



Industry: Agribusiness

Geographies: North America

Challenges

- Third-Party Risk Management
- Anti-Bribery Anti-Corruption Compliance
- Anti-Money Laundering Compliance

Solutions

- Suppliers and Risk Management
- Procure-to-Pay
- Spend Analysis

Results

- Improved Risk Mitigation
- Eliminated Manual Rescreening
- Streamlined Regulatory Compliance

CHS Moves to Daily Updates by Digitizing Ethics & Compliance Monitoring in International Operations

CHS is a global agribusiness leader, operating more than 600 local cooperatives in the US and distributing farm products globally. To mitigate certain inherent risks and protect the brand, the company is extremely diligent in complying with anti-bribery anti-corruption (ABAC) and anti-money laundering (AML) regulations. In 2015, CHS made a major investment to consolidate the compliance teams and processes for vetting counterparties across many types of business relationships. By digitizing the third-party risk and compliance process with the Coupa platform, CHS has been able to make the end-to-end process more efficient while improving compliance.

International Distribution Brings Additional Risk

CHS's international business creates potential risk exposure for CHS and requires screening of counterparties to ensure compliance with ABAC and AML regulations. Nearly 40 different types of counterparties are screened, including agents and brokers who file paperwork with foreign governments on behalf of CHS, logistics suppliers, service providers, and even customers.

Decentralized and Inconsistent Compliance Created Unnecessary Risks

CHS realized that a lack of centralized policies and oversight had created unnecessary risks. The decentralized process led to several challenges:

- **Inconsistent Vetting and Risk Mitigation:** Each business unit was responsible for screening, leaving inconsistent processes and the potential for a counterparty to slip through the cracks.
- **Audit Inconsistencies:** Every time an audit occurred, the central compliance team had to go to each business unit and gather information and records on all counterparties.
- **Inefficient, Point-in-Time Rescreening:** Counterparties require ongoing screening to ensure compliance, as AML or ABAC issues can arise at any time and ownership structures change frequently. Annual re-screenings used inefficient manual processes and resulted in risk from changes that occurred in between screenings.

Centralizing Risk Management Drives Compliance and Efficiency

In 2015, CHS hired a new VP of Compliance and Integrity who quickly made moves to centralize third-party risk management with a consistent process and single platform across the entire business. By standardizing on the Coupa platform, CHS has been able to improve third-party risk mitigation while improving efficiency. Key improvements include:

- **Improved Risk Mitigation:** All counterparties are vetted before contracts are finalized and re-vetted daily through the Coupa platform's tight integration with DowJones. The compliance team is automatically involved to approve agreements with higher-risk counterparties as needed.
- **Improved Service to Business Partners:** The business can now move faster with a central, digital repository of pre-vetted providers and an expedited process to vet new counterparties and set up standard contracts. Automated daily re-vetting has eliminated the manual process that was used for annual counterparty recertification.
- **Streamlined Audit Prep:** The central compliance team now has a full audit trail of all counterparties vetted, including the information submitted by each counterparty. Information is streamlined across both internal and external audits, including banking audits for AML and regulator audits for ABAC.
- **Improved Incident Response:** CHS can now review any concerns from regulators to establish that processes and policies are standardized and well-adopted. Any needed improvements can be made with simple configuration changes in the Coupa platform.

A Better Relationship Between the Business and Compliance

With the improvements in service levels to the business and compliance, the compliance team is no longer viewed as the "no" people. Instead, compliance is viewed as a valuable function that facilitates transactions wherever possible to support the business. The business has a better understanding of relevant risk issues and when to bring in the compliance team, such as vetting of complex ownership relationship to ensure AML compliance.



“CHS is now automatically screening counterparties for anti-money laundering compliance on a daily basis.”

— **Nicholas Meinen**, CIA, CFE, Anti-Bribery and Corruption Program Manager, CHS Inc.

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