

# IT Systems in Support of Certification of Internal Controls Over Financial Reporting



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# Certification of Internal Controls over Financial Reporting.



## Internal Controls over Financial Reporting

- Processes designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
- Includes:
  - Ensuring maintenance of records that accurately and fairly reflect the financial transactions of the business.
  - Ensuring transactions are recorded so as to permit preparation of statements in accordance with issuers GAAP
  - Providing for prevention or timely detection of unauthorised activities that could materially effect annual or interim financial statements

## Key Certification Requirements:

- Acknowledging Responsibility for establishing internal controls over financial reporting.
- Disclosure of material weaknesses including the nature of the weakness, impact on issuer's financial reporting and actions undertaken to remediate the issue.
- Disclosure of the Framework applied in the implementation of the ICFR.



## Fragmented control environment

- Multiple systems, widespread use of Excel, word documents, email...
- Responsibilities in silos for testing, monitoring and certifying: lack of best practices

## Insufficient visibility on the status of controls and issues

- Difficult consolidation of compliance data
- No real-time reporting and unreliable information

## Lack of control automation

- Labour intensive compliance process, error-prone, non scalable
- Testing challenges: scheduling, scope, completeness

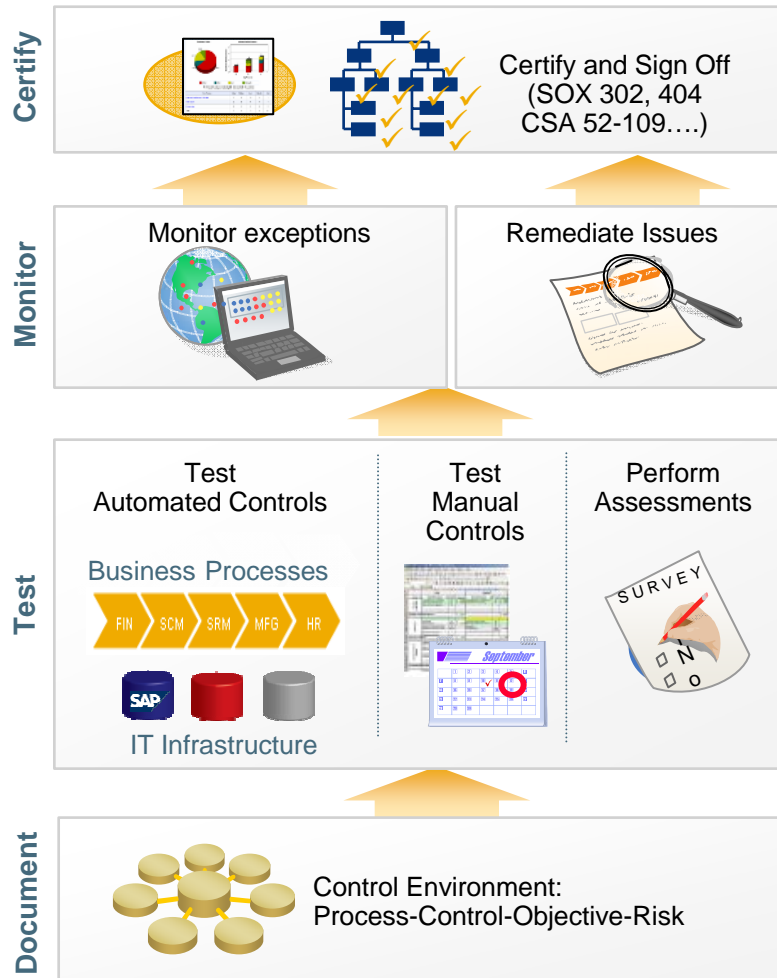
## No monitoring in place

- Late detection of deficiencies and tedious remediation process

# How can IT systems support the Certification Process?



## End-to-end, cross enterprise business process control



### Mitigate risk with effective controls and remediation

- Increase fraud prevention, timely detection with on-going monitoring
- Monitor control activity with comprehensive reports, dashboards
- Resolve exceptions efficiently with workflow-driven issue identification and remediation

### Reduce cost and improve compliance

- Automate control testing, monitoring across SAP and non-SAP systems with “out-of-the-box” rules
- Shorten audit cycles with optimized compliance activities
- Streamline manual evaluation, issue identification, remediation with automated task notifications

### Improve executive confidence with enterprise-wide control management

- Provide real-time visibility of control effectiveness and remediation
- Unify control management with a single system of record
- Enforce accountability with review, certification, sign-off of processes across the organization

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