

The background of the slide features a large, faint watermark of the Rutgers University seal. The seal is circular and contains a sunburst in the center, with the words "RUTGERS THE STATE UNIVERSITY OF NEW JERSEY" around the perimeter.

# RUTGERS

THE STATE UNIVERSITY  
OF NEW JERSEY

## A Large Bank

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## Background

- A full service bank that has been in business for over 70 years and has a very active continuous audit program
- The CA program is in IT / IA and has over 10 people engaged
- It monitors over 5 million customer accounts on a daily basis
- It send out about 6 thousand alarms a month

# Continuous Audit at our Bank

- **Mission**

- Automatically evaluate risks and controls on a continuous basis in order to identify exceptions and anomalies, trends and risk indicators.
- Issue opinions about controls, risk assessment for top management, audit committee and other interested parties. Contribute to corporate Governance of the Conglomerate.

- **Scope**

- All products, processes and services in the conglomerate that allow for the systemic extraction and analysis of data generated by Information Technology.

- **Approach**

- Extraction and analysis of information of the products, processes and services that exist in the Conglomerate using IT to improve timeliness and scope of Internal audit work..
- Inform events of non-compliance in these being effective on the generation of products needed for the prevention and correction of risks and events.

**PRODUTIVITY WITH QUALITY AND EFFICIENCY**

## **Continuous Audit at our Bank**

There are currently 18 procedures that cover the following scope:

- **DETECTIVE:** Routines that detect potential errors
- **DETERRENT:** Routines that inhibit inappropriate events and behaviors
- **FINANCIAL:** Routines that reduce or avoid financial losses
- **COMPLIANCE:** Routines that help compliance with existing laws, policies, norms and procedures.

## Continuous Audit at Our Bank

Daily Routines - Branches	Approach			
	Detective	Deterrent	Financial	Compliance
1. Advances	X	X	X	X
2. Excess over credit limit	X	X	X	X
3. Returned checks	X	X	X	
4. Federal tax payment cancelations	X	X	X	
5. TED Emissions	X	X	X	X

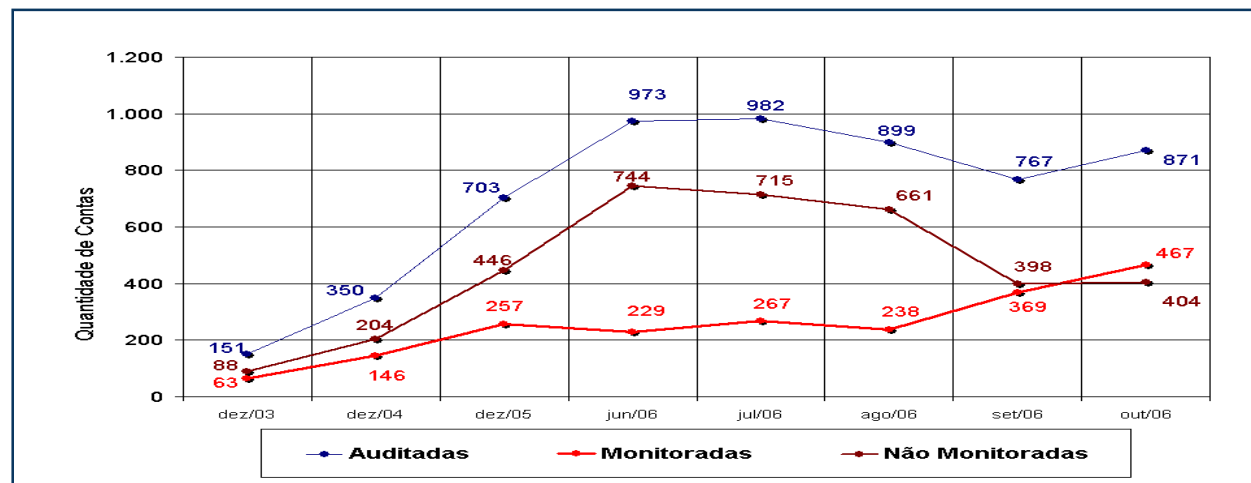
## Continuous Audit at Our Bank

Rotinas Diárias – Rede de Agências	Abordagem			
	Detective	Preventive	Financial	Compliance
1. Accounts open 30/60 days without posting and with X% utilization of the credit limit (monthly)	X	X	X	
2. Debits in accounts without credits over 180 days (Insurance, etc.) (Bimonthly)	X	X	X	X
3. Accounts dormant over 180 days (Seasonal)	X	X	X	X
4. Returned checks self-emitted in new accounts (Bimonthly)	X	X	X	X
5. Savings account with more than 5 deposits a months (Tri-monthly) (Trimestral)	X	X	X	
6. Delivery of checkbooks for clients in the CCF (Monthly)	X	X	X	X

## Continuous Audit at our Bank

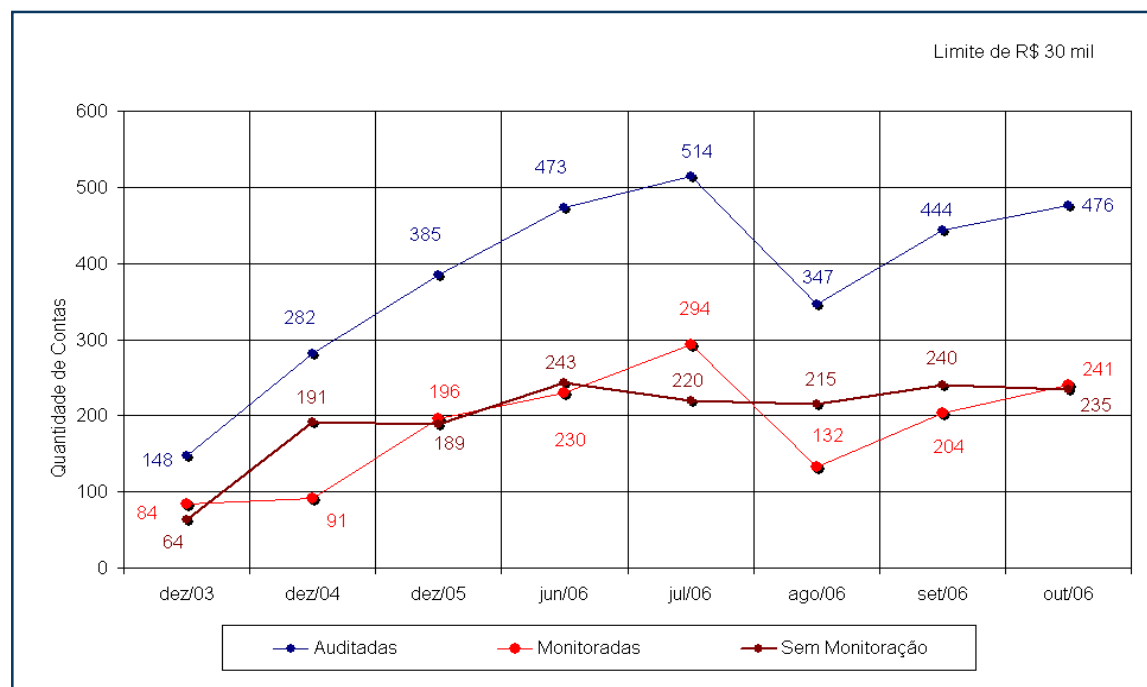
Daily Routines	Abordagem			
	Detective	Preventive	Financial	Compliance
1. Adviances to depositors (excess) (Bimonthly)	X	X	X	X
2. Returned checks (Bimonthly)	X	X	X	X
3. Restricted & Returned checks (Bimonthly)	X	X	X	
4. Wrong personal data in checks (Bimonthly)	X	X	X	
5. More than two checking accounts (Bimonthly)	X	X	X	X
6. Too much monthly expenses (Bimonthly)	X	X	X	X
7. Total debt larger than X% on monthly income. (Bimonthly)	X	X	X	X

## Adiantamentos a Depositantes





## Excesso sobre Limites



## **The audit program**

### **Tools**

- **Routines developed in FOCUS**
- **MS-Office (Access; Outlook; Word; Excel; Power Point; Visual Basic)**
- **Data Warehouse**
- **ACL**

**What we want**

- **Audit and monitor closely the key bank controls**
- **Improve timeliness**
- **Improve on risk management**
- **Increase internal audit's involvement with the  
critical areas of the bank**
- **Improve audit effectiveness**

## Some considerations

### **Basis**

- We are finally in the real-time economy
- In this economy the key issue is to reduce within and between process latency
- The basic management process requires
  - Real time measurement
  - Terms of comparison (models)
  - Significant variance computations
    - lead to alarms
- Conceptually we need to re-think certain things

## Some re-consideration

- What is monitoring vis-à-vis continuous assurance?
- What kind of partnership does internal audit develop with the operational areas?
- Is this form of continuous assurance actually a control?
- How about independence?

