Sustainably Enhancing the Control Environment with Data Analytics

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Sustainable Control Environment

- What does it mean?

- What do we need?

- How do we support and enhance it?

- What we did…

- Future actions

- Closing thoughts

- Questions

What is a sustainable control environment?

An environment where everyone understands:

Why do we have controls?

What are the key controls for each critical process?

Who is responsible for the effective execution of key controls?

Who is responsible for monitoring the operational effectiveness of the key controls?

What do we need to have a sustainable control environment?

Building blocks for a sustainable control environment:

Sustainable control environment

Well documented processes / guides relating to controls

Sound, well-structured governance arrangements

Tone at the top

Informed, responsible and accountable workforce

Enabling and supporting systems and software

Enablers

How do we support / enhance it?

Enablers for a sustainable control environment

Three lines of defence

Effective Internal Audit (& External Audit)

Ensuring data analytics is aligned to key controls, initiatives and objectives

Data Analytics – to assist in root cause analysis and informing management decisions

Optimising existing continuous control monitoring

Follow-up testing and monitoring the implementation of recommendations

Journey to a sustainable control environment supported by DA

Considered data analytic software

Journey to a sustainable control environment supported by DA

Software

Management's highest risk or priority

Journey to a sustainable control environment supported by DA

Software > Risk

Understood and agreed
KEY areas of fraud risk
and processes impacted

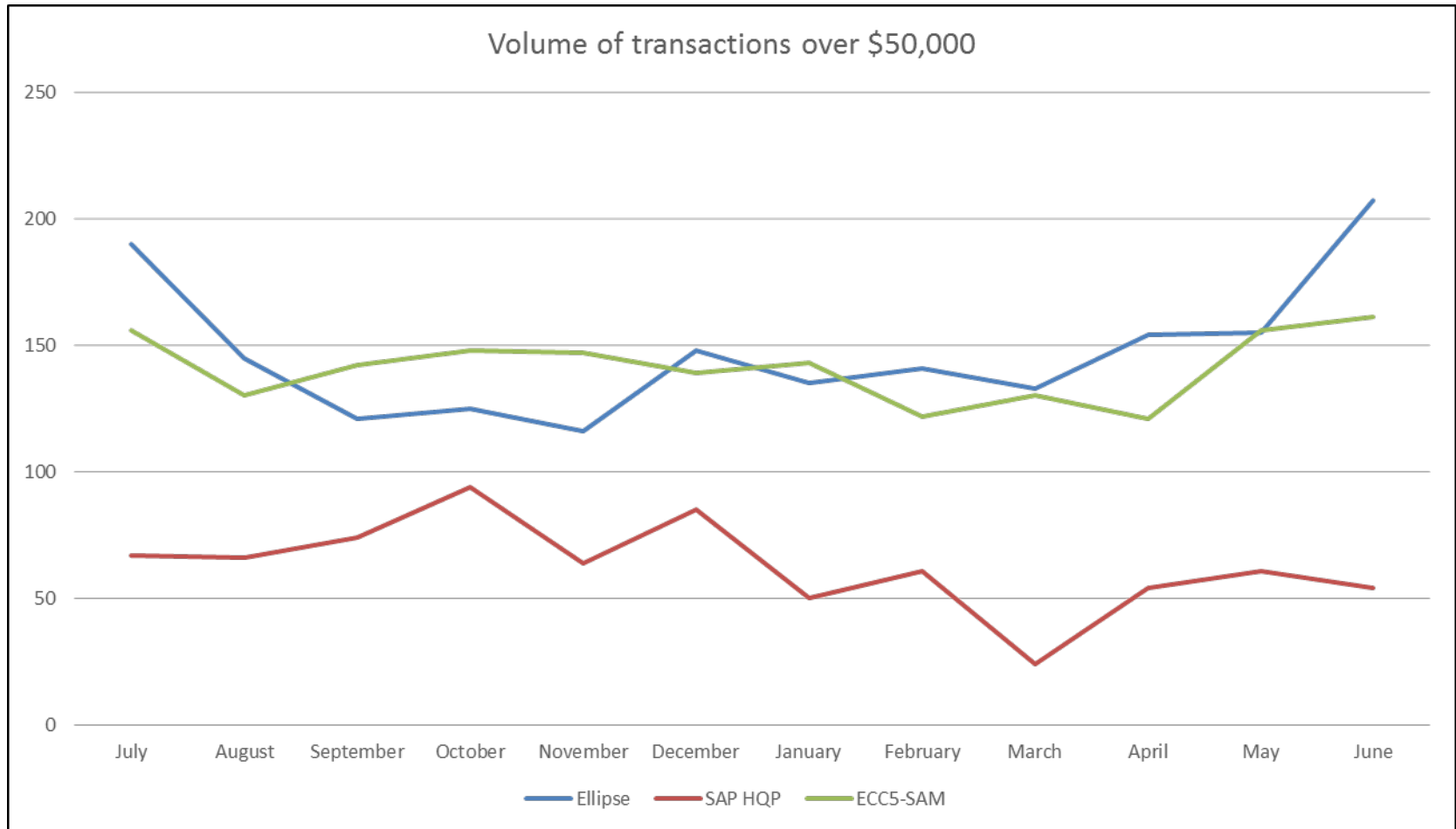# Journey to a sustainable control environment supported by DA

Software → Risk → Processes

Performed internal audit over these processes

Journey to a sustainable control environment supported by DA

Software → Risk → Processes → Internal Audit
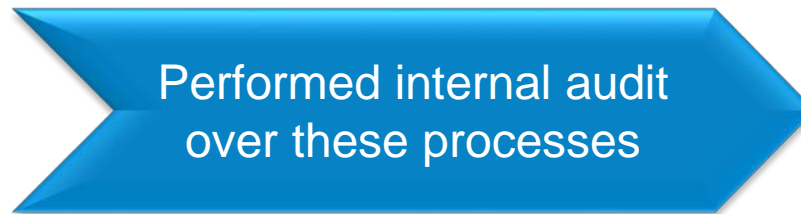
User profiling to help inform management decisions regarding changes to controls

Journey to a sustainable control environment supported by DA

Volume of transactions over $50,000

Ellipse — SAP HQP — ECC5-SAM

Journey to a sustainable control environment supported by DA

Software → Risk → Processes → Internal Audit → Control changes

Obtained data on a regular basis

Journey to a sustainable control environment supported by DA
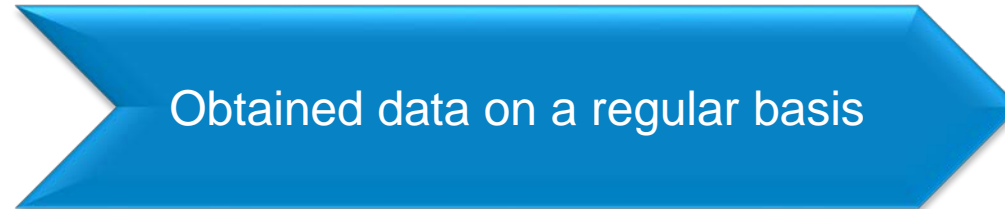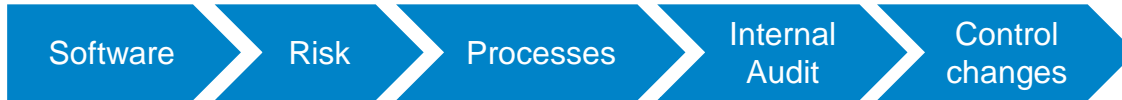
Software	>	Risk	>	Processes	>	Internal Audit	>	Control changes	>	Regular data

Developed scripts for repetitive exception reporting

Journey to a sustainable control environment supported by DA

Vendor master data exceptions
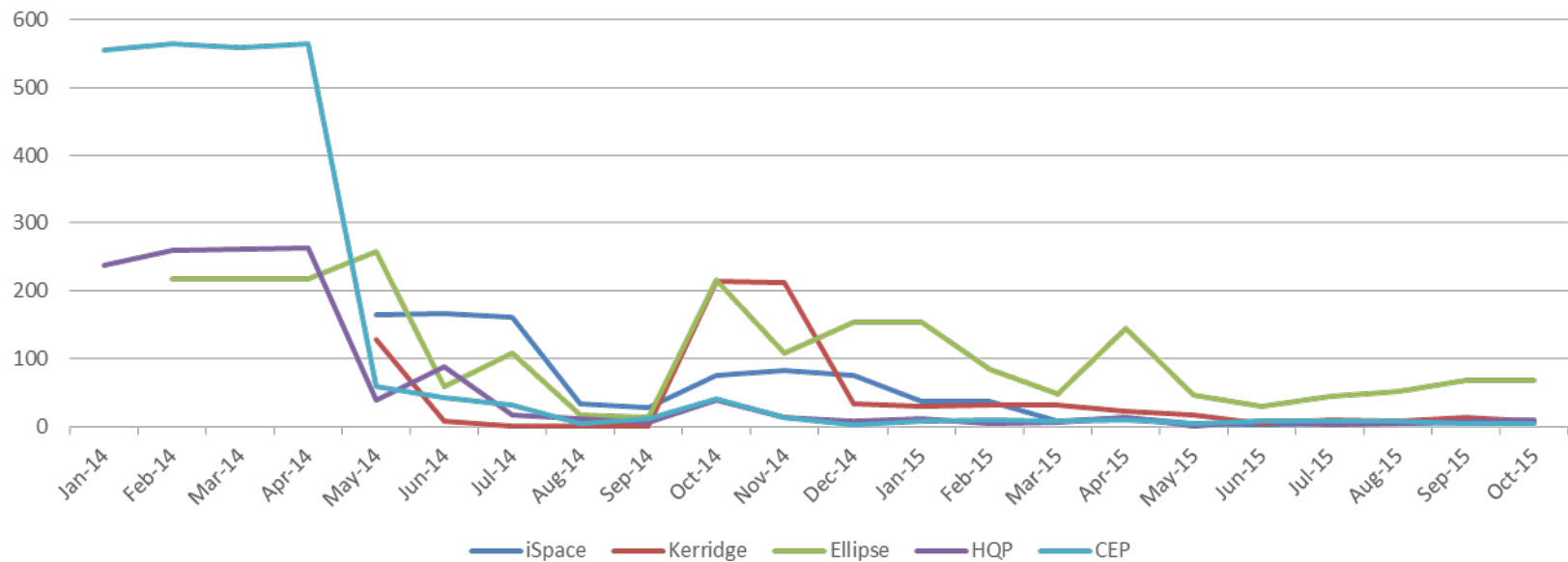
Journey to a sustainable control environment supported by DA

Software → Risk → Processes → Internal Audit → Control changes → Regular data → Exception reports

Consulted, informed and educated stakeholders on:
- Ownership of exceptions
- Root cause analysis
- Follow-up on actions taken

Journey to a sustainable control environment supported by DA

Software → Risk → Process understanding → Internal Audit → Control changes → Obtained data → Exception reports

Consulted, informed and educated stakeholders on:

- Ownership of exceptions
- Root cause analysis
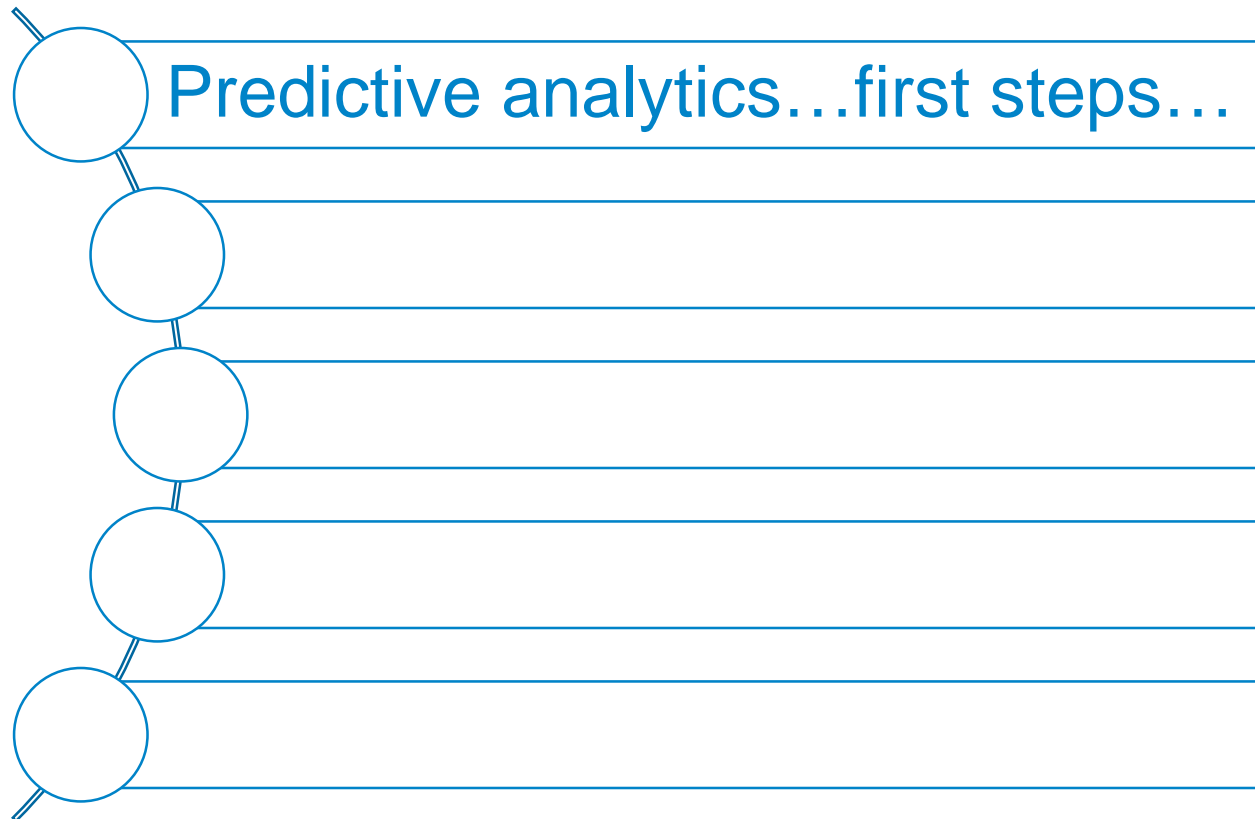- Follow-up and reporting on actions taken

Enhance Sustainability

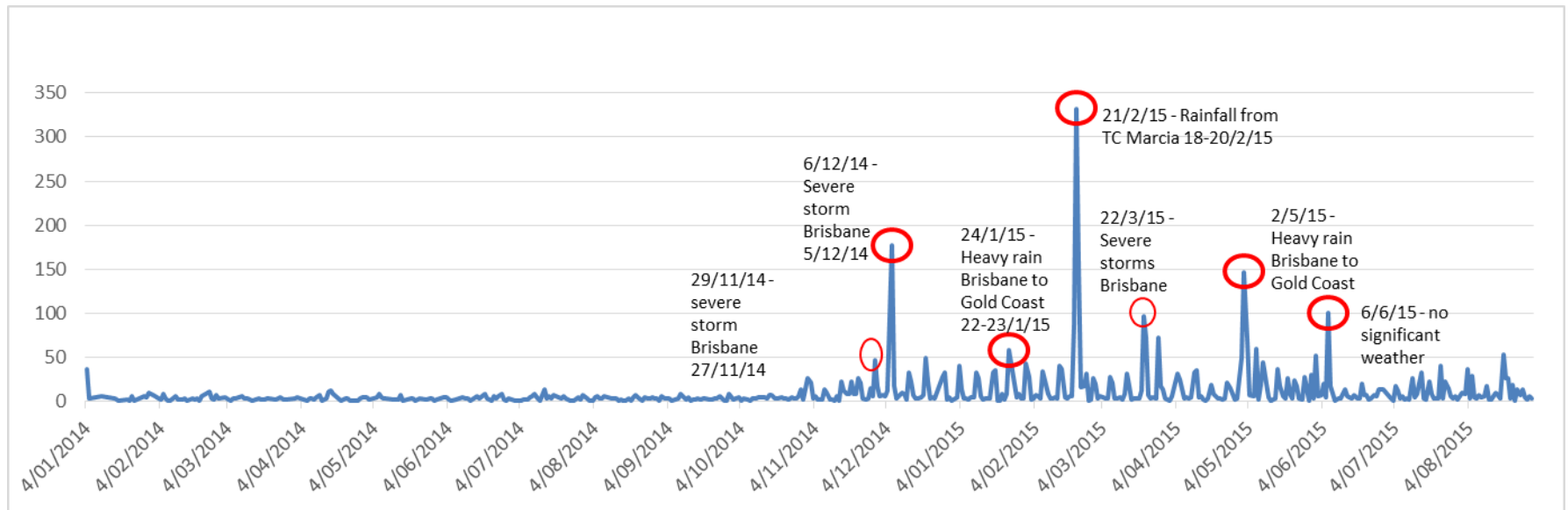|	
Regular reporting to Audit and Risk Committee	Automated exception reporting through CaseWare Monitor
Presentation to Executive Leadership Team	Expanded DA to cover payments, corporate card, SOD, etc.

Future actions to enhance sustainability

Predictive analytics…first steps…

Starting to look at predictive analytics….

Future actions to enhance sustainability

- Predictive analytics…first steps…
- Community of Practice
- Expanding DA to cover more business processes
- Completeness of performance reporting
- Use DA results to direct risk management activities

Closing thoughts

Ideally, DA should be owned and driven by the business

Internal Audit can be the enabler

We have the skills, knowledge and tools

True sustainability will enhance when there is capability in the business to run a fully functional DA program

Questions?

Comments!