



Is My World Auditable? Top Five Document Management Considerations for Finance Departments

OVERVIEW

When you hear the word, 'audit', what's the first thing that comes to mind? *Panic? Pain in the neck?* How about, "Bring it on!" Once thought of as the administrative office, Accounting and Finance Departments as a whole have grown in strategic responsibility. They now must provide clear and spot-on accurate information to audit committees, treasury groups and corporate executives. Regulations and legislations not only require accuracy, but transparency. As a result, internal auditing has been thrust into a pivotal role, tasked with being the stewards of accountability trails that ensure organizations are in compliance with regulations and standards. Businesses must proactively prepare for external and internal audits to survive the scrutiny.

An audit effects the entire organization but is generally the responsibility of a chosen few. What are the top five things to consider for your audit?

ONE: ARE WE PREPARED?

Maximizing the value of information locked in an organization's documents and maximizing the time spent on your audit requires placing information at the fingertips of the people who need it—even those working in remote offices. An ideal efficiency would be giving your auditor instant access to information at all times of the day and night. A question to answer now is, "Are our transactions and supporting documentation readily available?" This may include:

- Monthly financial statements
- Trial balances
- Ledgers and journals vouchers
- Correspondence
- Contracts
- Invoices
- Proof of Delivery (POD)
- Bills of lading
- Tax exempt forms
- Purchase orders
- Credit applications

When the auditor asks for a specific record from a specific time period, how hard will it be to provide them with the information they've asked for?

TWO: ON WHICH AREAS WILL THE AUDITOR FOCUS?

Of course the goals of the audit are as varied as the businesses they serve, but generally speaking auditors are looking for:

- **Trends** Comparing this quarter to last quarter and this year to last year exposes positive or negative trends. By studying trends the auditor will be able to determine if accounting procedures are being followed correctly.
- **Fraud** Simply put, they are looking for any fraudulent behavior. This could be *Management fraud*, which involves senior management's intentional misrepresentation of financial statements, or theft, or improper use of company resources, *Employee fraud*, which involves non-senior employees, or *External fraud*, which involves theft or improper use of resources by people who are neither management, nor employees of the firm.
- **Security Policies** Policies change frequently to counteract the continuously adjusting landscape of regulations and threats. Auditors review the Information Management Policy to identify the gaps between corporate security policies and the people who must practice and comply with these policies at a business, operational and technical level.
- **Compliance** The regulatory environment has evolved and regulations abound. Your organization may be regulated by Sarbanes-Oxley, Gramm-Leach-Bliley, SEC Rule 17A and others. If regulated institutions are found in noncompliance, fines and prison terms can apply. Perhaps more frequently, other risks of noncompliance include the public disclosure of key assets, loss of customers, de-listing from stock exchanges, damage to brand or company reputation, negative impact to stock price and lawsuits. Executive management in concert with internal and external auditors need Accounting and IT to help mitigate the risks. Understanding who accessed, altered, updated, deleted or merely viewed critical data is an essential component of compliance.

THREE: WHAT IS THE COST OF THIS AUDIT?

For many organizations, the internal cost of an audit from lost staff time is a significant expense. Staff time is lost due to requirements to prepare for and to support the documentation requests of the auditors. Many hours are often spent gathering information from many different sources, making copies of files and pulling documentation for the auditor's review. How much of that staff time could be saved if the information were easily available? Cost considerations include:

- How much staff time is required to support a typical audit?
- What is the fully burdened cost per hour of clerical staff time?
- How many different audits take place each year?

Once we know what an audit can cost the organization, we can make educated decisions on investing in new systems and processes that would save time and lower audit costs. Cost savings can be realized if we look at systems which help us with:

- Reduction in staff overtime and avoidance of staff increases
- Higher volume of work completed with fewer data entry operator keystrokes and improved accuracy
- Less paper handling overall, including less paper usage, reproduction and storage
- Time spent retrieving documents, first call resolution and many repetitive processes eliminated
- Providing a more professional work environment; improving worker motivation, self-confidence and problem-solving skills

FOUR: ARE THE REQUIRED DOCUMENTS READILY ACCESSIBLE?

According to industry sources, probably not.

- On average, professionals spend 50 percent of their time looking for information and 18 minutes to search for a document. —Gartner Research
- Companies typically misfile up to 20 percent of their records—forever. —ARMA International
- \$14,000 worth of productivity is lost per worker per year due to a worker's inability to find the data they require to do their job. —IDC Canada
- US companies spend about \$20 in labor to file a document, \$120 in labor to find a misfiled document and \$220 to reproduce a lost document. —Cooper & Lybrands

Filing away customer information in file cabinets and boxes in basements, or sending them to an offsite storage facility, is quickly becoming an unacceptable method of document management. The pain is being felt everywhere, as shown by this survey question from AIIIM International. **In the last 18 months, has your organization made changes to the way that records and information are managed as a result of the following:**

Issues discovered through auditing and/or monitoring of internal compliance with your own information management program	39%
Sarbanes-Oxley Act (US)	27%
Health Information Portability and Accountability Act (HIPAA) (US)	23%
The inability to find or access information needed for a lawsuit, audit or investigation	22%

SOURCE: ECM Industry Watch Survey, November 2006

FIVE: ARE THERE TOOLS THAT CAN MAKE THIS EASIER...FAST?

Transferring images into electronic format saves valuable time normally spent searching through archives or requesting files stored off-site. Companies who utilize document imaging and scanning solutions become more efficient and responsive to customers by accessing relevant information rapidly, and responding to queries more quickly—but there are details to consider.

- Will the system be capable of meeting the highest security standards set out in our company policy and integrate with a wide range of storage media?
- Will the system be able to handle different document types, manage documents under version control and meet our retention requirements?
- Does the system offer the ability to view, annotate, print, fax or email documents from any workstation or remote location?

Captaris® offers document management software to meet these needs. With Captaris Alchemy® you can quickly capture and retrieve your audit data. You can retrieve exactly what you need and quickly supply an auditor with the requested information. By capturing invoices, proofs of delivery, purchase orders and other related documents electronically, searching for what you need becomes easy and retrieval times will be improved dramatically. Simplify the delivery of audit information; the more prepared an accounting department is, the less auditors need to do and that may translate into savings for the company. It will certainly make life in the accounting department a little easier.

The Real World

When the accounting department kept records in file cabinets and boxes, finding a purchase order older than 60 days meant taking a trip to the basement. There was no way to quickly produce evidence of what they did in a business transaction and internal audits took days to complete. Alchemy gave them the tools they needed to be prepared. Now, documents are online in one secure place ready for search and there is an audit trail to see who did what. Bonus benefit; easier access to records unquestionably improved customer service.

Alchemy offers several easy ways to capture documents into the Alchemy archive: scan paper in from just about any document scanner; drag-and-drop files from Windows Explorer; check documents in from within Microsoft Word, Excel and PowerPoint; or add the entire contents of a network folder. With its role-based access control, rules-based capture and audit tracking features, Alchemy provides compliant retention and delivery of all kinds of document types, including PDF, Microsoft Word, Microsoft Excel, TIF files and more. Add the Alchemy Records Manager Module and documents can also be retained for a determined amount of time before they are disposed, thereby reducing the costs associated with paper and keeping inline with industry regulations.

Regardless of the document type, Alchemy provides a single repository and a single, familiar environment for working with it. Easily consolidate documents from multiple systems and deliver them to auditors or anyone else who needs them in multiple formats, including Web, CD or DVD. As the choice of more than 11,000 organizations worldwide since 1993, Alchemy is a name you can trust for your audit preparedness.

For more information on how to implement Alchemy in your finance department, visit <http://www.Captaris.com/auditready/>.

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