Continuous Auditing and Monitoring technology - the next generation

19th World Continuous Auditing Symposium
Rutgers Business School
November, 2009

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Vice President Services & Product Strategy
ACL Services Ltd
ACL - 22 Years of Data Analysis in Audit

Clients include 222,000+ licensed users, 14,000 organizations in 150 countries

**Commercial**
- citi
- DOW CORNING
- HARRAH'S
- D&B
- Microsoft
- Siemens
- TELUS
- John Hancock
- hannover life re
- Emirates
- BNP PARIBAS
- Wells Fargo Foothill

**Global 500** 70%
**Fortune 500** 85%
**Fortune 100** 95%

**Public Sector**
- Federal Ministry of Finance
- Department of Defense
- Department of Home Affairs
- UNICEF
- Stanford University

**200+ departments in 37 national governments**
**500+ regional, state and local governments**

**Public Accounting / Business Services**
- Deloitte
- Ernst & Young
- PricewaterhouseCoopers
- KPMG
- Protiviti

**External Audit : Big 4 Audit firms** 100%
ACL Evolution of Continuous Auditing and Monitoring

1987-1999
Auditors increasingly automate use of ACL for data analysis and implement regularly repeated applications

2000-2002
ACL delivers first customized continuous auditing and monitoring applications for specific business process areas

2003
ACL launches 1st Continuous Controls Monitoring (CCM) product suite

2004-2007
ACL implements CCM products for 6 core business process areas at wide range of clients

2008
ACL implements Enterprise CCM for Purchase to Pay at Siemens AG globally

Release of ACL AuditExchange: a managed analytics platform and continuous auditing solution
September 2009:

an integrated solution for
Continuous Auditing & Continuous Monitoring
IIA Software Survey: Continuous Auditing

Other: Excel, IDEA, Inhouse, Oracle, PeopleSoft, Proprietary, Showcase Query
What did we learn from years of practical experience of continuous auditing and monitoring?

- Wide range of approaches
- The continuum of analytics
- CM is increasingly driven from CA into the business – by audit
Continuum of Audit Analytics

- One-off analysis and testing
- Automated analyses and tests
- Managed and deployed from a central environment
- Continual execution of automated audit and monitoring tests to test compliance and identify errors, fraud and waste on a timely basis

*ad hoc*  
*repetitive*  
*continuous*
Continuous controls monitoring for transactions (CCM-T) is an emerging governance, risk and compliance technology that monitors ERP and financial application transaction controls to improve financial governance and automate audit processes.

CCM-T ensures that business rules and policies are effective, reduce compliance and audit costs, and support risk management.
# Moving Towards Continuous

## PROMISE & REALITY

Continuous auditing can be a boon, but getting it right is not easy, according to a recent survey:

<table>
<thead>
<tr>
<th>BENEFITS</th>
<th>OBSTACLES</th>
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<tbody>
<tr>
<td>✓ Greater coverage</td>
<td>✗ Understanding the underlying information system</td>
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<tr>
<td>✓ Ability to test 100% of the population</td>
<td>✗ Accessing the required data</td>
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<tr>
<td>✓ Steady monitoring of changing risk levels</td>
<td>✗ Ability to manipulate the data</td>
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<tr>
<td>✓ Independent assurance of key controls</td>
<td>✗ Poor data integrity</td>
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<td>✓ Lower audit costs</td>
<td>✗ Finding auditors with required skill sets</td>
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Source: Institute of Internal Auditors
CA and CM …Practical Technology Requirements

- Enterprise Data Access & Management
- Defined Analytics for Key Processes
- Integration with Audit Process and Content Management
- Scheduling & Automation
- Exception Management & Workflow
- Reporting
- Flexible Query & Analysis
- Advanced Flexible Analytic Configuration

Enterprise-ready Performance & Reliability
Continuous Auditing

ACL | AuditExchange™
the business assurance platform

**AX™ | Core**
Centralized Audit Management
• Engagement & Content Management
• Automation
• Analytic Processing

Manage All Types of Audit Content
- Data
- Analytics
- Crystal Reports
- Projects
- Results
- Excel
- PDF
- Word
- Audio
- PowerPoint
- Word

**AX™ | Accelerators**

**AX™ | Link**
SAP ERP

**AX™ | Datasource**
Enterprise Data

**AX™ | Exception**
Business Stakeholders

**ACL | Desktop**
ACL Specialist

**AX™ | Gateway Pro**
Auditors & Audit Leadership

**AX™ | Gateway**

**AX™ | Gateway**
Continuous Monitoring

- Business Process Areas

**AX** | Core
- Continuous Monitoring
- Automation
- Analytic Processing

- Data
- Results
- Analytics

**AX** | Accelerators

**AX** | Link

**AX** | Datasource

**AX** | Exception
- Web-based Interface
- Publish Exceptions
- Workflow Management

**AX** | GatewayPro
- Controls Monitoring Management

**ACL** | Desktop
- Analytic Authoring

**Business Stakeholders**
AX™ Datasource

Provides access to multiple data sources

Schedule large data extracts on a recurring basis

Mask sensitive information

powered by INFORMATICA®
AX™ | Exception

AX™ | Core

Exceptions

AX™ | Exception

Web-based interface
Distribution of exceptions
Workflow management for exception resolution

Business Stakeholders
“Audit Interested”

- Accounts Payable
- Purchasing
- Payroll
- Accounting
- Accounts Receivable
Audit Exchange 2.0, with the AX Exception component, has improved our controls monitoring across the business. **We have automated both audit testing and distribution** of the results for appropriate follow up. It now runs seamlessly and we have an audit trail that confirms exceptions are reviewed and dealt with. This is a much better alternative to sending audit reports with attachments, to people who may or may not answer, and then manually cutting and pasting auditee feedback back into audit reports.

Tom Boyle, District Audit Officer
Dun & Bradstreet

“AuditExchange 2.0 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.”

Hal Laughlin, IT Audit Manager
Dun & Bradstreet

- Continuous monitoring for enhanced controls & regulatory compliance
- Significant cost recoveries and ROI
- Timely exception reporting and communication to stakeholders
- Higher quality audits with full data coverage
Siemens Financial Services, Inc.

“AX Exception is going to improve how we work with internal business units. We are already getting questions and suggestions about additional analytics based on the first few reports we provided to them. And it’s much easier now for the managers to track and follow-up on issues. We previously sent out spreadsheets, which had become largely unmanageable due to their size and complexity.”

Jason A. Gross, Vice President, Controls Management
Changing the Game

an integrated solution for
Continuous Auditing & Continuous Monitoring