Financial Accounting Advisory Services

Continuous monitoring - managing the effectiveness of processes and controls

October 2015
# Agenda

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Continuous monitoring
Continuous monitoring
Managing the effectiveness of processes and controls

Does your organization feel the urgency to automate analysis, but also fear the volume of work generated to explain the results?

► Data analytics can be used for many purposes, for example, control and compliance testing, and for purposes such as identifying double payments.

► After performing data analytics, companies spend a lot of time analyzing and explaining the exceptions. If this is not managed properly, it can be very time consuming.

► Continuous monitoring is a highly automated process that helps companies to organize the follow-up of exceptions.
Continuous monitoring
What is continuous monitoring?

Continuous monitoring is a highly automated process by which an organization collects and analyzes data and then supports the follow-up of the exceptions identified.

Continuous monitoring can be used to:

► Assess the adequacy and effectiveness of controls, and to support compliance with regulatory requirements
► Identify and prevent double payments and the assessment of data integrity
► Help the follow-up process by applying data analysis to identify and manage exceptions, using predefined actions
► Provide a complete audit trail, from identification to explaining exceptions
Continuous monitoring
Which steps to take?

Identify, diagnose
► Identify client requirements and objectives
► Report on current processes
► Report on data integrity
► Develop business case

Design
► Design and optimize procedures and controls
► Develop pilot analysis

Deliver
► Design business rules
► Process data in prototype application
► Balance analyses and outcome to ensure exceptions can be followed up

Sustain
► Assess results
► Train users
► Deploy annual improvement plan

Continuous monitoring starts with an understanding of your requirements and objectives and a strong business case. The result of continuous monitoring is a highly automated process of data analytics and exception handling.
Continuous monitoring
From data analytics to advanced continuous monitoring

The way to (advanced) continuous monitoring shown in five maturity levels.

1. Initiate: profiling
   - Data analytics performed occasionally at best
   - No formal data analytics approach, procedures or methodology
   - Tools are not readily available
   - Dependent on the skill of limited number of specialists

2. Ad hoc analysis
   - Data analytics recognized as a value-add to the organization, but not yet institutionalized
   - Simple tools available
   - Relies on a central group or person
   - Analysis based on a clear area of focus, such as fraud investigation or internal audit review

3. Structured analysis
   - Documented and established data analytics methodology
   - Use of data analytics is monitored by management
   - Understanding of the business meaning of data analytics procedures and results
   - Tools used to create data analysis models

4. Continuous monitoring
   - Data analytics approach and methodology is institutionalized into continuous monitoring (CM)
   - Management involved in the ongoing CM efforts
   - Management understands business issues and root causes
   - Advanced tools used for CM, such as visual representation of data analysis results and trends

5. Advanced continuous monitoring
   - Practices evolve to improve CM processes, procedures and results continually
   - Continuous process monitoring integrated in day-to-day business
   - Scope extension

Value
Maturity
Continuous monitoring

Your benefits

EY’s continuous monitoring helps you to unlock the potential of data analytics with increased insights and more effective tests and analysis. The capabilities and insights tend to increase with complexity and as your organization evolves.

You can test bigger sample sizes and, in most cases, the whole population through the use of data analytics. Analytics can be performed more frequently, and more quickly, resulting in greater accuracy.

The continuous monitoring approach also supports you in exception follow-up. The automated evaluation results in a decrease in the number of false positives.

Continuous monitoring could lead to improved efficiency, providing more time and resources to focus on other high-risk areas requiring more manual intervention.
Continuous monitoring

Your benefits

By automating the control testing and finding the right balance in the follow-up, more control assessments can be performed with less effort. This opens up possibilities to spend more time on fraud detection and monitoring, and on business and process improvements.
Why EY?
A unique combination of skills and experience

Our cross-border, multidisciplinary teams can provide you with the right combination of process and industry knowledge, and extensive experience with the most relevant source systems and modern data analytics tools. Our services come with all relevant validations to support accurate and comprehensive outcomes.

We will work with you and your team to understand your business. We will share our methodologies and data analytics processes to help implement a well-balanced continuous monitoring process in your organization.
About EY
Your regional EY network

**Africa**
Angola, Botswana, Cameroon, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Ethiopia, Gabon, Ghana, Guinea, Ivory Coast, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Senegal, Seychelles, South Africa, South Sudan, Tanzania, Uganda, Zambia, Zimbabwe

**Belgium and Netherlands**

**Germany, Switzerland and Austria**

**Commonwealth of Independent States**
Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russia, Ukraine, Uzbekistan

**Central and Southeast Europe**
Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Kosovo, Latvia, Lithuania, FYR of Macedonia, Malta, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey

**France, Maghreb and Luxembourg**
Algeria, France, Luxembourg, Monaco, Morocco, Tunisia

**Financial Services Organizations**
Belgium, Channel Islands, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Switzerland, the UK

**India**
Bangladesh, India

**Mediterranean**
Italy, Portugal, Spain

**Middle East and North Africa**
Afghanistan, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Pakistan, Palestinian Authority, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates

**Nordics**
Denmark, Finland, Norway, Iceland, Sweden

**United Kingdom and Ireland**
The UK, the Isle of Man, the Republic of Ireland
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About EY
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