

# Sarbanes-Oxley Project

---

## Documenting a Process

---

By

Parkfield Group, LLC

January, 2006

# Session Summary

---

- Present an Approach to Documenting a Process;
- Present process mapping is, and why we plan to use this approach to document important processes;
- To introduce Microsoft Visio, our process mapping tool, and provide a basic understanding of this tool;
- To define a standard process mapping template and standards for consistent documentation and understanding;
- To present an approach to documenting a process, identifying risks
- To document a simple process using Microsoft Visio

# Session Objectives

---

- You should have an understanding of:
  - n An approach to documenting processes
  - n Process mapping concepts
  - n Microsoft Visio
  - n How to document a business process
  - n How to identify and document a risk in a business process
  - n How to define and document an internal control that mitigates identified risks

# Approach to Documentation

---

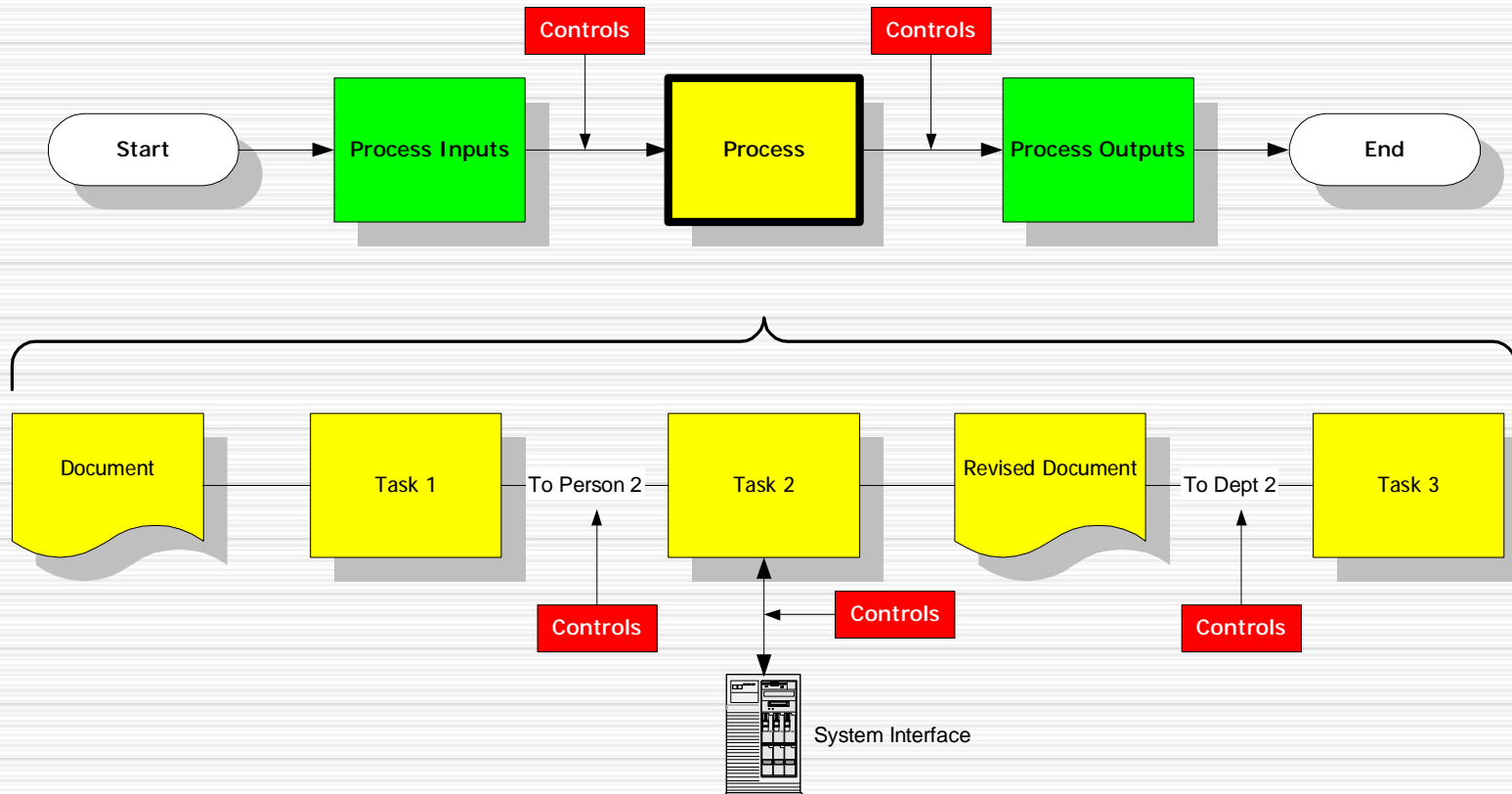
- **Team Organization and Responsibilities**
- **Documentation Structure**

# Process Mapping Overview

---

- Process Mapping is a graphical representation of a process with symbols representing inputs, activities, documents, decisions, system interfaces and outputs;
- Process Mapping Facilitates:
  - n Understanding of the process;
  - n Risk identification [“What can go wrong”]
  - n Control identification [“How do we know that ...”]
  - n Identification of important process interfaces
  - n Improves communication about a process

# Process Mapping

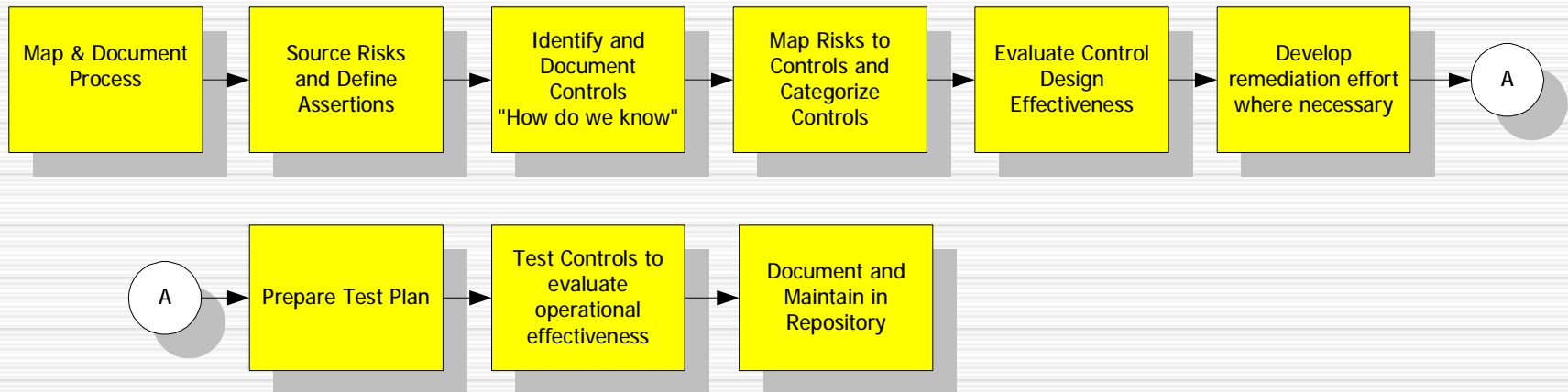


# Process Mapping - Risks

---

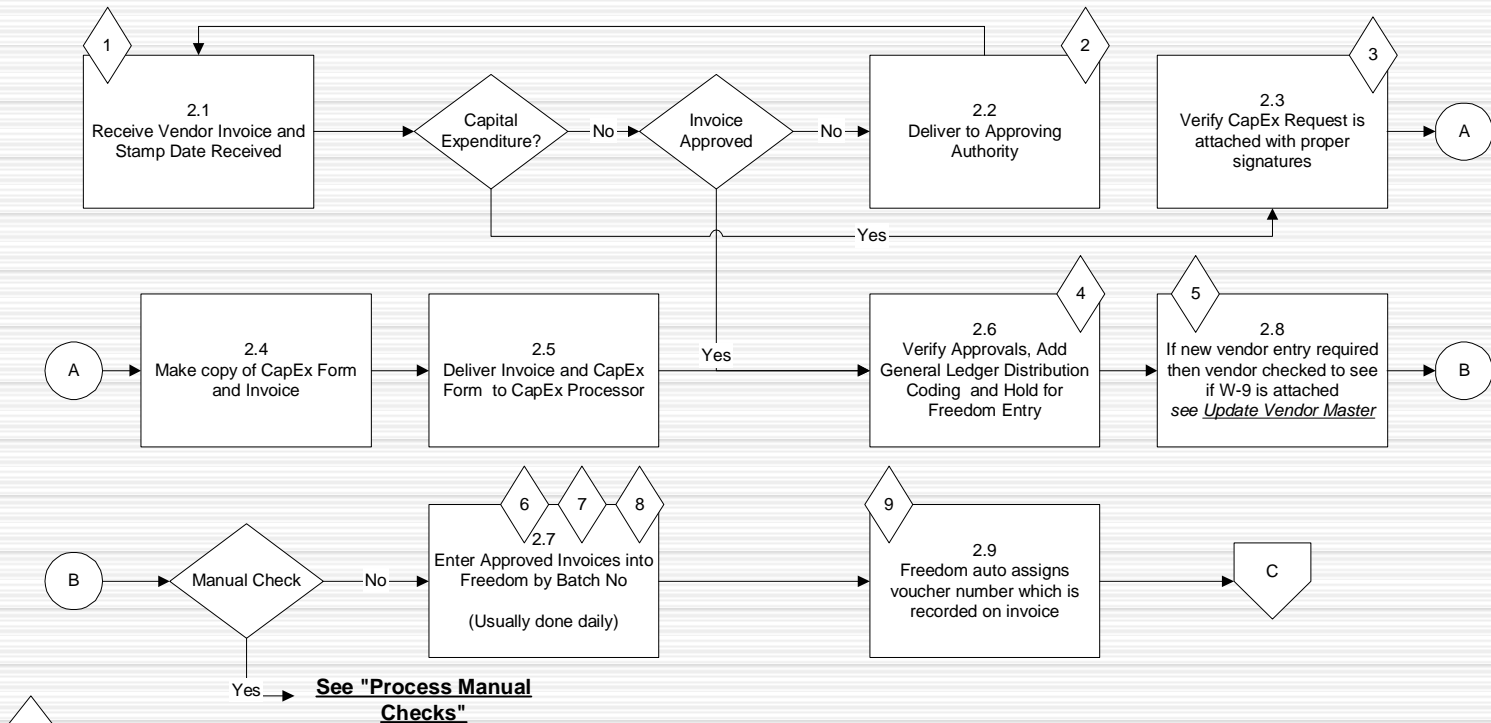
- What Can go Wrong

# Trial Scenario Steps





# Sample Process Map



**Controls**

- 2.1 Vendor invoice is stamped when received and, if approval is needed, stamped again when invoice is received with approval. Invoice is verified that all approvals are proper and within guidelines.
- 2.2 Vendor invoices are sent out to approvers in a folder. If the folder is not returned in a reasonable amount of time the AP Processor requests the invoices.
- 2.3 Vendor invoice is reviewed to determine if it is a capital purchase (determined by written guidelines) and, if so, that a Capital Expenditure Request is attached and properly approved. If not, the invoice is sent to the appropriate individual for processing.
- 2.4 Vendor invoices are not processed unless all approvals are affixed to the invoice. If the G/L account distribution is already posted to the invoice then it is re-verified; otherwise the AP Processor posts the account to the invoice.
- 2.5 The AP Processor will post a new vendor to Freedom but place the vendor in a "hold" status until a W-9 is received from the vendor.
- 2.6 The AP Processor verifies that the detail account posting totals agree to the amount on the invoice.
- 2.7 The AP Processor verifies the description of the general ledger account being posted and validates that it is proper for vendor invoice being posted.
- 2.8 eEnterprise will not allow enter for an invoice that has already been posted.
- 2.9 The voucher number assigned by Freedom is recorded on the invoice so that an audit trail is maintained to the physical invoice.

# Management Review Assessment Procedures

---

- **Continual review of operating reports that tie to financials (looking for inaccuracies or exceptions)**
- **Actively communicate with vendors that process (directly or indirectly) financial information (e.g., ADP)**
- **Periodical comparison of physical assets with data from information systems**
- **Continual assessment and monitoring of entity-level controls (COE statements, HR policies, senior management communications, etc.)**
- **Periodic internal audits that review and test active financial information-related procedures**
- **Setting up and monitoring Employee Ethics Hot Line**

# Project Time Factors

---

- Amount and quality of current documentation
- Number and complexity of applications providing operational data that flows into financial statements (e.g., IT Apps)
- Number of applications that produce financial information
- Number of Processes and Sub-processes involved in producing financials
- Number of remote locations
- Number of affiliates
- Number of application interfaces
- Number of Excel spreadsheets
- Amount and complexity of SQL transformation code

# Any Questions?

---

