

DR. REDDY'S LABORATORIES USES IDEA® TO HELP IMPROVE CONTROLS

Highlights

- Improved ERP controls across entire organization
- Early detection of non-compliant activities
- Early and timely identification of cost savings opportunities, inefficiencies and red flags of fraud risk
- Analysis for accounts payables, receivables, payroll, travel expenses, inventory and IT security logs

Primary Applications

- IDEA® Data Analysis
- SAP®



Dr. Reddy's Laboratories Ltd (DRL) is a global pharmaceutical company headquartered in Hyderabad, Telangana, India. Traded on three stock exchanges (NSE, BSE in India and NYSE in USA), DRL manufactures and markets a wide range of pharmaceuticals in over 20 countries across the world. With over 19,000 employees globally, the company posted US \$2.2 billion in revenue with post-tax profits of US \$358 million for the fiscal year 2014.

Challenge

The DRL Internal Audit team was looking to improve their quality assurance and audit frequency. Previously, audits were conducted biennially and predominantly based on manual sampling methods. By implementing a robust data analysis tool, DRL wanted to enhance their auditing capabilities in the following areas: accounts payables, payroll, accounts receivables, inventory management, operating and travel expenses, and IT security logs. DRL sought a solution that would be easy for multiple members of the team to learn and conduct analysis as opposed to having a sole dedicated expert.

“The software has exceeded our expectations. Our organization now gets reports on exceptions every month on identified areas. Finance and Supply Chain teams now have greater insights to get corrective actions flowing quickly.”

Brijesh Kumar Kamani
Chief Internal Auditor
Dr. Reddy's Laboratories Limited

J V Phani Kiran
Group Leader, Continuous Auditing & Anti-Fraud Reviews
Dr. Reddy's Laboratories Limited

Solution

DRL chose IDEA® Data Analysis software as they found the technology and product suite to be more compelling and easier to use than competing products. Also, there were many customer references in their geographic region that spoke highly of the customer service and support offered by CaseWare Analytics and their regional partner Sama Audit Systems & Software.

DRL Internal Audit team carved out a dedicated team for periodic review of identified areas. Multiple cycles of review were implemented in those areas depending on the risks involved and controls in place. This has enabled the organization to identify non-compliant business transactions, cost savings opportunities and red flags of fraud risks quickly. Further it was supported by detailed root cause analysis for control breakdowns within their systems. They are now able to execute corrective action plans, aiding in overall quality improvement.

Results

More regular and higher level of assurance is being provided to the Management & Audit Committee of the Board.

DRL now has the ability to increase the scope of their audits (without having limitation on the number of samples) to provide higher level of assurance on voluminous areas such as sales, procurement, inventory management, operating expenses.

The data analysis solution has been able to assist in finding gaps like:

- a) incorrect tax conditions in purchase orders on vendors resulting in excess payment;
- b) compliance to the Marketing policy and field force claims;
- c) short availment of input credit on purchases

These gaps were noted by analysing DRL's SAP data.