

AuditWare

systems limited

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www.auditware.co.uk

Continuous Monitoring

Is the information you receive from your systems accurate and reliable?



Due to the sheer volume and complexity of business transactions today, traditional testing of controls, performed on a retrospective and cyclical basis, often months after business activities have occurred, is no longer adequate. Stricter compliance standards demand a process that automatically performs control and risk assessments on a more frequent basis. This is especially true during times of economic uncertainty when the risks of fraud and error increase.

Continuous Monitoring can allow the business owner to regularly monitor the effectiveness of controls and stay on top of any failures.

What is Continuous Monitoring?

Continuous Monitoring is nothing new, as a concept it has been around for a number of years and means different things to different people. It can be summed up as; *a process that facilitates an in-depth, ongoing review and analysis of financial information on a real time basis*. The underlying premise is that auditors are able to analyse systems continuously performing control and risk assessments. Most organisations do not do this in real-time but at a frequency appropriate for the activity being monitored. For example, a duplicated payment control can be monitored weekly just before the weekly payment run, a segregation of duties control can be monitored hourly.

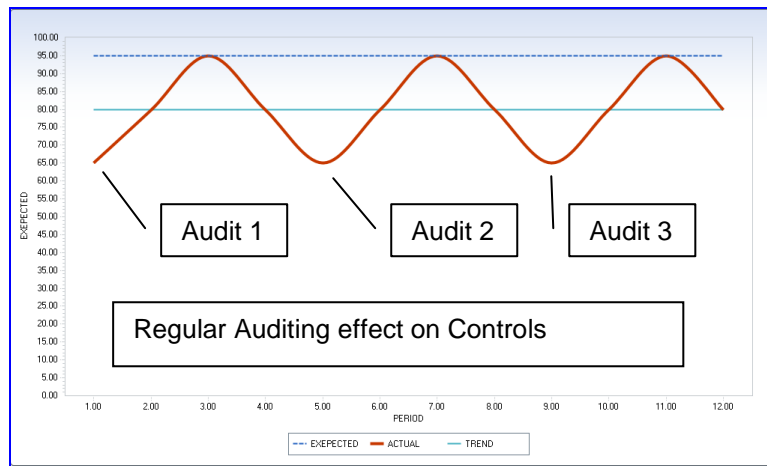
Using traditional audit techniques it takes an average of 342 days to detect a fraud, at which point 89% of all proceeds are unrecoverable.

KPMG Forensics Fraud Survey 2008

The Need for Continuous Monitoring

With increased regulatory requirements including Sarbanes Oxley section 404 reporting requirements, the Turnbull guidance and the new tax penalty regime from HM Revenue and Customs, all employees have some responsibility for internal control. They, collectively, should have the necessary knowledge, skills, information, and authority to establish, operate and monitor the system of internal control. Traditional fixed point Monitoring does not provide sufficient information in a timely manner to enable employees to take this responsibility. Effective monitoring on a continuous basis is therefore an essential component of a sound system of internal control.

Advantages of Continuous Monitoring



Completeness

- Every single transaction and control is checked rather than a sample this gives a greater depth of audit.

Timeliness

- Control failures are highlighted quickly allowing immediate corrective action to be taken. This cuts out delays that can result in irreversible loss or risk.

Security

- Using secure technology, data need never leave the secure servers, it is audited in situ and only exceptions are reported.

Cost

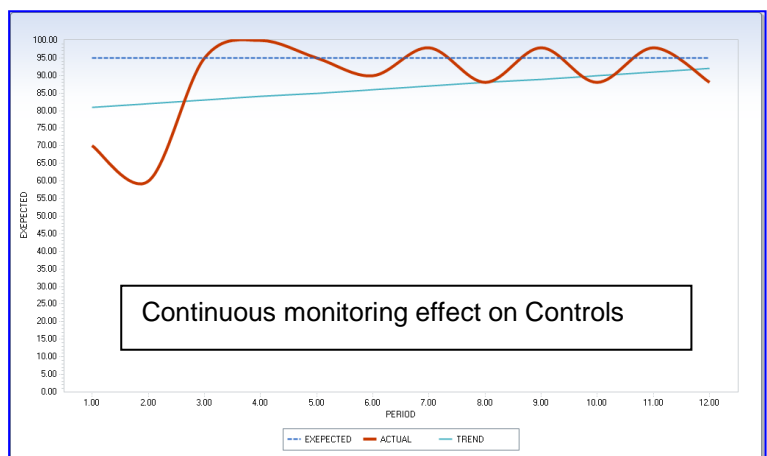
- Staff can react to the report that a control has failed or been circumvented rather than repeatedly testing to see if the control is working.
- Enable remote auditing reducing travel costs

Resource planning

- The audit workload can be spread more evenly throughout the year reducing peaks and troughs.
- Focus on key issues alerted by exceptions at the level of granularity desired

Demonstrate good Governance

- Results are passed to business owners making the audit process more visible, this has a beneficial effect on the longer term effectiveness of controls.
- Proactive approach to solve problems as they occur



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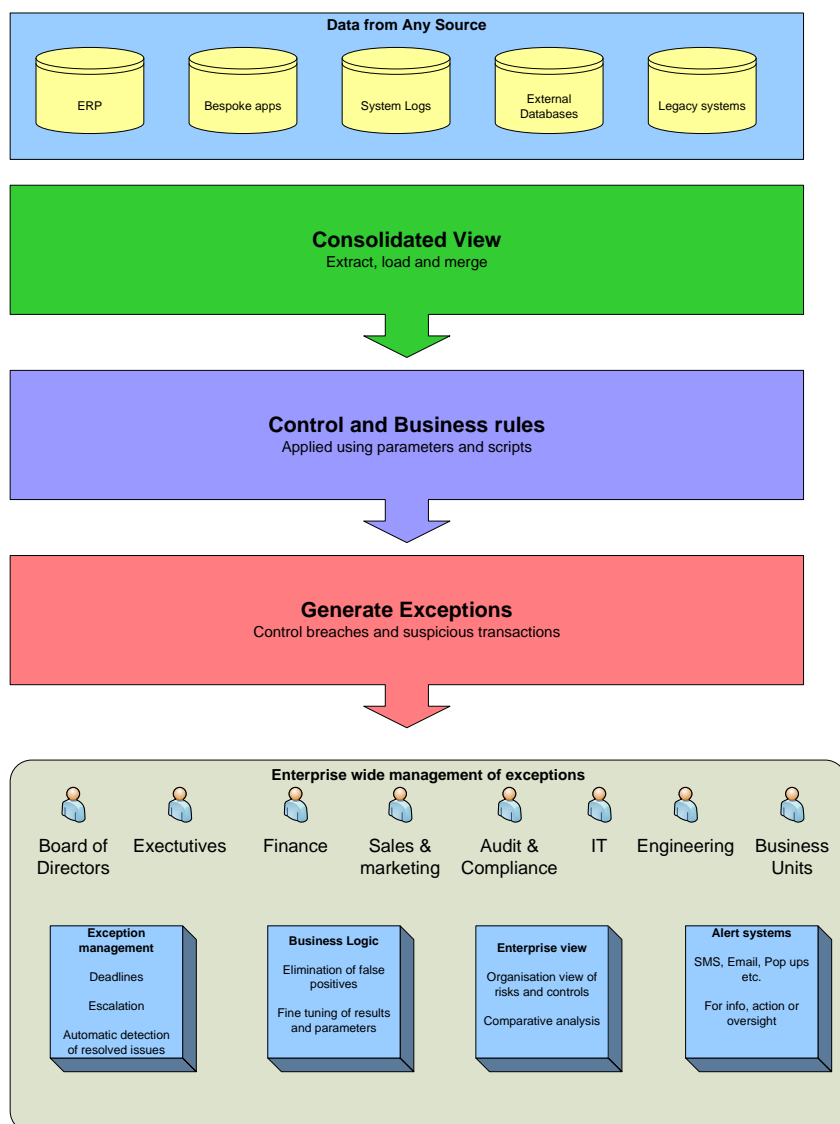
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Symsure for IDEA

SYMSURE FOR IDEA is a framework to achieve acceptable levels of risk in an organization by monitoring and addressing internal control weaknesses. The solution manages risks and controls from an enterprise level by examining the details of transactions and data files.

Using the tried and tested IDEA data analysis technology coupled with a simple to use issue management interface, **SYMSURE FOR IDEA** monitors transactions and data within business processes to detect exceptions based on business rules and parameters. Once detected, **SYMSURE FOR IDEA** can alert the relevant users using a variety of contact options such as e-mails and text messaging. All alerts and reports are managed within a comprehensive workflow solution.

The workflow solution is distributed across the enterprise to engage all stakeholders in achieving internal control and compliance objectives.



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Issue Management Workflow

Detecting compliance and control breaches is only part of the core objective. The resolution of issues and the associated improvements in the control environment are critical to realizing the value of continuous monitoring. Anyone attempting to monitor business process controls manually can attest to the challenges.

SYMSURE FOR IDEA boasts an impressive collection of simple but effective functionality to manage issues.

These include:

- assigning exceptions to specific users for action
- including users/groups to be alerted for information purposes only
- setting up an escalation process
- controlling whether or not the assigned user can close the issue
- performing all of the above based on conditions

The conditional management of issues is a powerful feature that allows the customer to determine different treatment of exceptions based on predefined criteria. For example, all exceptions for Branch A get routed to Manager A and Branch B to Manager B, and so on. Routing exceptions above a set amount to the CFO's attention; is another example.

Once results are assigned, users can:

- review/close
- reassign
- comment
- exempt
- view history of activities

Review Process

Issues can be reviewed by the user to whom they were assigned. He or she has the option to make comments on actions taken and may attach screenshots, spreadsheets, and other documents, to evidence work done.

Reassigning the issue to another user allows the Manager or Supervisor to manually allocate work to others. All issues reassigned are kept on the assigner's dashboard until it is closed by the assignee.

Exemptions

SYMSURE FOR IDEA allows for the exemption of specific records as a way of reducing false-positives. Applications that detect issues and allocate work must provide for the reduction of false-positives or the user may become overburdened. Specific records in a report can be exempted or a condition can be applied to exempt them.

Exemptions are reversible and can be viewed at anytime. This functionality can also be used to extend the business rules used to generate reports without amending scripts.

For more information about the **SYMSURE FOR IDEA** solution and how Auditware can help you, please call 01892 512348 or email sfi@auditware.co.uk