Productivity Increase with Internal Controls and Audit Management Systems

March 2010
Produced by logITmatix

Agenda

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2. Enterprise Stakeholders
3. Strategic Requirements
4. Benefits for the Enterprise
5. Benefits for the Line Management
6. Benefits for Risk Management & Compliance
7. Future ICS Landscape

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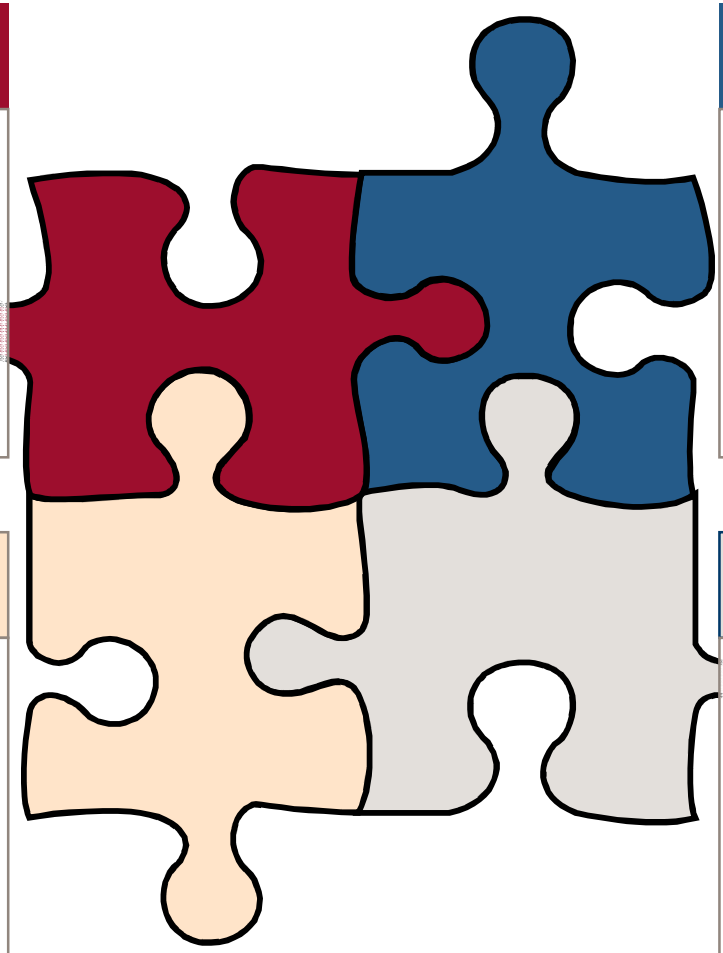
Todays Risk Convergence

Laws, Regulations and Policies

Relevant laws & regulations are to be adapted and embedded as a company wide policy framework. Need of systematic mapping of relevant policies to control objectives and consequently to underlying control activities.



Corporate Governance Structures

Operating in line with standard control governance structures and enabling enterprise-wide oversight of divisional/ regional or matrix organisations.

Deficiencies and Issues

Issues identified in the enterprise are raised, documented, assigned, handled, and archived. Issues can include internal or external audit recommendations and these must all be linked to the internal control framework.

Internal Controls

Detailed specification and classification of controls ensure full compliance with laws, regulations, and policies. In addition it fully support the achievement of strategic and tactic goals is required

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Enterprise Stakeholders

- Approves the Risk Policies and Risk & Control Strategy
- Approves Business Strategy and Risk Appetite
- Monitor – Oversight Executive Board of Management

- Review Risk Reports and Risk Situation Quarterly
- Reports to the Board of Directors

- Implement Business Strategy
- Manage Risks According to Strategy & Policies

- Approve Credit Limits acc. to Competence Reg.
- Oversight of large Credit Exposures

- Oversight – control front activities
- Monitor limits and risk barriers
- Risk identification – Risk Mitigation
- Reporting / Escalation
- Analyzes, rates approves risks

External Auditors

Internal Auditors

- Conduct Business
- Manage Risks according to policy and guidelines and competences

Internal Control System

Monitoring controls

Operational controls

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Strategic Requirements

- Overall system of control structures and –processes on all organisational levels in order to create a basis to achieve the defined goals and enable the firm to properly conduct the business.
- Integrated functionality to serve as the single solution suited to cover all aspects of a sound and compliant Internal Control System:

ICAM functionality	
✓	Integrated control activities
✓	Risk Management processes
✓	Adherence to applicable regulations
✓	Independent risk control
✓	Compliance functions
✓	Internal audit functions and support

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Benefits for the Enterprise

- Reduce redundancy of monitoring controls due to smart coverage.
- Direct remediation of audit issues related to supervision
- Online management overview of control related tasks completion rates

Improve Effectiveness

- Reduced IT development and maintenance costs due to standard application and portal environment
- Reduce working hours spent on monitoring / testing activities due to reduced overlap, smarter coverage and better usability

Improve Efficiency

- Ensure systematic assurance of Supervisory Responsibilities (FINMA, ECB, NYSE, NASD, MAS)

Ensure Compliance

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Benefits for the Line Management

- Overview of goals and policies to be adhered to and corresponding controls in place
- Permanent and consistent documentation
- Delegation of all or part of tasks
- Automatic notifications for all required action (according to delegation setup and user profile)
- Status monitoring of own or team tasks
- Single login
- User friendly modern graphical interface
- Fully traceable activities
- Pre-defined control set
- Early warning system

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Benefits for Risk Management & Compliance

- Transparent and traceable assignment of supervisory responsibilities
- Active support of the line management in defining and executing supervisory activities
- Multi lingual control specifications across different divisions/regions (re-usability of documentation) leading to lowered data maintenance effort across the enterprise
- Individual specification per control of reminder and escalation rules
- Multi-Dimensional assignment model
- Pro-active monitoring of execution tasks status by line management
- Tasks and ownerships can be performed by assigned deputies
- Automated employee and organisation structure maintenance (optional module)
- Decentralized management of user role assignments
- Decentralized control data maintenance
- Decentralized maintenance of pyramids enabling customized scheduled reporting
- Automated audit-tracking of all activities

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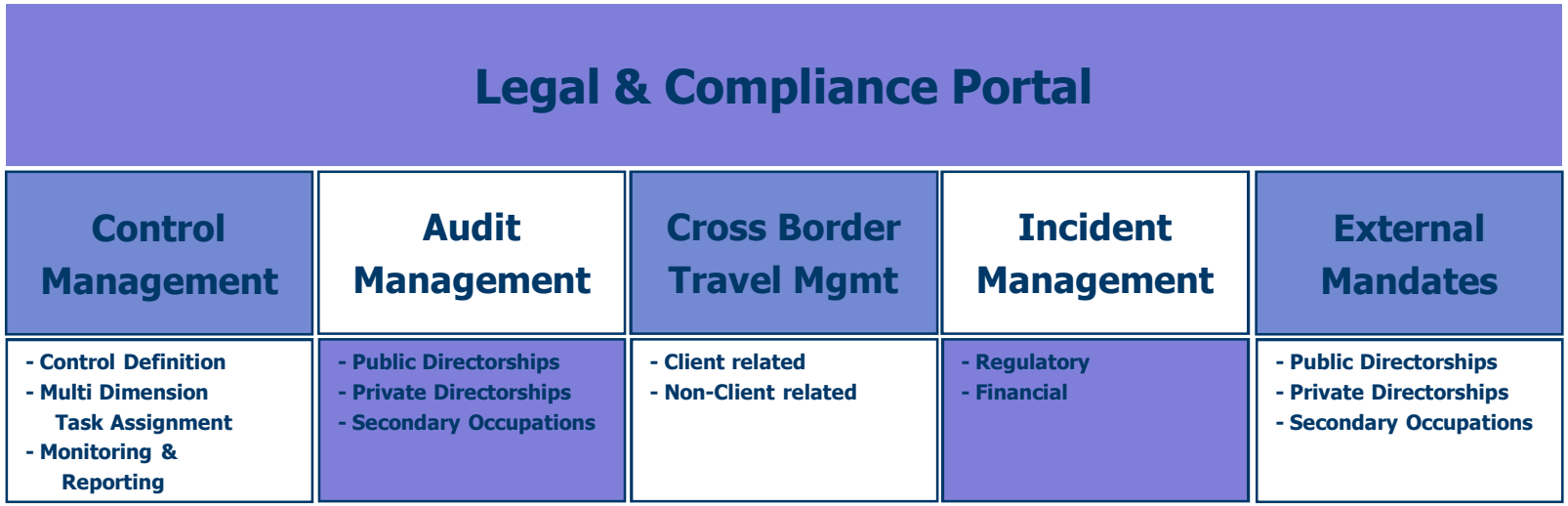
Future ICS Landscape



- Single system login for all Legal & Compliance related matters
- Enterprise-wide alignment of initiatives
- Full consideration of divisional/ regional/ functional characteristics
- Powerful reporting and monitoring
- Co-existence with complementary tools

Efficient and powerful Legal & Compliance Portal platform

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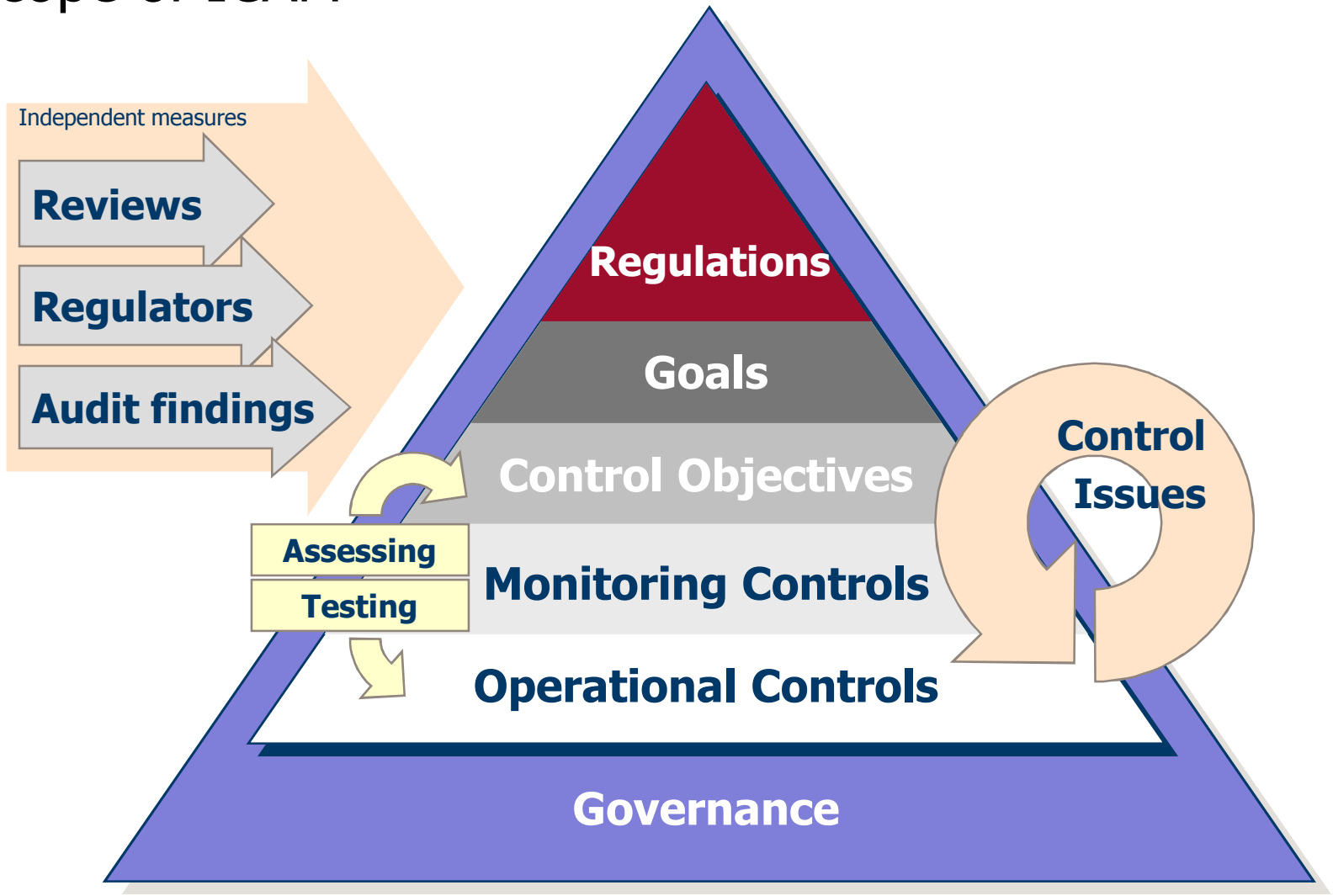
Scope of ICAM



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ICAM guiding principles

- **Maximal flexibility** enables granularity and content of key controls to be defined and the frequency of testing/assessment activities and the associated documentation requirements.
- Focus is on **monitoring controls** and key operating controls.
- **Generic applicability**: ICAM compliments other systems adequately covering operational areas and offers a generic platform for areas that are currently not supported or where a dedicated system would make no sense.
- All content (key controls, pyramids, testing/assessment activities) is strictly governed based on **ownership according to the enterprise organisation**. Central administration is kept to the absolute minimum.

Fully flexible approach should allow divisions / regions / departments to decide about the most appropriate use of the ICAM platform for their area of responsibility

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Generic Control Setup and Process

Reference to existing policy

Goal and control objective owner:

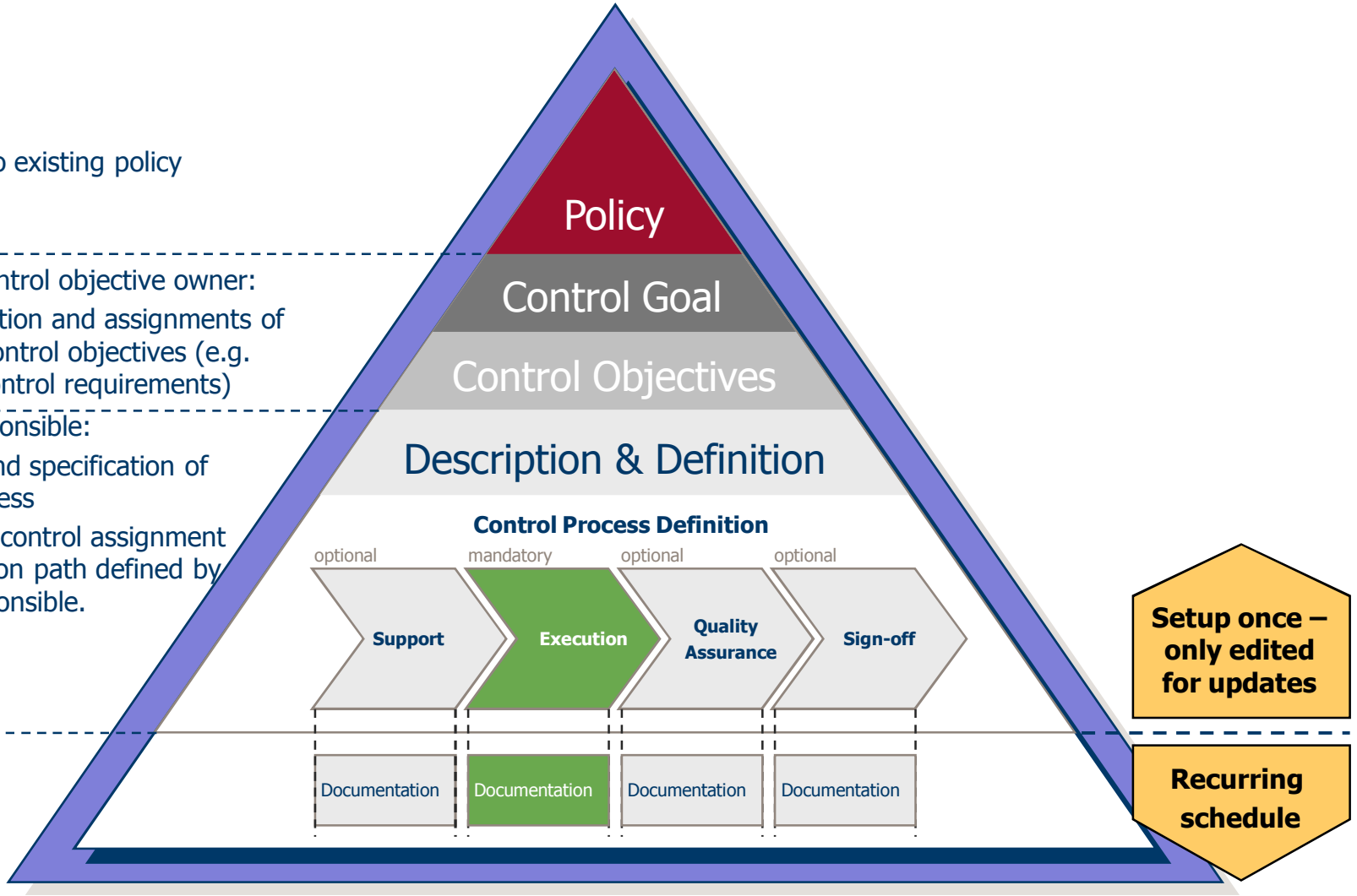
Implementation and assignments of goals and control objectives (e.g. minimum control requirements)

Control responsible:

Definition and specification of control process

Customized control assignment and escalation path defined by control responsible.

Control tasks



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Strategic fit to the Enterprise

- ICAM is designed to directly support the key elements of the overal goals of an Enterprise Supervisory Framework as follows:

ICAM fit	Supervisory Messages
✓	Understand and follow the rules
✓	Understand the scope of your responsibility
✓	Know what's happening in your business
✓	Know your customers
✓	Know your team/ your employee
✓	Lead by example
✓	Delegation
✓	Implement effective control structures
✓	Don't ignore potential problems
✓	Escalate problems

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Our solution is a global Control Governance Model framework that can be tailored to your specific needs. This allows your organisation to manage the complex and ever changing dynamics of regulatory compliance and risk.

A Control Governance Model (CGM) describes a set of 'Control and Monitoring Activities' which are established within your organisation. The sum of these activities form the CGM and address in its entirety one or more generic risks. CGM are primarily topic oriented, such as anti-money laundering, anti-fraud program, KYC, trade surveillance. In addition they are normally supported by policies, IT systems, committees, monitoring processes.

Implementing CGMs within your organisation will increase transparency of the Internal Control System, support the assessment of Completeness, support compliance with ICS related regulations, provides evidence of a systematic ICS documentation for Senior Management and Audit Committee

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Goal > Objectives > RfC Chain > Control > Activity

Properties | Assignments | Schedule | Escalation

Control Id: 6751 Control Type: Questionnaire

Control Title: Review Documentation for Supervisory Control

Activity Id: 15443

Execution	Zone Owner	Role	Levels Down	Add
	User		Exclude	Add
	June Smith (SLFD 6675)		☐	
	Mike Williams (SLFD 6675)		☐	
	Bill Whitfield (SLFD 6675)		☐	

Signoff	Zone Owner	Role	Levels Down	Add
	User		Exclude	Add
	James Bond (MI6 007)		☐	

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Goal > Objectives > RfC Chain > Control > Activity

Overview > Detail > Activity > History

Properties > Assignments > Schedule > Escalation

Control Id 6751 Control Type Questionnaire

Control Title Review Documentation for Supervisory Control

Activity Id 15443

Depends On Activity ☐

◉ Periodic

Start Date 01.12.2008 End Date 01.08.2009

Coverage Start Date 01.11.2008 Coverage End Date 30.11.2008

Frequency Qty 1 Months

○ Adhoc

	Duration		Deadline
Execution	15	Days	16.Nov.2008
Signoff	5	Days	21.Nov.2008
		Schedule End Date	21.Nov.2008

Save

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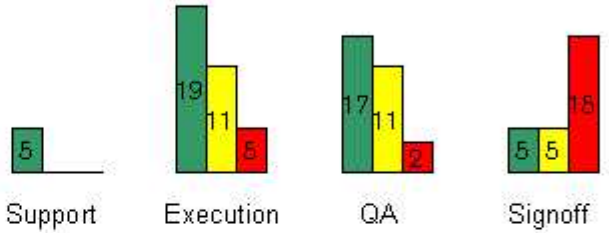
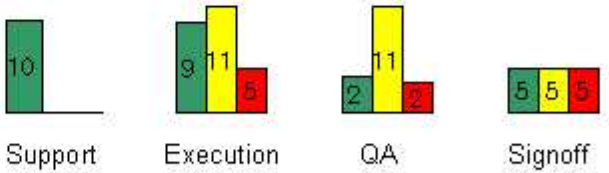
Tasks

Control activities that are currently assigned to user James Bond (MI6 007)



Issue activities that are currently assigned to user James Bond (MI6 007)



Pending | Within 5 days of Deadline | Overdue

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