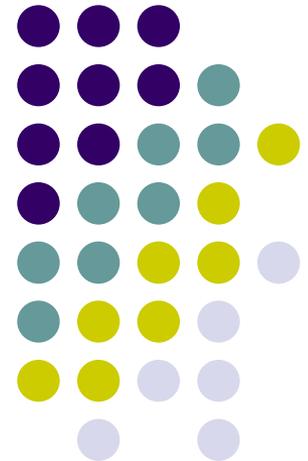
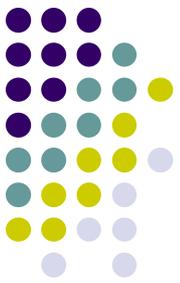


# The Road to Continuous Assurance

**Jason A. Gross**, CPA, CIA, CFE, CISA, ACDA  
Vice President, Controls Management  
Siemens Financial Services, Inc.





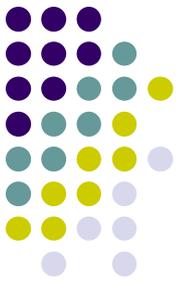
## Challenge Statement:

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.

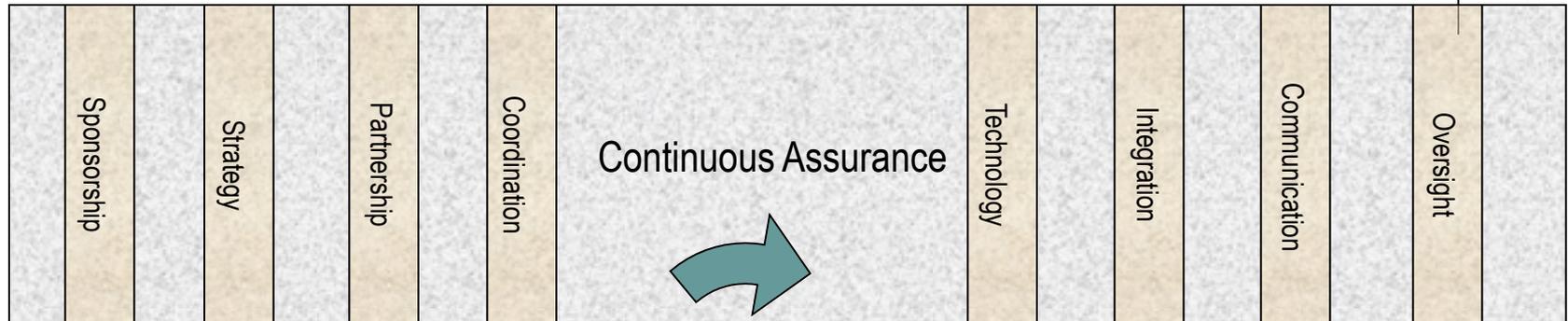
# CCM Solution Incorporated the Following:

- ACL Desktop
- ACL AuditExchange
- ACL AX Exception





# Build the Bridge to Continuous Assurance



## Continuous Monitoring

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

## Continuous Auditing

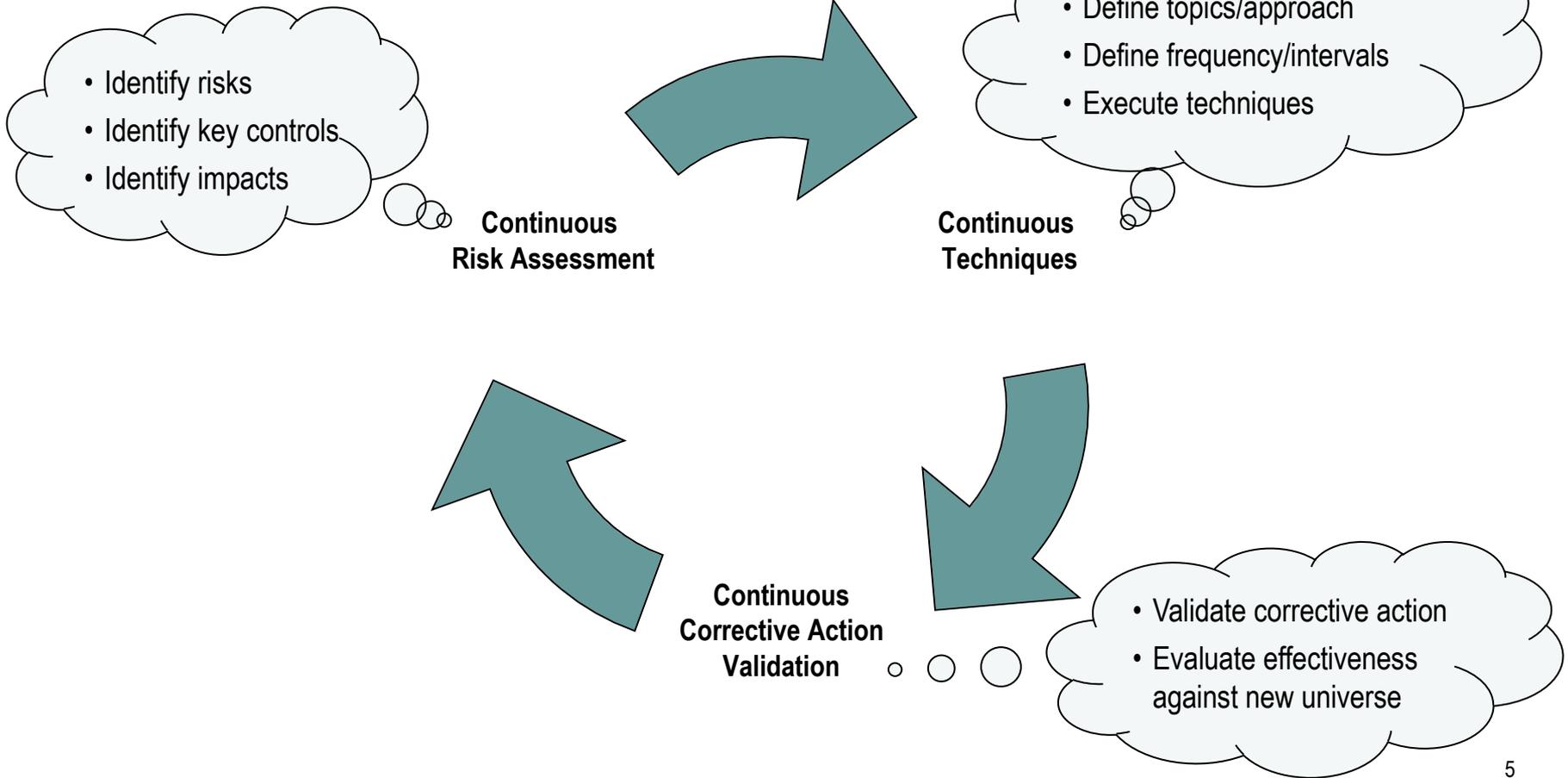
- Owned by Internal Audit
- Is an Audit activity and responsibility
- Independent of the control; therefore should not be preventive in nature
- IA should evaluate CM activities, trending and change management

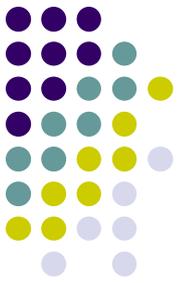


**Continuous Assurance-**  
Built Upon the Two Pillars of  
Continuous Monitoring and Continuous Auditing



# Continuous Methodology

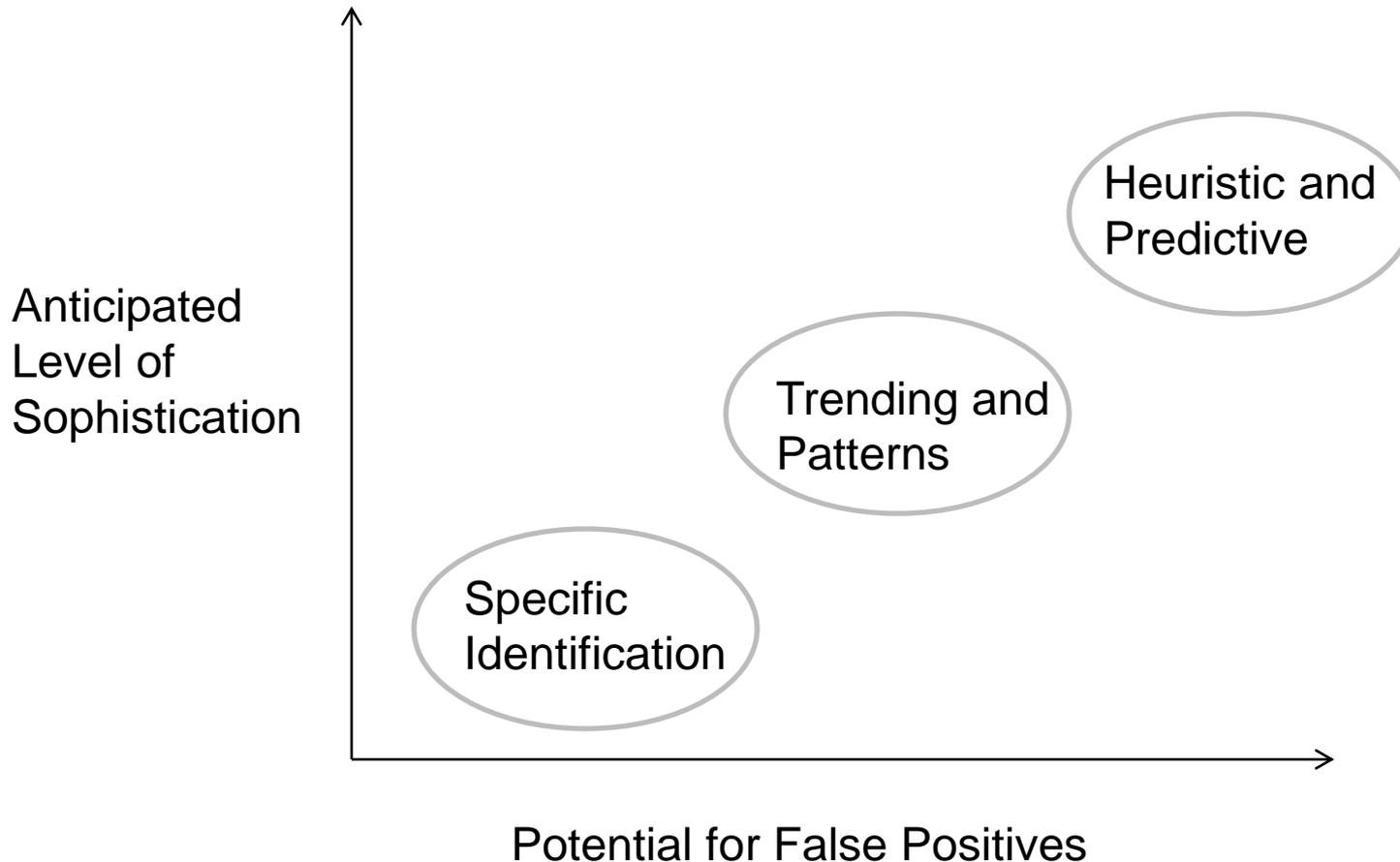


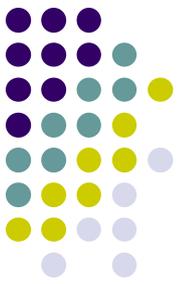


# Continuous Assurance Attributes

<b>Authorization</b>	<b>Data Completeness</b>	<b>Table Maintenance</b>	<b>Edit Checks</b>	<b>Calculation Verification</b>	<b>Data Integrity</b>
<b>Change Management</b>					
<b>Trending &amp; Analysis</b>					

# 3 Key Techniques of Continuous Monitoring





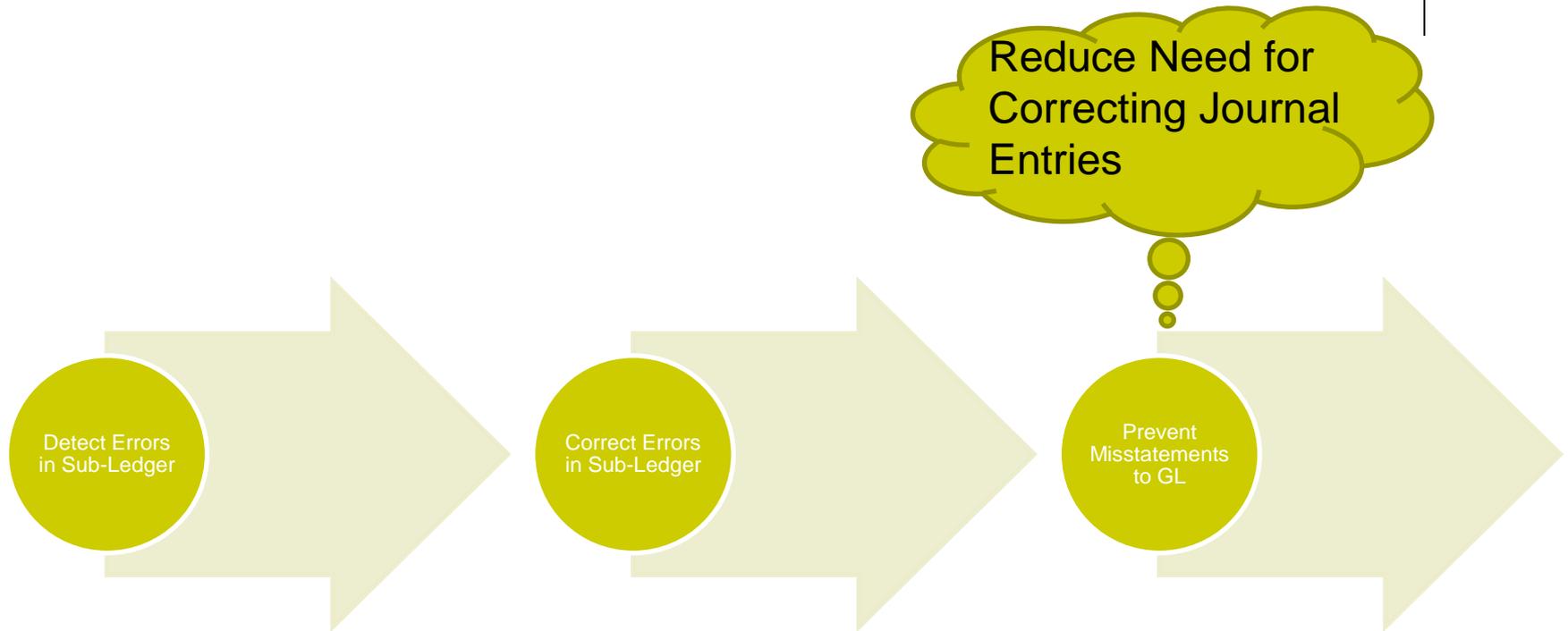
**Which of the Following Is Continuous Monitoring ??**

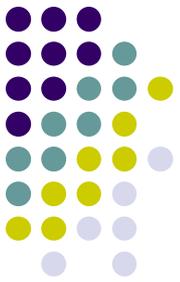
**Detective Control**

**Corrective Control**

**Preventative Control**

# CCM Improves the Closing Process:



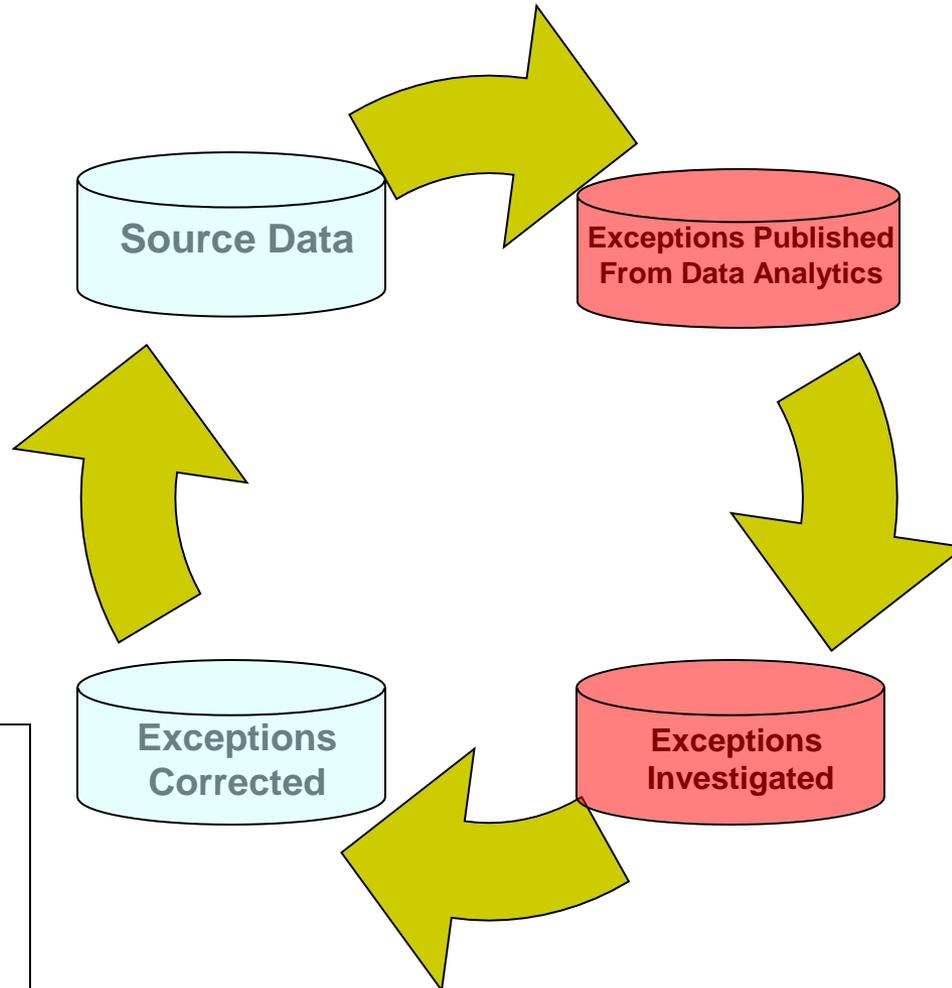


# Data Analysis Types:

Cumulative

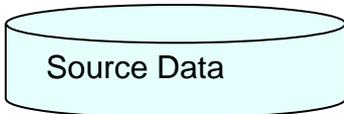
Incremental/Differential

# Closed Loop Exceptions Validation Mechanism:

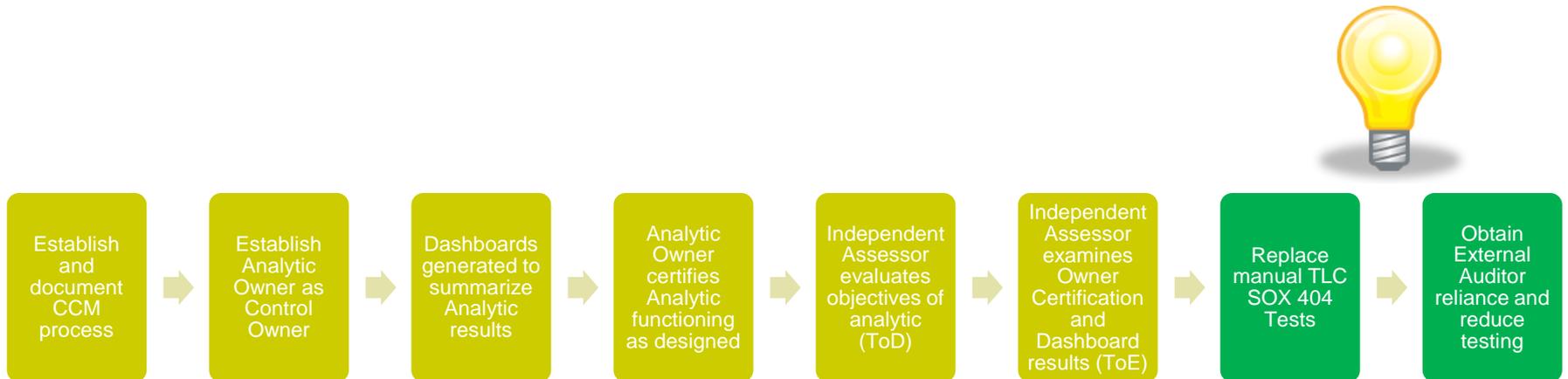


***CCM Program automatically Re-Publishes Exceptions to website if items closed on website but source data not corrected, all without manual intervention !!***

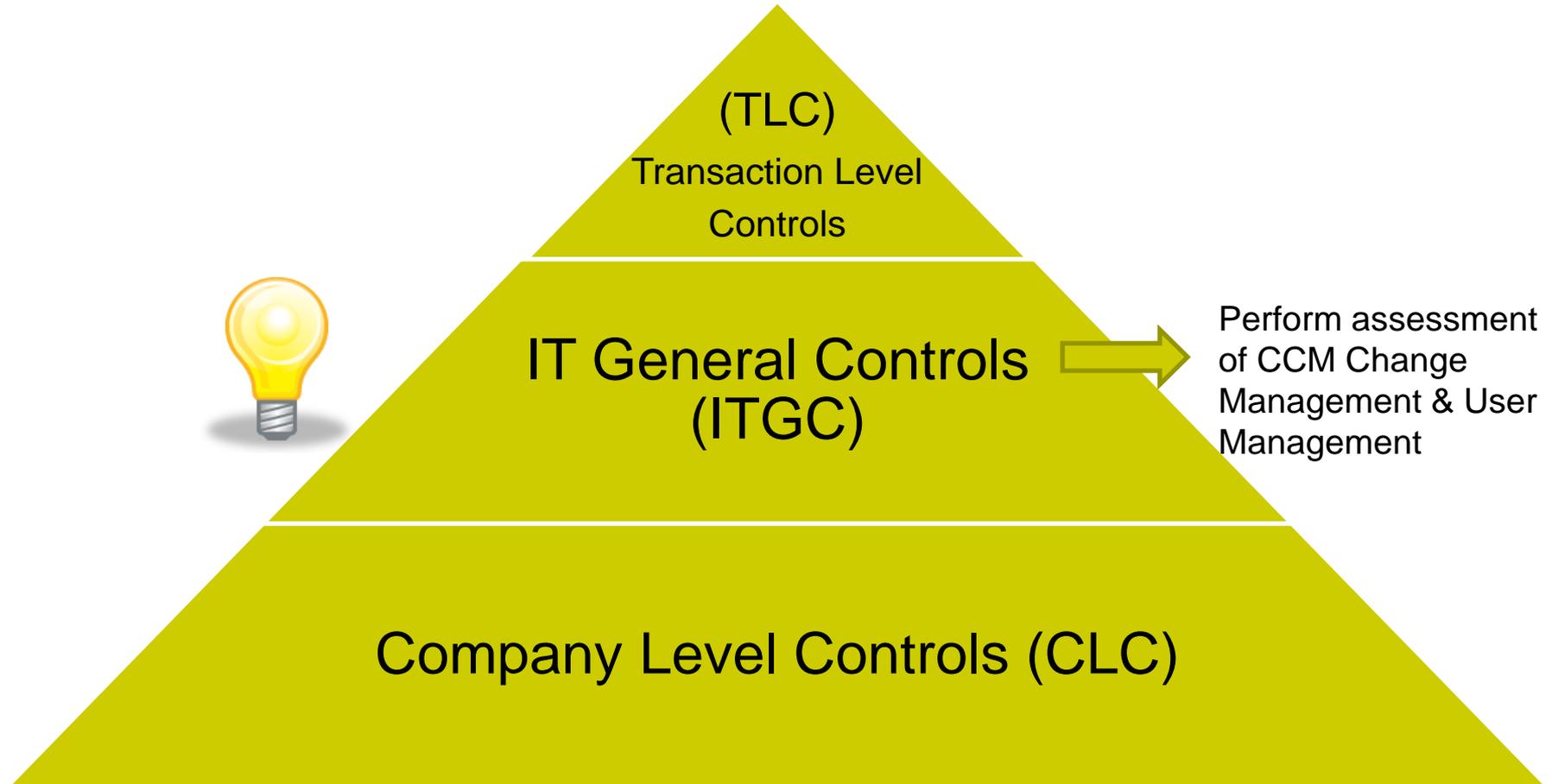
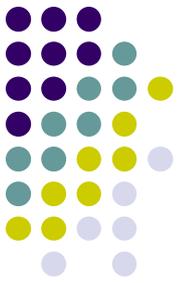
Legend:

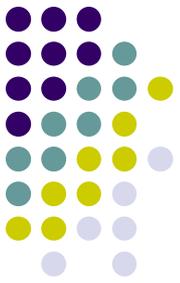


# Harmonization of CCM into SOX Methodology:

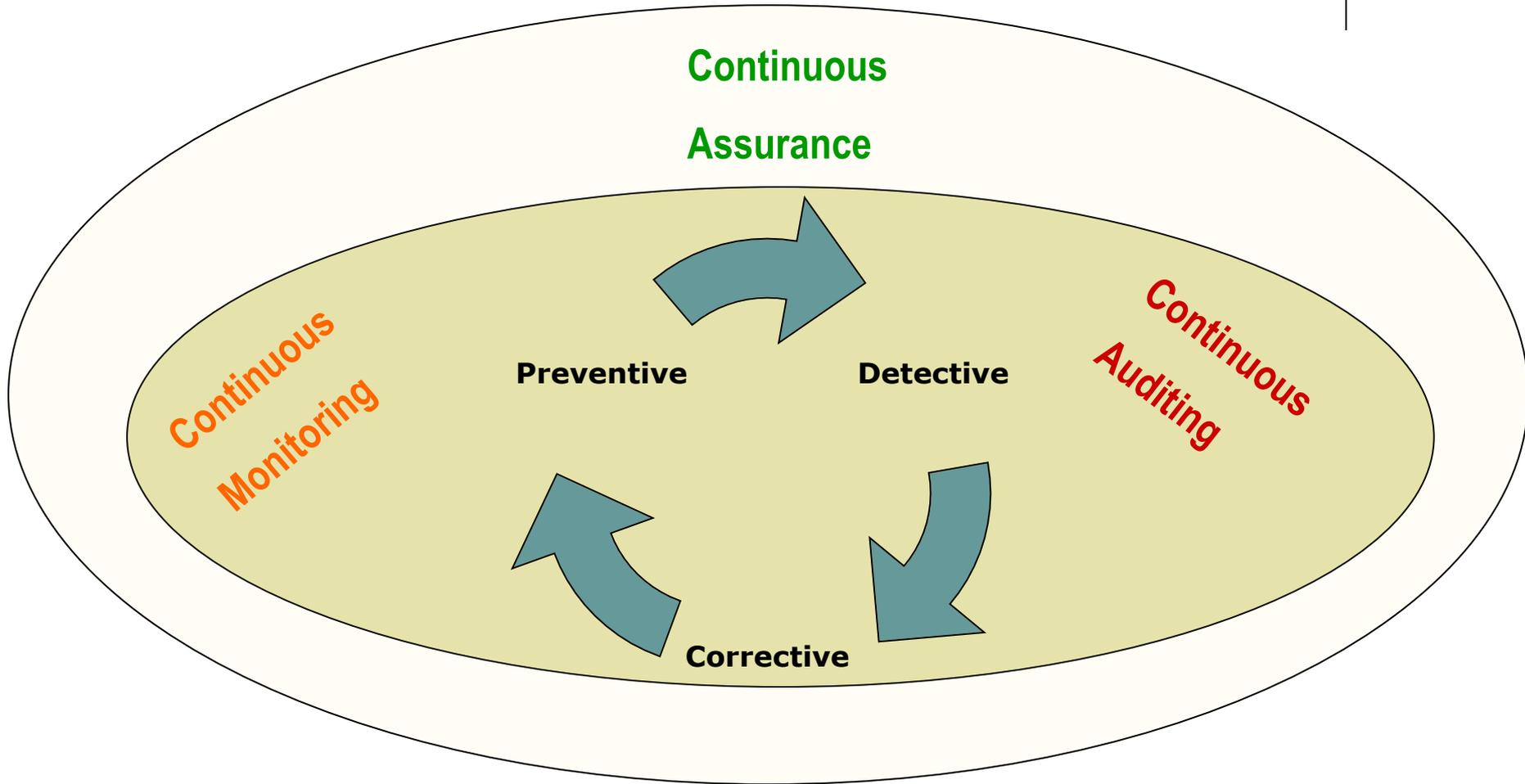


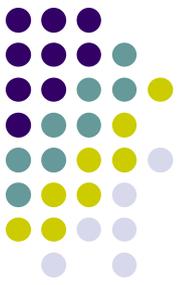
# Harmonization of CCM into SOX Methodology:





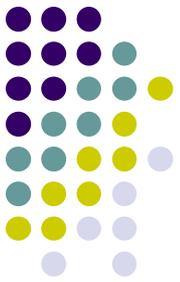
# Finding the Right Mix...



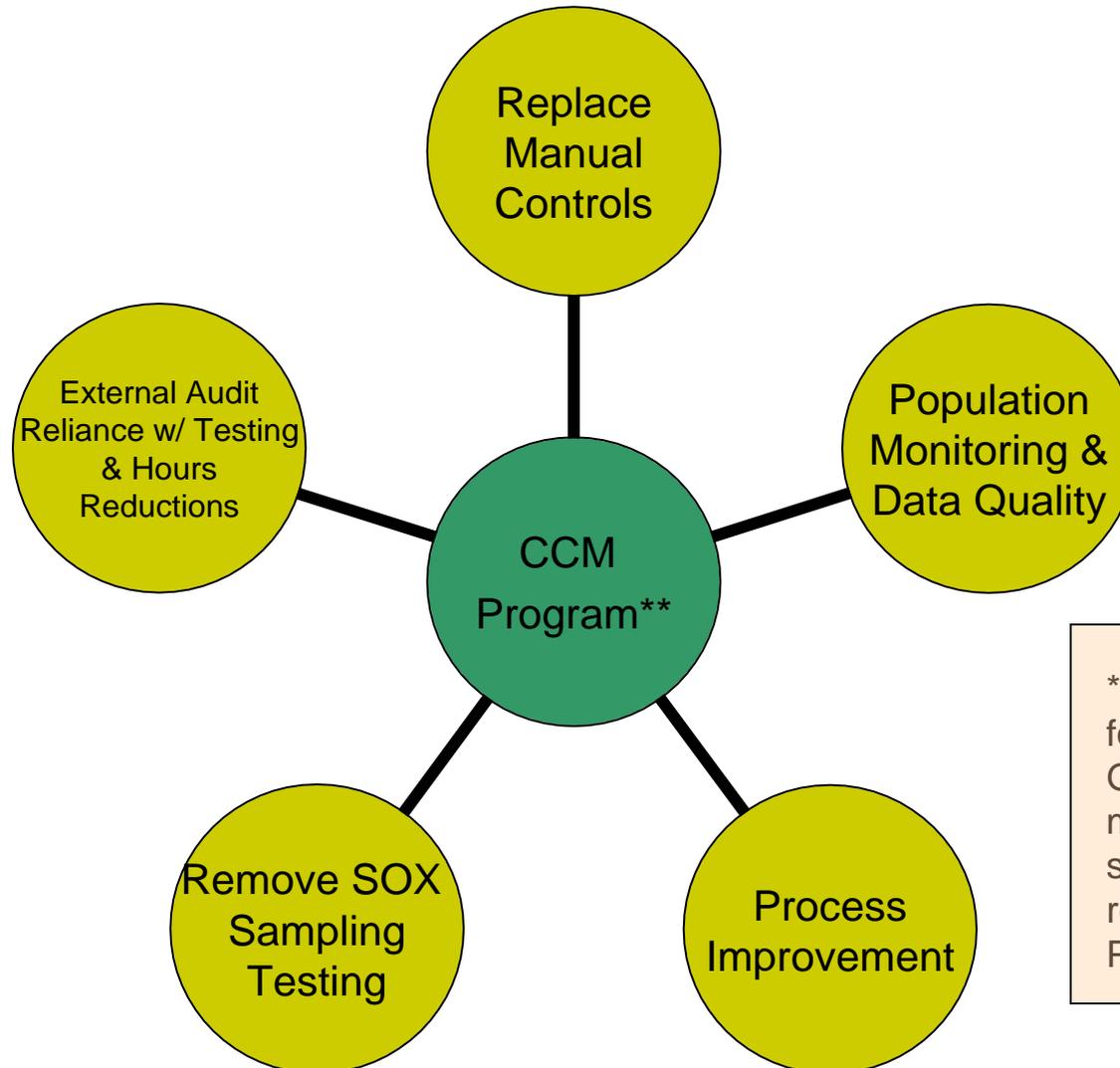


# Opportunity Areas

- Accounts Payable
- Accounts Receivable
- Cash Disbursements
- Claims
- Credit Card / Procurement Card
- Deposits
- Expenses
- Inventory
- Investments
- General Ledger
- Loans
- Payroll
- PP&E
- Purchases
- Procurement
- Retail Transactions
- Revenues
- System Maintenance
- Travel & Entertainment
- Vendor Management

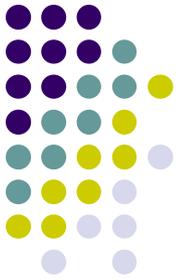


# Benefits of Well-Controlled CCM Program



\*\* Requires well-controlled foundation with strong IT General Controls (change mgmt, user access, security, etc.) to ensure reliance upon the CCM Program.

# Reference Info



## ACL CASE STUDY



### Siemens Financial Services, Inc.

Automated controls testing elevates an ACL continuous monitoring solution

“Our ACL continuous monitoring solution helps us work much more efficiently. We’ve reduced our dependency on manual controls and streamlined our SOX testing approach.”

Jason A. Gross, CPA, CIA, CFE, CISA, ACDA, Vice President, Controls Management

#### SOLUTION

- Continuous Monitoring
  - ACL AuditExchange & Services
  - AX™ Exception
  - Implementation & Consulting
  - Support

#### KEY BENEFITS

- Continuous monitoring with a custom exception management workflow
- Streamlined SOX and compliance requirements
- Reduce risk and provide greater assurance across the organization

#### INDUSTRY

- Financial Services

#### REGION

- North America

#### Company Profile

Siemens Financial Services, Inc. (SFS) is a leading provider of business-to-business financial services in the United States. The company, based in Iselin, NJ, enables business expansion for thousands of customers in healthcare, energy and industrial sectors by providing customized solutions that range from equipment financing and working capital to project and export finance and insurance solutions. [www.usa.siemens.com/finance](http://www.usa.siemens.com/finance)

#### Objectives

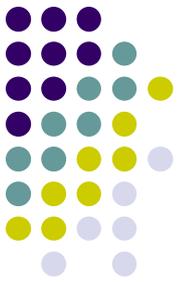
The SFS controls management team implemented a continuous monitoring program that identifies, tracks and communicates key exceptions to business stakeholders. The team needed a user-friendly workflow engine to standardize the process of tracking and correcting exceptions – with minimal manual intervention.

As longtime proponents of ACL audit analytics, in February 2010 the SFS control team upgraded to a sophisticated ACL solution that includes a web-based application designed to manage, distribute, assign, review and escalate exceptions throughout their business. SFS worked with ACL consulting services to perform the installation and to ensure the solution adhered to IT protocols. ACL consulting and technical support services got the team quickly up and running so they could begin to see results immediately.

#### Implementation and Planning

The SFS team uses ACL technology to run continuous controls monitoring routines on a daily basis. Analyzed transactions include data input validations, system processing and calculations, edit checks, data trending, change management, authorization and table maintenance. Extractions and analytics run overnight on the server to promote peak performance. By the following morning, the exception management solution automatically notifies business owners about critical issues. With almost no manual intervention, the analytics can reveal opportunities for greater profitability and data discrepancies that might impair management’s ability to make informed decisions.

<http://www.acl.com/portfolio/siemens-financial-services-inc/>



# Questions and Discussion...



## Contact Information:

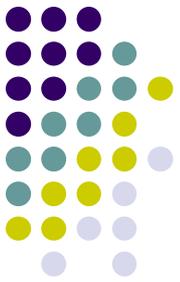
Jason A. Gross, CPA, CIA, CFE, CISA, ACDA

Vice President, Controls Management

Siemens Financial Services, Inc.

Tel# 732-476-3480

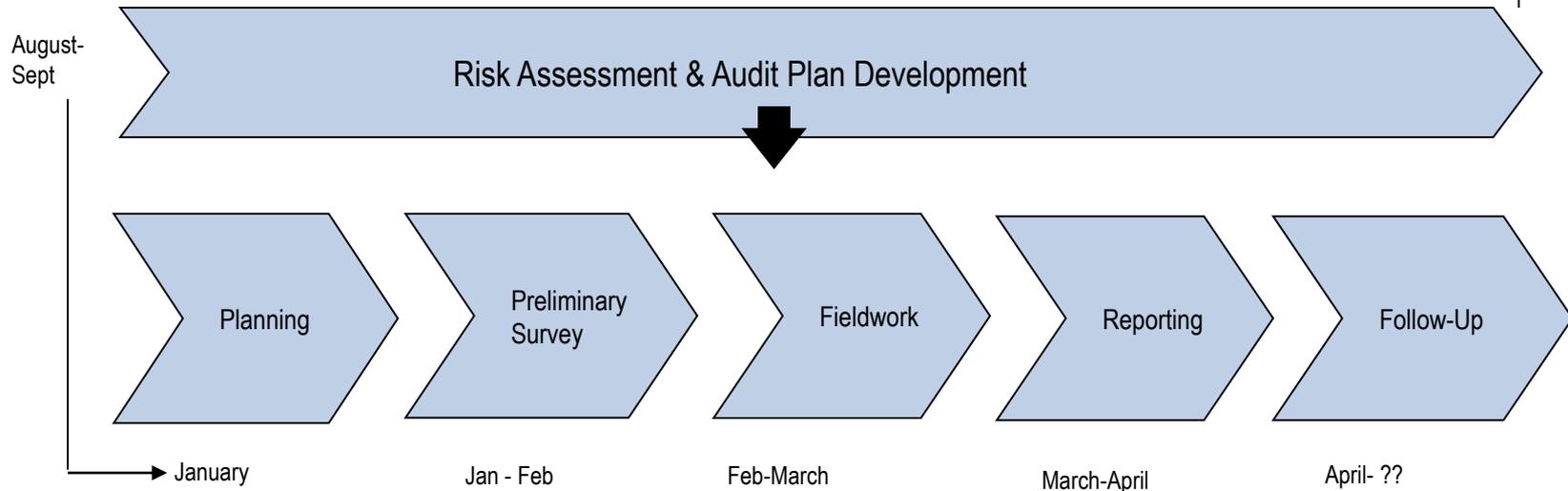
Email: [jason.gross@siemens.com](mailto:jason.gross@siemens.com)



# Backup Information



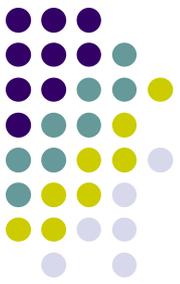
# Traditional Internal Audit Process



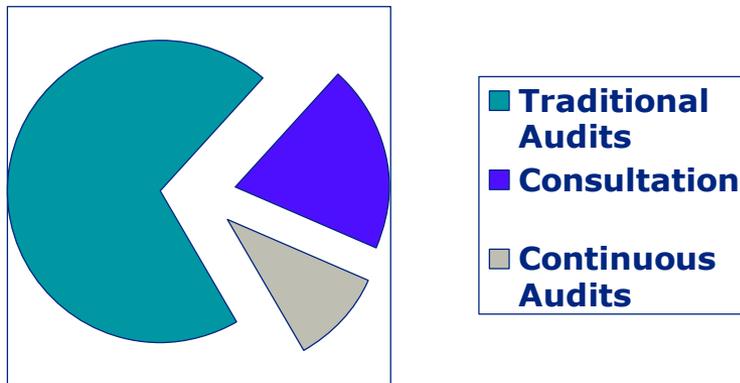
Continuous Auditing Needs to Be Added to the Mix to:

- Reduce time interval between recurring audits
- Reduce audit cycle times
- Achieve timely impact of corrective action implementation

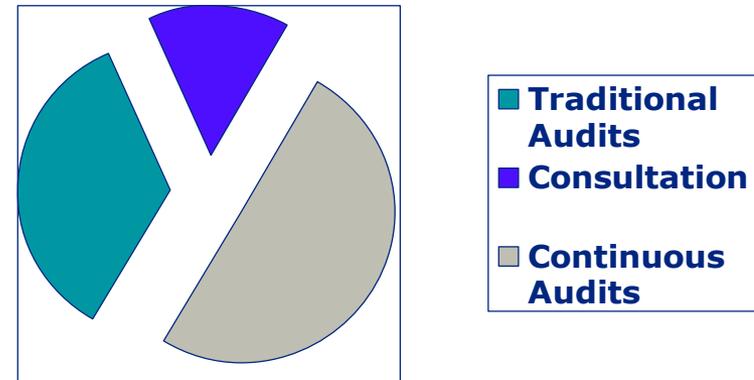
# Leveraging Continuous Auditing to Promote Best Practices in Internal Audit



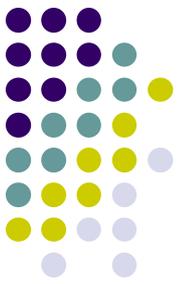
**Audit Plan - Today**



**Audit Plan - Tomorrow**

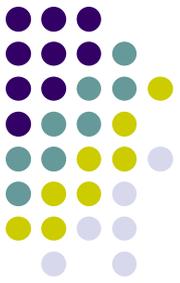


Audit Plan should define optimal mix of traditional audits, consultations, and Continuous Auditing topics for the Organization; with Audit Committee approval. As methodology matures over time, Continuous Audits should comprise a greater portion of the Audit Plan.



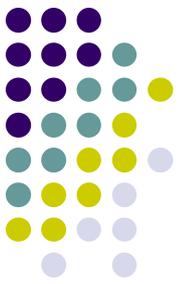
# Benefits of Data Analytics

- Analysis is more objective, less subjective
- Examine populations of transactions, not samples
- Analyze data from disparate systems
- Unlimited transaction sizes
- Less risk of data integrity issues
- Examine transactions, with greater confidence
- Auditor independence across data analysis workflow:
  - Greater control & independence over testing/analysis
  - Greater assurance
- Maintain audit logs of testing performed



# 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



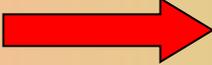
# Continuous Monitoring

- Real-time identification of control breakdowns
- Valuable mechanism for testing controls
- Test transactional data against expected limits and parameters
- Automated exceptions and reporting; less manual intervention
- Proactive; less reactive
- Sustainable as a program
- Improves risk management practices



# Evolution to a Continuous Methodology

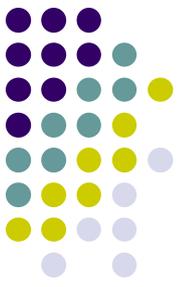
Isolated Detection  Prevention  Corrective Detection  
Detection

Event Driven  Continuous Monitoring

Reactive  Proactive

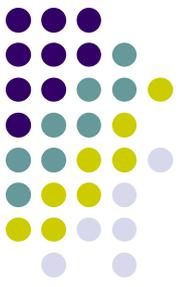
Manual intensive  Automated & Sustainable

Ad hoc  Repetitive  Continuous



## 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