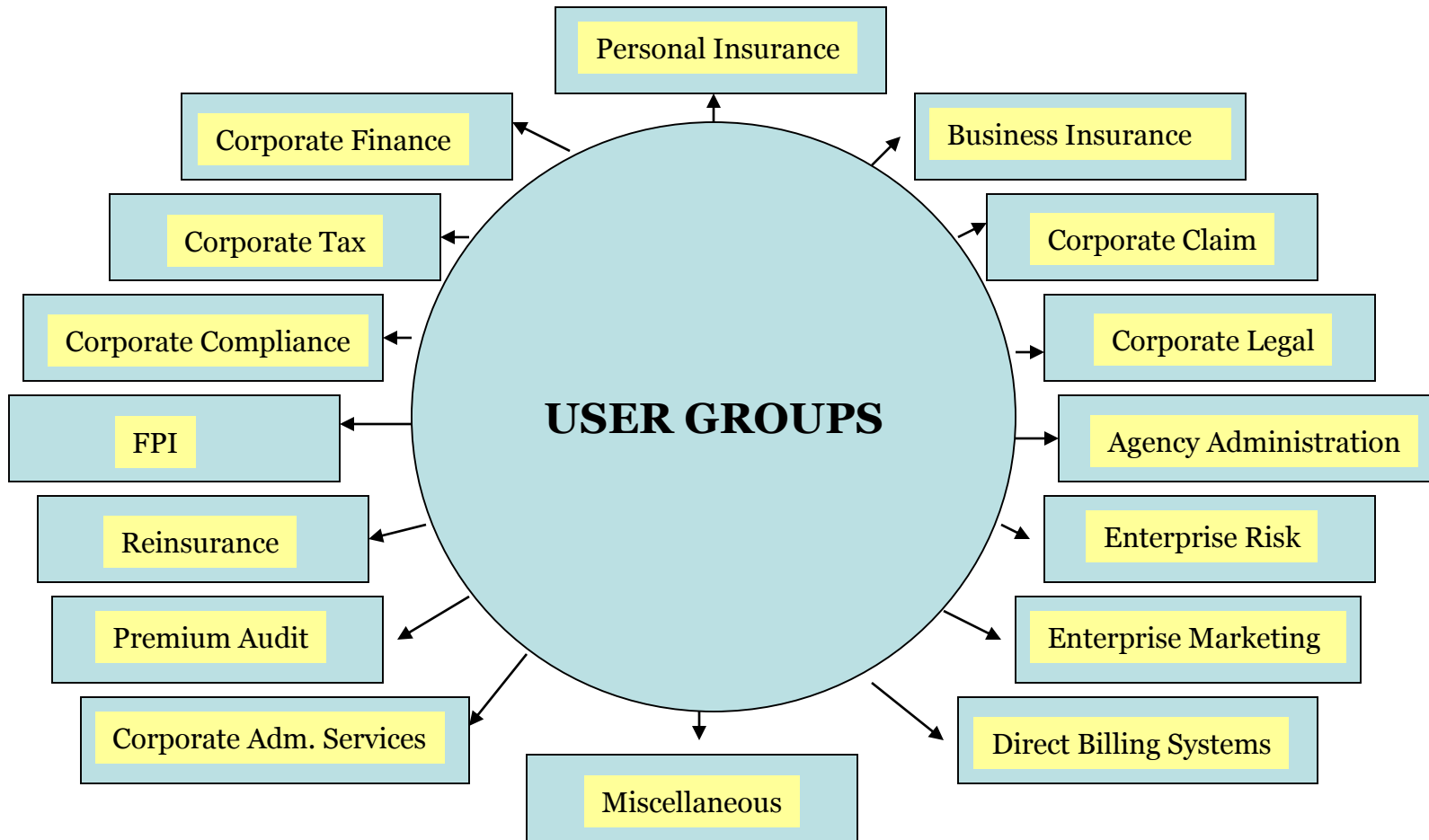
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# *Technology to Simplify the Compliance Role*

## *Challenges*

- Insurance regulation is state-based.
- Information comes from multiple sources.
- Dependence on e-mail, spreadsheets, static documents and multiple databases to track compliance initiatives.
- Limited ability to link policies and procedures to regulations and proactively manage updates as regulations change.
- Managing and documenting compliance assessments, gaps in compliance and remediation programs.
- Limited ability to collaborate internally and share best practices among separate business areas.
- Determining appropriate parties to be involved.

# *Technology to Simplify the Compliance Role*



# *Technology to Simplify the Compliance Role*

## *Moving Forward*

- Consensus determined that a software solution was the right approach for updating new laws and regulations.
- Conducted due diligence on multiple vendors during the review process.
- Identified key stakeholders and utilized them heavily throughout the process.
- Contract signed with Compliance 360 in July 2008.
- Key stakeholders were instrumental in development of customized processes and documentation.
- Established an automated feed of updated regulations, from an external system, directly into Compliance 360.
- On-going effort to automate subsequent processes for individual users and reviewers.

# *Technology to Simplify the Compliance Role*

## *Current Status*

- Number of users and assessments created have increased substantially since inception.
- Penetration in business areas with highest risk scores.
- On-going push to leverage system by providing additional content.
- Eliminated dependence on email, spreadsheets, static documents and multiple databases as the repository.
- C360 is the 'compliance system of record' for Travelers, providing a consolidated view of the body of evidence of compliance for each regulation.
- Corporate Audit now reviews C360 Compliance during exams.

# Using Technology to Simplify the CCO's Job

***Lamond W. Kearse***  
*Chief Compliance Officer*  
*Metropolitan Transportation Authority*



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# Using Technology to Simplify the CCO's Job

## *Metropolitan Transportation Authority*

### *Who We Are*

Nearly 67,000 Employees

Serving 8.5 Million Customers Daily

Transportation, construction, real estate, art, etc.

### *What It Takes*

\$12.6 Billion Annual Operating Budget

\$20+ Billion Capital Plan

### *Results*

North America's largest transportation network



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# Using Technology to Simplify the CCO's Job

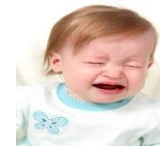
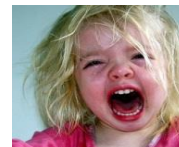
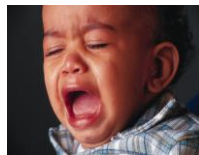
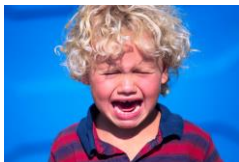
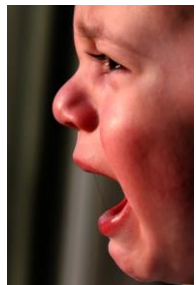
MTA board adopts Corporate governance reforms creates chief compliance officer position-2004





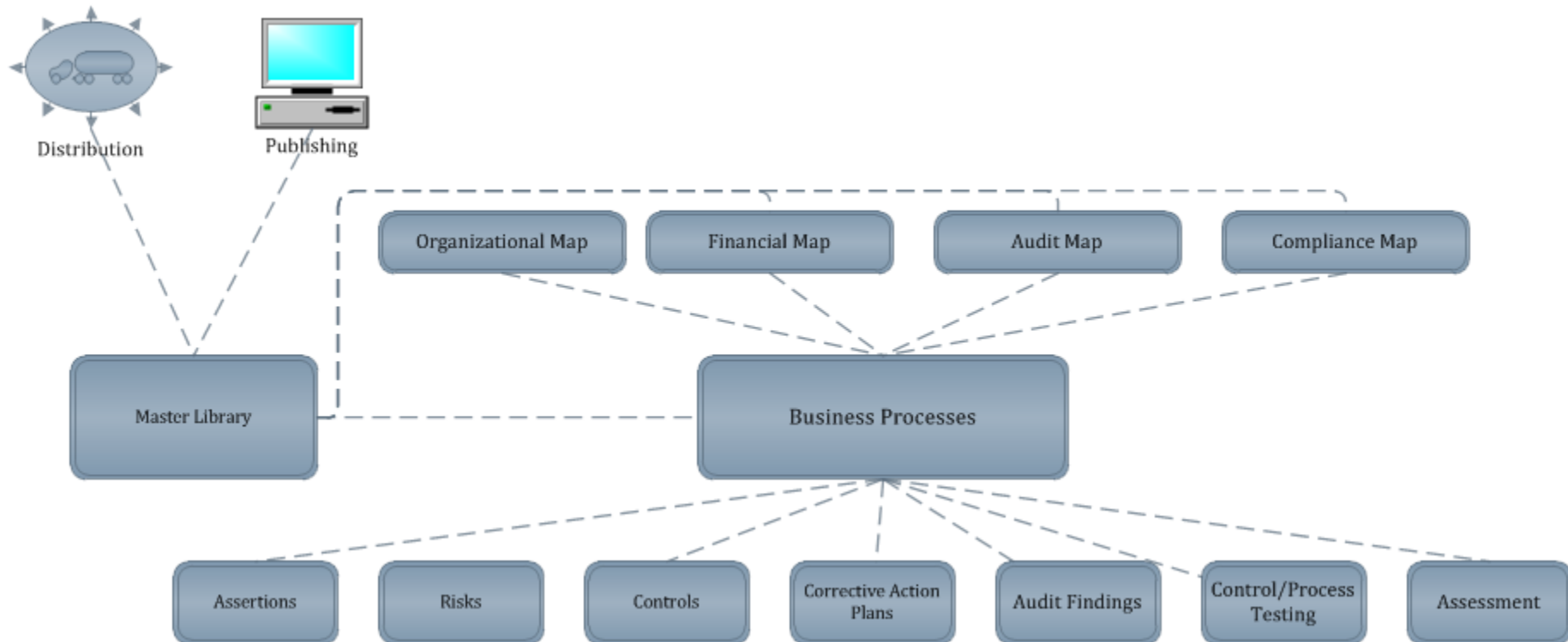
# Using Technology to Simplify the CCO's Job

- In 2010 began 'Busting Silos'
  - Automation and integration of governance, compliance, and risk efforts on a single platform
    - Began with audit committee support
    - Engaged IT and internal audit as partners
    - Senior Executive
      - efficiency transparency accountability
    - No longer manual process
  - IT WAS LIKE TAKING CANDY FROM A BABY



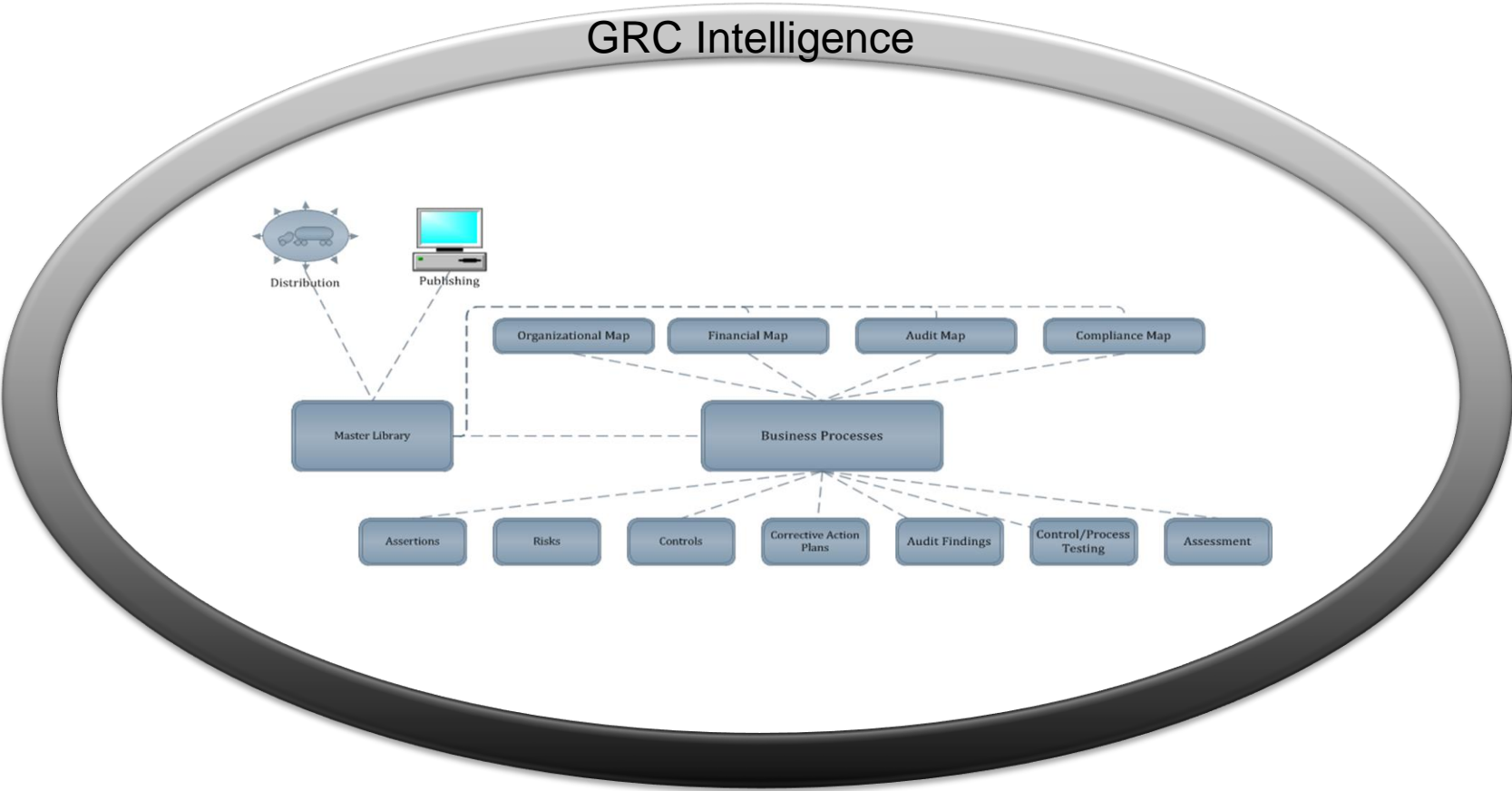
# Using Technology to Simplify the CCO's Job

## Our Platform: Oracle GRC Manager and Intelligence



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# Using Technology to Simplify the CCO's Job



# Using Technology to Simplify the CCO's Job

Oracle BI Interactive Dashboards

ORACLE Interactive Dashboards

My Dashboard    Action Item    Audit Planning    Audit Testing    Certifications    Controls    Controls To Test    **GRC Overview**    Issues    Risks    SOD Policy    SOD Policy - Auditor    SOD Policy - Owner    SOD Policy Conflicts

GRC Overview    Welcome, administrator!    Dashboards - Answers - More Products - Settings - Log Out

Overall    Activities    Briefing    Page Options

Period Name



### Risk Heat Map - Business Processes

Risk Significance	Risk Likelihood				
	Negligible	Low	Medium	High	Extreme
Low	1	12	2		1
Med-Low	1		4		
Medium		3	8		
High		4	1	1	
Med-High				1	

Risk Latest Revision Flag is equal to 1  
and Risk State is equal to Released

[Modify](#) - [Refresh](#) - [Download](#) - [Add to Briefing Book](#)

### Risk Heat Map - Controls

Risk Significance	Control Type	Risk Likelihood				
		Negligible	Low	Medium	High	Extreme
Low	Preventive	1	19	4		
	Detective		2			1

### Regulatory Compliance Status

(Drill on dimension to see detail information)

Select Dimension:

Organization Level 2 Name	Organization Level 3 Name	Organization Level 4 Name	Process Type	In Scope	Total Control Count	Failed Test Count	Total Test Count	Failed Control Count	Failed Control %	Period Name
New York City Transit	Office of the General Counsel	Office of the General Counsel	Process	Yes	1	0	1	0	0.00%	Y2010Q4
Metropolitan Transportation Authority	Metropolitan Transportation Authority	Metropolitan Transportation Authority	Process	No	1	0	1	0	0.00%	Y2009Q1
MTAHQ	Enterprise Information Technology Group	Systems Development	Process	Yes	6	0	3	0	0.00%	Y2012Q1
MTAHQ	Facility Operations	Office Services and Building Services and Administrative Services	Process	Yes	1	1	1	0	0.00%	Y2010Q1
MTAHQ	Facility Operations	Office Services and Building Services and Administrative Services	Process	Yes	3	1	3	0	0.00%	Y2009Q1
MTAHQ	MTAHQ	MTAHQ	Process	No	4	2	4	1	25.00%	Y2009Q1
MTAHQ	Labor Relations	Labor Relations	Process	Yes	3	1	1	0	0.00%	Y2010Q1
MTAHQ	Enterprise Information Technology Group	IT Business Management	Process	No	4	0	4	0	0.00%	Y2012Q1
Enterprise										

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# Using Technology to Simplify the CCO's Job

*Paul L. Robert*  
*Associate General Counsel*  
*United Technologies Corp.*



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**Sikorsky**



**UTC Fire & Security**



**Hamilton Sundstrand**



# United Technologies



**Carrier**



**Otis**



**Pratt & Whitney**

# GLOBAL PRESENCE

*Sites Worldwide*

\* As of 12/31/10

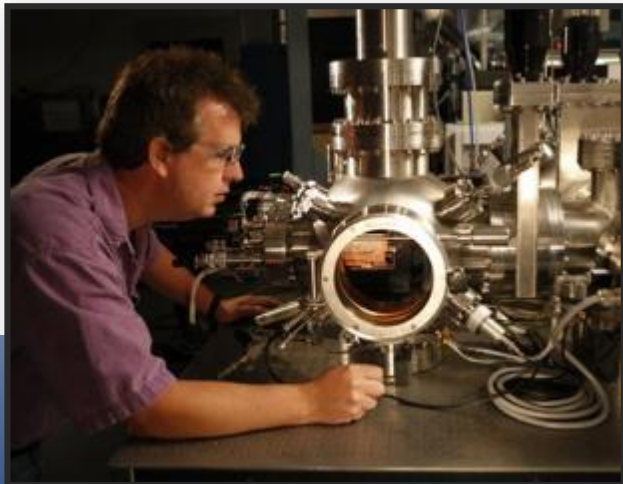


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# EMPLOYEES

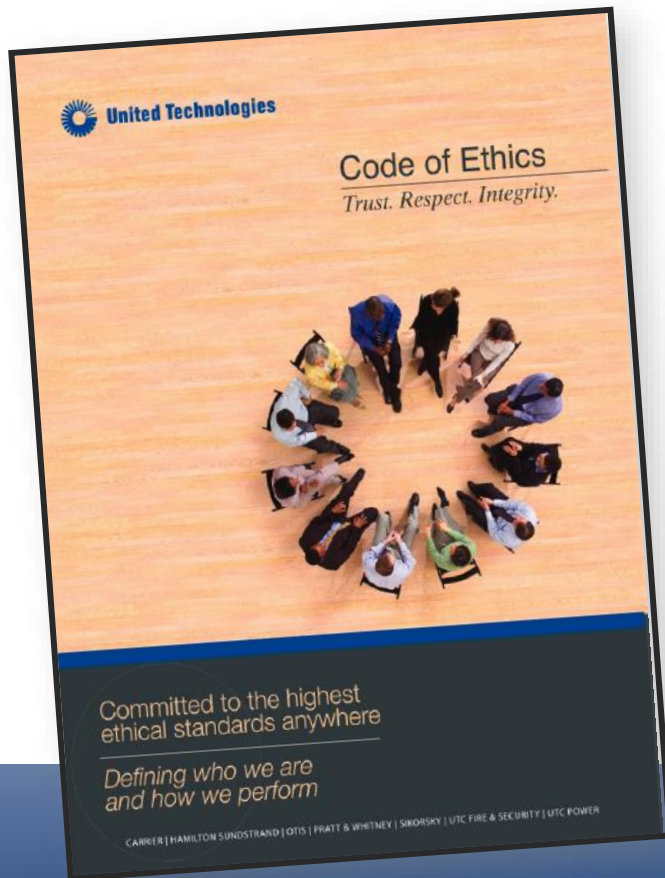
*More than 200,000 in ~70 Countries*





# EMPHASIS ON VALUES & BUSINESS PRACTICES

*Highest Ethical Standards – Everywhere, Always*



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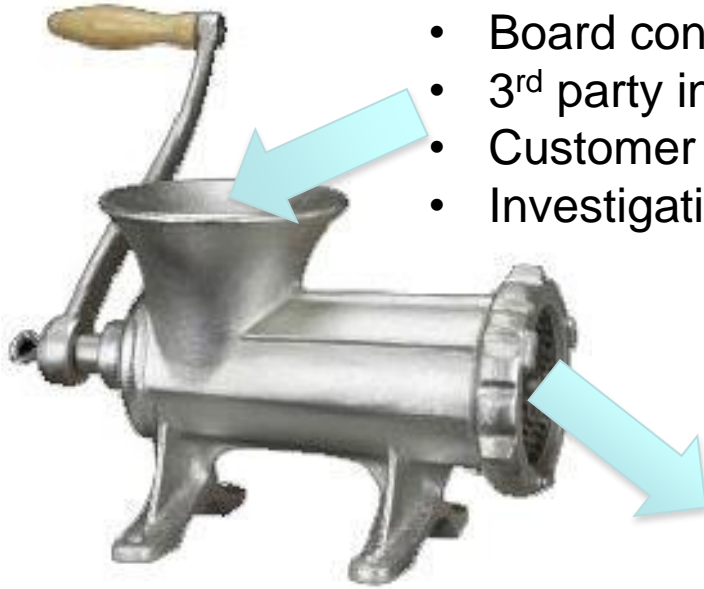
# Using Technology to Simplify the CCO's Job

## Who We Are – What We Do

- Global Compliance
  - Compliance Counsel – high-risk subjects, high-risk locations
- Business Practices Officers – 462 worldwide
- 3 Ombudsmen
- DIALOG Program
- Care & feeding of sr. management, board of directors
- SEC & other external reporting

# Using Technology to Simplify the CCO's Job

- Matter management
- Board contacts
- 3<sup>rd</sup> party inquiries
- Customer complaints
- Investigations & subpoenas



- ERM inputs
- Predictive modeling
- Reporting
- Insight into risks & investigations
- Oversight of risks and investigations
- Training effectiveness assessment

Ethics Advantage™

