

MetricStream

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SUMMIT 2013

Apr 30 - May 1, 2013 | Mandarin Oriental, Las Vegas, NV



WELCOME



MetricStream GRC Summit 2013: Case Study

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Implementation of audit processes and tools

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Societe Generale Group

Societe Generale teams offer advice and services to individual, corporate and institutional customers in three core businesses:

- Retail banking in France;
- International retail banking, with a presence in Central and Eastern Europe, Russia, the Mediterranean basin, Sub-Saharan Africa, Asia and the French Overseas Territories;
- Corporate and investment banking with a global expertise in investment banking, financing and global markets.

More than 154,000 employees, based in 76 countries, accompany 32 million clients throughout the world on a daily basis

The Group Internal audit division has 1,300 auditors in more than 50 countries

Agenda

1. Context
2. Risk Assessment Process
3. Missions Management (Diagnosis, Work papers)
4. Recommendation Follow-Up
5. Knowledge Management and Best Practices
6. Next Steps

Internal Audit Context

Before 2010: 101 Audit teams reporting directly to local business with their own processes and tools

2010: all 101 teams are gathered under a unique division in order to improve independency, professionalism and consistency with methods and processes.

2 main approaches were possible

1. **Buy a vendor solution** with the related processes and train all auditors to these new processes and tools.

2. **Capitalize on best practices** already in place in some teams in order to share them with others.

For each audit process, a project is launched with following steps

1. Creation of working groups in order to define targeted process.
2. Specification and selection of the tool.
3. Roll-out of the process and the tool.

2013: Processes and tools are implemented and deployed among 1,300 auditors

Risk assessment process (1 / 2)

Main challenge	Benefit
<p>Build a common risk assessment framework in order to assess the risks across the whole organization (investment banking, insurance or retail banking) and across geographies</p>	<p>Having the same methods enables comparisons</p>
<p>Assessment should be performed at a low level of granularity (an audit entity should have a consistent risk profile) but consolidation should be provided at any wished level</p>	<p>Risks in an audit entity should be assessable during a mission.</p> <p>Aggregated level makes easier the reading and restitution of results</p>
<p>The risk assessment should enable to set up the audit plan and prioritize audit assignments</p>	<p>For efficiency and risk management reasons, risky entities should be prioritized to be audited.</p>

Organization

- During 6 months, one workgroup by week (20 people)
- During 6 months, set-up of the tool

Risk assessment process (2 / 2)

Results:

- The whole planned process was deployed in the tool within a year
- For the first time, a common picture of the risks of the whole bank have been set up (same method, same language)

Lesson learnt:

- The importance of risk theories (eg. COSO) and statistical methods knowledge
- The importance of development with targeted volumes for smooth deployment
- Doing this in one year was very ambitious.
- The importance of trainings in order to deploy such a new process

RADAR - Solution Implemented

Project Charter

SG RADAR is a very **strategic solution** for Metricstream and **flagship** implementation of **complete Audit Risk Assessment** functionality in European region. The project has highest executive support internally

Delivered solutions

- Complete Risk Assessment cycle implementation
 - Central Audit universe and Repositories with SG Hierarchies
 - Prioritization and Planning capability
 - Extracts and Reports, Analytics
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Timelines

- Go Live on May 30th, 2011, Regulatory Need – Met successfully
 - Support and Sustenance for 2011 Campaign – June till Nov 2011
 - Ongoing Enhancements to support 2012 missions
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Challenges Met

- Very steep timelines – Regulatory body requirement
 - Constant support during 2011 campaign – Joint cooperation
 - Planning for future – RA and AMS solution.
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Opportunities

- Technology – Enterprise Integrated GRC Platform – 6.0 suite
- Access to CTO office and Product R&D capabilities, best practices
- Solution thought leadership.

Audit Mission management

Main challenge	Benefit
Organize and store work performed during the missions (diagnosis approach, work papers, findings)	<ul style="list-style-type: none"> - Answer quicker to the needs of restoring audit works, audit trails, regulatory requirements... - A consistent approach enables efficiency (to fill in, to read, to review...)
High volume of data to manage but performance and ergonomic required (better than MSWord)	Efficiency : As it is used every day by auditors, any ergonomic or performance issue costs a lot.

Organization: 6 working groups to define common templates and their organization

- Special focus on the diagnosis phase

Results

- One common tool with common templates

Lesson learnt

- Training is needed with the involvement of the management
- Appropriation of the tool and templates by the auditors take time
- System should be very stable and safe

Recommendation follow-up

Main challenge	Benefit
Improve the process (reactivity)	<ul style="list-style-type: none"> - Reduce time between issuance and closing of a recommendation - Review the proofs that the auditee provided more quickly
Have a very simple and ergonomic tool	<ul style="list-style-type: none"> - Generate a good image: it is what internal audit shows auditees (with the audit report). - Avoid the need to train any new auditee.

Organization

- 4 working groups to define common templates, the workflow and access rights
- Developments in 6 months

Results

- A unique database for all recommendations
- 15 languages and 13,000 users within the Group
- Number of opened recommendations divided by 2 in one year

Lesson learnt

- Support of the management has been very important
- Long time dedicated to load existing recommendations (but required)

Knowledge management and best practices sharing

Main challenge	Benefit
Share the knowledge	Reduce the dependency to certain key people
Have up-to-date audit methodologies	Efficiency & Quality: methodologies with wrong information could generate erroneous conclusion, or losing of time.
Make auditors use and criticize the methodologies	Using => productivity gains Criticizing => virtuous circle with more up to date and more accurate

Organization

- 8 communities of 6-8 experts who lead the methodology on a given risk topic.
- One tool to make the knowledge available and to enable interactions and comments.

Results

- From 1,000 methodological documents to 300.
- Each semester 75% of auditors consult the methodology space.
- Top 10 consulted/rated methodologies reports to each community.

Lesson learnt

- Long time is required and technology should come progressively.
- Methodology documents should be organized by granularity level.

Next Steps

Main challenges

- Risk assessment: perform a continuous risk assessment.
- Increase the integration of audit systems within the bank information system.
- Improve graphical automated reports.

2013 & Beyond - The Road Ahead



Current Metricstream RADAR solution supported functionalities

- Descriptive data management and audit universe, repositories creation
- Integrate qualitative and quantitative data to support the scoring.
- Score risks related to Group activities, Prioritization and Planning.
- Build suggested audit plans
- Provide reporting functions.

Opportunities

- Enhance the **tool for 2013 campaign** – Focus on Usability and performance.
- Reports and Extracts – Wealth of information and insights from last years/Current year campaign
- **Possibility of integration** into other Audit management leveraging MetricStream 6.1.
- Embrace continuous Auditing Methodology.

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Questions and Discussion

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