

Materials Management Compliance



OVERVIEW

Compliance to industry standards and regulations are extremely critical for all successful companies and are the key drivers to maintain trust, affordability and credibility with partners, investor community and stakeholders. Internal control standards shall be based on the following framework:

- ❖ Risk evaluation, Identification & Mitigation
- ❖ Documentation & Management Reporting
- ❖ Continuous Monitoring & Sustainability

HOW CAN WE HELP?

We specialize in identifying any compliance gaps within the framework of materials and work closely with the organizations through mentoring, training and management alignment, close these gaps and ensure sustainability of such standards through a governance process.

Material Valuation

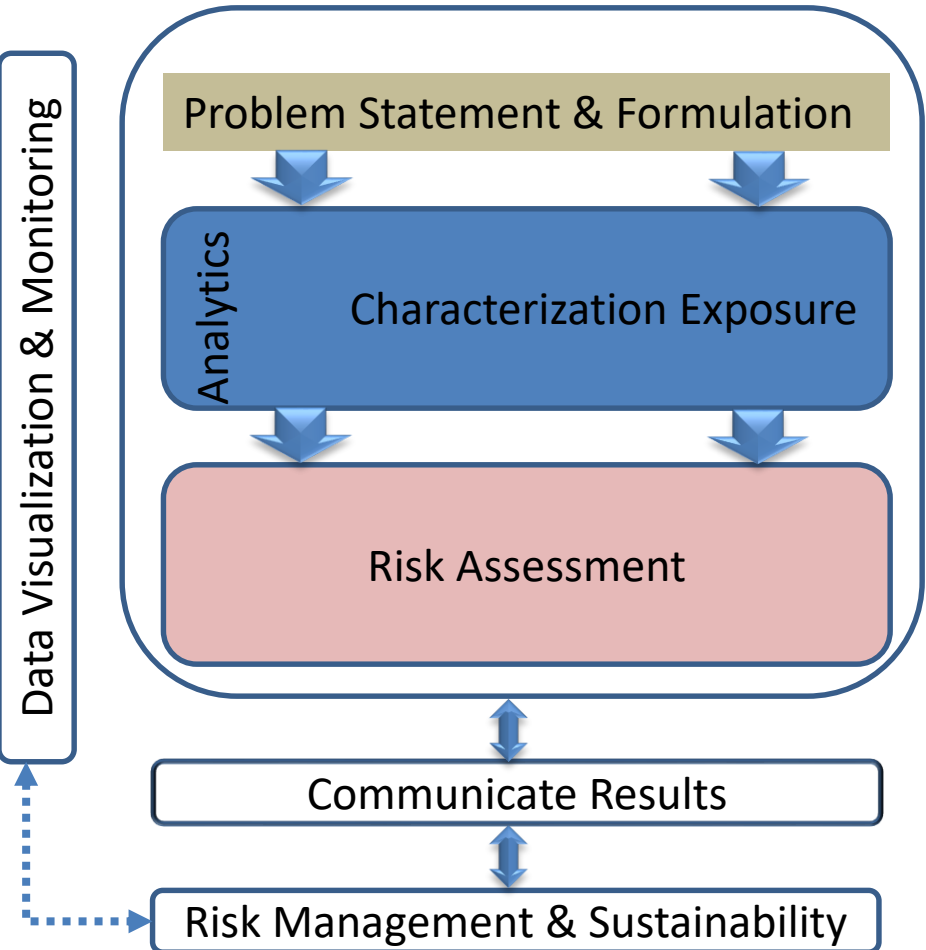
- Capital Spares Valuation & Depreciation
- Operational Spares
- Expensed Material Valuation Control
- Major Capital Project to Operations Transfer and Accounting

Accuracy of Inventory Assets

- Physical to Books
- Book to Physical

Security of Assets & Segregation of Duties

- Monitored Access Control; After Hour Access Control & Posting
- Third Party Storage Contracts
- Segregation of Duties by function





Case Studies: Materials Management Compliance

Downstream Oil & Gas

Operational Profile

- Client: International Major Oil & Gas (Confidential)
- Business Units: 6
- Operations: Downstream
- Scope: Materials Management OPEX & CAPEX
- Estimated Inventory: \$350MM

Business Case

- Lack of standardized policies, procedures and guidelines and lack of Internal Control standards
- Three (3) Repeated failed internal P2P audits; failed SOX audits
- Actual value of all material assets were unknown and lead to major compliance concerns
- Lack of business units alignment on enterprise vision, strategies and goals.
- Materials Management was not a focus area within the company, hence reactive in nature leading to lost productivity

Results

- All process and procedures established and followed through a governance model
- Tightened internal control measures
- Cross functional accountability
- 100% Success rate in internal & external audits
- Full visibility of materials assets – all materials
- Improved ERP system utilization
- Improved reputation and credibility for the Materials Management function across the company
- Implemented 3rd Party Storage Agreements





WHERE MATERIALS MANAGEMENT MEETS GLOBAL EXCELLENCE



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