

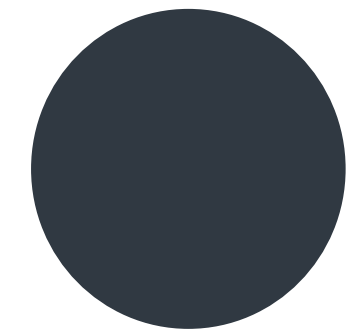
UC San Diego EXTENSION



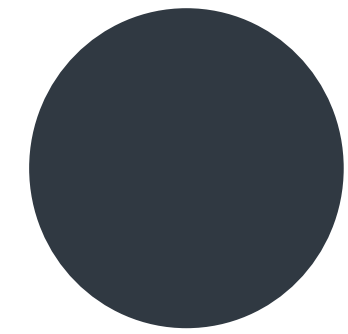
**Streamlining SOX for
Today's Environment**

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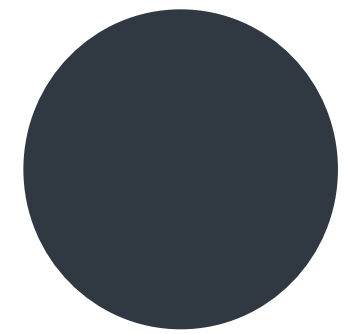
Agenda



Internal controls in today's environment



Ways to contain costs

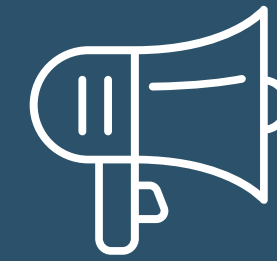


Long-term value

COVID IMPACT ON INTERNAL CONTROLS

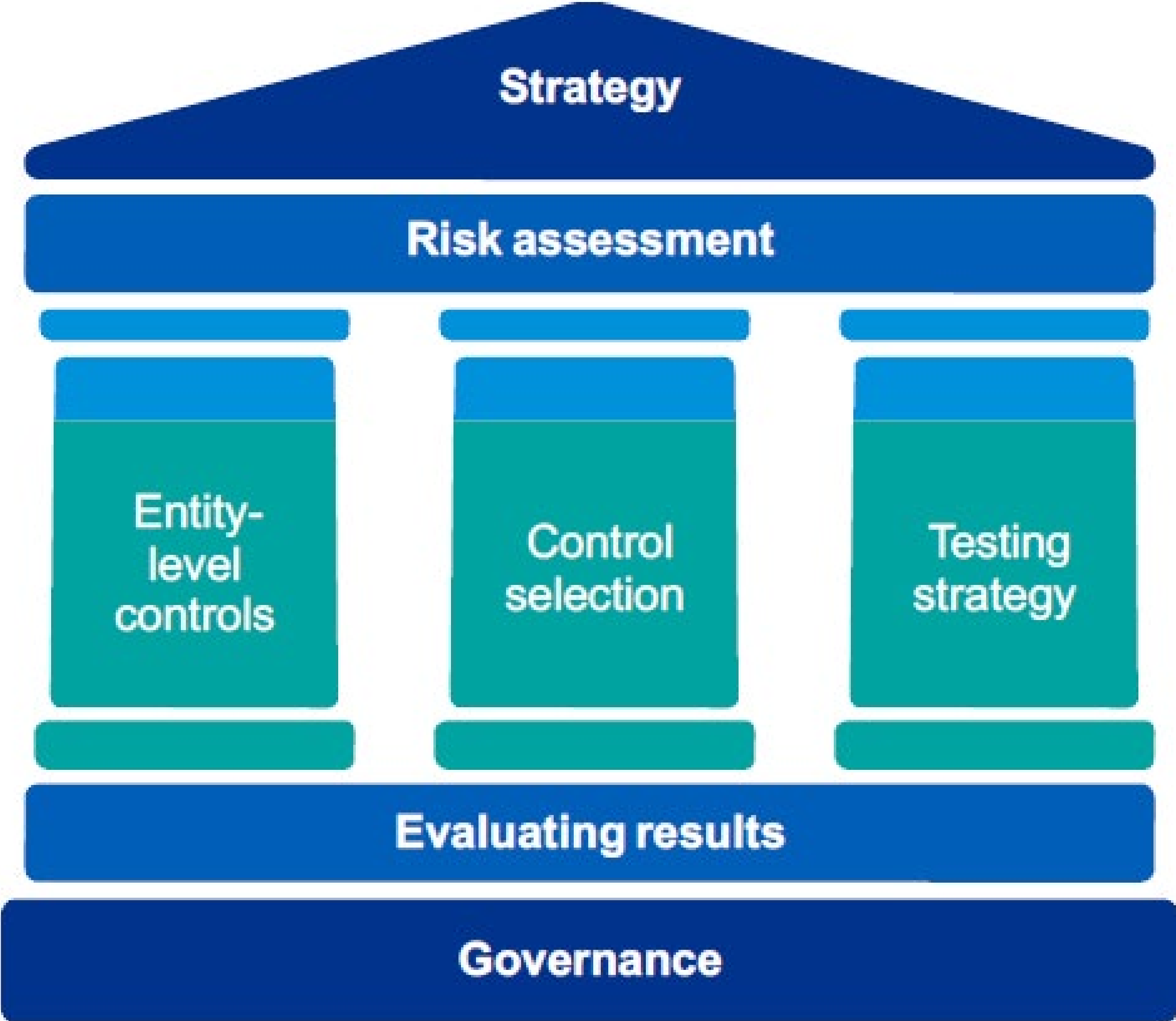


- **Materiality changes due to COVID**
- **Unusual and significant transactions**
- **Estimates and reserves**
- **Sales terms and processes**
- **Gaps in control execution**
- **Modifications to in-scope locations**
- **Lack of knowledge transfer**
- **Modifications to process execution**
- **New processes**



- **Cost constraints**
- **Time constraints**
- **Value-added to the organization**

Is your SOX program robust?



GRC MATURITY FRAMEWORK

	Basic	Developing	Defined	Managed	Optimized
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GRC roles and responsibilities are not defined or clearly	Minimal coordination between GRC functions and committees	<ul style="list-style-type: none"> Roles and responsibilities are aligned to the individual roles Some coordination between GRC functions and committees 	<ul style="list-style-type: none"> No duplication of effort between various GRC functions Clear allocation of roles and responsibilities 	<ul style="list-style-type: none"> GRC structure is aligned with the business strategy and the corresponding organization's obligations and risk profile
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There is no formal analysis of risk culture	There is some analysis of risk culture performed and an attempt to utilize tasks, activities, and initiatives to enact change in culture	<ul style="list-style-type: none"> Analysis of risk culture is performed throughout the organization Training is developed and delivered on culture change 	<ul style="list-style-type: none"> Benchmarking processes and procedures around risk culture and change levers to ensure good practice is maintained 	<ul style="list-style-type: none"> Fully automated dashboard of KPIs to achieve the desired outcomes Automated tools and technology
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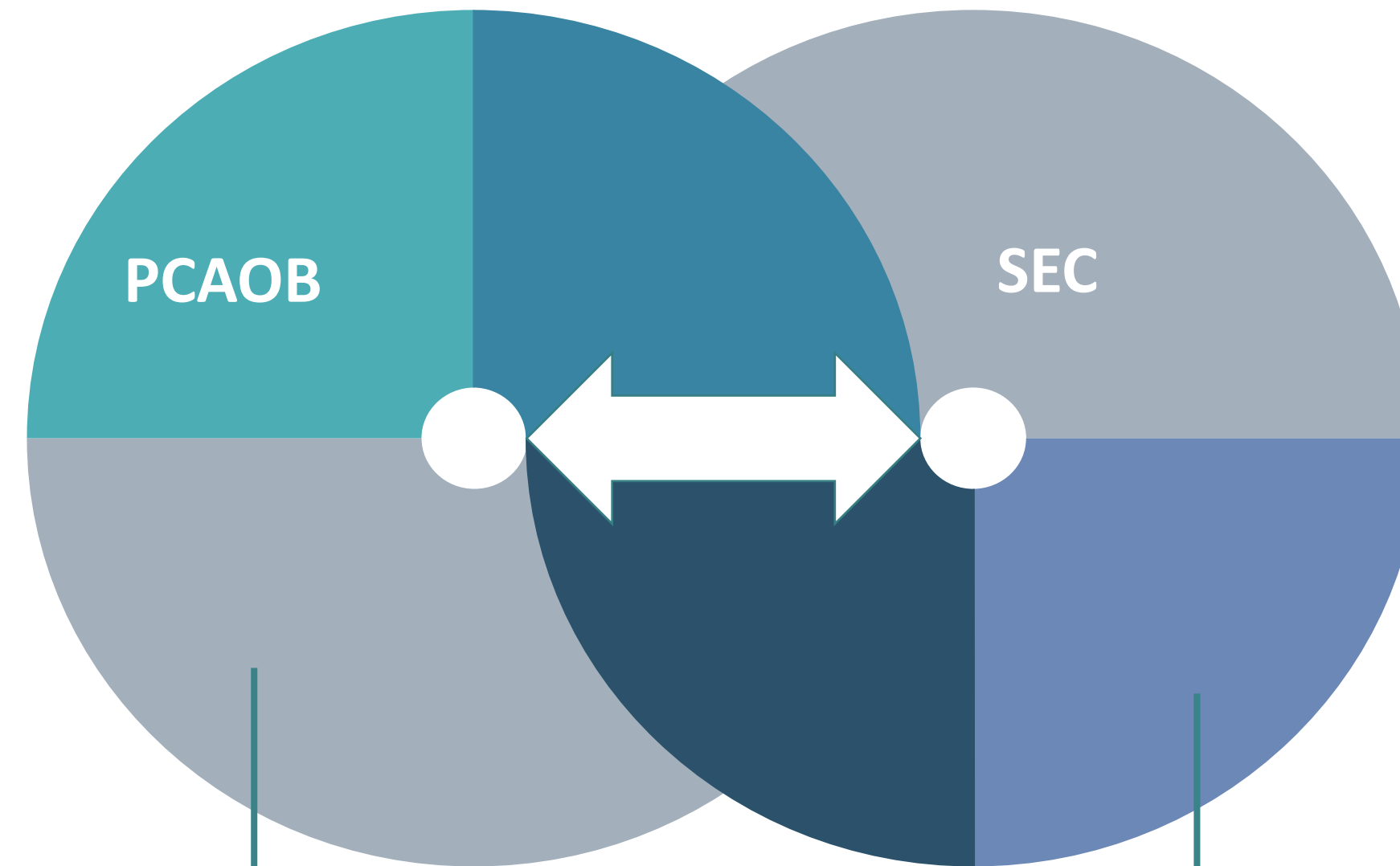


<ul style="list-style-type: none"> Controls are not documented and not systematically monitored 	<ul style="list-style-type: none"> Control self-assessment is used to collect information on key processes and controls 	<ul style="list-style-type: none"> Standardized and documented processes and control activities exist in all business units 	<ul style="list-style-type: none"> Control activities are monitored, evaluated and incorporated into risk profile updates 	<ul style="list-style-type: none"> Risks are modelled and managed by necessary control activities Controls activities ensure appropriate risk response
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<ul style="list-style-type: none"> Monitoring is limited to ad hoc reviews or audits Nonstandard and/or manual reporting on risks, controls, and processes 	<ul style="list-style-type: none"> Basic standardized monitoring of GRC activities and risk information is in place for some business units Semi-automated, standardized reporting 	<ul style="list-style-type: none"> Automated, value add, effective GRC information is collated for all business units Monitoring results are used to assess significant risks 	<ul style="list-style-type: none"> KRIs are consistently linked across the organization Analysis is reported to senior management and used to assess significant risks and the risk profile against the strategy and risk appetite 	<ul style="list-style-type: none"> KRIs are fully integrated with the business model KRIs are linked and prioritized Reporting is integrated with daily management tools Results are compared against best practices & benchmarks
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RELIANCE APPROACH



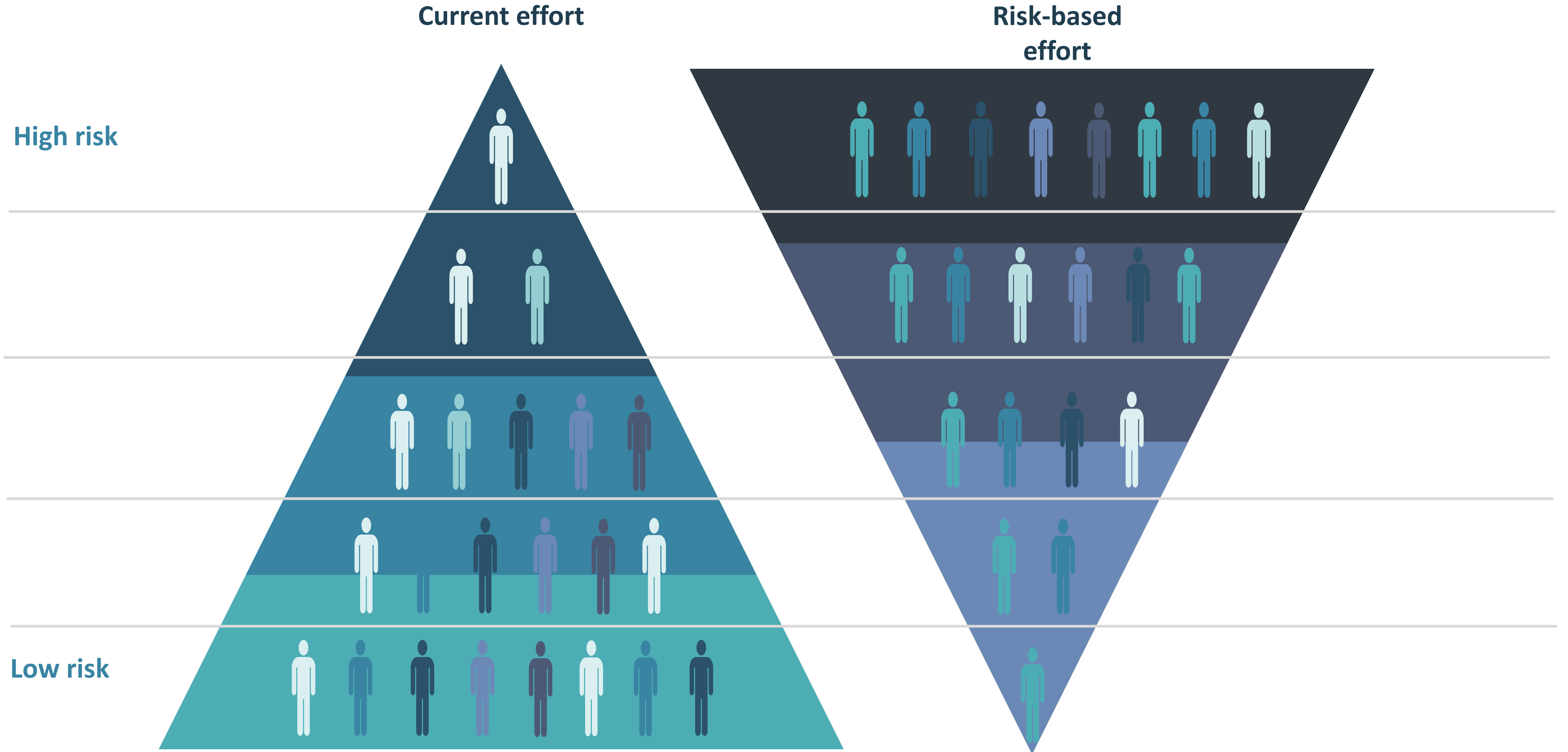
- Increased documentation levels
- Focus on completeness and accuracy
- Precision levels
- Sample sizes
- Testing period requirements

- **Fee gap**
- **Expectation gap**
- **Level of effort gap**

Flexibility to use daily activities and year-over-year knowledge to support control conclusions

RISK VS EFFORT

YOUR SUBTITLE HERE



WAYS TO ADD VALUE AND CONTAIN COSTS



Revisiting scope
and risk assessment



Resource
management
and knowledge
sharing




Strategic solutions
to issues



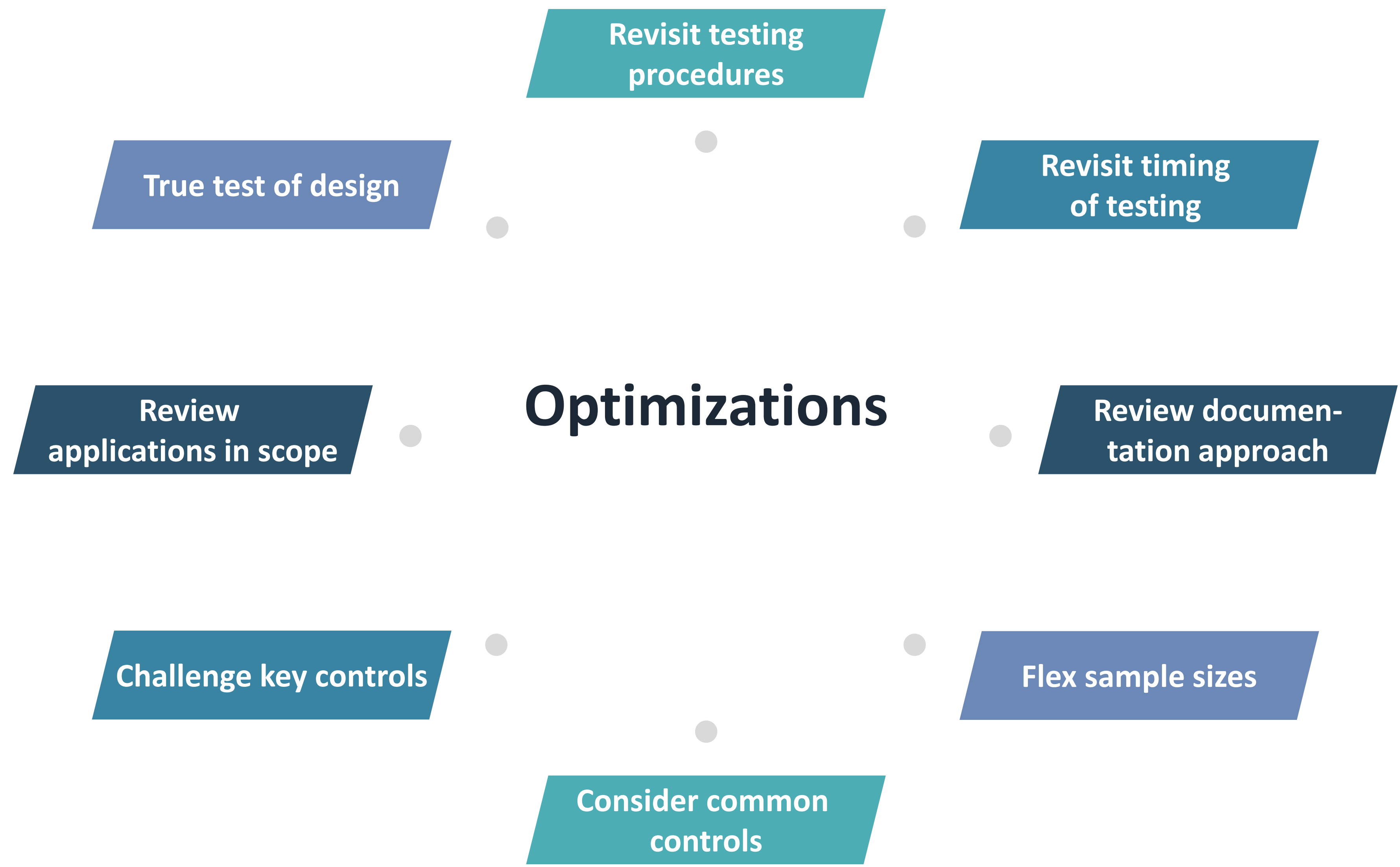
Data analytics
and automation



Evaluate current
events from risk
perspective



Coordination with
other assurance
providers



FOCUS ON LONG-TERM VALUE

01

Implement integrated approach to building solid internal controls and holistic “super” controls

02

Enhance the control model by focusing on control efficiency (standardization), effectiveness (objectives and strategy focus)

03

Improve risk mitigation, streamline processes and drive automation in the process

04

Move toward a data and technology-driven compliance and auditing functions

COORDINATED ASSURANCE

Key risks, assessment and controls					1 st line assurance Business operations			2 nd line assurance Corporate oversight					3 rd line assurance Independent assurance					Overall assessment				
Key risks	Gross	Net	Key controls	Strength	Mgmt reviews	Mgmt info	CSA	Group Board	Divisional Board	CDC Board	Group functions	Risk Mgmt	HSE	3 rd Parties	Regulator	Internal Audit	External Audit	Cover	Effect	Action		
Risk 1	Very High	Medium	Control 1	High	Minimal	Very High	High	Very High	Very High										Review	Improvement required	Action?	
			Control 2	High	Substantive		High	Substantive	High	High						High		Substantive		Substantive	Substantive	
			Control 3	Substantive	Substantive	Substantive	High	High	High	High		Very High								Substantive	Review	Action?
Risk 2	High	Medium	Control 1	Substantive		Substantive			Substantive	Substantive	Substantive		Substantive			Substantive			Substantive	Substantive		
			Control 2	Substantive	High	High			High	High	High	High	Very High							High	High	Action?
			Control 3	High			Very High		Substantive	Substantive	Very High	Very High				Substantive	Substantive			Substantive	Substantive	
Risk 3	Very High	High	Control 1	High	Very High				Very High	Substantive	Very High								High	Substantive	Action?	
			Control 2	Very High	High	High	High													High	High	Action?
			Control 3	Very High	High	Substantive		Substantive	Substantive	High	High	High					High			Substantive	Substantive	
Risk 4	High	Substantive	Control 1	Substantive	Substantive				Substantive										High	Review	Action?	
			Control 2	High	Substantive	High		Substantive	Substantive		High	High			High		Substantive	Substantive	Substantive	Substantive	Substantive	
			Control 3	Substantive		Substantive										High	Substantive			High	Substantive	Action?
Risk 5	High	Substantive	Control 1	High		Very High			High	High	High				Substantive	Substantive	Substantive	Substantive	Substantive			
Assurance provider overall ➔					Substantive	Substantive	High	Substantive	Substantive	High	High	High	High	High	High	High	High	High	High	High	Action?	

Risk severity rating	Control strength rating	Effectiveness rating of assurance provided					Overall assessment rating
<div style="display: flex; flex-direction: column; gap: 5px;"> <div> Very High</div> <div> High</div> <div> Medium</div> <div> Low</div> </div>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div> Very High</div> <div> High</div> <div> Medium</div> </div>	<div style="display: flex; flex-direction: row; gap: 10px;"> <div> Minimal</div> <div> Adequate</div> <div> Substantive</div> <div> None</div> </div>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div> Improvement required</div> <div> Review</div> <div> Status quo</div> </div>				

Q&A



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Thank You

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