



approva

# **What's Ahead for Auditors: Continuous Controls Monitoring Continuous Audit**

March 15<sup>th</sup>, 2011

## Approva Overview

### Approva provides...

expertise in intelligently identifying and responding to business *exceptions* that impact performance.

### So that...

organizations can automatically identify, manage and prevent exceptions that result in...

- ... fraud
- ... risk
- ... inappropriate payments
- ... excessive compliance costs
- ... inefficient business processes.

### We do this by providing...

a software system that delivers accurate, actionable and auditable intelligence of control breakdowns across financial systems, processes and transactions.



Manufacturing and Transportation



Public Sector



Technology, Telecom & Media



Consumer Products & Retail



Energy & Chemicals



Pharmaceutical & Biotech



Entertainment





# AGENDA

**Business Drivers**

**What is CCM/CA**

**Adding Value**

**Best Practices**

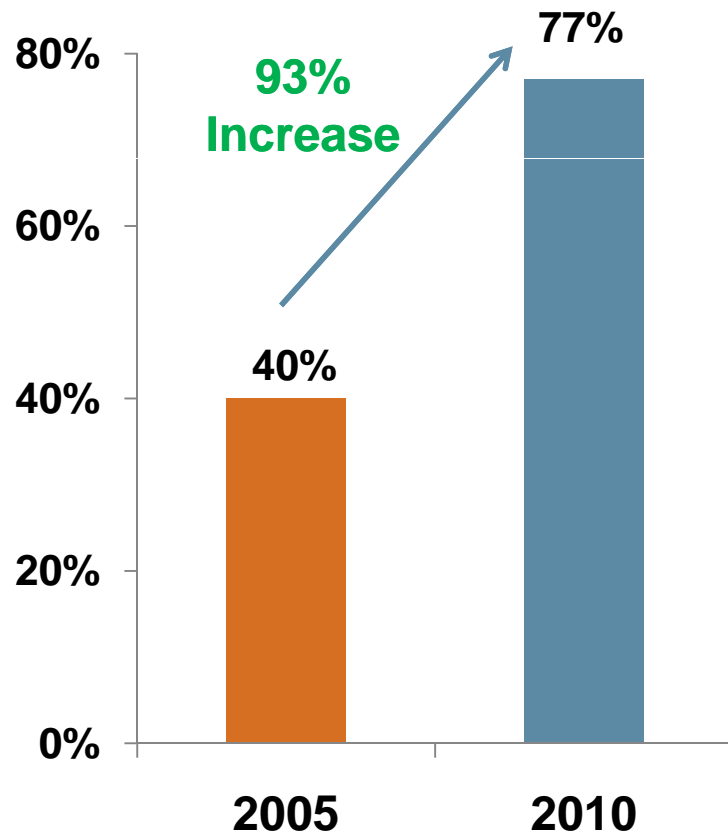


- Based on face-to-face conversations with 1,900 CFOs worldwide
- Most extensive and in-depth survey of CFOs available.
- CFOs span 32 industries

Source: "The New Value Integrator, Insights from the Global Chief Financial Officer Survey", IBM (2010)

## Over the Last 5 Years Risk Management Has Jumped to the Top of the CFO's Agenda

**% of CFOs That Say "Supporting, Managing & Mitigating Enterprise Risk" Is a 'Very Important' or 'Critically Important' Company-Wide Initiative?**



**Only 52% of CFOs surveyed feel they are doing an effective job managing enterprise risk.**



Source: "The New Value Integrator, Insights from the Global Chief Financial Officer Survey", IBM (2010)

## Finance Organizations Top Priorities For 2010

- 1 Measuring Business Performance
- 2 Managing and Mitigating Enterprise Risk
- 3 Reducing Enterprise Cost Of Doing Business
- 4 Providing Value to the Organization
- 5 Integrating Information Across the Enterprise

“Finance Leaders are no longer focused solely on financial risk but on **mitigating corporate risk** in all its many forms”



Source: "The New Value Integrator, Insights from the Global Chief Financial Officer Survey", IBM (2010)

# New Proxy Disclosure Rules Are Forcing Boards to Take Ownership of Risk



## About the Report:

Analysis of 100 proxy disclosures from S&P 500 companies that address new SEC requirement on disclosure of the Board's role in Enterprise Risk Management.

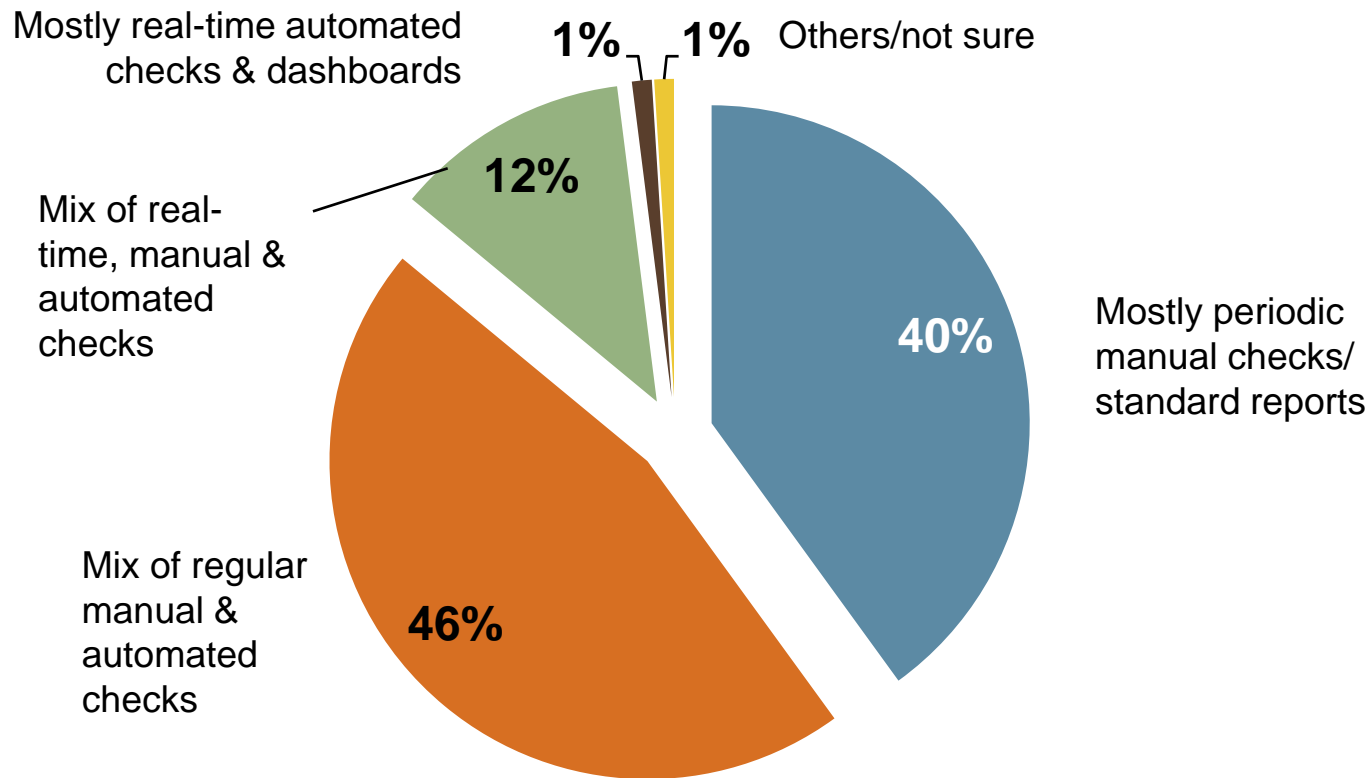
## Key Insights:

- The disclosure exercise is **increasing the focus on the board's responsibilities** with regard to risk oversight.
- **Boards are taking full ownership of risk oversight** with a vast majority of companies explicitly stating that the board as a whole is responsible for risk oversight.
- Disclosure is having a **cascading effect** on management teams which are reexamining their interactions with boards on risk management and how they can support the board with more **comprehensive and timeline risk information.**

Source: PwC "Point of View", May 2010

## The Vast Majority of Organizations Rely on Manual Methods to Validate The Effectiveness of Their Controls

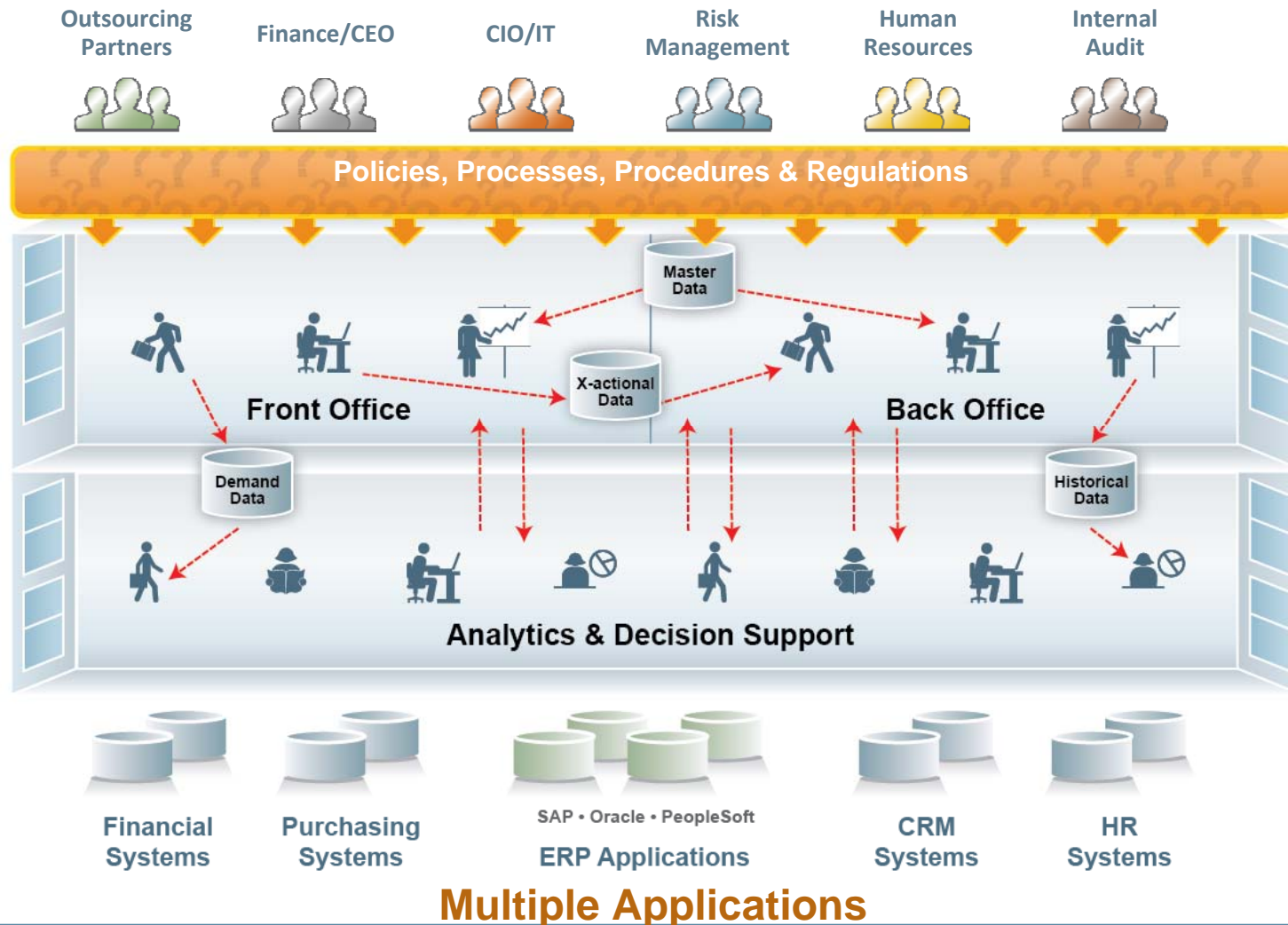
### What Methods Do You Use to Provide Management Assurance of Your Controls?



Source: KPMG Continuous Monitoring & Continuous Auditing Survey, 2010

# Gaining Visibility to Risk Is Complex & Costly

## Multiple Stakeholders & Needs



## Multiple Applications

# Ineffective Controls Impact Performance & Erode Profits

## Multiple Stakeholders & Needs



Policies, Processes, Procedures & Regulations

What is supposed to happen?



What actually does happen?

## PERFORMANCE IMPACT

- Fraud & Waste
- Inappropriate Payments
- Inaccurate Financials
- Unnecessary Risk
- Inaccurate Analytics
- Audit/Compliance Costs

## Multiple Applications



# AGENDA

**Business Drivers**

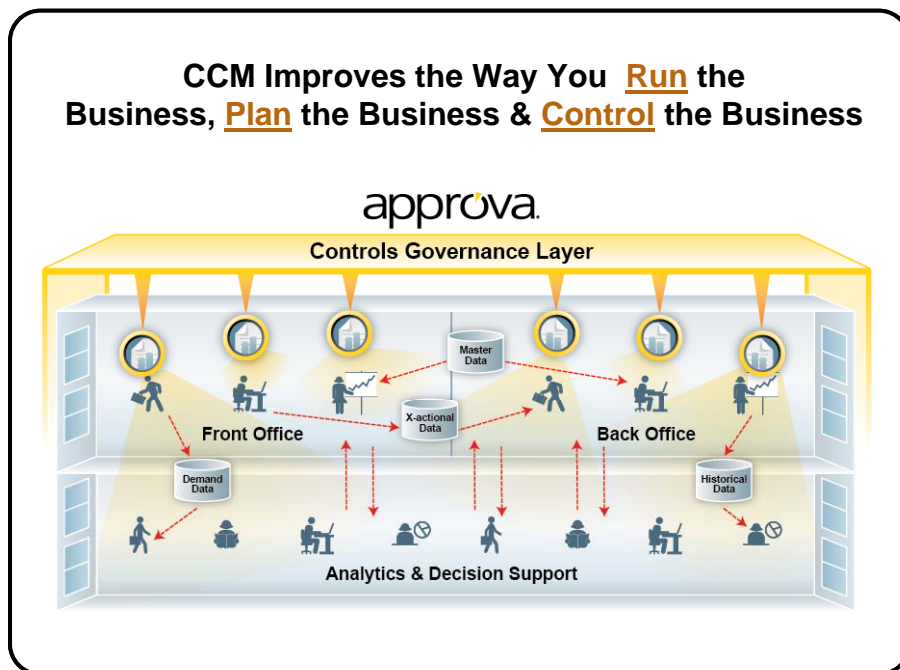
**What is CCM/CA**

**Adding Value**

**Best Practices**

# CCM Provides an Enterprise-Wide Governance Layer

CCM Improves the Way You **Run** the Business, **Plan** the Business & **Control** the Business



## What CCM Does

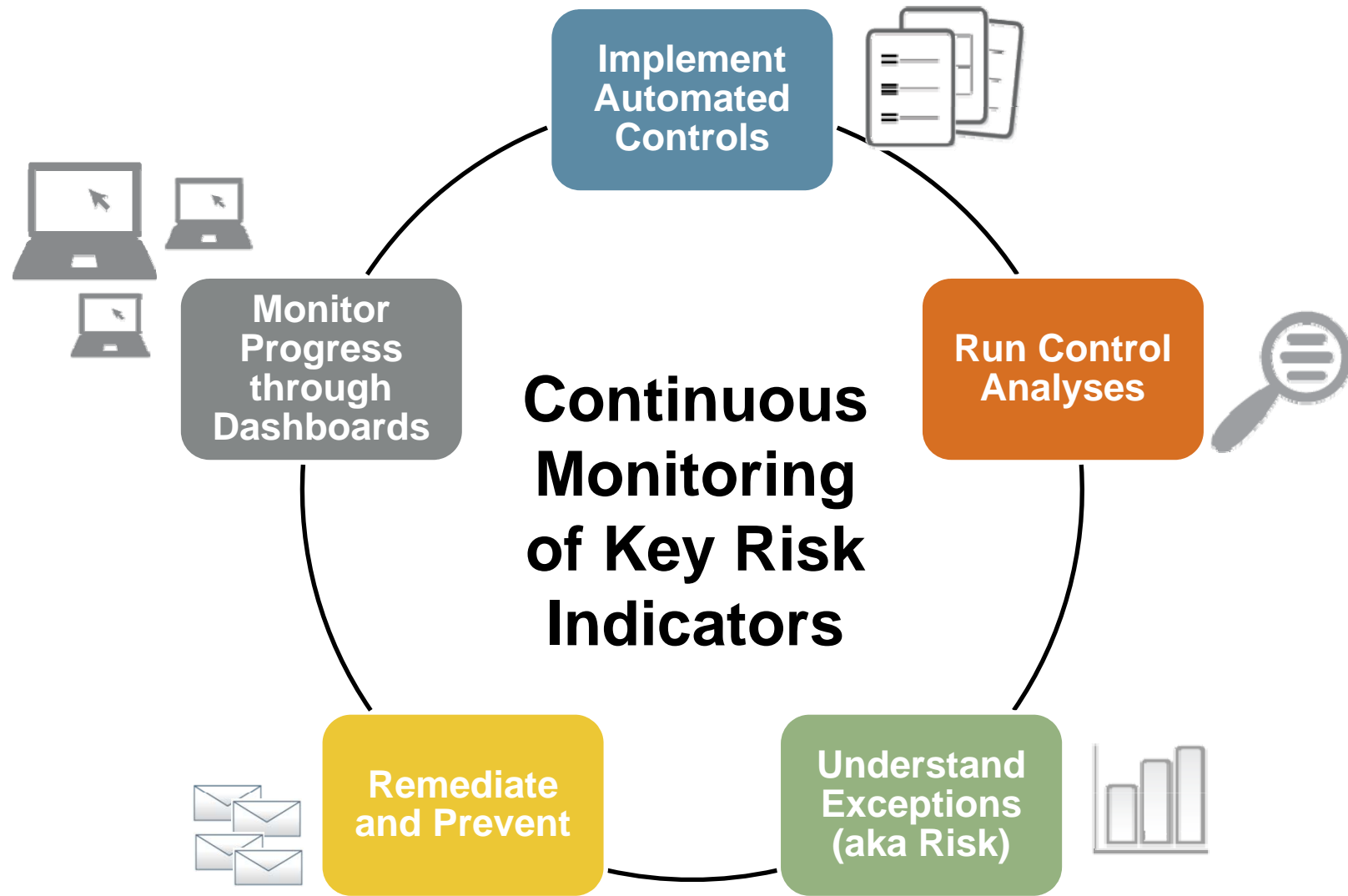
- Automatically monitors key control points across the enterprise.
- Identifies and reconciles inconsistencies & control breakdowns.
- Pushes ownership & accountability of controls to business users.
- Provides independent layer of quality assurance.
- Ensures data integrity and quality across siloed & multi-purpose applications.

Test All Critical Applications

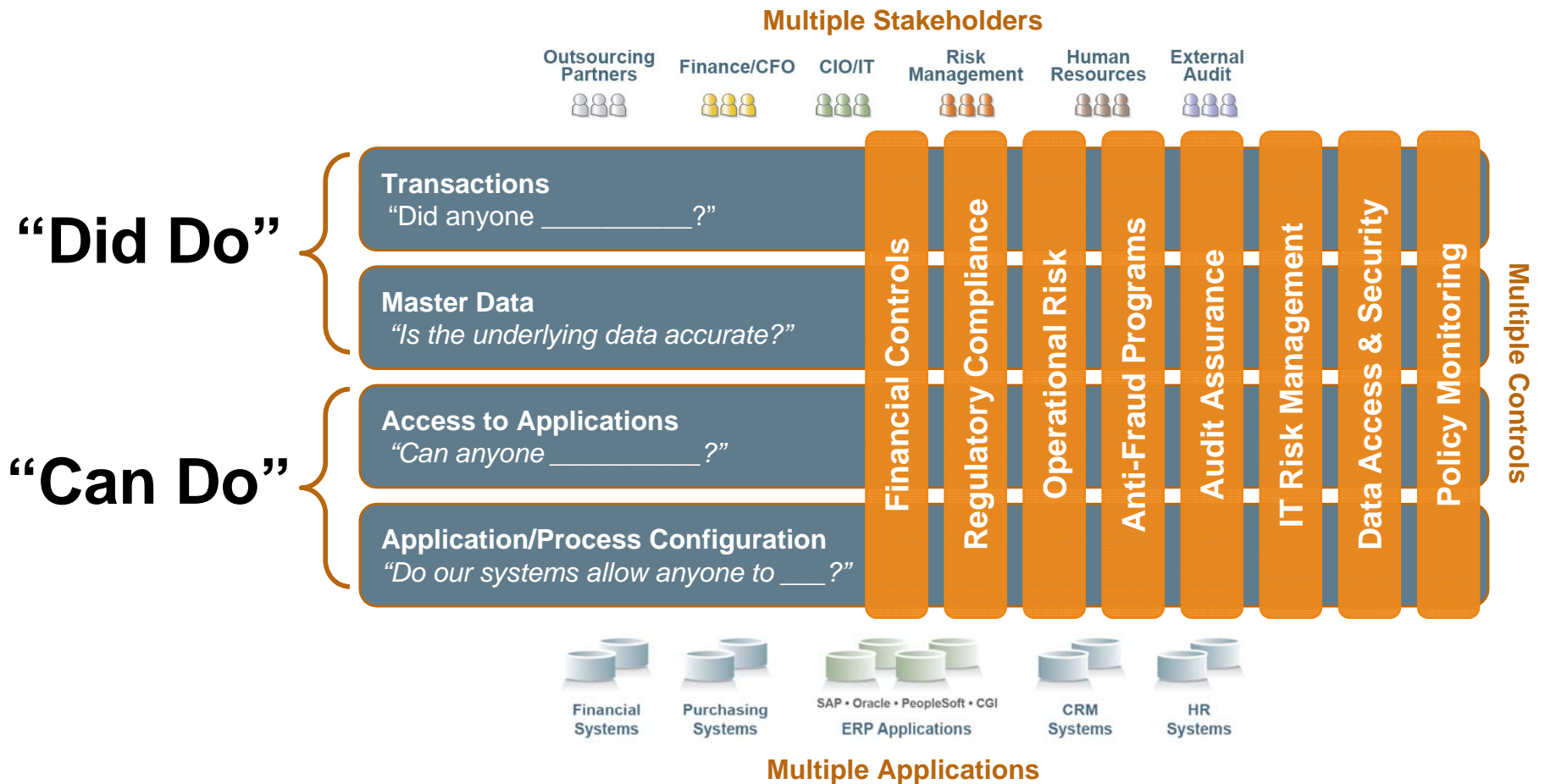
Monitor 100% of Transactions

Fully Automated

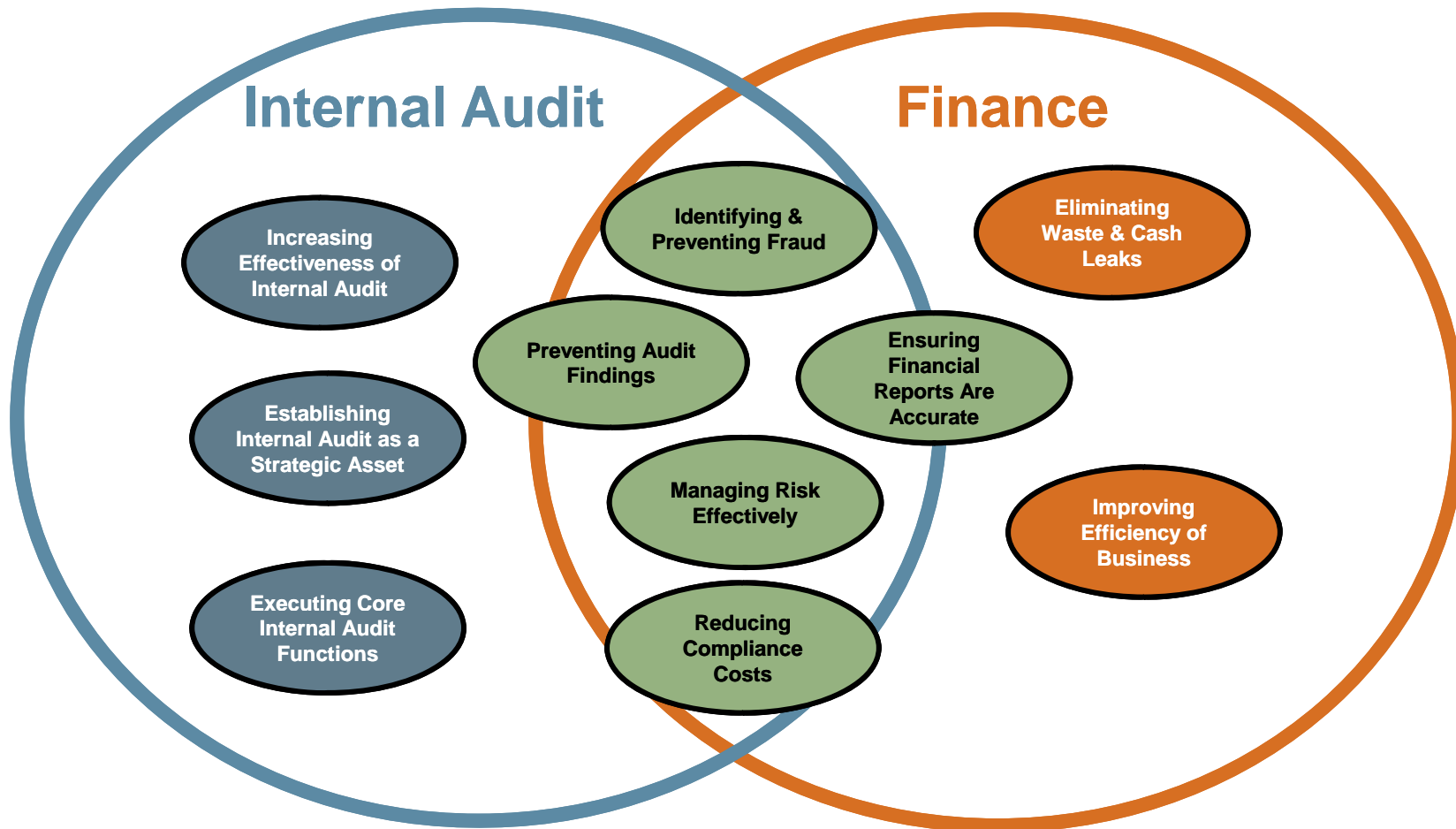
# CCM Enables Enterprise Risk Management to Become an Ongoing Process – Not Just a Periodic Project



# Continuous Controls Monitoring Overview



# Internal Audit & Finance Share Much Common Ground





# AGENDA

**Business Drivers**

**What is CCM/CA**

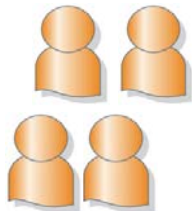
**Adding Value**

**Best Practices**



## Each Stakeholder Measures ROI From a Different Perspective

### CFO / Finance



- Increased business efficiency
- Reduced risk of adverse audit findings & fraud

### Internal Audit



- Reduced testing time for routine controls
- Improved internal auditor utilization

### CIO/ IT



- Reduced time to support audits
- Reduced IT cost of ownership

### Compliance/ Risk

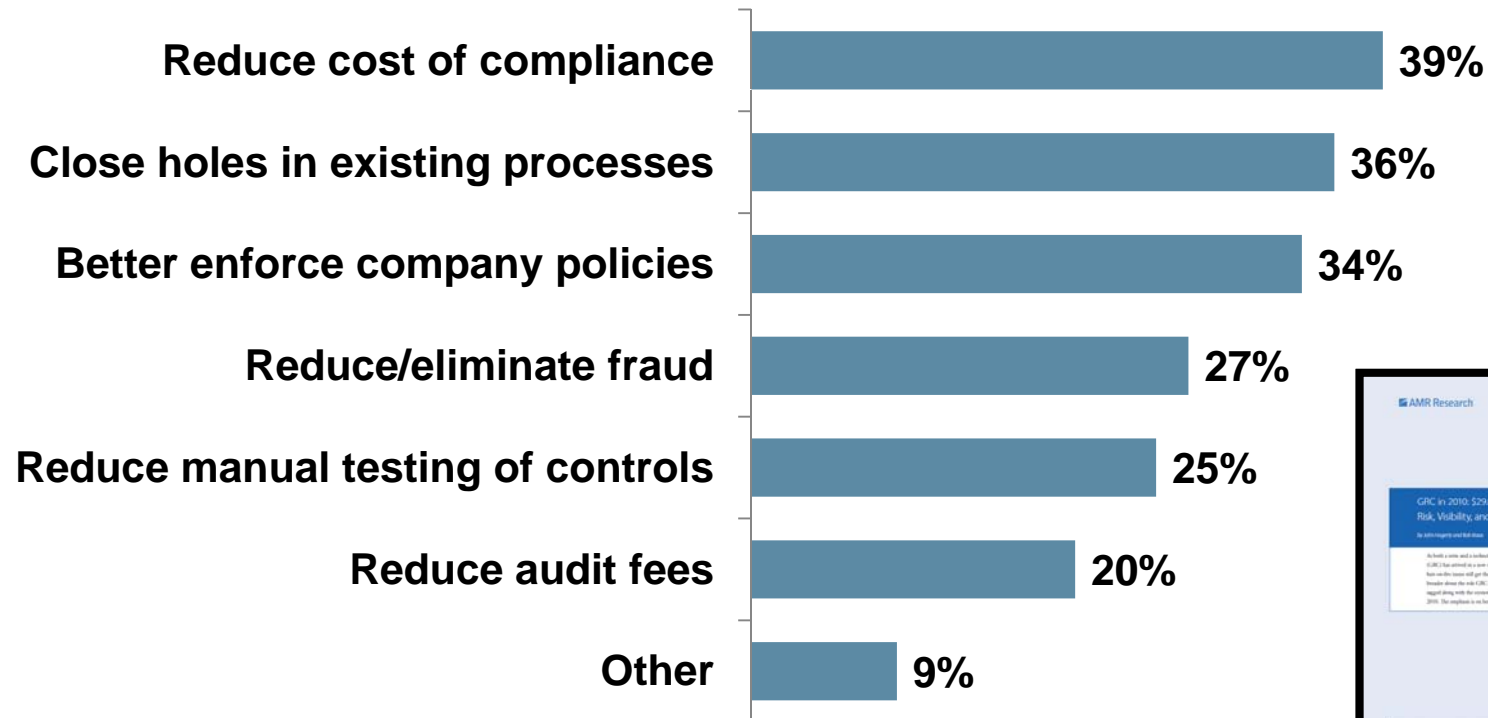


- Improved visibility into key risks
- Reduced time and cost for monitoring controls

*When developing a CCM business case it is important to understand what metrics will be used in the final evaluation.*

# Companies Expect to See Significant Benefits From Their Deployment of CCM Applications

## In What Areas Do You Expect to See the Most Significant Benefits With CCM Applications?



Source: AMR Research, 2009



# AGENDA

**Business Drivers**

**What is CCM/CA**

**Adding Value**

**Best Practices**



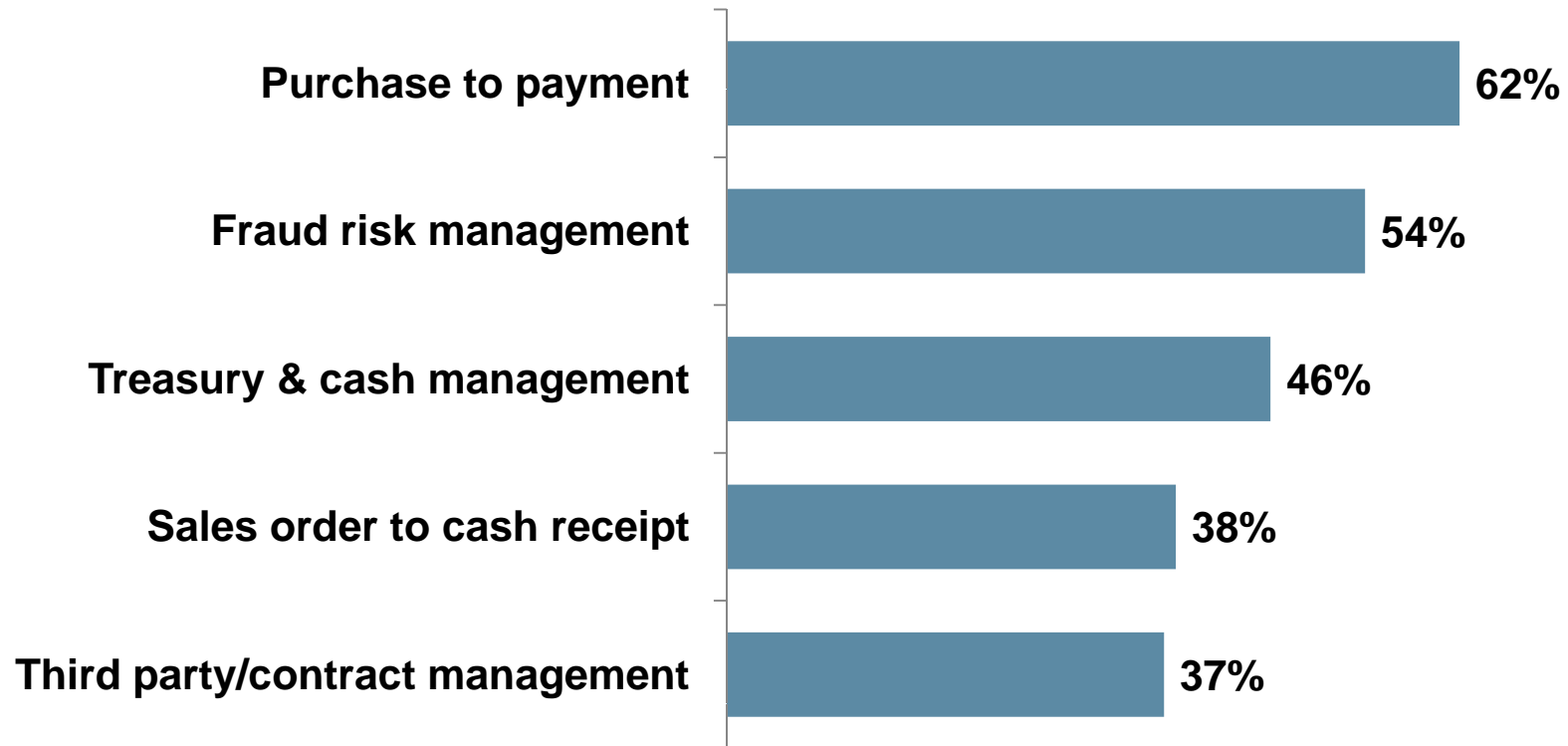
## Important Considerations for CCM Evaluations

1. Ability to test & monitor controls across multiple applications
2. Rich, pre-configured set of best practices controls
3. Advanced analytics to find, measure, and manage business exceptions
4. Ability to tailor exception remediation to your process
5. Ease of use by all related stakeholders
6. Widespread adoption by audit community



## Organizations Are Taking a Risk-Based Approach to Their Continuous Controls Monitoring Initiatives

**Which Specific Process/Activity Areas Do You Expect to See the Most Significant Benefits?**



Source: KPMG Continuous Monitoring & Continuous Auditing Survey, 2010

# Additional Information at [www.approva.net](http://www.approva.net)

Analyst Reports

**AMR Research** Enterprise Performance Management 2008 Landscape Series

**Gartner** Research  
Publication Date: 21 September 2008  
ID Number: 00911102  
**MarketScope for Segregation of Duty Controls Within ERP and Financial Applications**

**Market Reports**

GRC Illustrated Series

**How can automated controls help identify and manage risks?**

**How can operational controls add value to a business process?**

Case Studies

**ERP System Controls**  
T-Mobile UK, with a nudge from the Sarbanes-Oxley Act, found a better way to monitor and manage access controls within its ERP system.

**Datacard Group**  
Datacard Group Strengthens Controls in Oracle  
Business Suite Using Approva Insights

Product Information

**Authorizations Insight**  
Automate Periodic User Access Reviews

**Certification Manager**  
Automate Access Reviews.  
View Our Certification Manager Demo.



## Today's Presenters

# Questions?

**Will Nelson**  
**Vice President**  
**Approva Corporation**  
**[will.nelson@approva.net](mailto:will.nelson@approva.net)**