

ORACLE ADVANCED FINANCIAL CONTROLS CLOUD SERVICE

ORACLE[®] RISK MANAGEMENT CLOUD

Advanced Financial Controls (AFC) Cloud Service enables continuous monitoring of all expense and payables transactions in Oracle ERP Cloud, for potential cash leakage, violation of internal policies, process inefficiency, and fraud. It replaces inefficient manual audit and sampling practices with automated controls to identify and remediate incidents. Organizations can deploy best-practice controls to upgrade their processes or graphically author custom controls to suit their needs. They can eliminate ad hoc data scripts and disjoint processes that are inefficient and vulnerable to data leaks, replacing them with a secure solution embedded within the Oracle ERP Cloud.

KEY FEATURES

- Continuously monitor financial transactions
- Pre-built Best Practice Controls for Payables and Expenses Processes
- Graphical Workbench for business users to author and configure controls
- 1,300+ Financials / ERP Cloud transaction attributes available to configure controls
- Role-based remediation of transaction incidents supported by worklists, notifications
- Integration with Financial Reporting Compliance Cloud Service
- Embedded dashboard with analytics and reporting

Protect against Fraud, Error and Policy Violations

Significant value can be realized by auditing all expense and vendor payments before they are processed. In fact, [“Certified Fraud Examiners \(CFES\) estimate the typical organization loses 5% of annual revenue to fraud”](#) and in cases of Asset Misappropriation the median loss was \$125,000 per scheme.

AFC uncovers hidden value by systematically scanning ERP Cloud data to help you detect and prevent inappropriate or suspicious transactions that violate internal controls. It introduces automation, which further tightens control by monitoring transactions continuously. This removes significant time and resource constraints, and errors inherent in manual sampling techniques and audits. AFC helps organizations:

- **Prevent Cash Leakage** – by identifying missed opportunities due to inefficient processes, inadvertent human errors, and willful fraud
- **Improve Governance** – by continuously monitoring for violations. For example, an employee who disguises purchases greater than her approval level by submitting several smaller requisitions within her approval level is identified and stopped, deterring future attempts at similar or worse rogue behavior.
- **Detect Potential Issues Early** – by auditing transactions before commitment. Organizations can save millions in losses and wasted recovery resources.
- **Optimize Business Processes** – by identifying groups of exceptions due to issues such as unclear policies or inadequate training, and addressing them. For example, employees may mis-categorize expenses and set off alerts for additional scrutiny, causing delays.
- **Defend Against Insider Threats** – such as abuse of super-user privileges or violation of segregation of duties.

Comprehensive and Integrated – Evolves as You Grow

AFC offers a comprehensive set of capabilities that can be configured to match your changing needs over time. These capabilities include:

RELATED SERVICES

- Oracle Fusion Financials Cloud Service
- Oracle Fusion Expenses Cloud Service
- Oracle Financial Reporting Compliance Cloud Service for streamlined internal assessments and compliance
- Oracle Advanced Access Controls Cloud Service for monitoring access controls and enforcement of segregation of duties

<p>Deploy Library of Pre-built Best-practice Controls</p>	<ul style="list-style-type: none"> • Upgrade your controls to industry best practices • Get immediate value by using pre-built controls • Fine tune controls to your needs by configuring violation thresholds and control logic
<p>Author New Custom Controls</p>	<ul style="list-style-type: none"> • Empower business users to build controls graphically using 1,300+ pre-integrated ERP data elements and a library of functions and algorithms • Replace uncontrolled ad hoc data scripts and disconnected analysis tools by managing audit needs and requirements in a single streamlined application • Identify unusual patterns, outliers and exceptions by using advanced statistical analysis • Maximize value by developing control logic adaptively using modeling capability to discern high value results
<p>Manage Exceptions Collaboratively</p>	<ul style="list-style-type: none"> • Assign exceptions for analysis and investigation • Prioritize incidents based on business risk parameters • Build an audit trail of evidence for review and approval of exceptions
<p>Simplify Governance</p>	<ul style="list-style-type: none"> • Eliminate adhoc scripts and data analysis by leveraging pre-integration with ERP • Accelerate assessment analysis by linking exceptions to documented risks and controls • Identify ERP access violations by monitoring for inappropriate ERP transactions • Provide executives with oversight and build confidence in the integrity of transactions

Upgrade Processes with Pre-built Best-Practice Controls

Upgrade to Industry Best Practices: The library of controls is based on best business practices and over a decade of customer experience that add value by recognizing ground realities and important considerations from successful implementations.

Sample Payables Controls

- Identify purchase orders that have been back-dated
 - Identify unusual invoices based on amount and supplier
 - Identify multiple invoices with 'one-time use' suppliers
 - Identify invoices from new or inactive suppliers
 - Identify Invoices from suppliers that are on watch list
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“Advanced Controls enables us to take every single payment and run it against the 20 million payments made over the past three years to ensure that there is no duplicate. Erroneous payments...that total an average of about \$65 Million are stopped each year.”

TIMOTHY REESE
TREASURER
COMMONWEALTH OF PENNSYLVANIA

Sample Expense Controls

Identify active Employees who submit Expense Report Lines that appear to be duplicate reimbursements

Identify Employees who have personal credit card transactions claimed as cash on their expense report

Identify duplicate Meal expenses submitted by different employees using a similar attendee list

Identify Employees who submit split expenses for a large event on their expense report

Configure Pre-Built Controls to Monitor Policies: AFC lets organizations configure pre-built controls to enforce business policies, such as thresholds for extra scrutiny or tolerance intervals for delays, making it relevant and useful in a variety of situations.

Accelerate Implementation: The application delivers pre-built controls that are ready to use, accelerating deployment and increasing return on investment. These controls can be up and running quickly to automate monitoring of Procure-to-Pay and Expense transactions.

Respond to Evolving Needs by Authoring New Controls

Author Controls Graphically: All AFC controls are built using a visual “drag and drop” design workbench. Business users can meet their specific needs or requirements by modifying existing controls or authoring new controls using over 1,300 pre-integrated ERP data elements.

Replace Disconnected Analysis Tools: Often customers attempt to mitigate risk of fraud by auditing transactions using desktop tools such as spreadsheets and adhoc scripting or querying tools. These methods are inefficient and ineffective because they require sample data to be extracted by an IT resource, and complex scripts written by auditors, followed by manual resolution of incidents. Such processes are adhoc with sporadic results, rather than an end-to-end solution systematically scanning for unusual transactions.

Advanced Modelling Capability: AFC allows users to model algorithms using pre-built Business Objects for ERP Cloud data analysis, in a secured environment. It’s authoring workbench provides tools to construct powerful searches using conditional, Boolean and non-Boolean filters. AFC also offers pattern matching, clustering and statistical analysis tools that are specifically designed for audit analysis. This provides users

unparalleled flexibility, far superior to reporting tools or tools that require complex data scripts and commands.

Sample ERP Data Elements

Payables Invoice Details	Operating Unit
Supplier Site Location	External Bank Account
Payables Invoice Batches	Payment Instruments
AP Payment	Expense Items
Payables Payment Schedule	Expense Mileage Policy
Payables Payment Term	Expense Report Attendees
Supplier	Expense Report Information
Payables Standard Invoice	Expense Entertainment Policy
Purchase Order	Expense Miscellaneous Policy

View Results Instantly to Fine-tune Control Logic: Auditors are faced with the challenge of designing controls that will identify high-value incidents efficiently. While filtering for such cases, untuned logic often generates too many results (i.e., false positives), causing delays and waste of time and effort.

AFC allows users to build, test and refine models iteratively until they are working as desired. Finalized models are deployed as Controls to prevent further changes and ensure audit integrity.

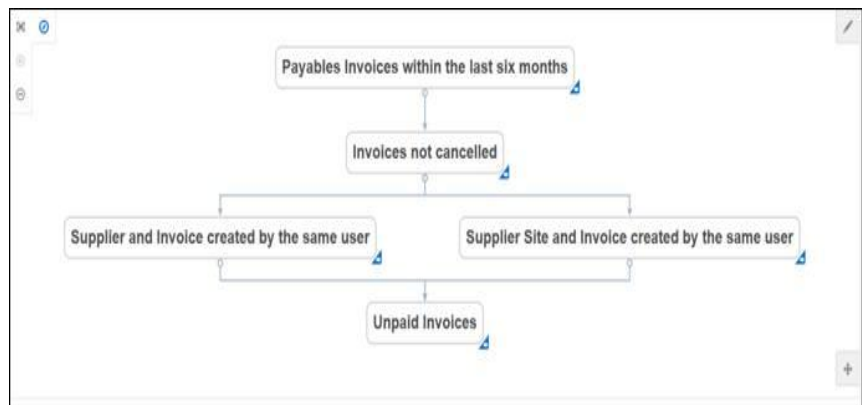


Figure 2. Advanced Financial Controls Graphical Control Design Workbench

Identify Anomalies and Outliers using Advanced Analytics: Users can employ a range of advanced statistical functions and big data tools, such as “fuzzy” logic for matching of similar text, values and dates. This helps identify hard-to-find duplicates with similar, hyphenated or abbreviated names.

Manage Exceptions by Collaborating Effectively

Assign Incidents for Investigations: Worklists and notifications alert designated users as soon as suspicious transactions or patterns are identified, facilitating prompt analysis. Results of the completed investigation can be updated and made available for review by Auditors and Management.

Data querying tools are limited to analysis, and do not support issue investigations and resolutions. AFC operationalizes existing policies as continuous controls, and serves to track potential violations with complete investigations for audit evidence.

While some of the artifacts such as Business Objects, and modelling capability, may sound similar to a BI or a reporting tool, it is important to differentiate that BI reports present summarized information for management insights, whereas AFC delivers complete workflow to support fraud and error identification and management.

Prioritize incidents for resolution: The application allows users to assign a value – e.g., importance – to each control. This guides users to prioritize incident investigation and review in accordance with the associated risk, ensuring optimal use of organizations’ limited resources.

Generate Trail of Audit Evidence: Investigators can record their analysis and findings, and attach documents or evidence to substantiate it. Once reviewed and approved, incidents can be closed and the documentation trail is automatically secured for subsequent review, providing visibility to internal auditors and executives.

The screenshot displays the Oracle Advanced Financial Controls (AFC) interface. At the top, there are navigation tabs for 'Advanced Controls', 'Results', and 'Advanced Controls Reports'. Below this, the main header reads '30001 TXN: Identify Duplicate Invoice Entries'. A search bar and 'Show Filter' button are present. Below the search bar, there are options for 'View', 'Format', and 'Export to Excel'. The main content is a table with the following columns: Result ID, Control Name, Status, State, Incident Information, Control Last Run, Created Date, Last Updated Date, Comments, Closed Date, Result Investigator, and GP. The table contains 12 rows of data, all with a status of 'ASSIGNED' and a state of 'IN_INVESTIGA...'. The 'Incident Information' column consistently shows 'Payables Invoice In...'. The 'Created Date' and 'Last Updated Date' columns both show '1/28/16 12:35 AM'. The 'Result Investigator' column shows 'ALL_USERS' for all entries.

Result ID	Control Name	Status	State	Incident Information	Control Last Run	Created Date	Last Updated Date	Comments	Closed Date	Result Investigator	GP
124.16	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq
124.17	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq
124.18	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq
124.19	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq
124.20	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq
124.21	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq
124.22	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq
124.23	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq
124.24	30001 TXN Identify Duplicate Inv...	ASSIGNED	IN_INVESTIGA...	Payables Invoice In...	1/28/16 12:35 AM	1/28/16 12:35 AM	1/28/16 12:35 AM			ALL_USERS	Eq

Figure 3. Advanced Financial Controls offers dynamic modeling and integrated incident management

Simplify Governance with a Pre-Integrated Solution

Eliminate Adhoc Scripts & Data Analysis: In the absence of a single integrated application, organizations are constantly challenged by ever-changing audit needs. Ad hoc requests for data scripts and custom analysis using disconnected tools lead to dispersed analysis and inconsistent results. Gain full control over all your governance needs by establishing a single platform to meet all your audit requirements.

Accelerate Assessments: Automated Controls and associated incidents can be linked to the business risks and controls that are documented in Oracle Financial Reporting Compliance. This saves time verifying effectiveness of controls, accelerates assessments, and establishes confidence in the system of internal controls.

Identify ERP Access Violations: Establish conclusively whether a

privileged user has abused his or her access, or segregation of duties has been violated in the course of business transactions.

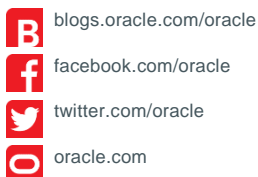
Provide Executives with Oversight: Create confidence in the integrity of financial reporting and the effectiveness of controls by providing information that is easy to understand. Executive dashboards can be configured to display actionable insights for timely follow up and quick resolution.



CONTACT US

For more information about Advanced Financial Controls, visit cloud.oracle.com/risk-management-cloud or call +1.800.ORACLE1 to speak to an Oracle representative.

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