The Compliance Imperative

Compliance and Internal Audit teams are facing a complex regulatory and operating environment. Many teams are under significant cost pressure to improve efficiency while facing increasing scope. Others, especially those undergoing M&A or international expansion, or whose industries face broadening regulatory compliance, are further investing in strategic risk management to simply keep pace.

However, what these teams share is a focus on technology: standardizing and centralizing processes to reduce risk, better monitor controls, and ease reporting burdens. They seek to create an environment that is more efficient for both assessing risk and conducting audits. Compliance and Internal Audit departments need simplification, automation, and standardization so they can focus on effective risk management, control assessment, and issue resolution.

With increasing oversight by management, governance boards, external audit, and in some cases, government or other outside regulators, Compliance and Internal Audit cannot afford errors or delays that lead to audit findings, penalties, or damaged reputation.

Regulatory requirements from the Sarbanes-Oxley Act (SOX) and the PCAOB, as well as updated control frameworks like COSO and COBIT, continue to add complexity. And with Chief Compliance Officers (CCOs) risking personal liability for corporate wrongdoing and regulatory violations, there's never been a better time to increase control.
Introducing BlackLine Compliance

BlackLine Compliance provides a centralized and intelligent solution for managing risk and enabling breakthrough efficiency and control. With BlackLine Compliance, risk-related initiatives and supporting information are unified in a global cloud solution. The result is streamlined and consolidated project management, accelerated and simplified audits, and automated workflows to ensure no risk area goes unassessed.

Better yet, it’s all managed under the BlackLine integrated cloud platform—connecting the evaluation of controls to underlying account reconciliations, close tasks, intercompany transactions, and more.
Spotlight on Compliance: Fast Facts

CURRENT STATE

Fragmentation Still an Issue
43% of respondents still say compliance is fragmented, siloed, or ad hoc.¹

Ready for More Efficiency
80% of respondents report that improving the efficiency of the SOX function is their top priority.²

Compliance Officer Rising
57% now say their CCO reports directly to either the CEO or the board.³

WHAT’S TOP OF MIND

Audit Costs on the Ascent
On average, 48% of organizations saw their audit costs rise from 2016 to 2017.⁴

Regulatory Change Dominates
70% of firms expect the focus on managing regulatory risk to increase over the coming year.⁵

Feeling the Heat
48% expect the personal liability of compliance professionals to increase in the coming year.⁶

TECHNOLOGY TRENDS

Technology: Room to Improve
69% of CCOs say they now use technology to support compliance, risk assessment, testing, monitoring, reporting, and documentation retention.⁷

Organizations Thinking Continuously
75% of respondents identify usage of continuous monitoring, ranging from fraud detection to transaction monitoring and performance monitoring.⁸

Beyond Cloud: Focus on Ease of Use
While cloud is now de rigueur, ease of use is now the most important criteria for compliance management technology to ensure adoption.⁹

¹ Balancing Risk with Opportunity in Challenging Times, Grant Thornton
² 2016 State of the SOX/Internal Controls Market Survey, SOX & Internal Controls Professionals Group
³ Compliance Week, Deloitte
⁴ The Compliance Journey, KPMG
⁵ Global Governance, Risk and Compliance Survey, EY
⁶ Cost of Compliance 2017, Thomson Reuters
⁷ Ibid
⁸ 2016 GRC Technology Strategy, OCEG
⁹ Fine Tuning SOX Costs and Controls, Protiviti, 2017
Do Your Processes Make the Cut?

Compliance Process Checklist

- We can manage compliance and internal audit initiatives across business units, locations, and entities
- We have a Risk Control Matrix (RCM)
- We frequently realign our narratives and controls to frameworks and industry guidelines
- Our current compliance and internal audit processes are scalable – we have minimized time spent on administrative tasks
- We have control owners designated, and policies and procedures around monitoring and improving controls
- We have version control in place
- We can track, communicate, and address issues that arise from audits
- Our PBC process is efficient
- We’ve proactively implemented controls in our business processes
The Compliance Challenge

Managing third-party risk, staying on top of constantly changing regulations, ensuring employee awareness, conducting periodic assessments, understanding organizational risks, and knowing where to centralize and decentralize controls—these are all reasons compliance is one of the most multi-disciplinary roles in the enterprise. And for areas like SOX, controls must be validated by underlying accounting and finance detail, and tied back to operational processes.

Compliance involves numerous intertwined systems, processes, and people, and requires excellent communication and documentation. With so many systems, silos, and stakeholders in play, it’s all too easy for errors and omissions to creep into processes and cause gaps in controls.
Five Goals for Any Compliance Upgrade

1. Create a more efficient and proactive compliance process
2. Improve transparency and visibility into underlying issues, faster
3. Shift towards continuous monitoring, assessment, and attestation
4. Decrease PBC coordination and audit costs
5. Ensure all of the above amidst regulatory and organizational change

Toward Compliance Technology Innovation

It’s become more important than ever to link Compliance and Internal Audit to Accounting and Finance to ensure clear, unencumbered audibility. Often, legacy solutions have operated in a “controls silo” without providing transparency into transactional detail, or they have limited ability to proactively link controls directly to operational tasks.

On-premise and siloed tools have traditionally limited auditors from easily self-servicing, and from having the detailed visibility required to satisfy their specific needs. Many organizations have instead grown much of their control documentation—PBC lists, narratives, RCMs, and other mechanisms around spreadsheets, binders, or point apps, de-linked from the performance of controls.

The growth of cloud computing and Financial Corporate Performance Management suites (FCPM) provides a new opportunity for Compliance and Internal Audit to re-evaluate how they’re using technology. Cloud-based technology enables internal and external teams across different business units and geographies to more easily collaborate around a central repository. FCPM opens the opportunity to connect controls back to underlying detail and provide a direct line of sight, shifting compliance to be more proactive than ever before.
Reimagining Compliance Technology

Compliance technology has remained relatively static for years, and in many cases, organizations have continued to use spreadsheets, file shares, emails, paper binders, and other manual methods for documenting and monitoring controls.

Modern compliance management has three key components: painlessly connecting constituents, tightly unifying controls with underlying detail, and providing centralization and rigorous version management.

Compliance Management
Connecting Constituents

Modern compliance management starts with securely connecting constituents. Because control owners, internal and external audit, operations, governance, audit committees, and regulators all play a role; it’s essential that they have the right visibility at the right time.

Cloud-based applications are ideal, with centralized security permissions; web-based, anytime, anywhere access for self-service; and a reduced burden on internal teams to act as information brokers.

Unifying Controls & Details

Controls are nothing without transactional resilience and transparency. They must be driven down to the operational level, and when breakdowns occur, internal teams and auditors require clear visibility into the underlying causes, such as a balance sheet reconciliation issue on an account.

It’s why modern compliance management brings transactional integrity management, such as reconciliations, intercompany accounting, and journals, together with the foundation of compliance: defining risks, maintaining policies and procedures, and assessing controls.

Centralizing Controls

Finally, modern compliance management provides centralization and version control. With a purpose-built digital document store, it enables the maintenance of narratives, walkthroughs, and risks, all organized by project. It manages the creation and evaluation of RCMs, and ensures projects and controls can be executed and tested—all while providing visibility across the business.
# Ten Technology Keys to Better Compliance

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<th>AREA</th>
<th>BEST PRACTICE</th>
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<tr>
<td><strong>1 Centralize</strong></td>
<td>Provide better visibility and management over controls by centralizing compliance projects, audits, and related documentation in one place. Cloud solutions help with centralization by providing a repository that can be accessed, updated, and managed across the organization.</td>
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<td><strong>2 Cut the maintenance</strong></td>
<td>Shift to a digital, centralized repository to cut paper, reduce conflicting or out-of-date documents, and move toward automatic updates across documents to improve productivity and reduce risk.</td>
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<td><strong>3 Connect the dots between controls and supporting evidence</strong></td>
<td>Reduce the cost of compliance by integrating with processes like reconciliations, journals, variance analysis, and intercompany accounting to obtain comprehensive audit evidence and support.</td>
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<td><strong>4 Manage workflows</strong></td>
<td>Think beyond email by using workflow management. Create multi-step, formalized workflows that route tasks and approvals, based on specific requirements, to facilitate testing and certification and increase auditability. Workflow management can also help record and track issues and remediation steps for continued monitoring and resolution.</td>
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<td><strong>5 Establish version control</strong></td>
<td>Take advantage of automated version control to synchronize changes from master controls to dependent lists, to ensure that all changes flow across in-scope items.</td>
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Account for change

Ensure your technology and approach is scalable, and supports ad-hoc projects, grouping of related projects, and customizable fields and templates. With changing regulatory requirements, updated frameworks, and new IT controls, such as those around cybersecurity, the compliance environment has never been more fluid.

Move to continuous monitoring

Look to implement real-time updating and comprehensive reporting capabilities for immediate visibility into completed and outstanding controls, testing results, and risk areas. That way, you’ll be in a better position to achieve strategic initiatives, including fraud detection, transaction monitoring, and performance monitoring.

Enable auditor self-service

Shift towards global visibility and transparency for staff and auditors, regardless of location. Move to an auditor self-service model to enable access to documents and items for research without having to relying on accounting. You’ll manage audit budgets more effectively and reduce the load on internal teams.

Think comprehensively

Look for an approach that will meet current and future risk management needs. Also, ensure existing controls and templates can be easily moved into the new platform. The domestic and international compliance landscape has never been broader with new audit rules, recommended frameworks, tax laws, anti-bribery/anti-corruption regulations, IT/ cybersecurity controls, third-party relationships, and other areas.

Use the cloud to centralize, collaborate, and keep pace with change

Use the cloud as an ideal delivery vehicle for compliance management. Automated updates enable the software to keep pace with changing regulations. Web-based solutions facilitate access across different teams. And because cloud applications are centralized and accessible by many teams, they act as an ideal version-controlled repository for compliance and internal audit-related documents.
BlackLine Compliance delivers real-time intelligence and provides a clear, trusted, and consistent view of the health of your compliance program. It's easy to access your organization’s narratives, risks, controls, and issues, and ensure version control across documents with a complete cloud-based file cabinet and risk and control library.
BlackLine Compliance streamlines control creation, execution, attestation, and testing. Issue management provides real-time visibility and drives workflows for remediation. Unification with BlackLine’s Continuous Accounting platform simplifies audits and provides direct access to control evidence.
Key Features

BlackLine Compliance delivers real-time intelligence and provides a clear, trusted, and consistent view of the health of your compliance program.

Centralize Risks & Controls

- Access all documents—PBC lists, RCMs, narratives, and controls
- Connect controls to any related risks, policies and procedures, and projects

Version Management Intelligence

- Keep control language and attributes in sync across audit programs
- Ensure compliance documents are up to date and accurate

Intuitive Configuration

- Create any user-defined field—text, tag, dropdown, or date field types
- Configure multiple templates to support different business needs and ease data entry
- Customize views for instant access to relevant controls, risks, and assignments
Streamline Workflows

- Build multi-step workflows for each control template
- Assign responsibility to specific individuals for testing, review, and approval
- Get a complete certification history on each control
- Perform remediation testing directly inside the application

Enhance Visibility

- Review the current status of your projects in real time
- Gain complete issue tracking and management
- See linkages between issues, underlying control testing, and related risks
- Access a full list of all issues and their statuses

Manage Projects at a Glance

- Access a comprehensive view of all of your compliance initiatives
- Build projects by selecting relevant controls from a master library
- Get global accessibility to issues to increase visibility

Create Powerful Reports

- Use pre-created standard reports or easily create new ones
- Visualize testing results, risk areas, and completed and outstanding controls
- Gain instant access into audit progress, exceptions, significance, and actions taken

Increase Collaboration

- Triage time-sensitive issues with commenting and review capabilities
- Attach notes to controls and projects, and manage view, edit, and delete permissions
- Manage day-to-day workflows and assignments

Promote Audit Efficiency

- Connect risks, controls, and narratives to BlackLine Account Reconciliations, Task Management, Variance Analysis, Consolidation Integrity Manager, Journal Entry, and Intercompany Hub to expedite audit processes
- Reduce dependency on other teams and get immediate access to audit evidence
Trust Your Compliance Processes To BlackLine

It's time to take your compliance program to the next level—with BlackLine Compliance. Unified with our Continuous Accounting Platform that's trusted by 2,000+ organizations in over 130+ countries, BlackLine Compliance delivers the next level of control, visibility, and efficiency.