

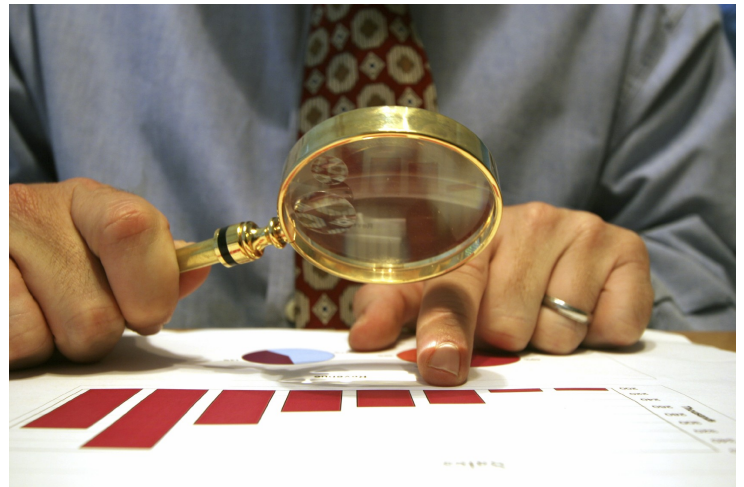
CHALLENGE	SOLUTION	BENEFIT
<ul style="list-style-type: none"> • Large private university had significant control deficiencies cited by auditor. • In an era of tighter funds, Controller sought to significantly reduce the occurrence and likelihood of fraud and misuses of cash 	<ul style="list-style-type: none"> • Initiated an internal controls improvement initiative that included a Continuous Monitoring implementation built around the Oversight software platform. • Engaged Visual Risk IQ to work with business process owners to create customized rules and controls for the platform • Total fee for this project were \$25,000. 	<ul style="list-style-type: none"> • \$200,000 in overpayment errors were immediately identified and recovered, an 8x ROI • Other suspicious transactions are still being researched and resolved • Full implementation of the monitoring solution promises to deliver additional long and short-term benefits

First Steps Produce Big Returns: Continuous Auditing/Continuous Monitoring implementation produces immediate benefits for a VRIQ client.

Sophisticated scans of historical payment data, undertaken as part of a CA/CM implementation, identified recoverable duplicate payments and overpayments totaling \$200,000 in the first two months of this engagement. These recovered funds are helping to pay for a customized, state-of-the-art platform that will dramatically improve this client's internal control environment for years to come.

Opportunity: For this active client engagement, a private University made the decision to invest in Continuous Auditing and Monitoring ("CA/CM") as part of a comprehensive Internal Controls improvement initiative—a project sponsored by their Controller's office. Visual Risk IQ was chosen to implement Oversight, a cutting-edge application that will be customized to fit the University's unique control needs and business rules. They were selected because of their familiarity with the technology platform, their demonstrated ability to customize the software for specific internal control environments, and their deep expertise in internal auditing and CA/CM.

Engagement: Upon confirming the engagement, the principals of Visual Risk IQ began working with the University's Finance, HR, and Grant Accounting users to customize internal controls tests for the Financial Accounting & Reporting, HR and Payroll, Procurement, and Grant Accounting functions.



Case Study: Accounts Payable Analysis

During the first month of implementation, Visual Risk IQ implemented Accounts Payable and Payroll rules to evaluate historical data, and to help users prepare for more advanced checks and triggers that will be developed for the Oversight implementation. These rules were customized for the client, and are analogous to what they routinely develop for “recovery” clients (e.g. those clients that seek only to review data on a one-time basis for exceptions and errors).

“The Visual Risk IQ team identified a \$125,000 duplicate payment within 30 minutes of completing their first pass of AP data analysis. Their ability to focus in on high-risk exceptions and errors that our existing ERP system did not identify, quickly and accurately, has been astonishing”

- Client A/P Manager

Outcome: After developing these rules, Visual Risk IQ used them to evaluate historical data in the A/P and Payroll areas. The review immediately identified a recent \$125,000 overpayment that the University was able to recover quickly. An additional \$75,000 of duplicate payments and overpayments were identified and recovered as part of this initial data review, and other potential exceptions are being researched and resolved as this case is being written.

The review and analysis has also identified invoices paid in excess of purchase orders and/or corresponding goods receipts that were not prevented by the organization’s ERP system.

Discussion: *A continuous auditing/continuous monitoring implementation has long-term benefits for many clients, including the one highlighted in this case. But the initial steps that were followed as we implemented these computer-based continuous controls are identical to those we use for recovery-focused, or one-time, data reviews. Recovery clients receive the benefit of a backward-looking review of their data, customized to their specific situation (as did this client) and forego the continuous monitoring aspect of an implementation where Oversight is installed on their system and reviews transactions in real time. This initial review typically accounts for \$25k or so of the implementation fees (which is approximately what has been billed to this client to date).*

One benefit to building these business rules for recovery clients is the ability to re-use them in future periods without having to create them again. Using Visual Risk IQ for a recovery audit will entail the firm building a customized set of rules. If the same client uses VRIQ in future periods to review the same types of transactions, fees for the service will be dramatically reduced as a result.

About The Firm: Visual Risk IQ was formed in 2006 to help large, complex organizations take advantage of new technologies for continuous auditing, continuous monitoring, visual reporting and risk-focused data analysis. We are alliance partners and implementation specialists for Oversight Systems, Metapraxix, and ACL Services and deliver tailored solutions for our clients both directly and in concert with other implementation partners.



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visual risk IQ.
See. Analyze. Act.