The Road to Continuous Assurance

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Agenda

- Key Drivers for Successful Implementation
- Technology Tools -- Vital for Success
- Challenge Statement
- Continuous Controls Monitoring (CCM) Implementation
- Build the Bridge to Continuous Assurance
- Conclusions & Current Day Challenges
Key Drivers for Successful Implementation

- Define Continuous Auditing/Monitoring objectives
- Obtain support & commitment from Audit Committee and Management
- Continuous Auditing should complement the Audit Plan
- Identify key audit/monitoring topics
- Start small; build from success
- Automate/leverage from well-defined periodic audits
Key Drivers for Successful Implementation

- Migrate from testing of samples to testing of universe
- Timely evaluation of activity
- Define responsibility between continuous monitoring and continuous auditing
- Gain reliance by external auditors and add value
- Formalize continuous audit approaches and methodology
Technology Tools -- Vital for Success

- Embrace and invest in technology tools and solutions
- Data analytics is at the heart of ‘Continuous’
- ‘Continuous Assurance’ is still possible with technology products even without ‘Continuous’ in the name!
- Optimize current data analytic scripts and schedule routines on a ‘continual’ basis
Challenge Statement:

Implement a CCM program for the Organization that offers flexibility in the definition of analytics that can be custom tailored to fit the needs and changing parameters of our business which includes a workflow system such that owners can update the status of exceptions via a web-based interface that provides real-time statistics and transparency across the Organization of open and closed items of which is readily auditable and can be relied upon by internal/external auditors.
CCM Solution Incorporated the Following:

- ACL Desktop
- ACL AuditExchange
- ACL AX Exception
CCM Implementation:

- Integrated CCM program design….’engine’ calls analytics
- Open framework…custom defined ‘engine’ and analytics
- Cumulative versus Differential analytics
- Exception versus Alert analytics…dual purpose for CCM!
- Personalized Email notifications of new exceptions to owners
- Script change management logging and email notifications
- Master table change management and email notifications
- Entire data analytic process is mechanized; no manual intervention
- CCM routine publishes only new or changed exception items
CCM Implementation:

- Self validation of corrected exceptions & false positives
- Web-based customized Workflow process to handle exceptions…un-validated items require 4-eye approval
- Daily and Cumulative Reconciliations (analytic vs. website)
- Rollforward Summary (open + new items – closed items = outstanding items)
- Status Update reminders and tracking email notifications
- ‘CCM engine’ portability to other parts of the Organization
- Fully logged and auditable
Continuous Methodology

- Identify risks
- Identify key controls
- Identify impacts

Continuous Risk Assessment

Continuous Techniques

- Define topics/approach
- Define frequency/_intervals
- Execute techniques

Continuous Corrective Action Validation

- Validate corrective action
- Evaluate effectiveness against new universe
Build the Bridge to Continuous Assurance

Continuous Assurance - Built Upon the Two Pillars of Continuous Monitoring and Continuous Auditing

Continuous Monitoring
- Owned by Management
- Is a Management activity
- May be preventive, detective and corrective in nature
- CM is a control itself

Continuous Auditing
- Owned by Internal Audit
- Is an Audit activity and responsibility
- Independent of the control; therefore should not be preventive in nature
- IA should evaluate CM activities, trending and change management
## Continuous Assurance Attributes

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<th>Edit Checks</th>
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### Additional Attributes

- Change Management
- Trending & Analysis
Finding the Right Mix…

Continuous Assurance

Continuous Monitoring

Preventive Detective Corrective Continuous Auditing
Conclusions & Current Day Challenges

- Implementation launch in Feb 2010 was a success with currently 45+ analytics in production!
- CCM was used in high profile project to satisfy auditors that remediation activity was successful and comprehensive
- Increased demand and utilization throughout business
- Requests for more analytics outweigh existing resources to develop new analytics
- Develop policy & procedures manual for CCM program
- Replace manual controls and manual SOX testing with CCM Analytics
- Achieve formality of external auditor reliance on CCM Program
Questions and Discussion...

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