

CUSTOMER SUCCESS STORY

How BNY Mellon Streamlined its Process and Reduced Key Testing Controls

Founded in 1784 by Alexander Hamilton, the Bank of New York Mellon has been at the forefront of change in the financial world for 230 years. Today BNY Mellon considers itself the bank for other banks, as most of its clients are other large financial institutions for which it helps manage and safeguard their assets. “Right now we have about \$37 trillion in assets under custody that we help manage. One out of roughly every \$3 that goes through the world economy we touch in one form or another,” says Scott Cronin, Global Head of SOX Compliance and Controls. “As a large financial institution we come under a high great degree of scrutiny from the Federal Reserve bank in the US, as well as a host of international regulators. In addition to the traditional SOX work we perform, we are also tasked with building and executing a framework to ensure that our regulatory reporting is accurate and complete.”

DISCONNECTED APPLICATIONS DRIVE THE NEED FOR CHANGE

When Cronin joined BNY Mellon, he was surprised to find the team was managing its process with a combination of spreadsheets, Word documents, home-grown tools, and a vendor-supplied application used to store work papers. “We had no centralized repository to manage the SOX framework from beginning to end, including process flows, narratives, control inventory, and our testing results. That became quite a strain on the team because they had to access a number of tools just to complete simple tasks. It also created a strain with our business partners, the people we’re auditing and reviewing, and the control owners,” said Cronin. “One of the bigger issues for me was struggling to get the right degree of transparency into what my own team was doing. And a significant pain point for those of us in leadership was really the same as the team faced - having to deal with so many manual



SCOTT CRONIN

Global Head of SOX Compliance & Controls

BNY Mellon

Industry: Financial Services

Headquarters Location: New York, NY

Employees: 48,000

Business Impact: Centralization of data enhanced team collaboration and reporting; increased transparency empowered business owners to proactively manage controls; enhanced alignment with external auditors; right-sized control population.

SOLUTIONS USED

✘ SOXHUB

✔ WorkStream

BNY Mellon’s Audit Program: A Snapshot

- SOX Controls & Compliance team of sixty-five members located in the United States, Europe, and India.
- Responsible for both SOX testing and regulatory reporting.
- Previously managed the audit process with a disparate set of tools. Performing basic tasks and aggregating data for reporting was difficult and time-consuming. Interactions with business partners suffered due to lack of transparency.

Threefold Vision for Implementing a Software Solution

Cronin had three primary goals for implementing software to manage the SOX program.

processes and not having a strong workflow to manage the process from beginning to end. It was very hard to aggregate our data because it was all over the place.”

The key decision point for Cronin to select and implement software to manage the SOX program came after making it through his first year-end SOX close at BNY Mellon. “I saw how much time was wasted by the team gathering information from a disparate set of tools, as well as how little transparency there was for the business. I decided we needed to explore what options were available in the marketplace,” said Cronin.

DISCOVERY OF A PURPOSE-BUILT SOLUTION

The BNY Mellon team evaluated a number of tools offered by different vendors. “I’ve used other software at prior employers for similar purposes,” said Cronin. “One of the challenges I’ve seen, particularly with some of the bigger tools, is that they’re okay at doing a little bit of everything but they’re not great at doing any one particular thing. The community of users would get frustrated because the tools only met 50-60% of their needs.”

“AuditBoard didn’t require much, if any, customization off the shelf, which streamlined our implementation process. We ended up with a solution that the team and our business partners were happy with, because it was suited for the purpose for which we purchased it,” Cronin explained. “With AuditBoard, we were able to get that much faster to the vision I wanted - to improve the efficiency of our SOX program through automating our workflow in a software tool.”

The BNY Mellon team also appreciated its engagement and interaction with AuditBoard’s implementation team. “While we didn’t work to heavily customize our setup, we did have some specific requirements that were important to us,” shared Cronin. “Throughout the process, the AuditBoard team really listened to and understood what we were saying. They were very timely at turning around our requests, and in some cases, taking a broader, even vague, request and actioning that and turning it into something that was tangible and hit the mark as far as what we were looking for.”

BENEFITS REALIZED IN SHORT ORDER

Even after just one year of using AuditBoard, BNY Mellon has seen measurable improvements in how its SOX program operates.

“**Number one** is the dashboards and reports AuditBoard provides for communicating with our business partners,” explained Cronin. “I meet with senior people from every part of our business on a routine basis and I’m able to concisely and accurately share with them audit details for their lines of business. Sharing that meaningful data has been very well received by our business partners. It’s

- 1 **Increase the efficiency of the team** by removing impediments to their success, including older legacy technology and hundreds of spreadsheets that slowed down the process.
- 2 **Build transparency between the SOX program and the business** by allowing business partners to see the status of requests for information, issue resolution, and the overall SOX compliance process.
- 3 **Build a better workflow with external auditors** with one place to share work papers and PBC documentation, reducing duplicate requests for information of business owners.

helped the way they think about managing their own control environment and partnering with us.”

“**The second benefit** I’ve seen is being able to look at the allocation of control testing within my team. We’ve been able to see where we have opportunities to stretch some of our staff, where they have the capacity to take on more work. In other cases, we can see that some of our staff or managers have too much on their plate and we can reallocate that workload accordingly,” said Cronin.

“**A third benefit** is stronger overall reporting. When we were constantly building and rebuilding manual reports, a tremendous amount of time was spent and many hours wasted,” shared Cronin. “AuditBoard eliminates that wasted time because the data is all in one place and we can present information in a concise manner. Now as we compile our reports, I have confidence that the data is correct. I can focus more of my energy on the message I want to tell our CEO, our board, and our audit committee.”

APPRECIATION OF VARIOUS STAKEHOLDERS

Groups throughout the BNY Mellon organization recognize improved experiences since implementing AuditBoard, as Cronin explains:

Audit Team

“Since we implemented AuditBoard, the overall speed of the experience has improved for my team. With our old process, multiple hours per week were wasted by staff just getting the technology to work and getting up and

running. Now everything they need is readily available in AuditBoard. The amount of time saved by not having to navigate antiquated technology has been a win for them. My mid-level managers appreciate being able to easily see real-time status updates for their specific staff members. Now that we have AuditBoard, they're not bogged down in spreadsheets and old technology. They're saving multiple hours a week during our peak season versus what it previously took them to complete their tasks, because the technology just works."

Business partners

"Prior to using AuditBoard, our business partners had very limited transparency into the SOX program. Now our control owners can see all of their controls in one place and, if there is a change to a control, they can make updates themselves. Our business partners not only have visibility, they are engaged, empowered, and have true ownership of their control environment."

Upper Management

"Senior management has also seen drastic changes with the implementation of AuditBoard. Previously there was very limited reporting about where their teams had control failures. They would try to piece information together from multiple spreadsheets, but there was no way to critically look at the data in a meaningful way. Now they can accomplish in a few minutes what used to take an hour. By reviewing one of our AuditBoard reports, they can see the scope of their SOX environment and easily identify and focus on problem areas."

External Auditors

"The external auditors used to face challenges receiving and reviewing data, whether it was from the business process owners or directly from the SOX team. The business would either email it to them or upload it to the external auditors' SharePoint site. Now we have a straightforward process in which we are aligned with our external auditors on our document requests for SOX testing. The business owners can upload the necessary information to one place where it is accessible by the external auditors as well as my team. While they still use their own tool to complete their work, they can now leverage the capability of AuditBoard to see the status of open PBC requests."

RIGHTSIZING THE CONTROL POPULATION

AuditBoard has not only allowed the BNY Mellon team to manage its population of controls, it has also given Cronin

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— SCOTT CRONIN

and his leadership team an opportunity to take a critical look at the control environment and link it to financial statement line items and processes. "Now we can slice and dice that data in whatever way we feel is appropriate. That capability has allowed us to take a step back and rationalize our control structure. We can see where we have too many controls, where we have too few controls, and where we have what we feel is the right number of controls," said Cronin. "We can apply that focus to a line of business, a given process, or specific financial statement report line. We have much better visibility than we ever had before into that type of data. Being able to leverage AuditBoard to see that data and execute against a rationalization target has been a huge win for us so far."

By leveraging AuditBoard, BNY Mellon's audit team is now positioned to gain greater efficiencies year-over-year as they manage their SOX testing and control environment using the platform. To learn how you can join hundreds of AuditBoard customers like BNY Mellon in saving time and increasing transparency, visit www.auditboard.com.

ABOUT BNY MELLON

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