



ECB new pan-European Supervision (formalization)

- Integrated documentation
- Compliance and Risk Communication
- Extended Process Auditing
- Monitoring and Continuous Auditing



Key Point

- Europe and US have been moving in opposite directions in relation to controls (*contre rôle*, alias, double entry bookkeeping)

Process Formalization vs. Technology solutions

- In Europe (ECB), process-formalization 1st
↳ technology apps;
- In USA, technology apps 1st ↳ process-formalization;



Integrated Documentation

1. Business Process integrated documentation (TUNE©)
 - microprocess operational flow;
 - Operational Risk info (Basel 2);
 - Internal/External Compliance (confetti);
 - Integration with Corporate Structure info.

 2. Maintenance Workflows (e.g. SharePoint)
- Benchmark documentation (see pls. Göthe hand-out);
 - Updates approvals cycle;
 - Compliance confetti cycle;
 - Operational Risk values cycle;



Compliance and Risk Communication

1. **Compliance to external sources**
 - By “confetti” attached to each applicable microprocess;
2. **Compliance to internal sources (applicable Corporate Structure info)**
 - On top of each microprocess;
3. **Compliance to internal sources (Corporate Policies and Core Values)**
 - Grouped in microprocess n° 0 on each TUNE© ;
 - By “confetti” attached to each applicable microprocess;
4. **Operational Risk self-assessment**
 - Placed on top of each applicable microprocess.



Extended to risk Process Auditing

1. Traditional Process Auditing

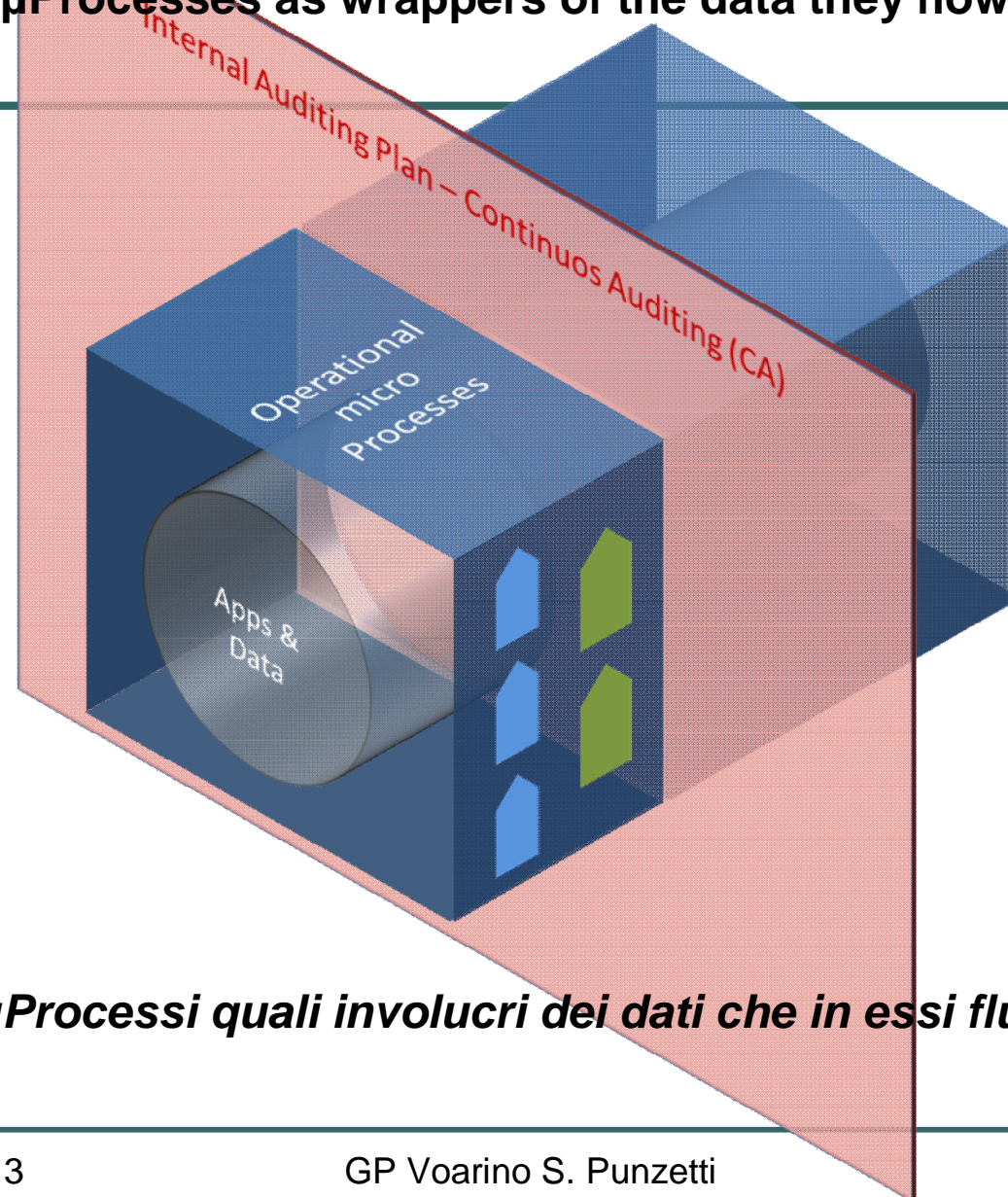
- Looking (backward) at all aspects, except risks;
- Reduction of auditing costs by efficiency;
- Work papers automation;
- Reporting transparency.

2. Extended to risk Process Auditing (EPA)

- Looking (forward) also at risks and compliance field evidences (ex post) ;
- Linking to quantitative Monitoring (KPIs, RAIs, POIs);
- Linking to Continuous Auditing;
- Reporting covers past and future trends;
- Linking to Internal Control System Attestation (AICPA and SarbOx).



μ Processes as wrappers of the data they flow



μ Processi quali involucri dei dati che in essi fluiscono



Systematic quantitative Monitoring

1. Systematic quantitative monitoring

- KPIs (Key Performance Indicators)
 - Supervisor requests;
 - Best practices;
- RAIs (Risk Analytical Indicators)
 - Computed where audit trails are positioned;
 - Validated by field audit evidences ↪ data quality;
- POIs (Process Owner Indicators)
 - Computed on data marts /cubes already validated (data quality) by RAIs.



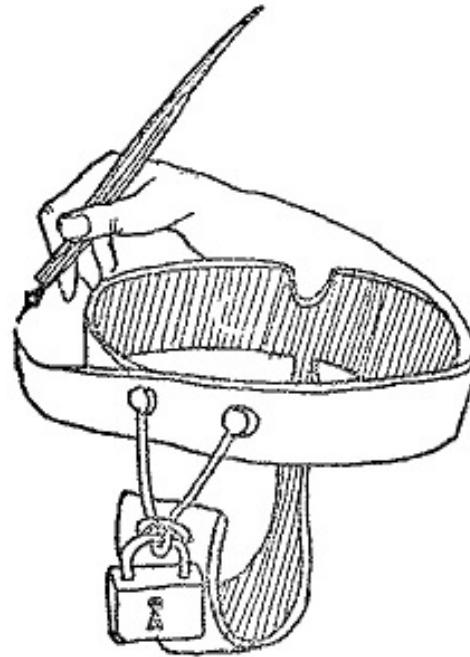
Continuous Auditing (when conclusive)



1. That is: a number of audit planes must be reconciled:
 1. Large enough to be considered exhaustive
 - By external Auditor;
 - By fiscal Authorities;
 - By banking Supervisors (ECB);
 - By Stakeholders;
 2. Results must match with:
 - Supervisor's "evidenze cartolari";
 - Feed-back from Stakeholders;
 3. Evolution $f(t)$.



Business Continuity





Hands in Ferrara





Hands in Ferrara



Hands in Ferrara





Hands in Ferrara





Hands in Ferrara





Hands in Ferrara

