

# Continuous Auditing at Unibanco

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# Agenda

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- Financial Institution Background
- Continuous Auditing Area Mission, Scope and Approach
- Characteristics of our Continuous Auditing Routines
- Some Routines
- Final Considerations
- Conclusion and Recommendation

## Financial Institution Background

- A full service bank that has been in business for over 80 years, having a very active Continuous Auditing program since 2000
- The CA program is part of the Information Technology Internal Auditing and has over 10 people engaged
- It monitors over 5 million customer accounts on a daily basis
- It sends out about 6 thousand alerts a month

# Continuous Auditing Mission, Scope and Approach

- **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 the systemic extraction and analysis of data generated by Information Technology.

- **Approach**

- Use of existing products, processes and services information analysis to improve timeliness and scope of the Internal Auditing
- Inform resulting non-compliance events, generating new products necessary to minimize risks and unforeseen events

**PRODUCTIVITY WITH QUALITY AND EFFICIENCY**

# Characteristics of our Continuous Auditing Routines



There are currently over 20 procedures that cover the following scope:

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

# Some Continuous Auditing Routines

Daily Routines - Branches	Approach			
	Detective	Deterrent	Financial	Compliance
1. Check Advances or Excess in accounts or overdrafts	X	X	X	X
2. Returned checks	X	X	X	
3. Federal tax payment cancellations	X	X	X	
4. TED (ELETRONIC FUNDS TRANSFER) issue	X	X	X	X

# Some Continuous Auditing Routines

Daily Routines - Branches	Achieved Benefits				
	Time to Detect	Inform to Business Area	Inform to Audit Staff	Before	Today
1. Check Advances or Excess in accounts or overdrafts	1 DAY	1 DAY	1 DAY	15 DAYS	1 DAY
2. Returned checks	1 DAY	1 DAY	1 DAY	30 DAYS	1 DAY
3. Federal tax payment cancellations	1 DAY	1 DAY	1 DAY	AFTER GOVERNEMENT CLAIMS	1 DAY
4. TED (ELETRONIC FUNDS TRANSFER) issue	1 DAY	1 DAY	1 DAY	NEVER	1 DAY

## **Improvements**

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- **Audit Approach Enhancement**
- **Internal Auditing Efficiency Increase**
- **Fraud Situations Reduction and Inhibition**



## **Tools**

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- **Routines developed in FOCUS**
- **MS-Office (Access; Outlook; Word; Excel; Power Point; Visual Basic)**
- **Data Warehouse (SAS and BRIO)**
- **ACL**
- **IBM Consulting**
- **Professor Miklos**

## **Final Considerations**

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- **Continuous Auditing is closer to key bank controls**
- **Improves response time**
- **Improves risk management approach**
- **Increases internal audit involvement with the critical areas of the bank**
- **Improves audit effectiveness, efficiency**

## **Conclusion and recommendation**

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### **Conclusion**

**CA had a tremendous impact in response time and fraud prevention**

### **Recommendation**

**To continue implementation of other processes where there is a possibility of non compliance (the return of the investment will be enormous)**

**Thank You!**

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