

webinar to begin shortly

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Cut Through the Complexity: Streamline Your Control Environment



July 24, 2025



2-3 ET | 1-2 CT



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before we begin

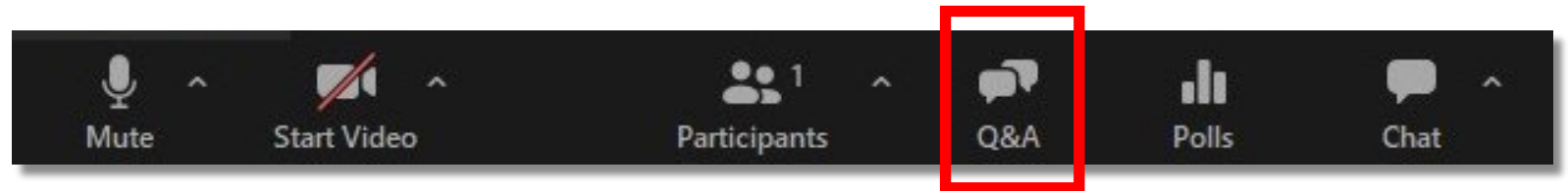
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today's speakers

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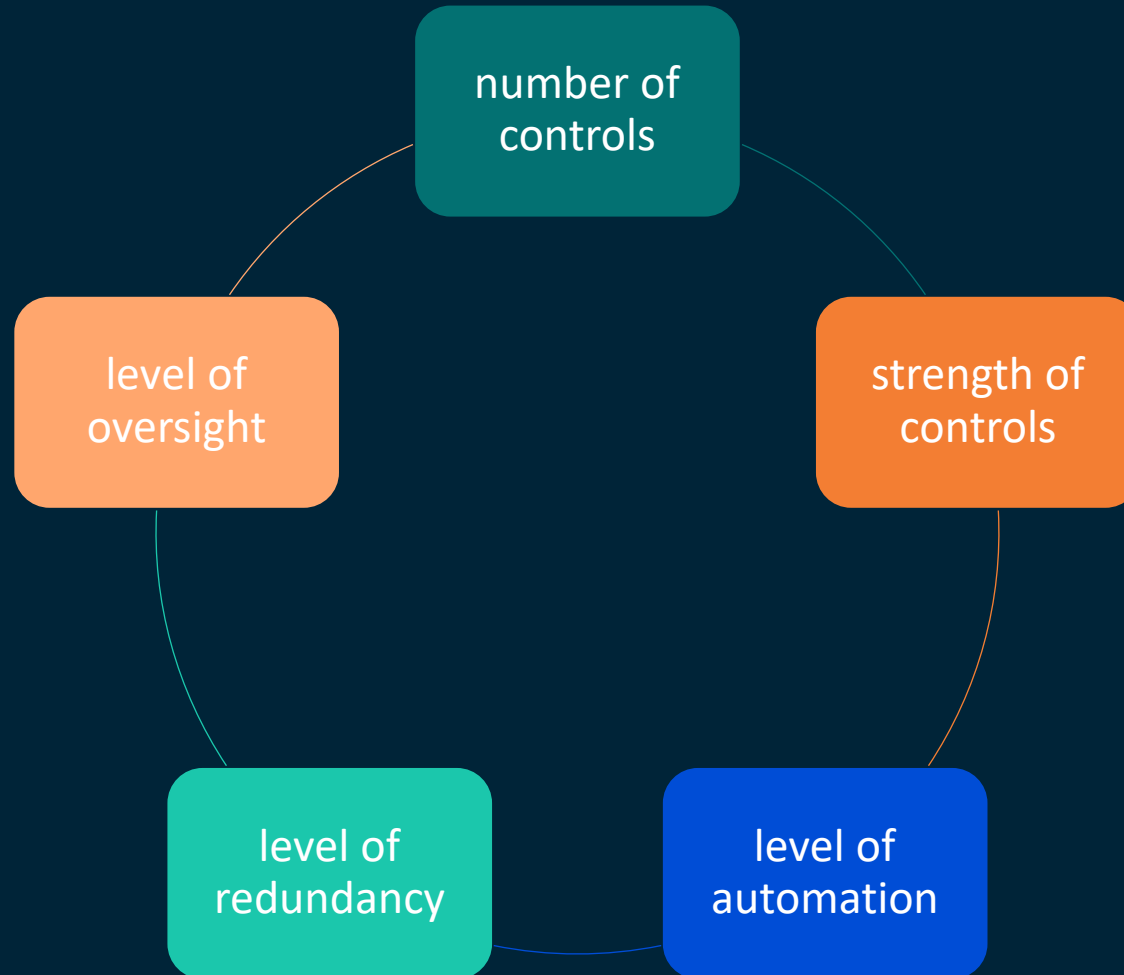
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Learning Objectives

- 1 Recognize the variability in control environments and understand why a one-size-fits-all approach may not be effective across different organizations
- 2 Identify organizational factors that contribute to inefficiencies or complexity within the internal control environment
- 3 Apply practical strategies to streamline internal controls, enhance efficiency, and reduce unnecessary complexity - while maintaining robust risk mitigation and compliance with financial reporting requirements

Variability in Control Environments

No two control environments are exactly alike. Control environments can vary in number, strength, and complexity of controls.





polling question #1

Factors that Influence Complexity and Variability

While a one-size-fits-all approach can be appealing and appears to reduce the complexity of the task, the one-size-fits-all approach to controls and organizational change often fails due to the inherent complexity and uniqueness of each organization.

culture & values	<ul style="list-style-type: none">• risk tolerance and decision-making• power distance and hierarchy• transparency and trust• innovation and stability• ethical norms and compliance
industry & regulatory environment	<ul style="list-style-type: none">• banking – anti-money laundering• healthcare – data privacy• technology - cybersecurity
size & structure	<ul style="list-style-type: none">• small, medium, or large corporations• public or private• centralized or decentralized• flat or vertical management
workforce demographics	<ul style="list-style-type: none">• age diversity• educational background• collectivist or individualist culture
technology maturity	<ul style="list-style-type: none">• manual or automated processes• use of basic or advanced tools• integrated enterprise systems• use of emerging technologies

One Size Does Not Fit All

Control frameworks provide a great starting point for designing your control environment, incorporating industry best practices, and achieving regulatory compliance. However, even a well-designed control framework should not be treated as a one-stop shop solution for your control environment.

Pitfalls of Framework Fever

over-reliance



lack of
customization



complexity and
cost



inadequate training and
awareness



compliance over
performance



static
implementation



poor integration with
business processes

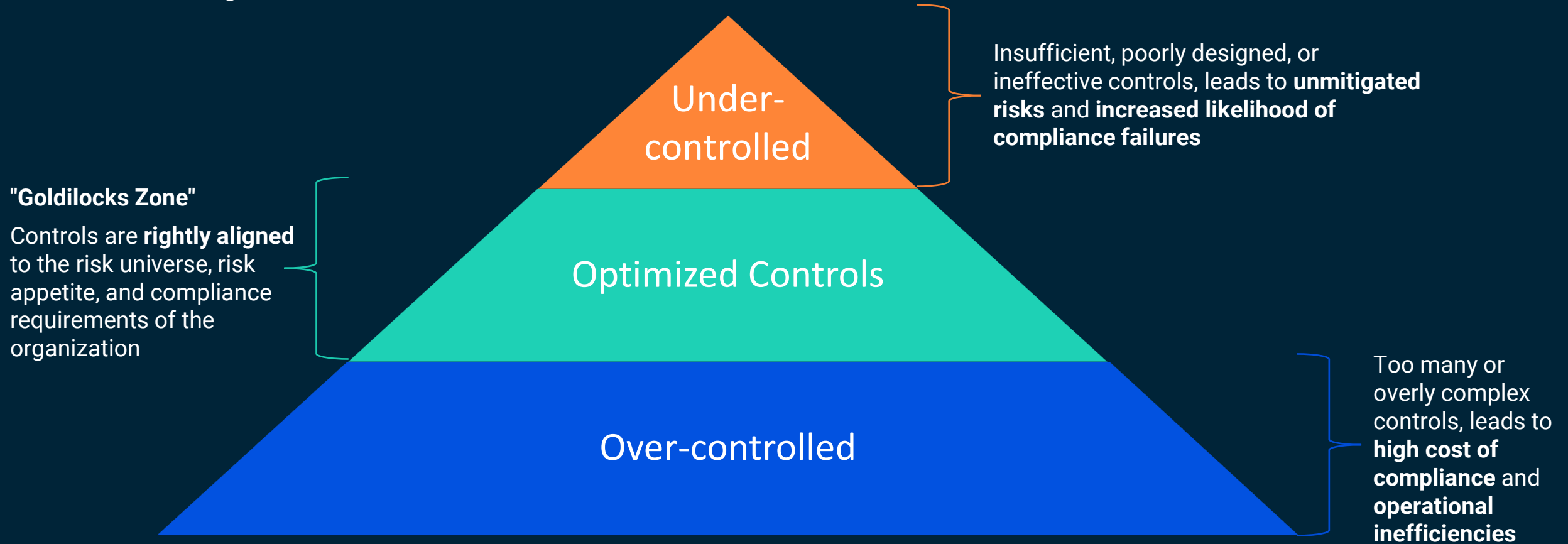




polling question #2

Finding the "Goldilocks Zone"

The right controls for your organization are those controls that are tailored to fit your organizational risks and needs. What is over-controlled for one organization could be under-controlled for another. A thorough risk assessment will help identify areas in the organization that are under or over-controlled.



Control (in)Efficiency Factors

- **poorly defined** roles and responsibilities
- excessive **layers** of management
- **siloed** departments
- legacy systems and **manual** processes
- **inadequate** training
- **rapid growth** or change
- **over-engineered** controls
- **weak** tone at the top
- **inconsistent** policies and procedures

Inefficiency

Efficiency

- **well defined** roles and responsibilities
- **streamlined** approvals and decision making
- **collaboration** and **communication**
- optimized system **automated** controls
- **adequate** training and **redundancy**
- **strategic** growth and change
- **optimized** controls
- **strong** tone at the top
- **consistent** updated policies and procedures



polling question #3

Practical Strategies to Streamline Controls

Adopt a Risk-Based Approach

- Focus on the **most critical risks** to financial reporting and operations rather than applying controls uniformly across all processes. This helps reduce unnecessary controls and complexity.
- Use **risk assessments** to identify high-risk areas.
- Prioritize controls that address the risk of **material misstatement** or fraud risk.

Rationalize and Consolidate Controls

- Many organizations have redundant or outdated controls.
- Streamlining involves:
 - **Eliminating duplicate controls** across departments.
 - **Consolidating similar controls** into fewer, more effective ones.
- Using **control matrices** to map and evaluate control coverage.

Automate Where Possible

- Automation reduces manual errors, increases consistency, and frees up resources.
- Implement **automated workflows** for approvals, reconciliations, and reporting.
- Use **data analytics** to monitor transactions and flag anomalies in real time.

Leverage Technology Platforms

- Modern ERP and GRC (Governance, Risk, and Compliance) systems can centralize and streamline control activities.
- Integrate controls into **existing systems** (e.g., SAP, Oracle).
- Use **dashboards** for real-time visibility into control performance.

Practical Strategies to Streamline Controls

Enhance Control Precision

- Design controls that are **specific and targeted** rather than broad and generic.
- For example, instead of reviewing all transactions, use **threshold-based reviews** or **exception reporting**.

Improve Documentation and Ownership

- Clear documentation and defined ownership improve accountability and reduce confusion.
- Assign **control owners** and provide training.
- Maintain **up-to-date process documentation** and flowcharts.

Periodically Reassess and Optimize

- Internal controls should evolve with the business.
- Conduct **regular reviews** to assess control effectiveness and relevance.
- Use **feedback loops** from audits and control testing to refine processes.

Foster a Culture of Control Awareness

- Empower employees to understand and support internal controls.
- Provide **ongoing training** and **communication**.
- Encourage a **speak-up culture** to report control gaps or inefficiencies.

Emerging Technology

Emerging technology has garnered much attention over the last few years and has made its way into organizations of all sizes and industries. The question is no longer "Will AI impact my business?" but "How will AI impact my business?". To adequately assess the risks and develop effective controls, organizations should proactively seek to understand what and how emerging technology is being used across all parts of the business.

Types of Emerging Technology

Artificial Intelligence (AI)

Machine Learning (ML)

Robotic Process Automation (RPA)

Internet of Things (IoT)

Cloud Computing

Blockchain

What emerging tech is being used (approved and unapproved)?

How is emerging tech being used (approved and unapproved)?

Who has access to use or make changes to emerging tech (approved and unapproved)?

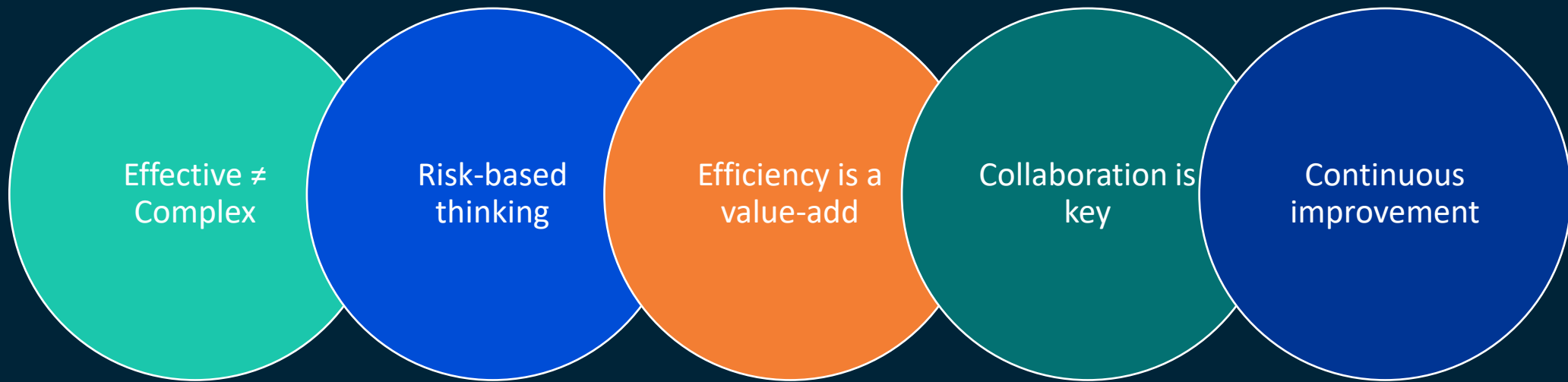
Do the users of emerging tech understand how to effectively and safely use the technology?

Is there effective governance in place over emerging tech?



polling question #4

Conclusion





replay link:



A replay link will be emailed to you in the coming weeks.
A copy of the slides presented today will also be made available at that time.

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upcoming events & insights:



Please visit elliottdavis.com/insights to view upcoming webinars, events, and additional insights.

upcoming events

BSA and Regulatory Compliance Roundtable

Thursday | August 14, 2025 | 2:00pm EST

FSG Quarterly Accounting and Financial Reporting Update

Thursday | September 25, 2025 | 2:00pm EST

Register at: <https://www.elliottdavis.com/events>

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