

Controls Optimization Tutorial



Change History

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1. Introduction

Organizations today implement internal controls to address their business operations risk. In addition, they need to be compliant with various regulations which can drive up the operational cost by a significant factor. To optimize the cost of controls as well as the effectiveness of controls, organizations have to have a clear understanding of the effectiveness of their internal controls and consider elimination of redundant controls which will reduce the total cost of compliance.

Traditional way of controls optimization involves subjectively looking at all the controls and identifying the redundant controls. Since this is not based on cost of control or any other objective parameters, the resultant control set may not provide the best risk coverage at the lowest possible cost of compliance. This process also takes up a lot of resource for an elongated period of time.

Our Patent Pending methodology will help you to optimize controls to achieve best possible risk coverage at the lowest total cost of compliance and provide you the platform to talk to your external auditors for reducing their audit fees. Our software is called ConOP and will be referred as ConOP for the rest of this document.

2. System requirements

The system requirements for ConOP deployment are listed below:

- i. Windows XP/Vista/Windows Server 2003 or 2008/win7
- ii. SQL Server/SQL Server Express
- iii. .Net 2.0 or 3.5

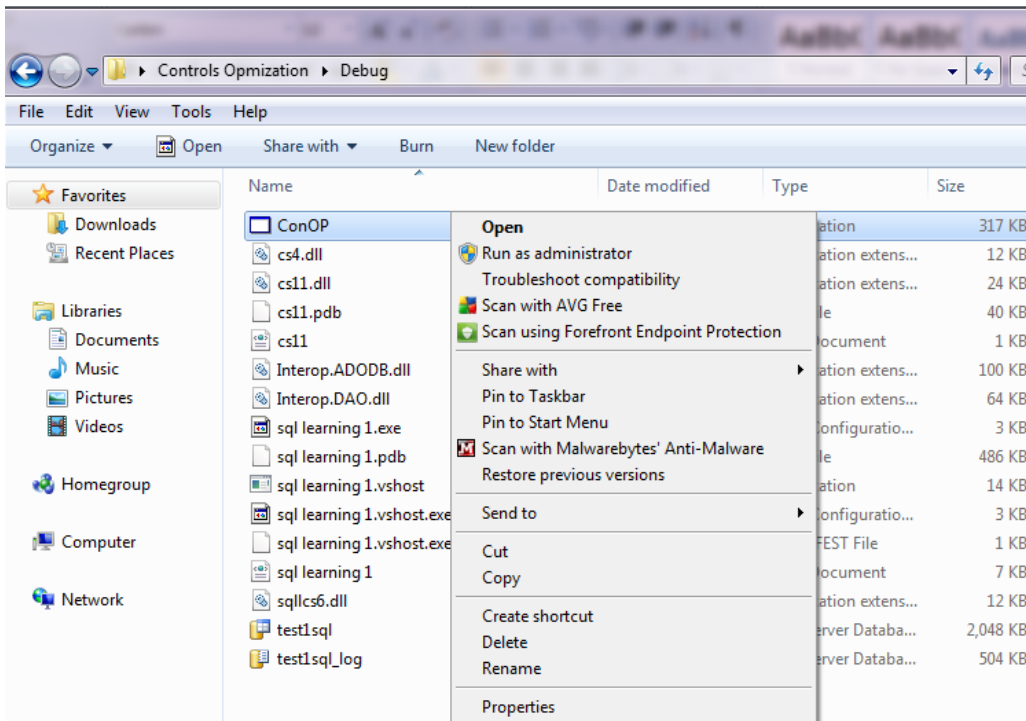
3. ConOp Input

ConOP takes an organization's Risk Control Matrix (RCM) as its input. The controls in the RCM should be assigned the current coverage number within a coverage scale (Say 1 – 10) that is defined by individual organizations. ConOP also takes as input the desired coverage for all controls and the cost for those controls. ConOP then applies its patent pending mathematical model to the supplied data and displays the optimized list of controls and costs. The most

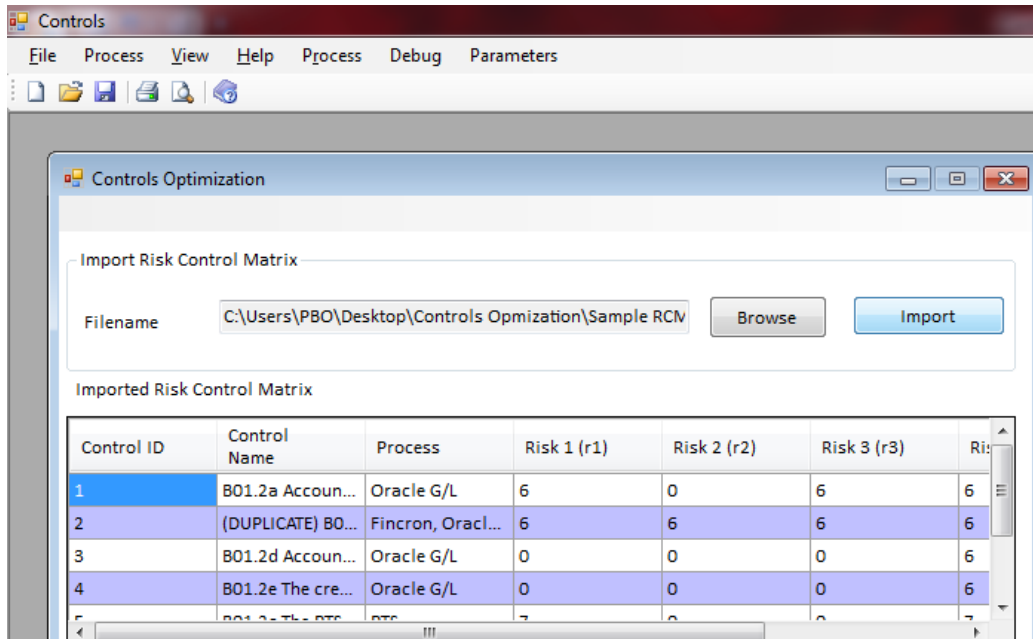
common format of the file is Microsoft Excel; however, ConOP has the ability to interface with leading industry software such as Microsoft Groove and AWS.

4. Feeding data to ConOp

Go to the folder where ConOP.exe is saved. Run the file as an Administrator.

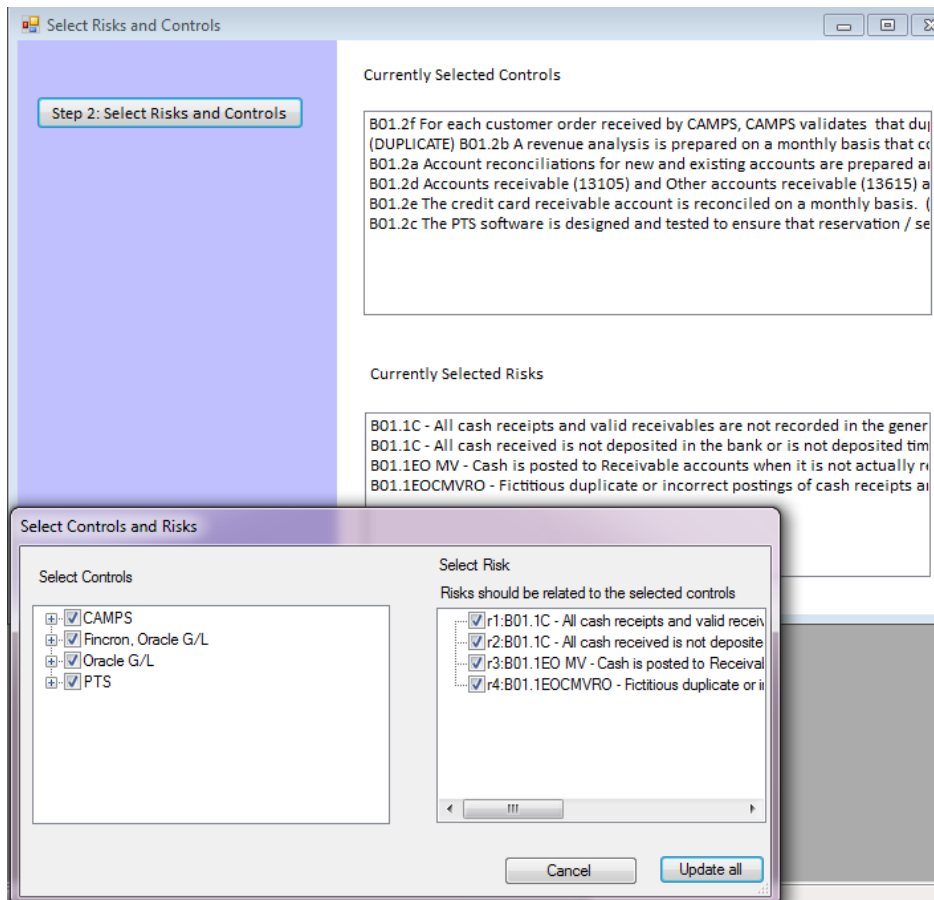


From the Process Menu, Select the option “Import Risks and Controls Matrix.” Select your organization’s RCM and click “Import.”



5. Selecting Process and Controls

One of the best capabilities of ConOP is that the controls can be optimized based on different processes. For example, if you have a sales process, you can optimize all the controls in that particular Sales process. However, ConOP can optimize all controls regardless of processes as well. To select the processes and controls to optimize, select "Select Risks and Controls" from the Process menu and click the "Select Risks and Controls" button. Select the desired controls and processes and click "update all"



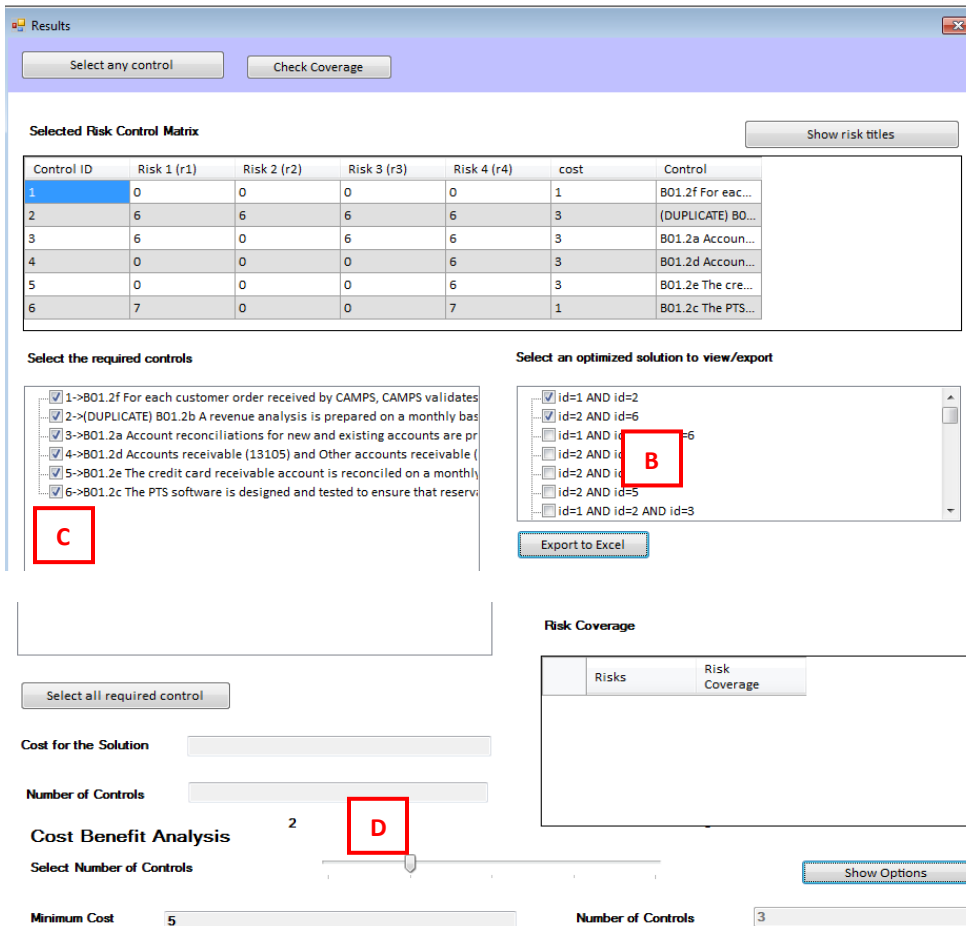
6. Optimizing Selected Processes and Controls

The next step is to optimize the selected processes and controls. From the Process menu, select “Process Results.” The time of the optimization depends on the speed of the machine ConOP is running and the number of controls being optimized. Typically, it takes about two minutes to process 40 controls.

7. Results

To see the processed results, select “Show Results” from the Process menu. If you are only concerned about the optimization and want the most cost effective solution, click the “Select any control” button (A). This will give you all the combination of the possible optimization and you can select any option that you may like (B). ConOP also has the ability to select one or more must have controls and optimize the remaining controls. For example, in a Shipping process, signing a receiving report may be a control that you do not want to omit no matter how costly

the control is. For the controls that you want included in your optimization, select the controls below “Select the required controls” (C). You can also optimize the controls keeping a constraint of minimum number of controls. For example, for an important Sales process, the organization might feel that three optimized controls might be too less. Therefore, you can ask ConOP to optimize the controls in such a way that the optimized result has at least four controls. To select the number of controls, drag the navigation bar beside “Select Number of Controls” (D)



The screenshot shows the 'Results' window with the following components:

- Buttons:** 'Select any control', 'Check Coverage', 'Show risk titles', 'Export to Excel', 'Show Options'.
- Selected Risk Control Matrix:**

Control ID	Risk 1 (r1)	Risk 2 (r2)	Risk 3 (r3)	Risk 4 (r4)	cost	Control
1	0	0	0	0	1	BO1.2f For eac...
2	6	6	6	6	3	(DUPLICATE) BO...
3	6	0	6	6	3	BO1.2a Accoun...
4	0	0	0	6	3	BO1.2d Accoun...
5	0	0	0	6	3	BO1.2e The cre...
6	7	0	0	7	1	BO1.2c The PTS...
- Select the required controls (C):** A list of controls with checkboxes. Control 1 is selected.
- Select an optimized solution to view/export (B):** A list of combinations of control IDs. The combination 'id=2 AND id=6' is selected.
- Cost for the Solution:** Input field.
- Number of Controls:** Input field with the value '2' and a red box labeled 'D' around it.
- Cost Benefit Analysis:** A slider bar with '2' in the middle and a red box labeled 'D' around it.
- Minimum Cost:** Input field with the value '5'.
- Number of Controls:** Input field with the value '3'.
- Risk Coverage:** A table with columns 'Risks' and 'Risk Coverage'.

You can then click “Export to Excel” button to export the optimized results.

1		cost				
2	Initial cost		14			
3	Optimized cost		4			
4						
5						
6						
7	Control ID	B01.1C - All cash receipts and valid	B01.1C - All cash received is not dep	B01.1EO MV - Cash is posted to Rec	B01.1EOCMVRO - Fictitious duplicat	Cost
8	B01.2f For each customer order rec	0	0	0	0	0
9	(DUPLICATE) B01.2b A revenue anal	6	6	6	6	6
10	B01.2a Account reconciliations for	6	0	6	6	6
11	B01.2d Accounts receivable (13109	0	0	0	0	6
12	B01.2e The credit card receivable a	0	0	0	0	6
13	B01.2c The PTS software is designe	7	0	0	0	7

8. Support

If you have any questions, please do not hesitate to contact us.

a. Support Contact Numbers

U.S. Contact Number

+1-206-330-2093

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India Contact Number

+91-9143009040

b. Email

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