

Three Keys to a Best-in-Class Internal Control Program

Innovation and digital transformation are allowing businesses to improve processes with technology-enabled solutions like never before: Banks offer mobile payment services through smartphone apps; hospitals connect physicians with patients through telemedicine; factories use artificial intelligence and connected devices to optimize output.

When it comes to internal controls — perhaps one of the most important systems in a business — organizations still largely rely on unwieldy spreadsheets, disparate tools, and manual processes to track and respond to vulnerabilities. These methods are often inefficient and contribute to a lack of visibility. In addition, aging legacy systems and infrastructures can lead to increased administrative burdens, low transparency and cumbersome reporting processes, while increasing the risk of financial misstatements, the breaking of corporate governance code and missed expectations from outside investors.

Given the growing risk landscape and rapidly changing business climate, organizations are demanding agile and transformative internal control approaches that respond to today's corporate challenges. C-suite executives need to feel confident that their lines of defense are leveraging technology to manage those risks effectively.

These realities have spurred a new generation of best-in-class, internal control solutions designed to help businesses mitigate or prevent security risks, streamline efficiencies and costs, along with maintaining compliance with laws and regulations, while boosting transparency for leadership, stakeholders and auditors.



Tackling Inefficiency with Visible, Consistent Information

By automating internal control processes, businesses can reduce the number of manual and repetitive tasks linked to collecting information. A dedicated solution can help manage and complete these tasks efficiently, while providing insight into outstanding items, who is responsible for each and any upcoming deadlines along with managing how many are near due or overdue.

Eliminating inefficient legacy systems means Internal Control Managers no longer have to comb through mountains of emails, share files, spreadsheets and reminders to get a complete view of information. With the push of a button, next-generation internal control simplifies and automates processes, resulting in higher collaboration among team members and improved allocation of resources, as well as ensuring adequate governance over process and a reduction in expenses due to increased efficiencies.

Curbing Risks by Reducing Errors and Establishing Lines of Defense

Risk management of an organization's operations is a vital component of a successful internal control process. Business leaders rely on accurate real-time data to assess operations and make decisions.

By upgrading from disparate legacy systems and implementing a robust, intelligent solution that curbs version-control errors from inefficient manual processes, companies can automate their workflow and approvals. They also can reduce the risk of misstatement and have improved governance and assurance over the internal control program.

The C-suite must understand how much is at stake when it assesses risks and allocates resources. According to a **2020 report** by the Association of Certified Fraud Examiners, organizations lose about 5% of their revenue every year because of fraud. Internal control weaknesses are responsible for about half of all fraud. More than half of internal fraud came from operations, accounting, sales departments or executive management.

At the same time, cybersecurity and reputational risk is top of mind at the C-suite level. Organizations without internal control solutions are easy targets for computer, software, data and network intruders and face potential catastrophic damage to their assets.

Cyber risks are difficult to avoid. Threats are becoming more powerful and sophisticated. However, a dedicated internal control solution allows businesses to establish a more robust line of defense to mitigate them.

Leaving Lagging Legacy Systems Behind

An effective internal control program is key to strong operational performance and reliable financial reporting. With that in hand, a company obtains the confidence in its ability to achieve its organizational objectives.

Even though mandatory compliance measures, such as the U.S. Sarbanes-Oxley Act (SOX), were introduced 20 years ago — in part to regulate the soundness and effectiveness of internal control structures related to financial reporting — many organizations still spend a large amount of time and money on compliance. That's compounded by the inefficiency of using cumbersome legacy systems based on spreadsheets and filesharing platforms.

“Internal control weaknesses are responsible for about half of all fraud.

Source: Association of Certified Fraud Examiners

The screenshot shows the SAI360 internal control software interface. At the top, there are navigation arrows, a search bar, and user information. Below this, a summary bar displays control status counts: 12 Key Controls, 13 Scheduled, 14 Not Scheduled, 2 Effective, and 1 Ineffective. The main table lists various controls with columns for Name, Owner, Control Schedule, Type, Key Contr., and Processes.

| NAME | OWNER | CONTROL SCHEDULE | TYPE | KEY CONTR. | PROCESSES |
|---|------------------|--------------------|--------|------------|-----------|
| AD-1 Policy and Procedures Research Computing (Washington) | Admin Super User | Daily (Date Based) | Manual | ✓ | 0 |
| Account reconciliation and audit sign off Sydney | Admin Super User | Monthly | Manual | ✓ | 1 |
| cheque books and computer cheques are store Finance | admin Sebe | Monthly | Manual | ✓ | 0 |
| Due diligence Finance | Patrick | Quarterly | Manual | ✓ | 19 |
| SOX Guidelines Procurement | Admin Super User | Daily (Date Based) | Manual | ✓ | 0 |
| Employee training & awareness Customer Services | Cynthia | Daily (Date Based) | Manual | ✓ | 12 |
| Internal investigation of Fraud and or Suspicion Sydney | jack | Monthly | Manual | ✓ | 1 |
| KYC Regulations - Eden France | Hang | Daily (Date Based) | Manual | ✓ | 2 |
| Management Responsibilities HR | James Wetherly | Quarterly | Manual | ✓ | 11 |
| Sample Control Berlin | Admin Super User | Daily (Date Based) | Manual | ✓ | 0 |
| Scan customers and partners in Adverse Media Eden France | Hang | Weekly | Manual | ✓ | 2 |
| Screening Employees Customer Services | Cynthia | Daily (Date Based) | Manual | ✓ | 1 |

The With purpose-built internal control solutions based upon industry standards, organizations can prevent financial misstatements by continuously monitoring control deficiencies and enabling early warnings for remediation before the internal control cycle ends. The earlier in the compliance cycle companies tackle deficiency issues with clearly defined remediation plans, the more likely they can be resolved before financial reports are filed.

Best in Class vs. Rest of Class

There are a host of tech-enabled internal control programs available in the marketplace. A common question is, what sets them apart? There are three key features that an effective internal control program should have in order to help organizations maximize oversight and manage risks:

1. **Advanced real-time reports and dashboards:** As risks rapidly evolve, executives and regulatory agencies demand real-time access to information. An optimal system provides interactive, role-based dashboards that provide a consolidated and customized view of the internal control program for each user.

Users need to be able to drill down into that information to access specific metrics that enable identification of problems and to complete evidence requests or control tests in real time. Ideally, users should be able to immediately see if an assigned control report is completed. This real-time actionable insight gives them the answers they need in a self-service environment, saving them from sending time-consuming and inefficient emails and reminders.

A centralized view should also enable the C-suite to quickly glean value-added analysis on the overall health of an organization's internal control program and its support of corporate goals.

2. **A seamless user experience:** A best practice solution offers an intuitive interface that requires little onboarding or training. This functionality allows users to get up to speed quickly, which helps reduce change-management issues and accelerates time-to-value. Best-in-class solutions provide on-demand tutorials that accelerate user knowledge and are convenient to consume.

Cultural challenges, such as user adoption and sentiment, are always an issue looming in organizations — even the largest, most sophisticated ones. Business leaders want to ensure that their solutions and technologies address employee needs and business objectives, without putting too much strain on internal resources. However, technology also must be adaptable and scalable as the business evolves.

A solution shouldn't be too complicated or over-engineered, but still be able to adapt as new internal control gaps or risks are uncovered.

3. **Quicker implementation for faster ROI:** A best-in-class solution can be used in as little as a few days with no special configuration required. Employing templates, such as COSO, COBIT and ISO standards or even the company's own framework, should be seamless.

Over time, the provider can address or add specific methodology of the organization's internal control processes they feel provide a competitive advantage. That flexibility — starting with a best practice process and adapting it to the needs of the customer — allows quick wins for internal controls teams who can demonstrate immediate ROI and pave the way for future improvements and automation.



FINAL THOUGHTS

Streamline Efficiencies and Improve Operational Performance

An effective internal control program is crucial to success in today's rapidly changing business environments. Moving beyond spreadsheets and other tools to a purpose-built, intelligent and automated solution can provide the C-suite confidence that unwanted risks are adequately addressed, laws and regulations are being adhered to, financial statements are accurate, and resources are allocated appropriately.

Executive leaders must seek solutions that provide real-time access and value-added analysis to help ensure their organization's internal control program is supporting corporate goals and business outcomes.

Learn how SAI360's Internal Control solution provides provide the visibility, user experience and quick-start flexibility that organizations need to develop a superior internal control program that reduces risk exposure, amplifies transparency and insight, and improves operational performance.

Interested in learning more about SAI360's solutions for Internal Control?

[Request a demo.](#)

Our unified approach to risk sets us apart

Today's complex risk landscape demands more. SAI360 leads the way with an integrated GRC platform and Learning solution that spans the entire risk spectrum.

Risk Management Solutions

- Enterprise & Operational Risk Management
- Regulatory Change Management
- Policy Management
- Third-Party Risk Management
- Internal Control
- Internal Audit
- Incident Management
- Conflicts of Interest (COI) Disclosure Management
- IT & Cybersecurity
- Business Continuity Management

Ethics & Compliance Learning Solutions

- Anti-Bribery & Anti-Corruption
- Competition & Anti-Trust
- Conflicts of Interest
- Data Protection & Privacy
- Information Security
- Exports, Imports & Trade Compliance
- Harassment & Discrimination