



Your Trusted Partner for Audit Analytics

# Navigating the Journey to Continuous Monitoring

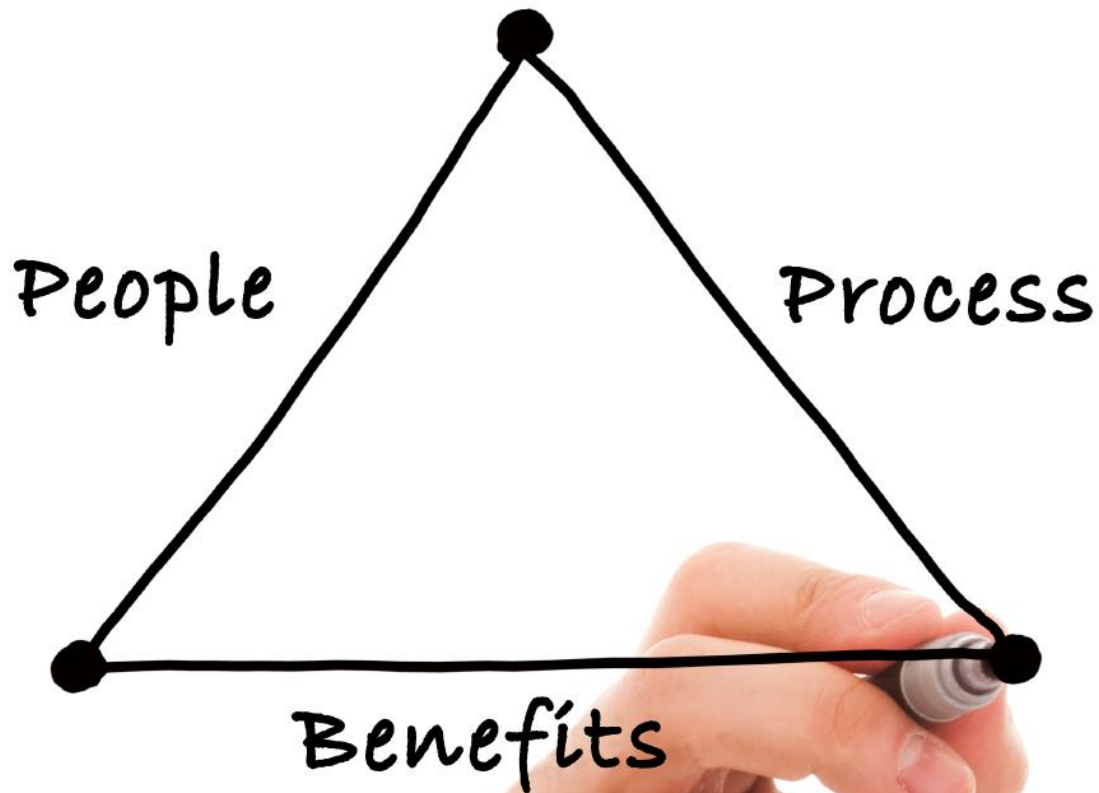
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Integrity Forum Brazil

**Sabino Ramos**  
Regional Director, LAC  
ACL Systems, Ltd.



**It's a Journey**



Think in Terms of **People & Process**

# The Changing Role of Audit

- Internal audit is growing more sophisticated in its work and data analysis capabilities
  - Ability to move from hindsight, to insight and even more valuable foresight
  - Foresight is information that helps the business better anticipate and respond to future events
    - » Enhances senior management's view and understanding of organizational risk

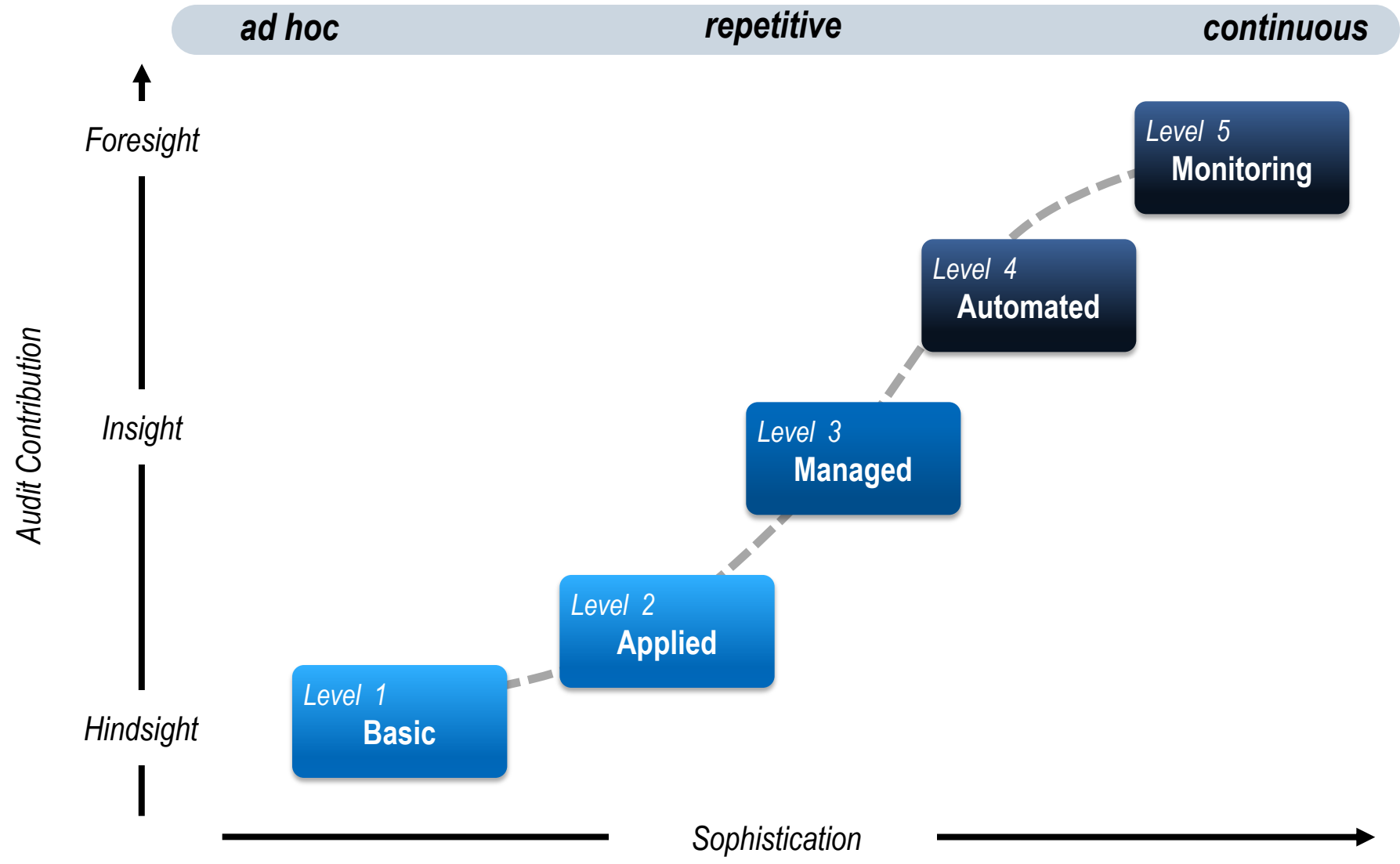
# Industry surveys and reports are defining the New Internal Auditor

- 2010 Ernst & Young survey: more and more organizations looking to unlock Internal Audit's value as strategic business advisor
- ISACA Best Practices Report: technology-enabled control monitoring increases value through operational and process improvements
- IIA's Global Internal Audit Survey, 2010: Demands of stakeholders are changing and internal audit needs to adapt:
  - Prioritize risk management
  - Increase focus on governance processes
  - Enhance use of audit technology and automated tools

# Continuous Auditing and Continuous Monitoring: The Evolution of Internal Audit

- KPMG Report: Continuous auditing and continuous monitoring techniques are becoming increasingly important in today's volatile economic environment
  - Cost cutting measures are demanding we do more with less
  - Leading organizations are leveraging technology along with robust data analytics to enhance oversight and manage risk
  - Goal for internal audit should be to move toward a continuous risk assessment process

# Audit Analytic Capability Model



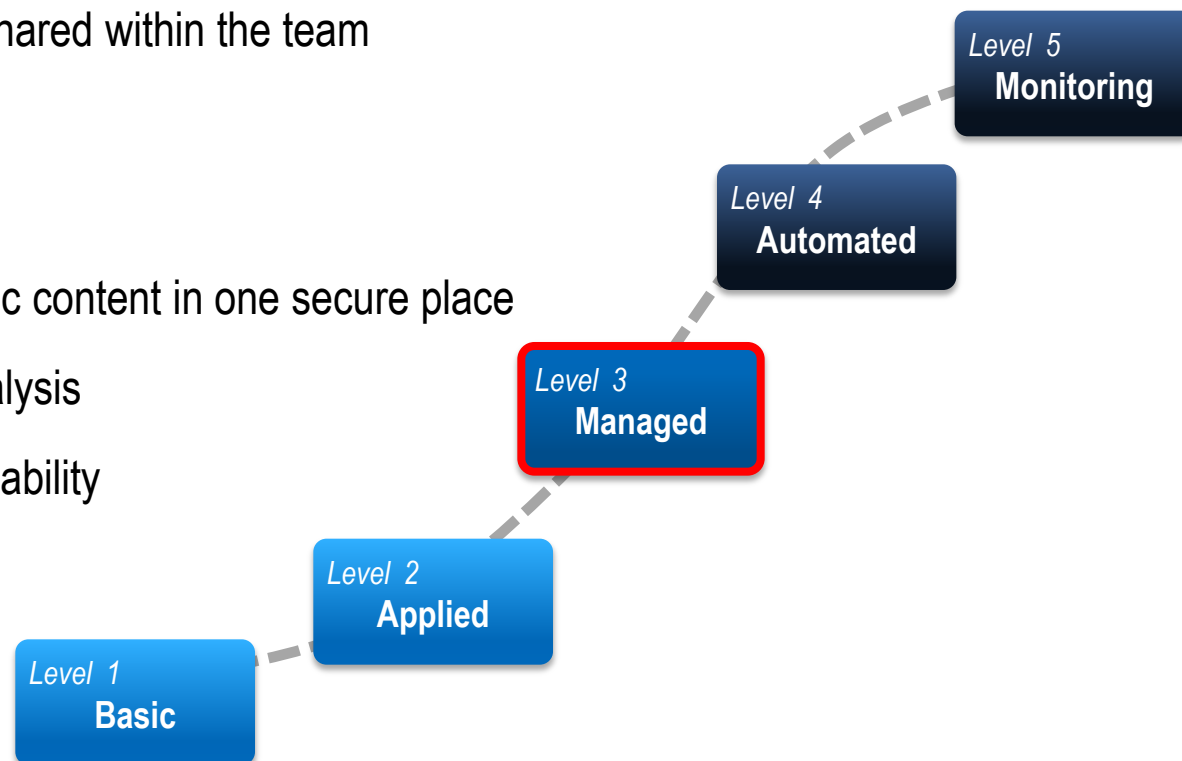
# Level 3: Managed

## Characteristics

- Centralized or local processing
- Secure environment to store data
- Audit analytic content shared within the team

## Benefits

- Manage all audit analytic content in one secure place
- Do more with faster analysis
- Risk mitigation / sustainability



## Case Study: Managed, Lafarge North America

“ ACL delivers secure data access with top-notch quality assurance. It's helping us to improve efficiency and cut costs.”



”

Gerrit Buitendag,

Lafarge North America

### Highlights:

- Cut extraction times from 20 days down to several hours
- Secure collaboration and significant cost savings
- Access and analyze data from disparate legacy systems

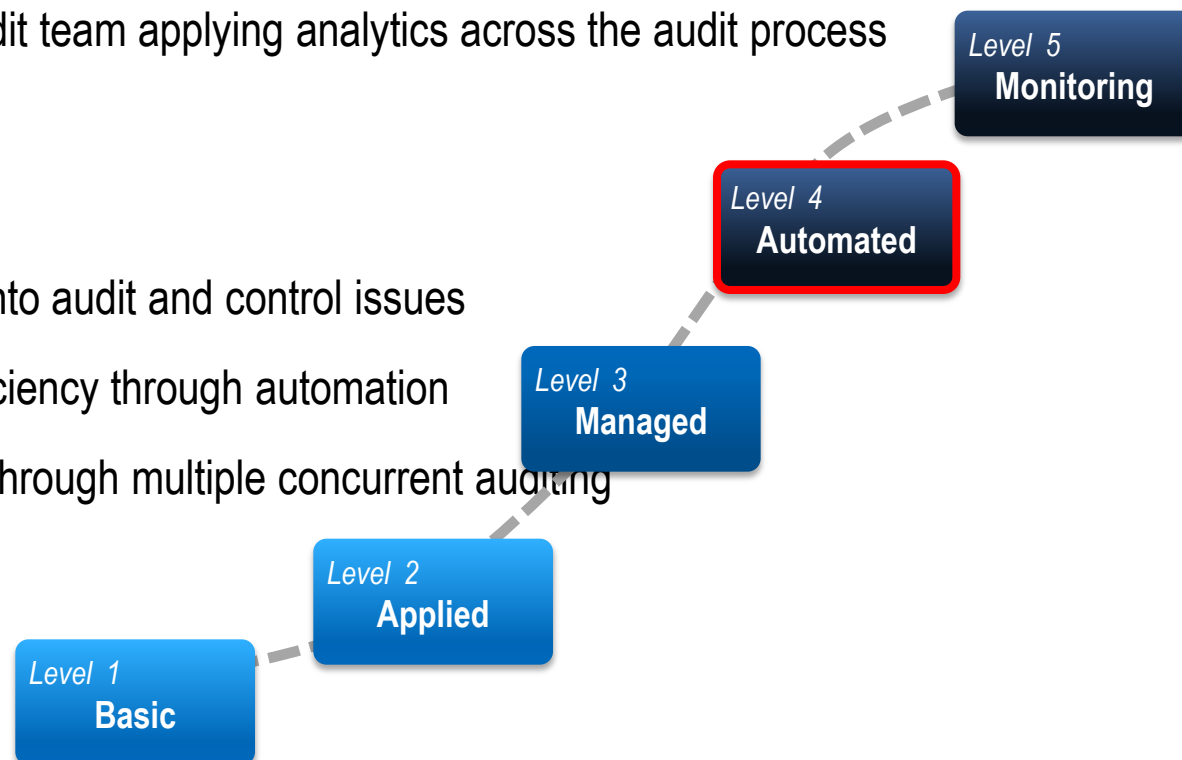
# Level 4: Automated

## Characteristics

- Recurring and scheduled analysis
- Audit processes change from cyclical to continuous
- A broader set of the audit team applying analytics across the audit process

## Benefits

- Achieve timely insight into audit and control issues
- Improve audit team efficiency through automation
- Audit scope increased through multiple concurrent auditing



# Level 4: - Automated: How to Maximize the Benefits

## Process

- Changes to traditional audit procedures
- Decisions on areas subject to continuous audit
- Review and response to results and exceptions

## People

- Definition of roles
- Program manager/leader
- Training

## Technology

- Server and repository software, automated data connectors and refresh, test scheduling
- Server hardware

## Case Study: Automated, AngloGold Ashanti

“ In these times, it is not good enough to look back over six months at audit time and discover wrongdoing or process inefficiency that may have cost the company money. ”



**Marius Kies**, Internal Audit Manager

AngloGold Ashanti

### Highlights:

- Identifying deviations, weaknesses and breaches as they happen
- Moving from a reactive traditional audit model, to an immediate proactive one
- Automated data collection, analysis and reporting

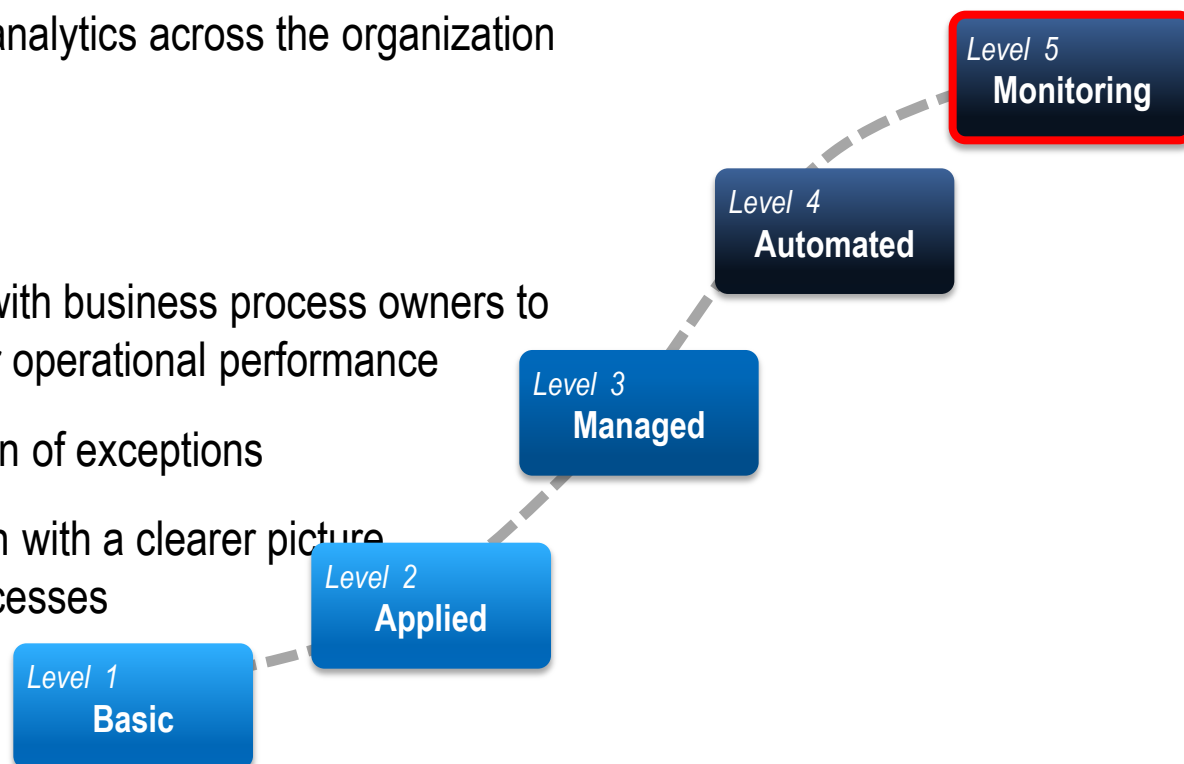
# Level 5: Monitoring

## Characteristics

- Exceptions routed to business process owners for review and remediation
- Reporting and monitoring of the results and trends identified
- Increased use of audit analytics across the organization

## Benefits

- Develop a partnership with business process owners to provide insight into their operational performance
- Achieve timely resolution of exceptions
- Provide the organization with a clearer picture of risks in business processes



# Level 5: - Monitoring: How to Maximize the Benefits

## Process

- Define business process management responsibilities
- Determine impact on audit procedures
- Procedures to address false positives
- Review and response to results and exceptions

## People

- Definition of roles – business process owners versus audit
- Training

## Technology

- Managed audit analytics platform
- Exception management work flow

## Case Study: Monitoring, Dun & Bradstreet

“ AuditExchange will fundamentally transform how we manage spending and evaluate compliance. Reporting that was previously non-existent will now provide senior leadership with a clear picture of our control environment. ”



Decide with Confidence

Hal Laughlin,

IT Audit Manager

### Highlights:

- Continuous monitoring with a common set of analytics in all operations
- Consistent reporting and tracking of exceptions across the business
- Improved regulatory compliance with Sarbanes Oxley and FCPA

# Your Trusted Partner for Audit Analytics

## Solution 1

### Data Analysis

Increase your audit coverage and productivity

- Access and analyze entire data populations
- More productive, focused and cost-effective analysis
- Learn from the experts

## Solution 2

### Applied Analytics

Enhance quality and consistency by embedding analytics into audit processes

- Uncover weak or non-existent controls
- Integrate best-practice audit analytics
- Easily repeat testing procedures

## Solution 3

### Managed Analytics

Conduct more efficient, secure and faster analysis

- Organize for greater team efficiency
- Leverage the power and security of a server
- Improve the quality and sustainability of analytic work

## Solution 4

### Continuous Auditing

Gain more timely insight into fraud, errors and inefficiencies

- Provide more value with timely insight
- Create a more efficient and effective audit process
- Expand your audits to cover more areas, more often

## Solution 5

### Continuous Monitoring

Reduce risk, lower costs and increase organizational performance

- Enable rapid response to fraud, errors and inefficiencies
- Strengthen financial and operational controls
- Reduce audit and compliance costs

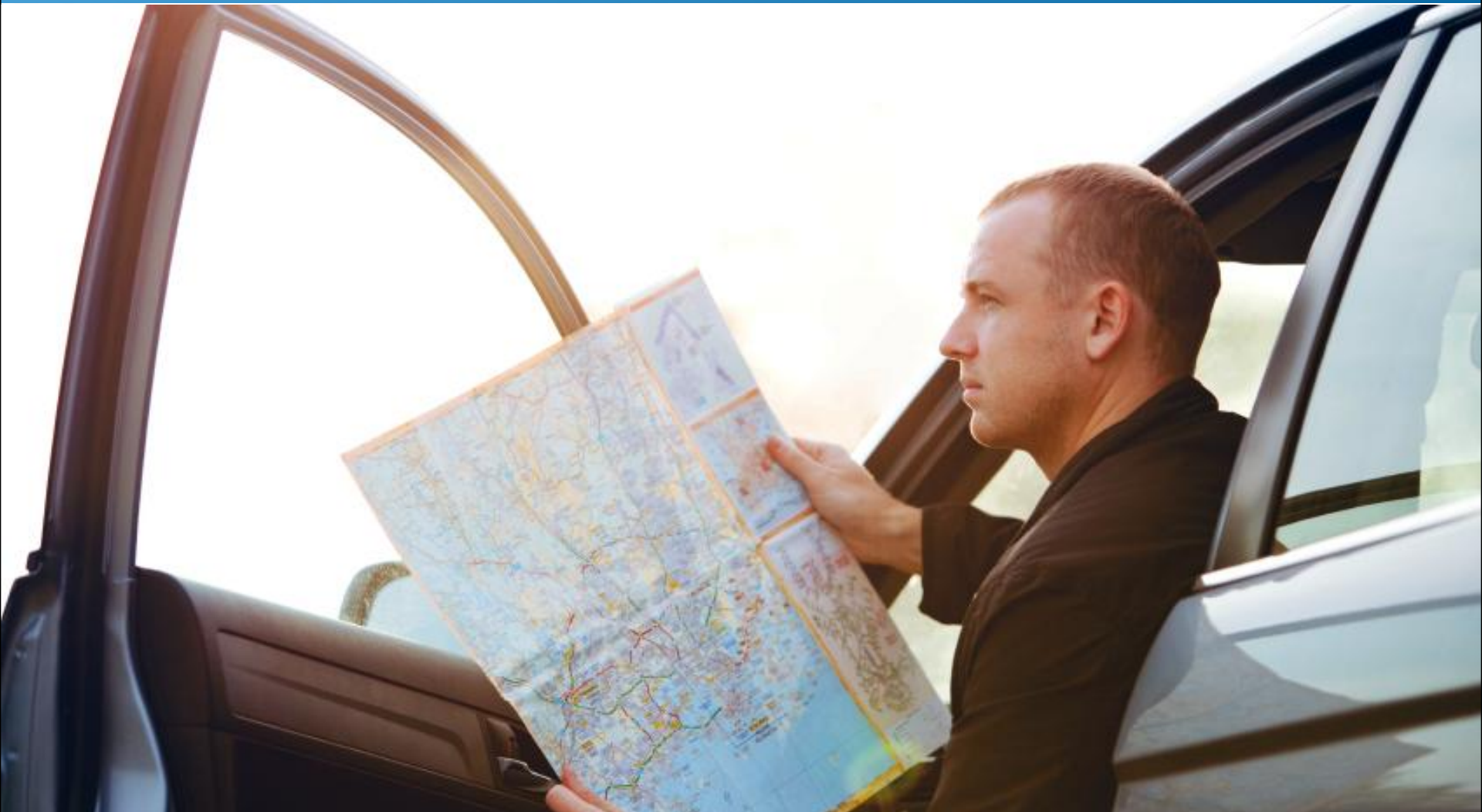
ACL Desktop

AuditExchange

Training

Consulting

Audit Analytic Capability Model



Now you have a **roadmap**

# ACL AuditExchange: The Business Assurance Platform

- The AuditExchange platform is designed to help internal audit provide more coverage and increased business assurance
  - Simplifies data access challenges
  - Easily automates analytic processes
  - Effectively communicates transaction exceptions
  
- Launch of AuditExchange 3
  - Expanded focus on Continuous Controls Monitoring
  - Support demand of audit to push results out to the business
  - Empower business units to manage risk and adapt controls BEFORE loss

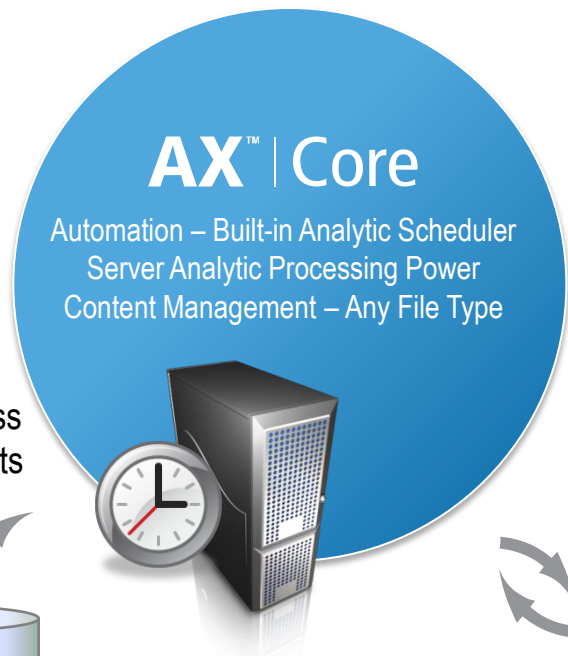
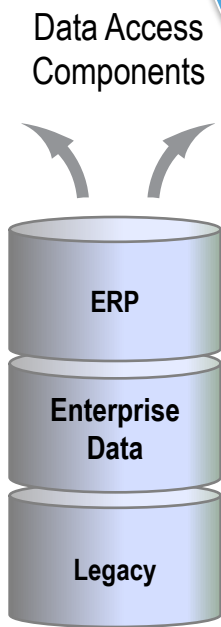
# The Complete Solution

## Data Analysis & Applied Analytics

**ACL** | Desktop



Access virtually any data source and automate data feeds



**ACL** | DirectLink



**AX** | Datasource



ACL D/B Interfaces

## Managed Analytics

**ACL** | Desktop    **AX** | Core Client

## Continuous Auditing

**AX** | Gateway

## Continuous Monitoring

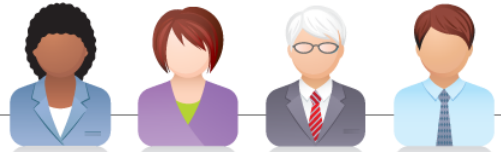
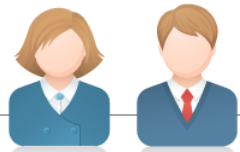
**AX** | Exception



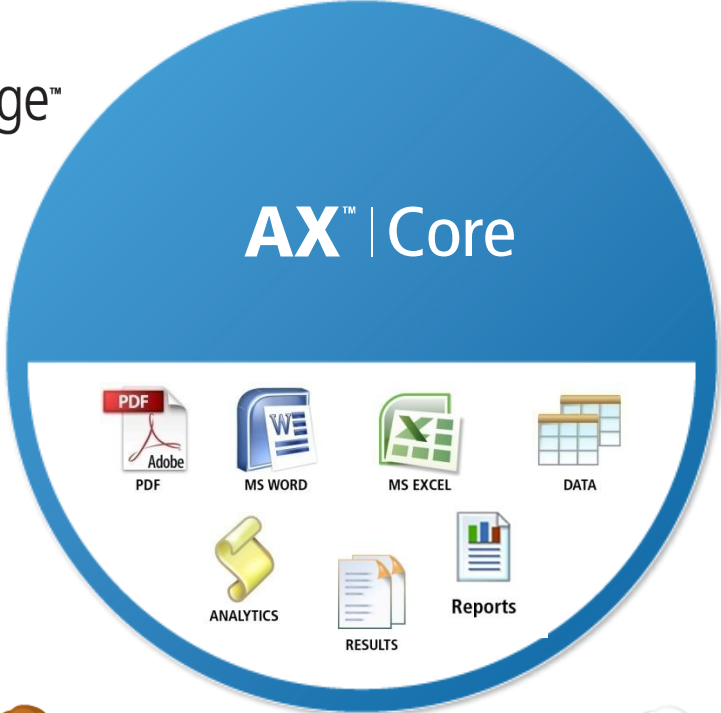
Desktop

AuditExchange

# Managed Analytics



**ACL** | **AuditExchange™**  
the business assurance platform



**Organization**

# Exception Management

## AX™ | Exception

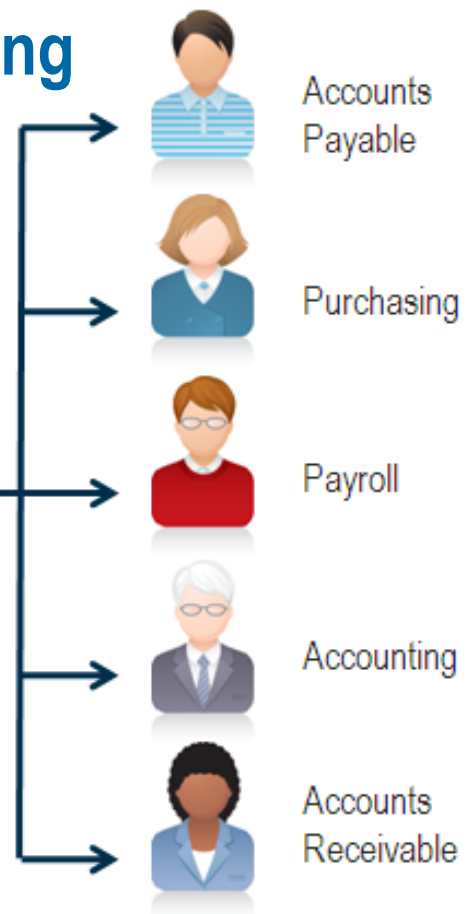
### Example Analytics

- ✓ Duplicate Purchases
- ✓ Split Transactions
- ✓ Restricted Merchant Category Codes (MCC) on Credit Cards
- ✓ Regulatory Risks
- ✓ Suspicious Journal Entries
- ✓ Employee/Vendor Match
- ✓ Exceeding Purchase Limits

## Continuous Monitoring

← Exception Management →

*Automatically distribute exceptions found during data analysis testing to multiple business stakeholders*





**FREEDOM FROM DOUBT™**