

## Compliancy Internal Control Management (ICM) Continuous Control Monitoring Capabilities

### Introduction

Compliancy's Internal Control Management (ICM) software solution provides **Continuous Control Monitoring (CCM)** for the automatic validation of internal controls, thus supporting internal control optimization and continuous improvement.

CCM improves controls through rapid detection and systemic resolution where violations are managed and resolved using business process automation workflows. The ICM CCM solution routinely scans transactional data for violations of business rules associated with internal controls.

In ICM, the CCM is a control level Control Automated Procedure (CAP) and just one of many control automation techniques available in ICM. Once configured the system is self sufficient with minimal administration and can perform thousands of fully automated control checks without human assistance.

The workflow ensures each issue is managed per a user specified policy with all audit evidence and results captured within the ICM framework.

CCM results provide real-time information about the status of controls. This information is available via a configurable **Dashboard** for executive visibility, within the system itself through various views and from pre-configured and customizable one-click reports.

### Continuous Monitoring

ICM implements the CCM module as a Control Automated Procedure (CAP), which can be scheduled to run as required. Per this user specified schedule the CAP performs its fully automated monitoring functionality without user intervention.

Data is extracted from transactional systems and analyzed against predefined criteria to detect potential controls issues; such as duplicate payments, timing issues, other errors and anomalies.

It scans transactional data for business rule violations as defined in a graphical trainer. When it finds one or more violations, it automatically generates a workflow to manage the resolution of the issue and creates an audit trail complete with evidence of the issue and its resolution.

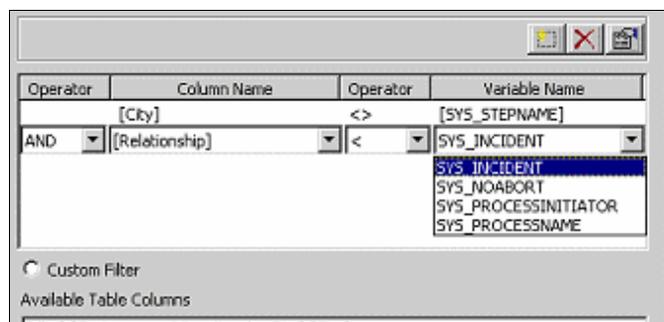
### Graphical Configuration (No programming!)

CCM can be enabled by starting with a control that can be validated from transactional data generated by a business process. The business rules that establish the control are defined in terms of data logic that, if true, violate the control. For example:

[PO Initiator] = [PO Approver] ; If this is true, there is a control violation

Business rules are entered using a graphical rules trainer that provides a GUI interface for entering business rules without programming or scripting. Once the training is complete, the control is implemented and scheduled for execution.

Fig. 1 Business Rule Violation Detection Trainer



## Automated Monitoring

The system will automatically evaluate the data vs. the business logic per the defined schedule. If no violations occur, the system will report "Passed". If a violation occurs, the system will report "Fail" and follow up workflow tasks will be assigned.

Each business rule violation in a CCM is registered as an ICM exception. If there are multiple violations per CCM, then multiple exceptions will be generated, one for each violation.

Fig. 2 Results and Exceptions

CAP Results	
Name	Value
Result Type	Payroll Task
Results	Task completed - Exceptions detailed
Pass/Fail	Fail
Control Fault	Yes
Control Fault Desc	Did not follow procedure
Compensating Control	F35 Comp Control
Control Fault Status	OK
Control Fault Details	User was instructed to obtain data from owner, per policy

CAP Exceptions				
Exception	Priority	Mitigation	Material	Details
Missing data	Medium	Reconciliation	<input type="checkbox"/>	Could not make final analysis, missing data

## Integrated Workflow for Resolution

Upon detecting a failure, the system will automatically route workflow tasks as configured. Basic workflow steps are:

- ▶ Peer Review
- ▶ Management Review
- ▶ Audit Review

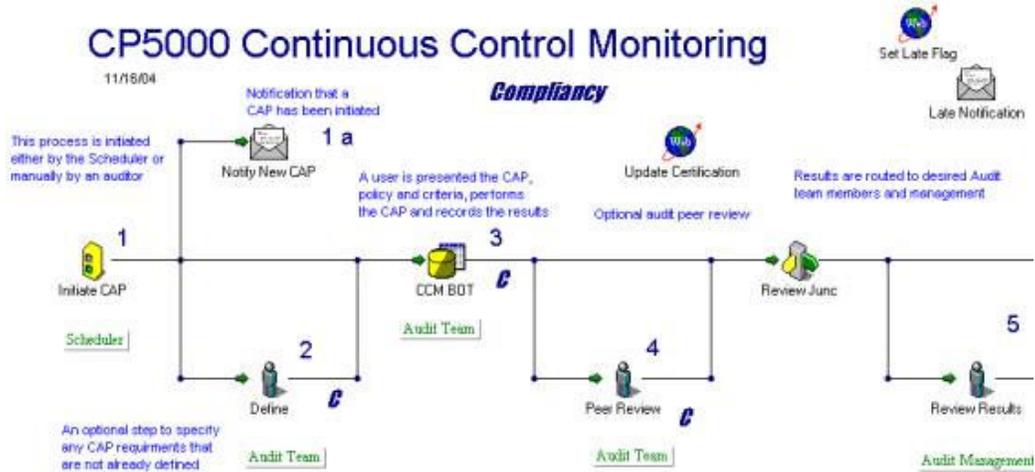
Any of these steps can be configured to become activate in a workflow as a result of a failure or other condition. Each CCM can be configured with unique workflow routing to different optional steps. The workflows can also be configured to notify a list of people when the workflow begins, is completed, or is late. These configurations are in addition to the standard notifications and escalation inherent at each workflow step. This configuration can be performed and modified by a non-technical compliance person.

CCM Control Automated Procedures (CAP's) appear along side other CAP workflows configured for the control including:

- ▶ Control Procedure
- ▶ Certifications
- ▶ Control Testing
- ▶ Assertion Reporting

Clients can provide additional customization to the CCM process, including complex business rules and integration using ICM's integrated business process management platform. The Compliancy solution has a graphical tool available for complete customization for sophisticated business process management workflow development without programming.

Fig. 3 CCM Workflow

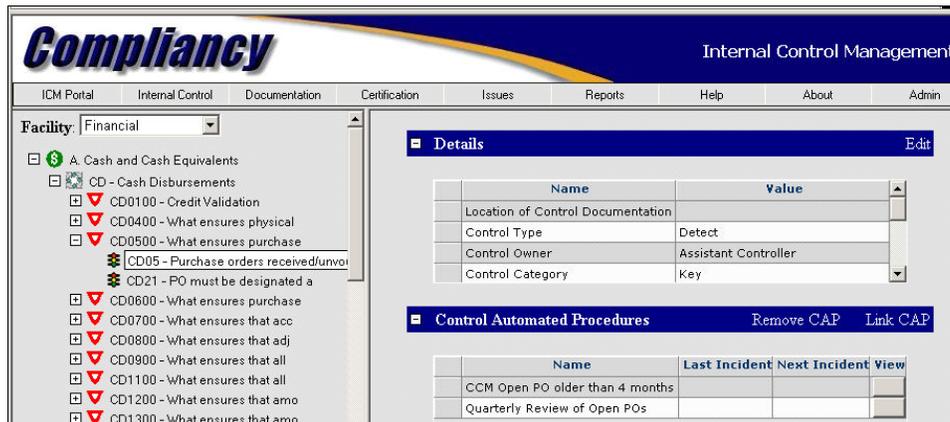


### Administration

Once the CCM CAP is trained, configured and scheduled, it runs automatically without any human intervention. The CCM runs per the user assigned schedule and ICM logs each run which can be monitored from the ICM Portal or from the Internal Control Module. If a failure occurs, the configured workflow will be completed.

Reassignments, personnel changes and reorganizations are handled in an easy one-step Organization Chart update. Users and supervisors can be given rights to reassign workflow tasks and manage out-of-office situations. Changes to the Organization Chart are automatically reflected in the workflows. Basic workflow administration or workflow routing, escalation and notifications can be performed by the compliance prime through ICM.

Fig. 4 CCM CAP in Internal Control Module



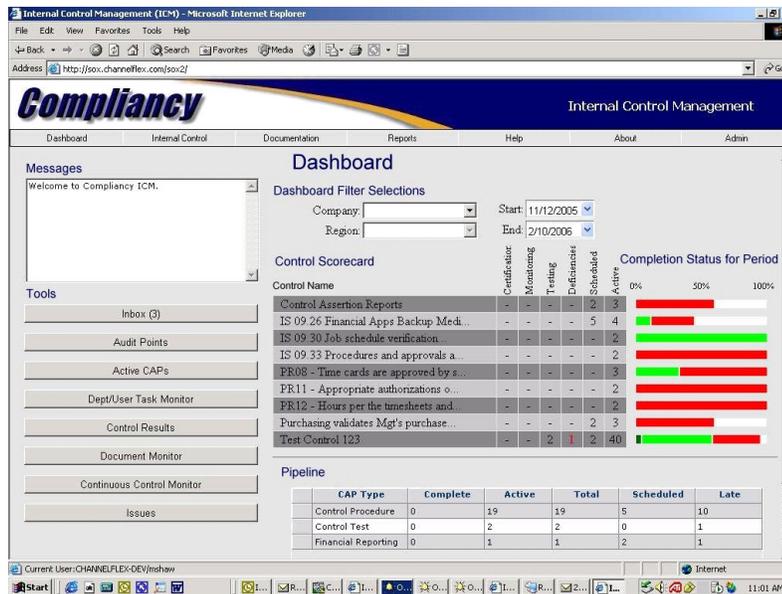
## Dashboard With Continuous Control Monitoring

CCM enables real-time monitoring of controls via an easy to read and understand Dashboard. As an integrated component of ICM it provides clear visibility to SOX compliance for executives and managers as well as one-click access to all the capabilities of ICM.

The Dashboard provides more effective management control and faster responsiveness that enables preventive actions prior to a violation occurring. This reduces the cost of additional testing and remediation. The Dashboard provides the following:

- ▶ Single page consolidated real-time visibility of key management information
- ▶ Customizable drop down filter selections for different view of control status
- ▶ One click drill down access to control level detail
- ▶ Quick view graph status of controls status (started, late, completed)
- ▶ One click access to tools for more comprehensive status and change management.

Fig. 5 CCM Dashboard



## One-click Real-time Reporting

The ICM Reports module provides an integrated real-time reporting mechanism for CCM activities. Standard or custom reports provide a detailed view of all CCMs performed, scheduled, results, evidence, and workflow resolution. CCM is just one of the pieces of the control puzzle with ICM reports providing an integrated view on all activities associated with a control.

Reports can be exported to a variety of formats including Excel, HTML, and PDF. The system can be configured to automatically generate a report periodically and also email it to a manager if so desired.

Fig. 6 CCM Reporting

Table Name	Audit ID	Unique ID	Field Name	Old Value	New Value	Modification Type	Modified By	Modified Date	SQLUser ID
CertificationFile Ids	911	5	Process	Termination	Control Point 1	MOD	mshaw	5/3/2005 9:23:09 AM	SOX
	912	5	Step	Update	Update Control Point	MOD	mshaw	5/3/2005 9:23:09 AM	SOX
	913	5	Process	Control Point 1	Termination	MOD	mshaw	5/3/2005 9:25:42 AM	SOX
	889	5				INS	mshaw	5/3/2005 8:42:16 AM	SOX
ControlAutomatedProcedure	879	370	Step2\F		Sox Dev\IS Mgr	MOD	mshaw	5/3/2005 8:34:00 AM	SOX
	880	370	Step2\CompletionTime		2	MOD	mshaw	5/3/2005 8:34:00 AM	SOX
	881	370	Step2\ExtensionTime		2	MOD	mshaw	5/3/2005 8:34:00 AM	SOX

### **Integrated and Comprehensive Automation and Monitoring**

CCM is part of the ICM comprehensive approach to automating and monitoring internal controls. ICM comprehensive approach addresses the compliancy requirements while providing an optimized automation solution that includes the following:

- ▶ Automation of manual control procedures
- ▶ SoD (Segregation of Duties), business rule enforcement and other preventative integrated process controls
- ▶ Integration with controls in other applications
- ▶ Automation of control testing
- ▶ Automation of control audits
- ▶ Automation of control documentation
- ▶ Automation of detective and preventive issues identification
- ▶ Automation of issue management
- ▶ Continuous Control Monitoring and reporting

This level of monitoring and enforcement automation along with ICM's other automated processes for documenting and optimizing control makes it a comprehensive control management solution.

### **Optimize Automation Allowing Preventative as Well as Detective Control**

Compliance's ICM provides an Optimized Automation solution that goes beyond basic automation to realize even greater cost reduction, greater control, fewer errors, and more responsive capabilities.

Optimized Automation provides not only real-time continuous monitoring but also issue prevention not just issue detection, complete automated issues management integration, and the monitoring and integration of application transactions into the control process.

The ability to optimize automation is driven by the business process workflow foundation which has significantly greater capabilities than basic workflow engines. As a result companies can realize the following:

- ▶ Reduces costs by reducing additional testing, manual issue resolution, and additional detection analysis.
- ▶ Real-time, continuous monitoring and preventive issue identification helps you identify issues before they happen and if control execution is falling behind schedule.
- ▶ Enables faster responsiveness to resolve issues and eliminate post issues management as well as significantly reducing risk and dealing with government issues.

In addition, the business process management foundation assures that you can integrate your compliance solution into your business processes and can expand your solution to additional compliance requirements and across your company.

The result is added value by enabling better overall management visibility to the business and making better business decisions.

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## About Compliancy

Compliancy specializes in custom tailored risk and compliance automation solutions by leveraging a company's investment in existing controls, processes and compliance programs. Processes and controls unique to the company and industry can be easily automated and standardized to accelerate process completion, more effectively manage risk and lower the cost of management.

Large multi-national, mid-size companies and government agencies choose Compliancy because of its greater flexibility and cost effectiveness. Compliancy's Internal Control Management (ICM) platform makes it simpler to automate and integrate both a broad range of GRC requirements such as Sarbanes-Oxley, FCPA and OMB 123 and internal processes such as Financial Close Management. Compliancy can custom tailor the right program to best fit a company's needs and budget whether on-premise or Software-as-a-Service.

For more information, please visit our website: [www.compliancy.com](http://www.compliancy.com)

For inquiries or additional information, contact: [info@compliancy.com](mailto:info@compliancy.com) or call +1-919-806-4343.

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