

Client	The client is a worldwide group of oil, gas and petrochemical companies with interests in bio-fuels, wind and solar power and hydrogen.
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Project Name	Treasury Control Assessment and Sarbanes-Oxley Act Compliance
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Project Start Date	February 2005	Project End Date	June 2005
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Industry	<input type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Investment banking	
	<input type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	
		<input checked="" type="checkbox"/> Corporate

Category of Service	<input type="checkbox"/> Performance measurement and monitoring	<input checked="" type="checkbox"/> Regulatory compliance and reporting
	<input type="checkbox"/> Portfolio risk management	<input type="checkbox"/> Business process improvement
	<input type="checkbox"/> Specialised risks	<input type="checkbox"/> Training and people change
	<input checked="" type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

The Challenge	<p>In recent years, the client had established a centralised Treasury model for all its finance activity and implemented a new Enterprise Resource Planning (ERP) platform. Prompted by this development and changes in the economic environment, the Treasury function revisited its approach to value creation. The aim was to ensure the business had a clear and robust structure, with full control, that could support the new strategy as well as comply with the Sarbanes-Oxley Act and other regulatory requirements (e.g., International Accounting Standard 39).</p> <p>The client engaged advantage to assess the quality of the previously-implemented finance system and to perform a review that focused on:</p> <ul style="list-style-type: none"> • Defining the requirements for the finance system with regards to accuracy, completeness, security, ease of audit and level of control; • Assessing how these requirements were addressed by the current system; • Documenting the effectiveness of internal controls over financial reporting (for the purpose of Section 404 of the Sarbanes-Oxley Act); and • Identifying potential problems and remediation plan.
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Approach and Solution	<p>avantage designed an approach that assessed the control and audit implications of the finance system implementation. It also evaluated the level of control achieved in line with the regulatory requirements mentioned above. The approach needed to be flexible, yet enduring enough to be used to support future control re-engineering work the client may choose to complete.</p> <p>More specifically, the approach focused on:</p> <ul style="list-style-type: none"> • Determining that manual and automatic controls are effective in ensuring the accuracy and completeness of data processed through the major areas of the application;
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	<ul style="list-style-type: none"> • Determining that effective controls exist to ensure modifications to the system are properly tested, reviewed, and approved; • Determining that computer resources are used economically and efficiently; and • Determining that the system effectively performs the functions required by the user. <p>avantage decomposed the key finance processes within the Treasury function. For each of these processes, avantage comprehensively assessed and documented the control environment, focusing on the financial statement and reporting risk.</p>
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Results and Benefits	The evaluation process led to improvements in basic internal controls such as reconciliations and segregation of duties. There were substantial improvements in the control environment that came about as a direct result of the process. The client gained more confidence in the appropriateness of its control structure which consequently gives key stakeholders more confidence in the reliability of financial data.
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Software used	Not applicable.
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