

Audit your way to compliance, says ACL

Feb 26 2007 Joanne Wallen

Continuous monitoring of a firm's data and transactions helps to reduce auditing fees, catch potential problems before they arise and ensure regulatory compliance, according to software vendor ACL.

The Canadian company produces a software suite that monitors transactions and provides in-depth analysis of data. Modules of the continuous controls monitoring software include general ledger, order-to-cash, payroll, purchasing cards, purchase-to-payment, travel and entertainment expenses.

The software can help to root out fraud, spot corporate risk and assist with corporate governance and compliance.

Liz Maloney, ACL's director for Europe, Middle East and Africa, told *Complanet*: "In financial services there are a whole host of rules, but a firm needs to know exactly what areas it needs to worry about."

She said it was one thing to have rules and processes, but it is often almost impossible to provide assurance that what is supposed to be happening is really happening, particularly in firms with many disparate IT systems.

Rather than wait for a quarterly or six-monthly audit to spot errors, the ACL software, which can process very large amounts of transactions very quickly, can run continuously and flag up any potential problems as they arise.

For example, in a procurement process, which starts with raising a requisition order and ends with payment to a supplier, the audit software might spot invalid suppliers, or cross-check the supplier address with the firm's personnel database to prevent employee fraud, or spot that an invoice clerk has been allowed to both raise a purchase order and pay the invoice.

The software sucks in data from all of the firm's transactional systems, but keeps a record of how the source data looked, providing a complete "forensic" trail for auditors.

ACL customers include the big audit firms as well as many large organisations and government departments.

The Austrian Ministry of Finance is a customer. It used ACL's software to identify a tax fraud scheme that had been exploited by the hospitality sector in Austria for years. The ministry recovered €85m in missed tax revenues by using the software.

In the UK, Legal & General is a customer, and Deloitte is an implementation

partner. European customers include ABN Amro in Holland and San Paolo Bank in Italy.

Maloney reckons there is a "dearth of auditors" in the UK, and that fewer auditors are being asked to do more, often being pulled in to areas of risk and compliance. The software, she said, enabled millions of transactions to be monitored, spotting errors that might otherwise be overlooked with manual processes.

Maloney also said that continuous audit enabled non-executive directors to have confidence in the underlying robustness of the firm's systems.

"If you are assured to the right level, it doesn't matter what happens next. It is that much easier to adapt to new regulation – [the Markets in Financial Instruments Directive], Basel II, whatever comes next – because the underlying systems are robust," Maloney said.