



Internal controls of financial processes in remote operation – are the weak points adequately protected?

Covid-19 is forcing companies to adjust their processes and controls on an ad hoc basis

The measures put in place during the pandemic to protect the population are bringing large parts of the economy to their knees. Companies are forced to adapt to this new environment very rapidly and need to modify their organization, their business and financial reporting processes, and their IT systems. This also necessitates crisis-induced modification of the internal control system.

The current situation poses a whole series of challenges:

- Employees are not available to the same extent (illness, short-time working, extensive utilization of leave, helping families) and/or are not in close proximity
- The rapid switch to working from home/ digitally does not always proceed without problems
- Ingrained processes – especially manual processes and controls – may be difficult to carry out remotely
- There is limited monitoring of automatic controls of operational business processes in sales, purchasing, and manufacturing, and in the financial processes

- Control of data security – especially controls of system and data access – may not be as strict (e.g., granting of wide-ranging authorizations)
- A risk of fraud rises due to limited monitoring and reduced control

At the same time, during the crisis companies must be able to depend on their financial reporting processes and fulfill the legal requirements for proper financial reporting.

Examples of support services provided by Deloitte

Quick check risk assessment internal controls - minimum set of IC

- Risk assessment of the financial reporting and identification of strictly necessary internal controls during the crisis period, with a focus on liquidity planning and liquidity monitoring as well as working capital management

Finance controls assurance

- Risk assessment and identification of the crisis-induced key financial processes and controls

- Monitoring of the effectiveness of controls modified during the crisis
- Establishment of comprehensive monitoring of the financial reporting during the crisis period

Internal controls testing

- Quick check of the effectiveness of the internal control system during the crisis period
- Support of the internal audit and GRC functions during the internal controls testing

Internal controls third-party assurance

- Review of critical and outsourced processes
- Review of risk assessment and definition of the monitoring for the effectiveness of outsourced controls

Our team of experts is happy to assist you with these challenges!



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