

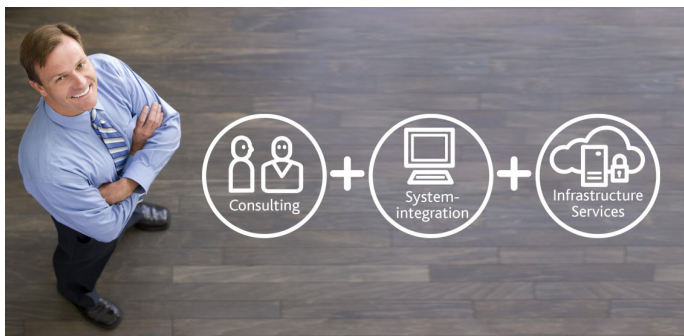
arvato MIC
arvato Monitor for Internal Controls

Internal Control Systems (ICS) have been named along with terms like risk management, compliance, controlling and supervision in the last years.

As a matter of principle every company is legally required to build up an ICS. Most of the times these systems are either too pragmatic or too ambitious. Due to missing goal definitions the average ICS does not what it is supposed to do.

Modern companies are more crosslinked than ever before. Together with these links the risk increases that financial effects have an influence not only on the company but on a whole system.

These social and economical background is the main argument for arvato Systems to integrate the internal control system into the risk management.



The ICS is therefore an integral component of a working risk management system. It's task is on the one hand to report about the existence of the ICS, and on the other hand it's biggest challenge is to make assumptions about the functionality and the effectiveness of the system.

The following questions are in focus when assessing an ICS:

- Is the process implemented and documented?
- Are controls within the process implemented and documented?

- Are the results documented?
- Are there tests of design and tests of effectiveness and if so, how are they done and are they documented?

Main goal of the arvato MIC control system is to increase the automated controls. This not only disburdens the departments but also reduces the pluralism of information. At the same time an automatic documentation of the controls and results is being done.

The Concept

arvato MIC can be seen as a clinical thermometer for the internal control system in an organisation. The desired status of the results are defined by the organisation and arvato MIC balances those against the status quo.

Is there a deviation from the desired status, arvato MIC creates a sign in form of traffic light signals. No deviations mean a green light, no further action is necessary.

At the same time the department proves that the controls are being done through the use of arvato MIC and that the performance is under surveillance. Action is only necessary when it finds a deviation and signals this with an orange or red light.

Due to the comparison it becomes clear that the process of the individual controls is not relevant for it. arvato MIC tests the status of control results which either deviate from the desired status or not.

Standardized Implementation Methodology

Safe and standardized implementation based on previous project experience.

- Best practice
- Close cooperation with the customer
- Tying up of individual processes
- Integration of all departments
- Existing arvato MIC catalogue of controls (individual extension possible)
- Continuous improvement process



Company Process

Performance Layer

In nearly every process scenario interfaces are the weaknesses in the chain of events. For perfect processes it is important to implement all data correctly from previous systems.

In many companies, employees manually check the data which is time and cost intensive. With a centralized or automated check by arvato MIC this expense is lowered while the quality and safety increases.

Interface Layer

Data processing in SAP systems is done via an internal interface. Part of the arvato system is to use the existing SAP functionalities to show the status quo of the interface management. Testing internal interfaces is standard in SAP mechanisms.

arvato MIC can be used for testing different status in an SAP system client. This way defects in material or workmanship are actively thematized. Of course the monitor can be configured individually. The person in charge is being called to attention through a red light and is now able to react accordingly.

Visualization of automatic integrity tests between accounting and materials logistic is also possible.

Execution Layer

Through the image in an IT-based software solution, realizations of different operations in a SAP system can be visualized. Moreover the different status are being updated constantly. This allows the production of real life images of the processes.

At the same time the monitor can be used by IT to centrally supervise the compliance requirements. Catchwords for IT are inactive user, group user, quality of passwords, changes in the system or changes via special transactions like „SE16N“. That way different settings can be supervised throughout the whole system.

In case of deviations, a ticket is being created automatically. A person in charge is able to react accordingly.

Often these tests are being done manually or not at all which results in missing entries in the bookkeeping. At the same time manpower is bound for these decentral tests.

Process Layer

The process layer is also independent from arvato MIC and can be understood, like the execution layer, as an extension. In this part the optimization of financial accounting processes is the main focus. If you look at the execution of single processes, the focus lies on the conflation. Decision makers as well as other responsible persons like CFO, CIO or supervisory board are able to view the status quo immediately. This is most notably important while working on the annual accounts for example.

According to arvato's system the data is only complete, if:

- it is sure that the data has been implemented completely from previous systems,
- the data has been processed internally correct and completely and
- single processes have been supervised and steered.

This means that statements about quality and security are better while the stress on manpower in departments is less.

Monitoring Layer

How to visualize the internal control system is the question at the end of the process chain. There are several options possible.

Accounting may want to demonstrate different interfaces in a department while the board of directors may want to show the annual financial statement to the banks as soon as possible.

Implementation of further requirements is dependent on the customer's system.

arvato MIC shows for each hierarchy a status in the integrated control system.

Summary

We support you in your company processes with our know-how and our experience as well as with technical implementations.

Your Value

- Small training costs (integration in SAP ERP, use of routines)
- Intuitive usage (use of standards, no need of IT-experts)
- Documentation (ICS conform, automatic, no print out of protocols, SAP standard, single point of truth)
- Short pay-off period (pay-off is smaller than one year)
- Transparency (up to date 24/7, risk recognition, protocol)



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