Fastpath

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Audit Compliance and Internal Audit Analysis for Dynamics:

Better Audit Results with a Reliable, Repeatable Process using Fastpath

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Executive Summary

This study examines the costs and effort associated with internal audit and segregation of duties analysis for Microsoft Dynamics users. It focuses on four key areas of audit compliance:

- Security access reporting
- Audit trail and system monitoring
- Segregation of Duties (SOD) analysis
- Continuous compliance including mitigation and documentation

Fastpath offers a comprehensive audit methodology that allows users of Microsoft Dynamics AX, GP, NAV, CRM and SL to increase the quality of their audit analysis while decreasing the time and cost of preparation. Fastpath has created multiple products to support this methodology and meet audit requirements; Fastpath Assure, Fastpath Audit Trail and Fastpath Audit View. By implementing a continuous compliance solution like Fastpath, customers can make internal audit part of their normal business processes and create an environment that is more transparent and secure.

Our research indicates that use of Fastpath audit products can decrease a company's audit preparation costs by as much as 70% while simultaneously decreasing the time spent on preparation by a similar margin. Additionally, these cost improvements are accompanied by better audit results and a more consistent audit reporting and documentation methodology.

The discussion below will focus on the following areas of interest:

- Key audit and security challenges in Dynamics
- An in-depth TCO analysis
- A case study of user experiences in business

The Challenge for Dynamics Users for Internal Audit and SOD Reporting

System Knowledge

Segregation of duties (SOD) analysis in a given ERP requires knowledge of the underlying ERP system as well as a company's business processes. The auditor's knowledge of your ERP directly impacts the quality of and time necessary to perform an audit. Not all auditors have the necessary Dynamics knowledge to perform internal security audits, therefore, creating a need for tools to assist in this process.

Lack of Native Reporting Capability

Most Dynamics products lack the reporting necessary for an adequate SOD and security analysis. The analysis necessary for a successful internal audit includes a review by business process, transaction, form, menu and other ERP specific concepts. Most native reporting, when available, focuses on reporting by user which makes analysis a manual, inconsistent and time consuming process. This method often consists of printing a comprehensive user listing, manually reviewing and identifying individual user access.

Tracking All Changes to the Database

Auditors want to see that a company understands the origin of all changes to key data in their systems and that they can demonstrate the ability to analyze such data as necessary. Whether a change was made from a user within Dynamics, by an external interface from another system or directly by programming against the database, the auditor needs visibility into who made the change, when the change occurred and the associated values. Ideally, this information should be easily queried and allow auditors to request ad hoc reports on an as needed basis.

Analysis and Documentation

An appropriate SOD review involves analysis and documentation. The first step in this process is to report on potential conflicts followed by documentation of results and potential mitigation to improve business processes. By documenting mitigation and compensating controls in a structured way, the preparation and analysis needs for successive audits are decreased substantially.

Audit Analysis for Businesses of All Sizes

With use of an automated solution featuring analysis and templates designed for a given ERP, any size organization can streamline their audit preparation and analysis without sacrificing quality. To achieve this goal, Microsoft Dynamics customers need solutions that satisfy the following requirements:

- Security analysis designed for each Microsoft Dynamics product
- Comprehensive change analysis at the database level
- A software application featuring analysis and documentation features
- Audit software designed by auditors for auditors

Continuous Compliance Software Designed for Microsoft Dynamics

Fastpath products are designed to allow customers of Microsoft Dynamics AX, GP, NAV, CRM and SL to easily analyze their security and SOD conflicts as well as document associated resolutions. Fastpath products meet auditor needs for Microsoft Dynamics customers in the following ways:

External Platform Designed for Microsoft Dynamics

Fastpath products are external .NET, SQL Server applications which allow for auditors to get the information they need without logging into the underlying ERP. Fastpath worked with Certified Internal Auditors and software specialists to define potential conflicts that exist within a given ERP whether it is tables in Microsoft Dynamics AX, custom solutions in Microsoft Dynamics NAV or forms in Microsoft Dynamics GP. By including the ERP knowledge within the application itself, Fastpath allows auditors to focus on the analysis and the quality of the overall audit.

Tracking All Changes

Fastpath Audit Trail tracks changes at the database level from both internal and external sources, presenting the information in a concise and meaningful way. The software is delivered with templates and standard reports for most common business processes, such as Order to Cash and Procure to Pay,

making it easy to configure and use. Audit Trail configuration can be duplicated for multi-company or multi-installation environments. Tracking changes at the database level minimizes impact to system performance and ensures visibility to all data changes regardless of the system used to make the change.

An Exclusive Net Change Analysis Methodology for Continuous Compliance

Internal audit is a never-ending effort. Environments change, employees are hired and fired and your audit solutions need to keep up with those changes. Fastpath has developed a methodology which allows customers to reduce necessary audit analysis by leveraging documentation from previous audits. Auditors have the benefit of seeing what steps were taken in the past allowing them to limit their analysis to new conflicts without sacrificing quality.

Better Audits with Better Knowledge

Fastpath built audit compliance solutions with auditors in mind. By including best practice audit standards and analysis for each Microsoft Dynamics product, Fastpath customers have a solution specific to their ERP; not a general solution servicing multiple, differing ERPs. Customers get the benefit of years of customer and auditor experience that can be invaluable when preparing for external audits.

TCO Study

Fastpath audit solutions deliver a clear advantage in TCO and ROI over native solutions available for Microsoft Dynamics. Our research suggests that the product will lead to an annual decrease in audit preparation time and cost of as much as 70% with even more dramatic results possible.

The primary drivers of the Fastpath advantage are as follows:

Automating Manual Processes

Currently, in order to perform security analysis for Microsoft Dynamics, customers must rely on a manual process to identify all users that have access to specific transactions. Automation offers a "per user" savings because the analysis is done by user and must be reviewed during each audit. These savings may be further increased by the time efficiency experienced when compiling necessary audit data and generation of potential conflict reports.

Easy to Access Reports

Fastpath offers a convenient and user friendly reporting interface. Auditors do not have to involve IT to generate the reports necessary to complete their review because ad hoc reporting is available on a daily, monthly or quarterly basis along with the ability to schedule reports for delivery. Without this reporting interface, identification and preparation of reports required by auditors would need to be prepared prior to their arrival and any follow up reporting would need to be generated very quickly.

Net Change Analysis and Documentation

With Fastpath's unique net change analysis methodology, auditors can perform exception based analysis which focuses on new or changed data while maintaining access to the complete data set, if needed. This allows auditors to easily identify transactions that present the largest risk and ability to focus on

critical business transactions. When audits are performed manually, a subset of transactions is used as a sample to represent the broader business, therefore, allowing for greater chance of oversight of significant line items.

TCO Overview

Fastpath's results are based on interviews with Microsoft Dynamics clients using native Microsoft Dynamics audit functionality as well as those using automated solutions. The aim of the study was to understand the amount of time necessary to perform standard audit functions using both methods and associated resource costs of each approach. Actual costs incurred by any organization may vary, therefore, costs cited in this study should be used only as guidelines.

TCO Methodology

The study evaluated the cost of audit compliance for an enterprise based on analysis per Microsoft Dynamics user. The results were based on the time spent generating audit reports using native Microsoft Dynamics functionality, time to perform audit analysis and document mitigations for a business of 25 users. The variables in the analysis were number of audits per year, number of Microsoft Dynamics users and cost of resources used for audit analysis and report generation. In the example included, a blended rate for analysis was used for internal and external audit resources as more costly resources would be used for conflict definition and mitigation.

As described earlier in the document, there are some necessary reports that are not available for various Microsoft Dynamics products. For those products, there would be additional cost associated with report definition and development prior to the results in this analysis.

Research Findings

Global Variables

Number of audits annually	4
Number of users at Company	25
Hourly pay rate of audit prep and analysis resource	100.00
Hourly cost of resource generating audit reports	36.00
Number of reports requested by auditors each audit	12

SOD Analysis	Using Native Dynamics	With Fastpath
First Audit		
Conflict List Development(in minutes)	2400	60
Average minutes for security analysis & mitigation per User	46	10
Cost for First Audit	5,916.67	516.67
Subsequent Audit		
Average minutes for security analysis & mitigation per user	46	4
Cost Per Audit	1,916.67	166.67
Audit Report Generation		
Average minutes to generate each audit report, if possible	6	1
Cost Per Audit	43.20	3.60
Audit Report Analysis		
Average minutes to perform analysis per report, if possible	5	2
Cost Per Audit	36.00	14.40
Total Costs Per Audit		
Total Cost for first audit	**5,995.87**	**534.67**
Total Cost for subsequent audits	**1,995.87**	**184.67**
Total Annual Costs		
Total Annual audit costs Year 1	**11,983.47**	**1,088.67**
Total Annual audit costs Year 2+	**7,983.47**	**738.67**
Annual Savings with Fastpath - Year 1	10,894.80	
Annual Savings with Fastpath - Year 2+	7,244.80	