



Controls integration

GRC technology services

Companies should consider taking a controls-in-depth approach to properly integrate controls across their wide-ranging processes and technologies.

Managing risk in today's environment

Organizations today are operating across a hybrid of on-premise and cloud solutions. To proactively address risk in today's environment, organizations need to manage risks across their entire wide-ranging business processes. It is important for organizations to implement a controls-in-depth program that leverages well-defined functional roles, automated process controls, and security/cyber solutions to protect transactions and sensitive data.

KPMG controls integration service offerings enable companies to integrate people, processes, and technology to identify risks, manage challenges, and enforce business process and system controls to reduce costly issues before they occur.

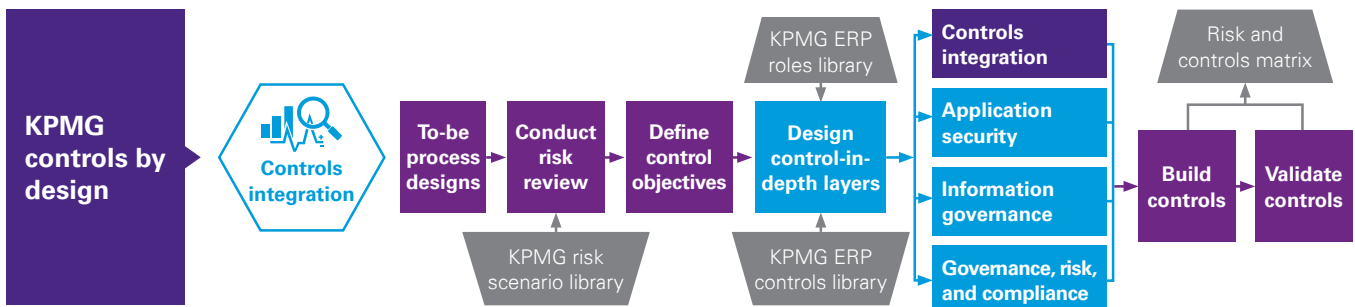
How should you approach controls integration?

Our recent studies still indicate many companies still rely primarily on manual controls, which are generally detective in nature (i.e., after the transaction has occurred). Leading companies leverage the use of automated controls, substantially reducing the cost of controls. Automated controls are frequently preventive controls (i.e., during the transaction) which yield better control assurance.

The process of transforming a controls environment into a more centralized control environment can be

- Strategic benefits:** Provides risk mitigation capabilities to protect key transactions and sensitive data.
- Tactical benefits:** Supports Governance, Risk, and Compliance (GRC) management goals by providing controls-in-depth solutions for leading practice business processes, policies, risks, and control objectives. Provides risk reporting solutions to help clients effectively manage risk, security, and compliance.
- Operational benefits:** Provides preventive controls, user behavior analytics and monitoring, access controls, segregation of duties (SoD) conflict identification, automation of access authorization, periodic attestation of system privileges, and transactional analysis.

largely facilitated by reviewing the current design. The immediate controls benefits to be realized are centered on controls standardization, centralization, and migration from a manual/detective control-based paradigm to one of a more automated and preventive in nature through the optimization of controls.



By moving to an advanced cloud enterprise resource planning (ERP) platform, the opportunity to take advantage of controls automation through configurations inherent to the system is greatly increased. Furthermore, transformational programs may be the perfect opportunity to extend the transformation not only through how you execute your business processes, but also through how you control your business processes.

What common challenges do we see?

At KPMG, we have learned that there is an opportunity through the controls integration workstream to drive simplicity into the ERP-supported business processes while taking full advantage of your system functionality to automate controls. Automation and simplicity will be key focus areas for our project. Additionally, controls integration helps our clients to effectively *balance both cost efficiencies and risk*.

We are finding that the most companies can drive between 20 percent and 50 percent cost efficiencies (of total cost of compliance) by integrating controls aspects within their digital transformation initiatives. Additionally, a combination of the modernized technologies and current risk/threat profile introduce a more complex risk landscape to be addressed.

The KPMG approach

KPMG helps organizations leverage the power of cloud in a timely and cost-efficient manner.

KPMG Security and Controls professionals serve a critical role by helping an organization’s technology, risk

management, compliance, and internal audit teams understand cloud risks and the impact they can have on the business.

Our professionals are trained in our controls integration solution with a wide range of industry, functional, and regulatory compliance experience.

Our methodology aligns to components of the 2013 Committee of Sponsoring Organizations (COSO) Framework and COBIT. Our methodology provides a baseline to help organizations ensure they efficiently and effectively achieve the following:

- Address the risk of financial misstatements, and
- Achieve control over Information Management and Governance.

Our controls Integration solution is a cross-application view of controls across wide-ranging processes. It is positioned to help industry-leading organizations effectively balance the divergent tasks of leveraging modern applications to empower business users while simultaneously protecting sensitive data and transactions.

We have developed a repository of leading practice business process controls, functional roles, and risk management practices specific to certain ERPs such as SAP, Workday, Oracle, etc. Our teams can help you design or assess your organization’s security, governance, and controls against others in the same industry.

Business process controls	Controls lifecycle								
	Review	Design	Document	Validate	Deploy	Monitor	Update	Revalidate	Redeploy
Evaluation and design of system-based and manual controls to mitigate risk and address compliance requirements associated with application business processes and operations									
Application controls <ul style="list-style-type: none"> — Configurations — Organization setup — Reviews and approvals — Workflow configurations — Automated notifications 	IT general controls <ul style="list-style-type: none"> — Change management — User entity controls — Completeness and accuracy — Operations — SDLC 	Orchestrated manual controls <ul style="list-style-type: none"> — Manual controls — Management review controls — Controls execution dashboard 	Access controls <ul style="list-style-type: none"> — Authentication — Permissions — Data security — SODs — Super/Admin users — Password management — User lifecycle 	Configuration and integration controls <ul style="list-style-type: none"> — Change management — Approvals — Tracking — Validations 					
Controls analytics					Controls reporting				

Challenge:

A global KPMG client was undertaking one of their most significant technology investments in decades through a program to harmonize and standardize front, middle, and back office processes using a common ERP platform. The initial deployments led to significant challenges performing financial controls and reconciliations and audit issues relating to controls and security.

Response:

The client consulted with KPMG to redefine their approach to ERP security and controls as the program continued. Integrating closely as part of the client's implementation and business teams, KPMG helped align the control design and assurance approach with both the enterprise financial risks and the complex components of ERP and cloud technologies. The successful approach required not only technology, industry, and risk experience from KPMG but a cross-discipline team that engaged with numerous stakeholder groups at the client.

Outcome:

This resulted in a more robust understanding of how risks are managed across the business processes that were enabled by many systems. The control framework was modernized and the client was able to operationalize more advanced approaches to Sarbanes Oxley testing and strong alignment with audit stakeholders.

Why KPMG?

KPMG is known in the marketplace for a long history of serving the marketplace to help organizations balance risk and deliver successful digital transformation. Our controls integration offering brings together both worlds balancing risk and efficiency. By working with our clients during their transformations, our team brings:

- Powered enterprise—We start in “edit modes” with our established set recommended controls applicable to core business processes and for the most common ERP technologies, including SAP, Oracle, Microsoft, ServiceNow, and Sales Force.
- Methodology—Our approach is “plug-and-play” and embeds our platform-specific methodologies and both waterfall and agile implementation approaches. We help our clients make the right decisions for internal controls at the right time in their processes.

- Alliances—Through alliance relationships, some of the largest technology companies often refer KPMG to assist their clients with the risk and controls aspects of their implementations (i.e., Workday, Oracle, ServiceNow, etc). We also have alliance relationships with many enabling technologies over controls such as Celonis (Process Mining).
- Focus on cost efficiency—We understand that the cost burden of compliance is significant. For regulated and publicly listed companies, the overall cost of compliance can exceed 3 percent to 5 percent of total revenues. Designing future technology capabilities with controls and compliance in mind can make significant impact on future costs by embedded and automating compliance.

KPMG can help organizations assess, manage, and remediate controls related risks. We help organizations develop the right approach—turning risk into opportunity—to drive sustainable business value. We help companies understand and leverage cloud benefits while managing risks and the impact they can have on their business.

KPMG controls integration solution can enable organizations to develop controls-in-depth and effectively address the following areas:

- Risk assessments
- Application controls
- IT general controls
- Orchestrated manual controls
- Access controls
- Configuration and integration controls
- Key system-generated epass
- System integration controls.

KPMG insights

- The KPMG knowledge base of articles and publications demonstrates our understanding of the complex business challenges faced by companies around the world. Read more of our latest insights by visiting read.kpmg.us/GRC.

For more information, visit
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