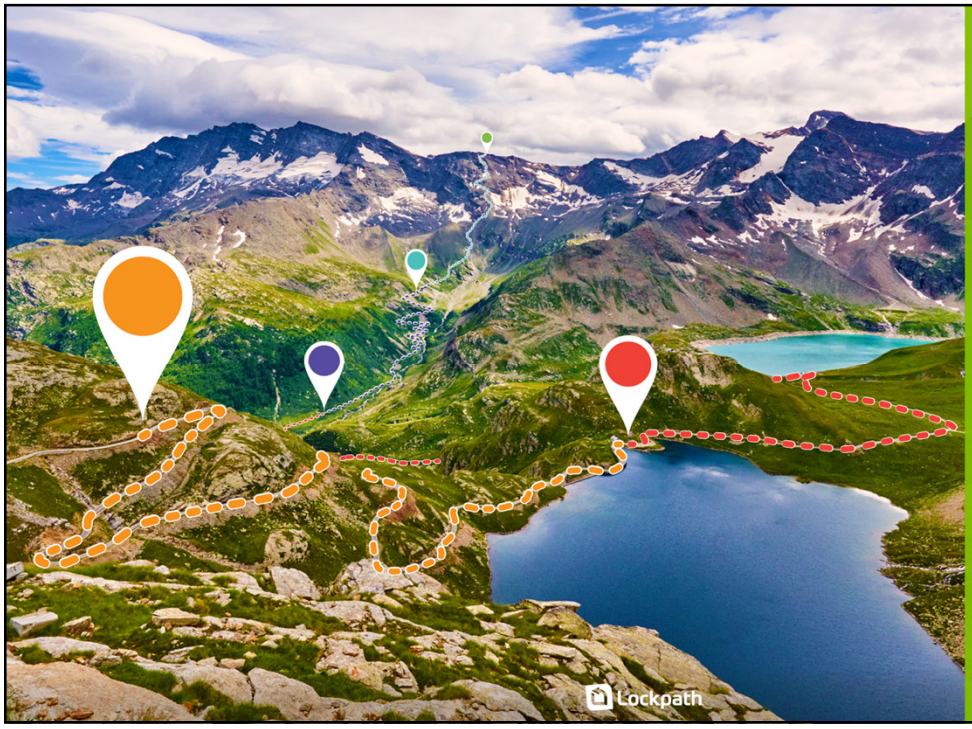
Achieving Internal Efficiencies by Aligning Compliance, IT and Audit

Sam Abadir
VP of Industry Solutions, Lockpath



Roadmap

- Why Do We Need Alignment
- Who Needs to Know
- How to Approach
- Approach Today
- Approach Tomorrow

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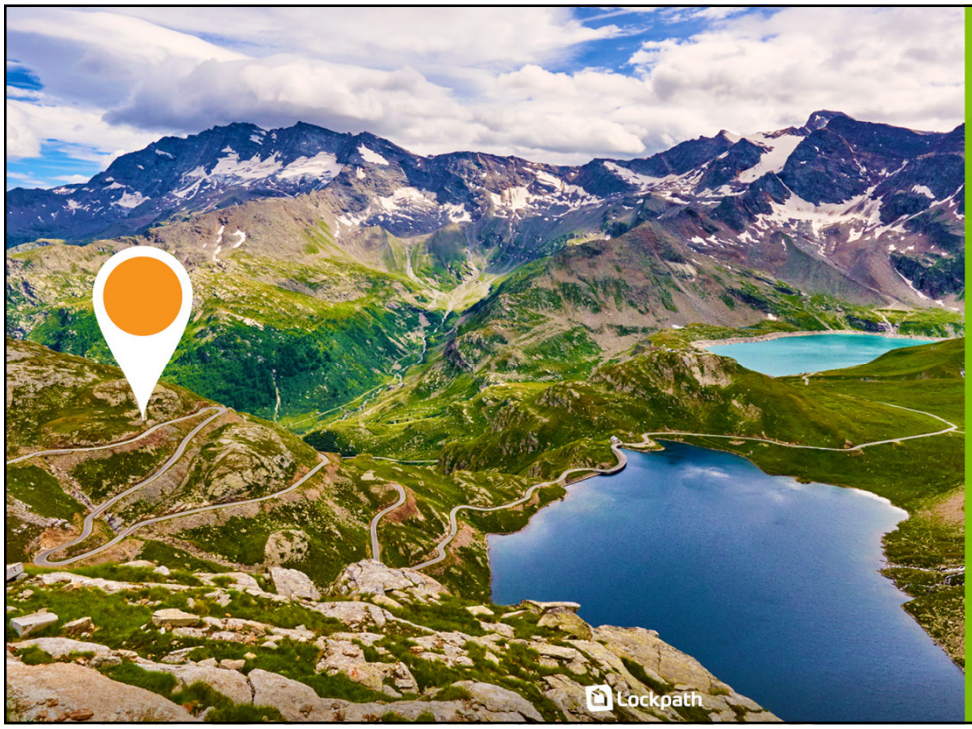

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Three Lines of Defense

Internal Audit According to IIA

- We have a professional duty to provide an unbiased and objective view. We must be independent from the operations we evaluate and report to the highest level in an organization: senior managers and governors. Typically this is the board of directors or the board of trustees, the accounting officer or the audit committee.

Responsibilities

- Assessing the management of risk
- Assisting management in the improvement of internal controls
- Why is internal audit important to your organization?
- Activities of internal audit
- Evaluating controls and advising managers at all levels
- Evaluating risks
- Analyzing operations and confirm information
- Working with other assurance providers

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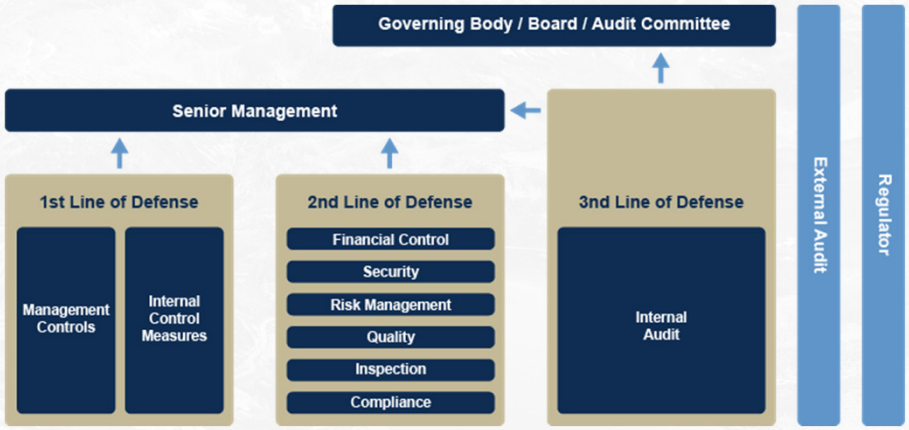
Three Lines of Defense



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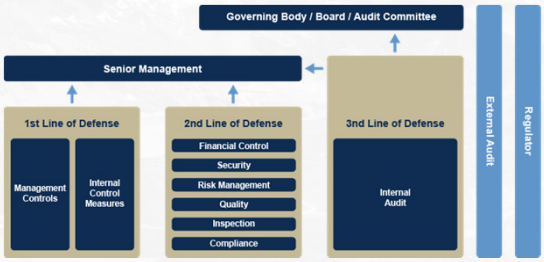

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Critical Capabilities

What you must do

1. Audit scoping and risk assessment
2. Audit project management
3. Audit work paper management
4. Audit evidence management
5. Reporting
6. Issue tracking

Why you must do it

1. Plan for the highest impact to the organization
2. Design an approach to meet that plan
3. Design effective tasks to meet the plan
4. Efficiently and effectively gather the evidence for the plan
5. Effective and efficient communications of findings that are reported in risk and operational contexts
6. Better manage the health of the organization

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Common Audit Challenges

- Lack of support
- Lack of budget
- Audit turnover
- Lack of audit skills
- Employee turnover
- Employee skills
- Evidence gathering / babysitting
- Workpaper planning
- Identifying critical processes
- Evidence gathering time vs analysis time
- Contextualization of information

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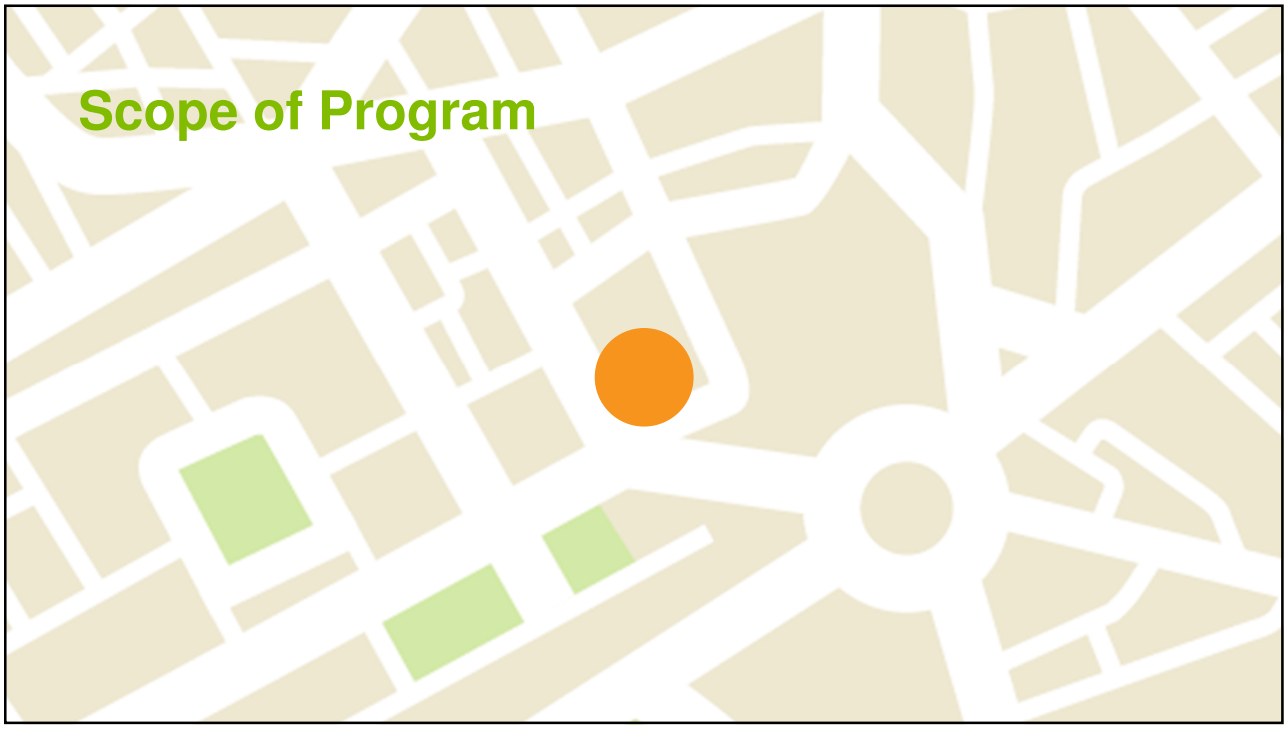
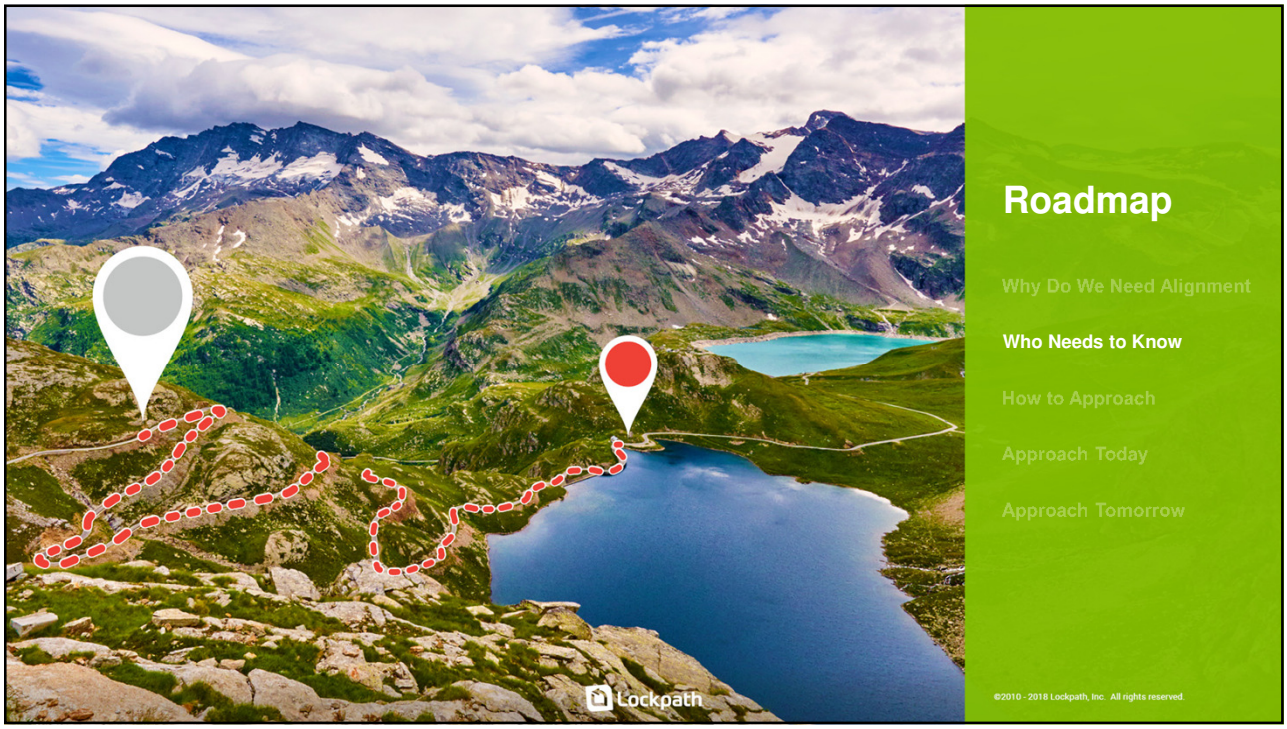
Scope of Program

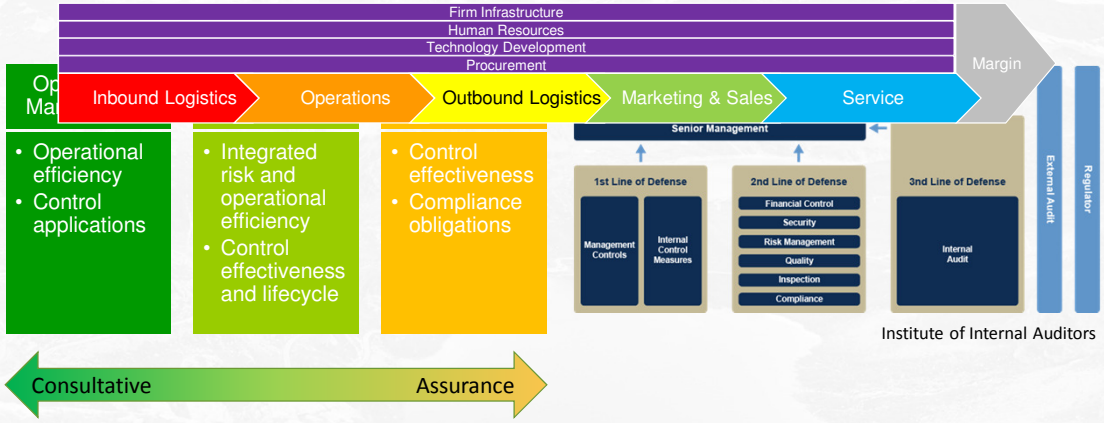


Question

What are your biggest audit related challenges?



Audit Reporting – In Context



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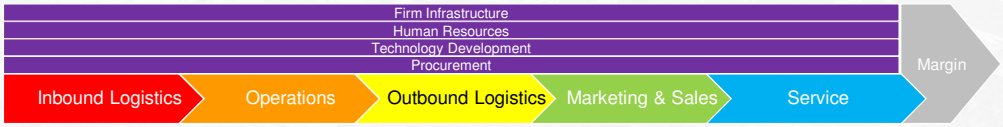

IT-Related Findings

- Patch management for IT systems not in line with policy
- Application hardening standards vary from accepted benchmarks

Messaging

- IT message
- Healthcare provider message
- Billing message
- Payor message

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Roadmap

Why Do We Need Alignment

Who Needs to Know

How to Approach

Approach Today

Approach Tomorrow

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Expanded Audit Process for Efficiency

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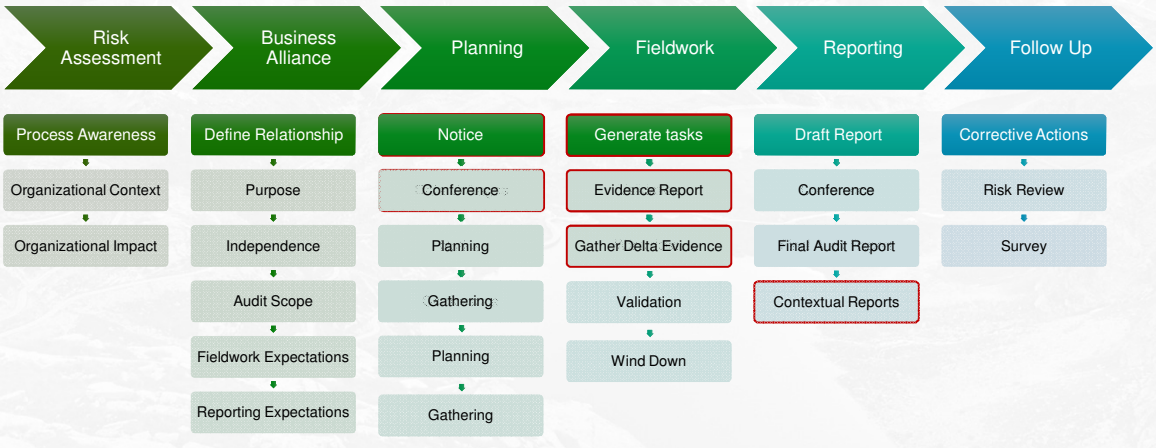
Expanded Audit Process for Efficiency



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Expanded Audit Process for Efficiency

Efficiencies Gained

- Less conflict with those being audited – driving towards same goal
- Understanding of evidence requirements when designing / modifying process speeds up evidence gathering
- Linking KPIs and KRIs to processes and controls helps identify audit evidence faster and more thoroughly
- Systematizing the audit process and evidence gathering cuts follow ups to the business and provides less disruption to the business
- Understanding of risk and impacts helps auditors add context to Audit reports

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Case Study – Medical Device Manufacturer

Before IT and Compliance Alignment with Audit

- High risk IT process reviewed by Internal Audit 2x per year
- Lack of IA skills and personnel required IA to outsource
- Big 4 audit team included 4 people for six weeks, twice a year
  - **Outsourced effort ~ 2,400 hours**
  - **Big 4 project invoice > $750,000 annually**

After IT and Compliance Alignment with Audit

- IA and Business want to cut time and costs
- Aligned on goals and needs
- Define linkages between policies, risks, controls, and transactional data
- Systematize reporting to enhance evidence gathering
- Six week audit cut to one week
- Subsequent Big 4 outsourcing cut to one auditor for three days, twice a year
  - **Outsourced effort ~ 60 hours**
  - **Big 4 project invoice ~$20,000 annually**
  - **Approximately $730,000 annual savings**

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Point solution or IRM/GRC

Point Solution

- Simple risk and compliance environment
- Messaging needs are few and simple
- Low needs for evidence gathering
- Little external reporting required

Integrated Risk Management / Governance, Risk & Compliance

- Robust approach to audit management
- Multiple messages for different stakeholders required
- Findings impact multiple areas
- Strong need for rapid evidence collection – need to cut babysitting time and effort

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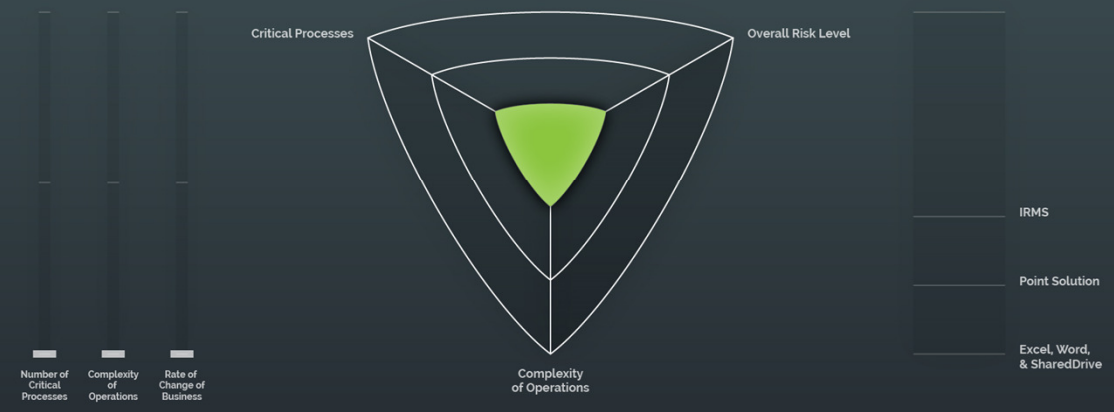
Audit Solution Dashboard



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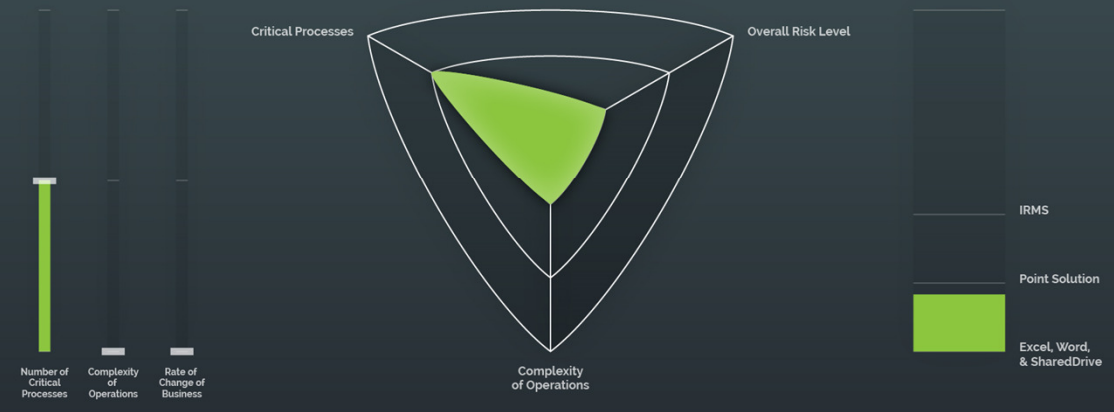

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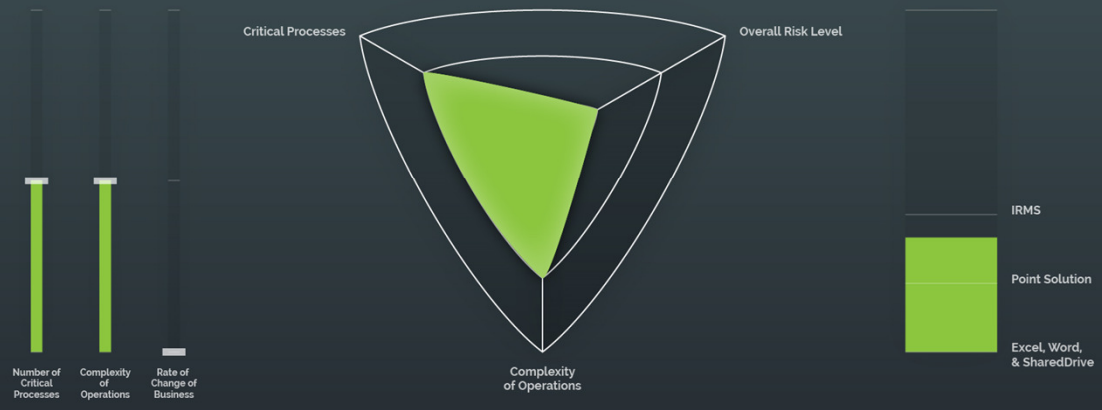

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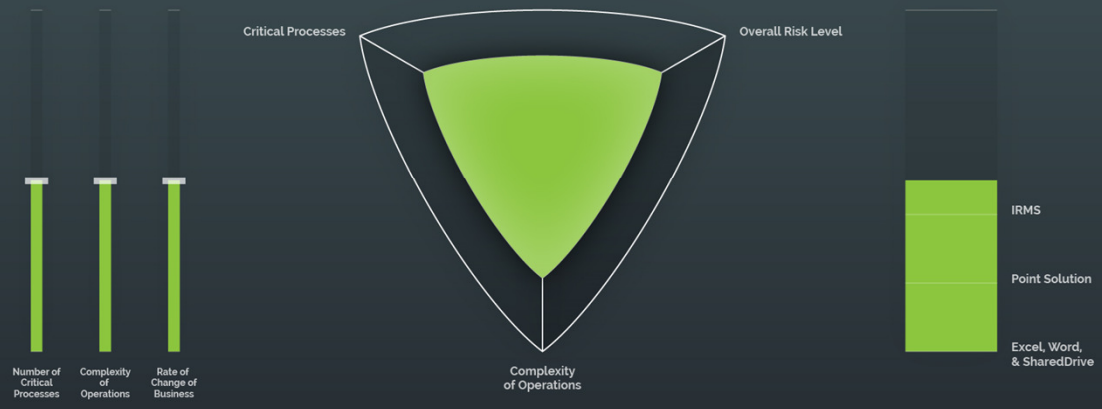

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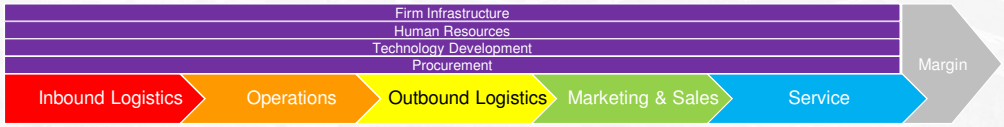
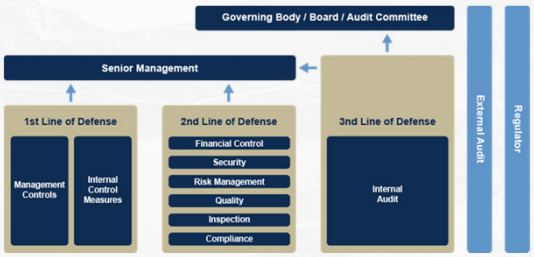


Operational Management	Senior Management	Board of Directors
• Operational efficiency • Control applications	• Integrated risk and operational efficiency • Control effectiveness and lifecycle	• Control effectiveness • Compliance obligations



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Question

How well does your internal audit team communicate with the business?

Roadmap

What Encompasses Audit

Who Needs to Know

How to Approach

Approach Today

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Audit Management Now

- Build a business case and get support.
- Understand the scope of your program and where risk lies.
  Know key members of all constituencies and start building good relationships.
- Determine who needs to know - when they need to know –
  and how frequently they need to know.
- Understand effort and complexity to implement point or IRM solutions. Make this part of the ROI calculation when choosing a solution.

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Audit Management in the Future

- Requirements will change.
- Your program will need to scale and pivot on risks.
- Learn to effectively and efficiently gather risk and evidence related data quickly.
- Learn how to best communicate audit with the different audiences.
  Learn to partner with the business in an independent manner.
- Understand effort and complexity to move from point solutions to IRM solutions.
  Make this part of the ROI calculation when choosing a solution.

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Question

What do you see as the biggest audit-related threats to your organization in the future?

About Lockpath and the Keylight Platform

The Keylight Advantage

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Keylight for All Audit Needs

Point

- Point solutions can be deployed. Expand as needs grow
- Manage internally or fully/partially outsource

Integrated Risk Management

- Deploy any or all applications to create solutions for your risk, messaging, and reporting needs

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For More Information

About Keylight

Weekly Keylight Demos

Tuesdays: 11am – 12pm CT

Visit lockpath.com/events to register

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Contact Us

Sam Abadir

Vice President of Industry Solutions

Sam.Abadir@Lockpath.com

Lockpath Inquiries

info@Lockpath.com

T: +1 (913) 601-4800

Lockpath Corporate Headquarters

6240 Sprint Parkway #100

Overland Park, KS 66211

Lockpath.com

@Lockpath

Lockpath

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