



## Using Process Mining for Continuous Audit and Compliance

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### Why continuous compliance and audit is necessary?

For years, many enterprises have used traditional methods to conduct company audits. However, with the advancement in technology, more and more business processes are becoming digitized. Therefore, it is a prerequisite for auditors to retreat from traditional methods to a more advanced method of ensuring audit and compliance.

The financial impact of any failure in non-compliance can be extremely steep and can result in enormous costs. A single non-compliance event can cost enterprises, especially those in highly regulated industries such as financial services, healthcare, pharmaceuticals, and communication/media an average of \$39 Mn(1).

Such non-compliance event has become costly than ever for enterprises, far exceeding the costs of compliance resulting in productivity loss, business disruption, reputational damage and, revenue loss.

### What enterprises pay for non-compliance (2)

- Banks have been fined \$243 Bn for non-compliance since 2008
- A NY Bank was fined \$185 Mn after failing to comply with rules intended to protect client assets in 2015
- A US-based Large managed healthcare company was assessed a \$16 Mn fine for multiple violations in 2018

Should enterprises afford to take such risks? In other words, it makes good business sense to ensure compliance with all relevant regulations.

### What true compliance and audit should look like

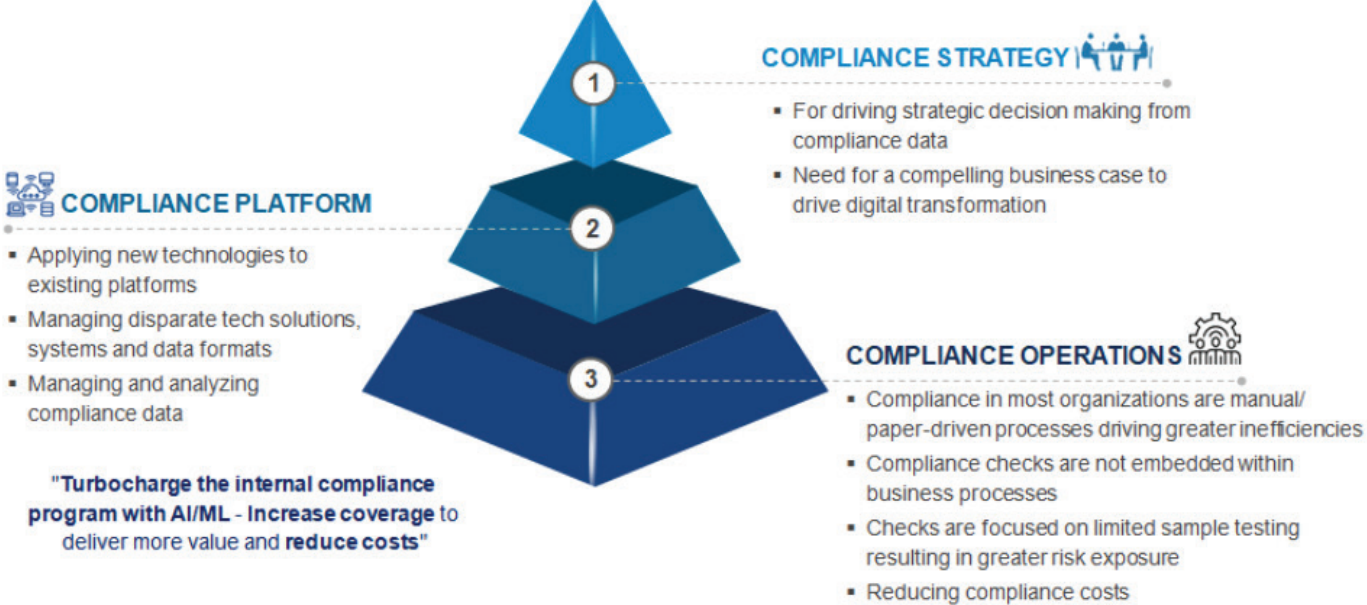
The continuous compliance and audit should not only identify non-compliance but also inefficient and sub-optimal processes by providing intelligence to make these processes optimal continuously.

	Proactive vs Reactive	Value Enhancement vs Value Preservation	Real-time & Granular vs Delayed & On Average
Current State	<b>Reactive Mode</b> Deviations and non-compliance are brought out in an audit at the end of the audit cycle	<b>Value Preservation</b> Examines whether a control was being performed or procedures were being followed for business processes/operations	<b>Delayed &amp; on Average</b> Challenges in consolidating compliance data from disparate sources/systems  Delays in analyzing and reporting findings in a single, user-friendly structure
Ideal State	<b>Proactive Mode</b> Takes a proactive approach to risk prediction allowing enterprises to mitigate risks and address any non-compliance requirements/events	<b>Value Preservation</b> Allows enterprises to uncover new ways to bring value to the business by identifying areas where the solutions can be further scaled	<b>Real-time &amp; Granular</b> Allows monitoring compliance data(both structured & unstructured) in real-time for identifying possibilities of non-compliance
Example	Early Warning System	Reallocate resources in risk-based mode	A digital agent performing an analytical review (set of automated logic tests)

The advent of emerging technologies is enabling the creation of a differentiated and innovative solution for continuous audit and continuous monitoring (CA/CM). Exafluence can help enterprises identify, address and shift from their current state to an ideal state of audit and compliance.

# A typical compliance stack & its areas of influence

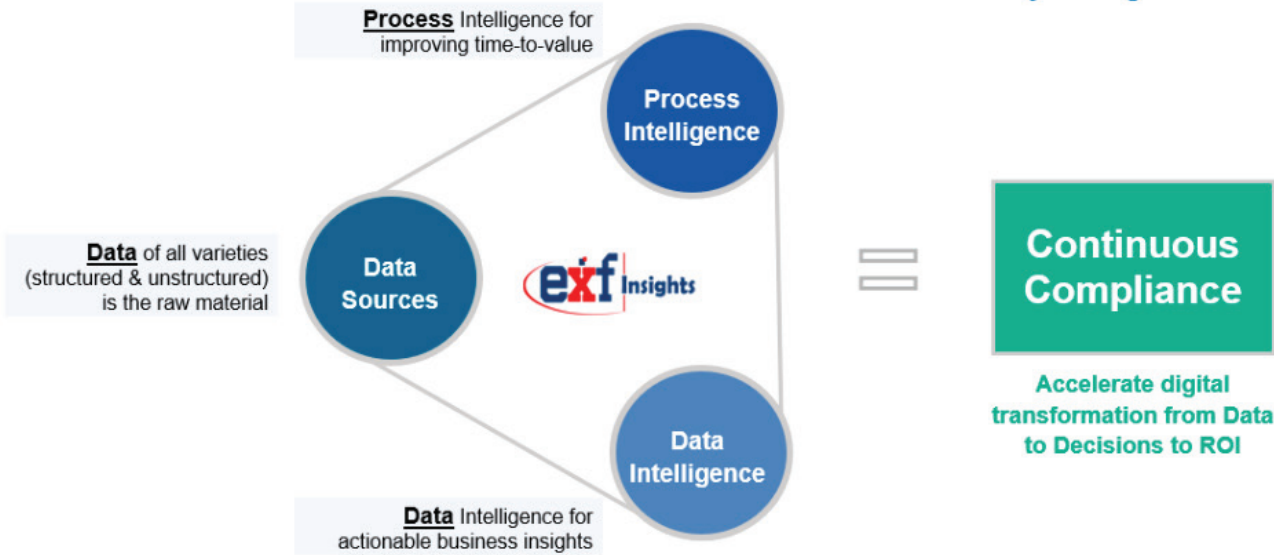
At Exafluence, we believe that a typical compliance stack includes linking compliance with overall strategy, investing in the latest compliance platform and technology ecosystem as well as compliance operations to enable CA/CM effectively



However, enterprises are not investing enough in maintaining or meeting compliance standards and spend only marginally annually on the latest compliance-related platforms (3). Turbocharge the internal compliance program with AI/ML – Increase coverage to deliver more value and reduce costs.

## How does Exafluence’s Continuous Compliance through CA/CM can help enterprises

Exafluence’s Continuous Compliance Engine powered by the ExfInsights platform helps global enterprises to effectively identify the right solution and the most impactful areas for transforming their audit and compliance function.



## Continuous Compliance Engine Benefits

- Collects and monitors important data feeds by leveraging existing infrastructure
- Discovers and visualizes critical processes to gain full transparency on process execution
- Provides real-time view on process risk-health for proactive issue resolution and risk mitigation.
- Adds value by delivering data-driven and predictive insights, and customized reports
- Reduced Opex due to the business process optimization
- Automated, faster auditing and on-demand
- Lesser time to implement