use of continuous auditing at CA Technologies

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agenda

— Introduction – Saty Ghosh & Kristina Ramos

— CA Technologies leads the way globally

— Reason for Continuous Auditing

- Business expectations

— Areas for Continuous Auditing

- Sales Cycle

- Commission Cycle

- Accounts Payable

— Next Steps & Q&A

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introduction

— Kristina Ramos, Principal Internal Audit, CIA, CFE

- Education
  - B.S. Accountancy – C.W. Post Long Island University, Brookville, NY

— Satyajeet (Saty) Ghosh, SVP and General Auditor, CIA,CISA,CFE

- Education
  - MBA, Columbia Business School, New York, NY
  - MS Computer Science, Drexel University, Philadelphia, PA
  - MS Engineering, University of Pennsylvania, Philadelphia, PA
  - CAE Panel member for IIA, Research Fellow, Teaching Fellow, Lecturer

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CA Technologies leads the way globally

CA Technologies is an IT management software and solutions company with a deep expertise across all IT environments—from mainframe and distributed, to virtual and cloud.

Our products enable customers to **automate, manage** and **secure** IT environments and **deliver more flexible IT services**.

CA Technologies makes agility possible.

*Source: Forrester Research, Inc., "Who's Who in IT Management Software 2.0" by Jean-Pierre Garbani and Thomas Mendel, August 12, 2010

— ***#1 Management Software Vendor**

— **$4.4 billion** annual revenue and strong profit

— **~13,400** employees worldwide in 4 regions (NA, LA, EMEA & APJ)

— Customers in **virtually every country**, including majority of Forbes Global 2000

— **~$500 million and ~5,000 people** annually designing and supporting software

— **30+ years in business** managing complex heterogeneous environments

— **Ranked among top 50 *Greenest* US companies**

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most common business expectations

CA Technologies continuously evaluates the three most common business expectations

Grow through innovation	**Deliver insight and visibility**	**Reduce cycle time**
Speed	**Risk**	**Cost**
Become a catalyst for positive change in processes and controls	Provide insight into the effectiveness of risk management	Be more efficient and effective by utilizing automated tools
Sales Cycle	Commission Cycle	Accounts Payable Cycle

reason for continuous auditing at CA Technologies - Audit Committee and management expectations

— Expectations have never been higher

- Become a catalyst for positive change in processes and controls.
  - Evolution of the current control environment to include predictive controls
  - Create innovative solutions to assist in the audit committee's assessment of the efficacy of programs and procedures

- Provide insight into the effectiveness of risk management
  - Improve risk and control assurance by measuring risk in every transaction
  - Address controls failures as it occurs, rather than trying to investigate it afterwards

- Be more efficient and effective by utilizing automated tools
  - Identify control issues in real time
  - Automate procedures to drive efficiencies

reason for continuous auditing at CA Technologies

— Current SOX controls are preventative and detective, however testing is reactive

- Management monitoring and self-assessment were designed to ensure that controls and systems function as intended and that transactions are processed as prescribed

— Internal Audit is in the process of exploring (predictive) controls

- Improve efficiency and effectiveness of the audit process through automation, leading to identification of control issues real time

- Redesign traditional audit approaches to have repeatable and sustainable procedures that can predict potential control failures before they occur

- Evolution of monitoring controls to be predictive by creating a multi-component risk assessment framework for each transaction

- Recommend process improvements to reduce errors

areas for continuous auditing at CA Technologies – sales cycle

— CA Technologies has several ways to license products; each way is unique and complex

- Analysis of different discount between single product sale transactions vs. combined (product, usage, maintenance, term extension) transaction

- Management to evaluate indicators
  - to determine effectiveness of sales and marketing strategies
  - to evaluate for pricing manipulation for the benefit of personal incentive compensation

— Benefits of utilizing CAR Labs

- to help with creating solution models that will assist with analyzing data and clustering outliers

- turning research into ideas, products, and practices that take the solution to new heights

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areas for continuous auditing at CA Technologies – commission cycle

— CA's philosophy is to provide incentive compensation to participants who contribute to maintaining and growing CA's business

- Analysis of worldwide commission payments to predict revenue growth and comparison of the prediction to the forecast

- Management to evaluate indicators
  - o to determine potential revenue growth in specific areas
  - o to evaluate the effectiveness of compensation plan with sales strategies/objectives

— Benefits of utilizing CAR Labs

- Adapt Rutgers current research work to assist CA current business solutions

- At the forefront of research and discovery that provide repeatable solutions

areas for continuous auditing at CA Technologies – accounts payable cycle

— CA Technologies is consistently reevaluating our controls over Foreign Corrupt Practice Act (FCPA)

- Analysis of vendor and travel and entertainment expenses for indicators or potential indicators of FCPA violations

- Management to evaluate indicators
    - to determine effectiveness of training
    - to evaluate whether self-disclosure is required

— Benefits of utilizing CAR Labs

- Has the tools and training to help Internal Audit work more effectively

- Generates creative ideas for improving processes, analyzing data and developing monitoring scripts

next steps

— Q&A

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