A buyer's guide to internal controls management technology



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Audit's a complicated business these days. Regulations and reporting requirements are ever evolving, from ESG to SOX. Threats are increasing, from cybersecurity to the supply chain. Change is the only constant.

Not only does your team need to keep up with the many details of auditing itself, but your purview is also expanding. You're collaborating more with risk and compliance teams. Meanwhile, executive leadership increasingly seeks your perspective on organizational risk and what's ahead.

This is where internal controls come in.

A wide range of policies and procedures keep organizations on track toward their goals: management reviews and approvals, access controls for cash and data — the list goes on. Effective internal controls show that your data is up to date and accurate and that you have robust protections in place to ensure the reliability, efficiency and compliance of your financial and operational processes. Substandard controls not only jeopardize your organization's ability to make informed decisions and set future strategy, but can also obscure fraud or abuse.

All of this is old news for audit professionals. What *is* new: Internal controls are getting exponentially more complicated — and that much more difficult to manage. When the Association of Chartered Certified Accountants conducted a survey about the subject, a full 41% of respondents cited difficulty maintaining existing controls. The culprit? Rapidly advancing innovation.

Technology is the challenge — and the solution

Successfully assessing your controls' risks and weaknesses in today's environment requires efficiency, accuracy, collaboration, and real-time data and analytics. Tailor-made for these challenges are capabilities such as automation, data integration and real-time reporting.

Internal controls management (ICM) software brings them all together. Given their ability to drive productivity, increase accuracy, foster collaboration and deliver a big-picture view, such tools are an invaluable resource for audit teams like yours.

But not all ICM solutions are created equal. Take continuous controls monitoring (CCM), for example. This is an automated process that monitors key controls 24/7, improving the efficiency and effectiveness of the audit process by reducing the need for manual testing. It also allows for real-time risk detection, so you can remediate potential issues right away.

These are critical capabilities, right? Oddly enough, many solutions out there claim to cover ICM, and even go in depth in specific areas like SOX compliance, but fail to offer continuous controls monitoring as well. For that reason alone, it's imperative that you can assess ICM solutions.

Let's first examine the many ways ICM technology makes your work easier. This will help you know what to look for in an internal controls management solution.

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6 ways the right internal controls management technology makes your life easier

1

Do more with less — so you can focus on adding value: How well are your internal controls catching out-of-the-ordinary readings, activities or events? Do these controls still meet your organization's needs in terms of security, regulatory requirements and customer expectations, as well as the products and services you offer and your technology footprint?

Controls testing is the foundation of an effective internal controls process. It's also where your team spends the bulk of its time if you're still relying on manual processes. Across hundreds or even thousands of data points, these hours add up — and take your team away from more value-adding work, like proactive enterprise risk management.

Automating controls testing is an easy win. So is using ICM technology to streamline other tedious and time-consuming aspects of internal controls management, like data gathering and cleansing and report generation. This frees up auditors' time to focus on more strategic tasks. And all of this enhanced productivity adds up to cost savings.

2

Increase accuracy, trust and peace of mind: With every manual process, you introduce the risk of human error — that's just a fact of life. And it's a big risk in the world of audits and internal controls. You and your executives need accurate, reliable data to effectively assess the strength of your internal controls. ICM software's automation capabilities help here, too, by reducing the risk of error.

3

Harmonize your internal controls people, processes and data: Engaging the three lines of defense across your organization is a formidable task. ICM software makes it less so. The first way is through centralizing workflows and consolidating data into a single source of truth, from SAP to Salesforce and everything in between. Internal teams will save time with streamlined control testing, and you'll benefit from a dashboard view into control status.Centralized frameworks and libraries support efficient collaboration even more. But one of the biggest benefits is harmonization across the internal controls process. Which applications and systems rely on or feed into others? The right ICM solution enables you to capture these dependencies and cascade any changes through the system to keep them accurate and up to date.

Together, all of these features keep everyone on the same page and working toward the same goals.

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4 **Stay on top of controls status — and ahead of risk — in real time:** Your team needs to sound the alarm on issues as they arise and act before they escalate into bigger problems.

ICM software enables that proactive, always-on approach, especially when equipped with CCM. Automation speeds up the process at every step, from controls testing through real-time reports, dashboards and report cards that enable rapid decision-making and remediation.

5 **Support future-focused capabilities like data analytics:** A real-time dashboard shows you the current state of your internal controls. Data analytics expand this view, enabling you to get a big-picture view of organizational needs and potential risks.

ICM software supports data analytics in two ways: by offering up these capabilities within the solution itself, and by freeing up time — through automation — for your team to analyze data and deliver meaningful insights.

6 **Elevate your role as a strategic partner:** Imagine rapidly accessing the latest and most accurate data on the status of your organization's internal controls, then tracking and reporting deficiencies from the same platform.

While each of these capabilities is impressive on its own, their combined power is where they truly deliver long-term value. By investing in an ICM solution, auditors strengthen their ability to provide valuable insights to management and help drive the organization's overall strategy.



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Let's start shopping. Here's what the ideal ICM solution needs to do.

Here's a list of the key questions to guide you to the right choice in ICM software — and the answers to look for:

Q. How well does the solution assess risk within your organization's processes and controls?

A. Flagging deficiencies and vulnerabilities in a timely fashion is at the heart of internal controls management. A superior ICM system will also help you prioritize these risks based on severity, probability and potential impact, then report out based on what your team and leadership want to see.

Q. Does it support all of your compliance obligations?

A. Regulator and stakeholder scrutiny of your disclosures, such as financial reports and cybersecurity notifications, is intensifying, as are the potential fines and even criminal penalties. Your software solution needs to be built with SOX, COSO and other frameworks in mind to satisfy all stakeholders and ensure you don't cross any lines.

Q. Does it let you design controls and see how effective they are?

A. Look for turnkey capabilities. Any software you invest in should provide the ability to design new controls as your risk profile and operating environment evolve. You should be able to evaluate them to make sure they're working as intended on a continual basis. The software should also include data analytics capabilities that can provide insights into the effectiveness of controls and identify potential risks.

Q. How does the solution support workflow management and planning?

A. Time spent manually coordinating and orchestrating ICM activities is time your team could be spending on other things, like proactively looking ahead and advising your executive leaders.

Many of the tasks involved in internal controls monitoring and management lend themselves to automation, and any solution you invest in should reflect this. Look for software that makes your life easier, and saves you time and money, for:

- Planning and managing audits
- Scheduling
- Allocating resources
- Managing workflows

These capabilities not only save you precious scarce resources, but they also decrease the risk of duplicated effort or important details falling through the cracks. So, make sure your solution includes tech-enhanced workflow management and planning capabilities and that it supports these activities throughout the ICM process, from start to finish.

Q. Does the solution automate testing?

A. Manual controls testing unnecessarily burdens your team and limits your testing coverage to what humans are able to accomplish in a limited amount of time. In a world where risks and vulnerabilities can pop up anywhere and quickly spread across your enterprise, you can't afford to let this happen.

Automation both expands your controls-testing range and increases your efficiency, making it a must-have for any ICM solution.

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Q. Will you have an audit trail?

A. Monitoring your controls is only half the battle. Your team also needs to demonstrate that you did so, with comprehensive, credible, detailed evidence. This means that your software should be able to document any testing or evaluation your team does, all without extra work on your end. Also, your software should be able to produce an automated audit trail of all actions people take within the system.

Q. What about dashboards and reporting?

A. You need to communicate control status to the C-suite and the board, and they don't want to sift through a multi-page report or cumbersome spreadsheet. Look for one-click, quick-glance dashboards, report cards, visualizations and other ways of sharing information that are easy to both prepare and digest.

Q. Does the solution play well with others?

A. The software should be able to integrate with other systems used by the organization, such as ERP systems, to facilitate data sharing and reduce manual data entry.

Q. Is it secure?

A. You're working with sensitive data throughout the controls monitoring process, and the findings you share will be sensitive as well. Any ICM software you use needs to have robust security features to protect this data, including customizable controls for who gets access to what information. The solution should also make it easy to alert leaders and other key stakeholders if an incident does happen — for instance, with automation and pre-loaded (but customizable) templates.

Q. Will it scale?

A. You'll want this investment to last as your organization expands and demands change — which means it needs to be able to grow, evolve and adapt through several years of change. New compliance requirements, new threats, new technologies, new business offerings — all of these will impact your controls and therefore your controls monitoring. Look for software with scalability and flexibility built in, plus robust, value-priced service and support from the vendor to guide you through the journey.

Who benefits from ICM software — and how

Chief audit executives (CAEs) and audit committees get a single source of truth to share with their leadership, bolstering their role as strategic advisors.

Auditors and audit managers are able to work more productively, while minding the bottom line.

External audit teams get the reports they need faster, with more confidence in the data.

Compliance teams benefit from centralized, automated processes, as well as continuous controls monitoring and simple, user-friendly reporting.

Risk teams are able to map controls across the organization on an ongoing basis, for a consolidated, up-to-the-minute view of threats, vulnerabilities, management and performance.

The C-suite and board are quickly able to make informed decisions, grounded in data they can trust.

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Diligent Internal Controls Management ticks the boxes

Diligent Internal Controls Management automates tedious, time-consuming tasks like controls testing, saving your team precious hours and strengthening confidence in your work. Diligent also unites risk owners, risk overseers and independent auditors into streamlined workflows for reporting and certifications, supported by a centralized library for a shared source of truth.

Critical to your growing role as a strategic advisor, Diligent delivers a real-time view of controls status. This expanded visibility, supported by advanced data analytics, means that you and your executive leaders can face stakeholders with a forward-looking, rather than reactive, view of risk.

Take control of your internal controls:

- Pull data in from applications across your organization, from SAP to Concur to Salesforce
- Automate the many manual activities of controls testing, saving your team hours, days and weeks of time
- Expand your risk coverage — and confidence — with continuous monitoring
- Unite your three lines of defense in spotting and addressing issues
- Keep an eye on how it's all going — in real time — through a one-stop dashboard

Tighten up your processes and assurance:

- Remove the risk of human error from testing activities
- Reduce duplication and gaps with automated workflows that bring people, processes and data together
- Empower you to spot and address errors faster when they do happen

Maintain harmony across risks and regulations:

- Seamlessly import data from other sources, like Excel
- Save time with built-in frameworks for SOX, COSO and more
- Rationalize controls across multiple regulations
- Manage dependencies and keep everyone current with updates that automatically cascade across applicable internal controls

Surface and share the information you need, when it's needed:

- Generate reports by entity, process, control status or issue
- Show that testing results have been reviewed and appropriate certifications have been achieved
- Zero in on controls status with real-time assurance "report cards"
- Track, remediate and report issues through a centralized platform

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Ready to see for yourself? Request a demo of Diligent Internal Controls Management today.

About Diligent

Diligent is the global leader in modern governance, providing SaaS solutions across governance, risk, compliance, audit and ESG. Empowering more than 1 million users and 700,000 board members and leaders with a holistic view of their organization's GRC practices so they can make better decisions, faster. No matter the challenge. Learn more at diligent.com.

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