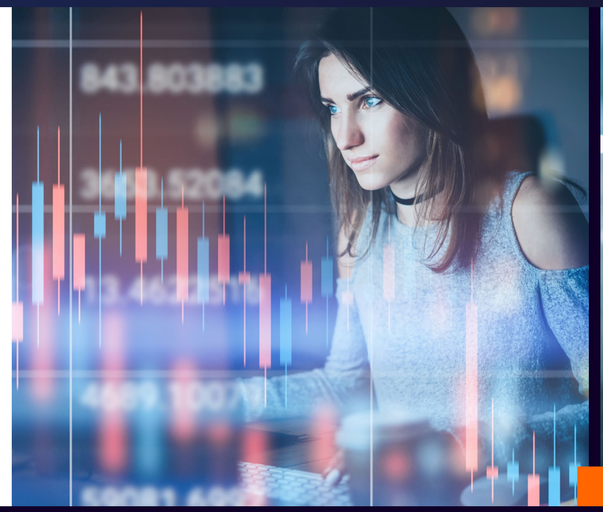

DIGITAL™
WORKFORCE
E-BOOK
Intelligent Automation
in Finance

Intro

It is essential for businesses to perform the correct internal controls and provide proper documentation. But how can an organization carry out its internal controls quickly and effectively?

In this eBook we give **8 concrete examples** of successful implementations where automation has been used to radically improve the efficiency and effectiveness of internal controls.

The last two examples on our list describe control measures in which Artificial Intelligence (AI) has been used to extend the capabilities of RPA and the degree of automation through machine-aided reading of non-structured data such as images, e-mails, and PDFs.



IN OUR EXPERIENCE,

more than 95% of internal controls are still performed manually or include the manual extraction of data from different IT systems. Yet, it is typically not only possible but **easy to automate up to 90% of these tasks!**

USE CASE 1

Validating data on unemployment claims.

The Covid-19 crisis substantially grew the number of unemployment claims received by government agencies. Without automatic monitoring and data validation, the processing of these claims would have been significantly delayed.

Risk:

Paying incorrect unemployment benefits and significant delays.

Control Objective:

Only eligible claims are processed. No incorrect or double payments should be made.

Frequency:

Per received claim, several times a day.

Control Method:

Automated control and manual exception handling.

Control Performer:

RPA robot + a (human) Application Handler to review exceptions.

Control Description:

An RPA robot retrieves unemployment claims from the fund's claim portal and takes the following actions:

1. Checks that the applicant has registered as an unemployed jobseeker for the application period (only registered applicants are eligible for the unemployment benefit).
2. Checks the applicant doesn't have an existing claim for the same period.
   Here, the robot crosschecks the application against data in the organization's source system.

The robot adds details of its actions and conclusions to the claim's 'additional information' field and changes the application status to 'checked'. If the robot detects any anomalies, it sends an alert to a human colleague who checks and documents the results of the detected anomalies.

Control Documentation:

Log entries made by the bot are stored in the application's event data.

USE CASE 2

Checking refund claims.

Airlines and travel agents around the world had the majority of their booked flights cancelled due to the Covid-19 crisis. Customer service and support functions were overwhelmed by the volume of refund claims. Many companies turned to RPA to process and validate claims and automate internal controls.

Risk:

Incorrect refunds and significant delays.

Control Objective:

Refunds are made correctly and on time.

Frequency:

Per received claim, several times a day.

Control Method:

Automated control.

Control Performer:

RPA robot.

Control Description:

An RPA robot retrieves refund claims from the company's customer portal and takes the following actions:

1. Confirms that the flight or trip in question has been cancelled.
2. Checks that the trip has been fully paid and that the customer hasn't already been refunded.
3. Updates the claim with the retrieved information and, if everything checks out, prepares the claim for refund.

The robot adds details of its actions and conclusions to the claim's 'additional information' field and changes the application status to 'checked'. If the robot detects any anomalies, it sends an alert to a human colleague who checks and documents the results of the detected anomalies.

Control Documentation:

Log entries made by the bot are stored in a separate excel-log attached to the application's notes.

USE CASE 3

Journal entry preparation and approval.

To verify the accuracy of financial reporting, companies are required to monitor manual journal entries. Typically, journal entries are manually prepared and approved with a manual signature. The manual approval process is ineffective and can't reliably validate the completeness of approved journal entries.

Risk:

Incorrect or unauthorized journal entries are made to the company's general ledger (GL).

Control Objective:

All manual changes to the GL are verified and can be approved by the Chief Accountant.

Frequency:

Monthly.

Control Method:

Manual control supported by a fully-automated documentation process.

Control Performer:

RPA robot + Chief Accountant.

Control Description:

The robot retrieves background information on returns, complaints and historically incurred warranty costs and calculates the change in warranty provision based on actual sales. It then creates a journal entry document and sends it by email to the Chief Accountant for approval. The Chief Accountant checks the document and emails the approval message to the robot, which then posts the journal entry to company's GL with the relevant supporting documentation.

Control Documentation:

The robot's calculation of warranty provision and the Financial Director's approval email are attached to the memo.

USE CASE 4

Completeness of invoicing.

A raw material manufacturer has automated its sales order processes. In a few cases, its clients have notified the company about not receiving a bill for delivered goods.

Risk:

Not all deliveries are billed.

Control Objective:

All deliveries are billed accurately and on time.

Frequency:

Monthly.

Control Method:

Automated control and manual exception handling.

Control Performer:

RPA robot + Controller.

Control Description:

An RPA robot compares all deliveries for the month to the corresponding sales invoices and makes a deviation listing of deliveries for which no sales invoice can be found. The robot sends the list to the Controller for review and further action.

Control Documentation:

The deviation report, including a deviation handling log and the Controller's approval, is stored on the company's drive.

USE CASE 5

Inventory costing review.

A technical wholesale store has automated the majority of its purchase order processes. After implementing a new ERP system, the company has identified margin deviations and sales fluctuations.

Risk:

The average value of an inventory item doesn't match the purchase cost. The inventory value is incorrect.

Control Objective:

The average value of every inventory item should match the purchase cost.

Frequency:

Monthly.

Control Method:

Automated control and manual exception handling.

Control Performer:

RPA robot + Head of Department.

Control Description:

An RPA robot looks for discrepancies by analyzing all products valued at the moving average price – checking the following:

1. Does the moving average price of the product and its last purchase invoice differ by less than 5%?
2. Do the units of measure match between the material master data and the latest product receipts?
3. Is the change in the moving average price of the product from the previous period more than 30%?

The robot sends the detected discrepancies for review to the corresponding departments. The Head of Department accepts the discrepancies and saves the conclusions on a document template created by the robot.

Control Documentation:

The average price report and the Head of Department's comments are stored on the company's drive.

USE CASE 6

Purchase invoice posting proposal.

A retail chain has automated its purchase order processes. On a few occasions, stores have notified Purchasing they have not received ordered goods despite payment already having been made centrally.

Risk:

Paid-for goods not received.

Control Objective:

Paying only for received goods.

Frequency:

Per bill, several times a day.

Control Method:

Automated control and manual exception handling.

Control Performer:

ERP system + algorithm using Machine Learning.

Control Description:

The company's ERP system automatically performs a three-way match, which matches orders and receipts to the received invoice. PO-based purchases can only be accepted for preapproved suppliers in the company's vendor master database. Tolerance limits have been set in the system, above which the invoices are rejected and sent for manual handling.

For Non-PO purchases control automation prepares a posting proposal: Key information such as approver, GL account and VAT code for purchase invoice are predicted with the help of a machine-learning-based algorithm. An algorithm predicts to whom the invoices should be sent for approval, to which GL account they are posted, and selects the applicable VAT code.

Control Documentation:

ERP logs where purchase invoices are matched with receipts and orders. For the manual exception handling, the approval sign-off is raised and stored in the invoicing system.

USE CASE 7

Checking the accuracy of VAT deductions.

A company engages in project activities in multiple countries leading to purchases with different VAT rates. Mistakes when selecting VAT rates in the company's accounting system are not always detected, which has led to a situation where VAT is not reliably deducted on purchases.

Risk:

The VAT on purchases is not deducted, impacting profit.

Control Objective:

All deductible VAT is recovered.

Frequency:

Monthly.

Control Method:

Automated control and manual exception handling.

Control Performer:

RPA robot + Chief Accountant.

Control Description:

An RPA robot makes use of additional computer vision capabilities to retrieve from the ERP system all purchases and purchase invoice images recorded for a desired period. The robot then identifies the VAT rates on the non-structured images and compares these with the rates recorded in the system. All discrepancies are sent to the Chief Accountant for review.

Control Documentation:

The comparison analysis report and the Chief Accountant's notes are saved on the company's drive.

USE CASE 8

Producing an overview

of the customer's payment transactions and detection of discrepancies.

A bank operates in Europe and is subject to regulatory compliance requirements for the financial sector, which have increased significantly over recent years. The industry has been forced to recruit thousands of people to carry out the growing compliance measures and simultaneously learn to use automation whenever possible to avoid inflating costs and human error. Some of the compliance measures are not even feasible to perform manually. For example, a software robot is required to run over 24 hours, retrieving data from different back-end systems, to compile a comprehensive picture of one customer's payments. This automated control is related to customer identification (KYC) and anti-money laundering regulation (AML).

Risk:

Non-compliance with anti-money laundering regulations, which can lead to significant sanctions and reputational risk for the organization.

Control Objective:

Producing an overview of payment transactions and observing deviations.

Frequency:

Daily.

Control Method:

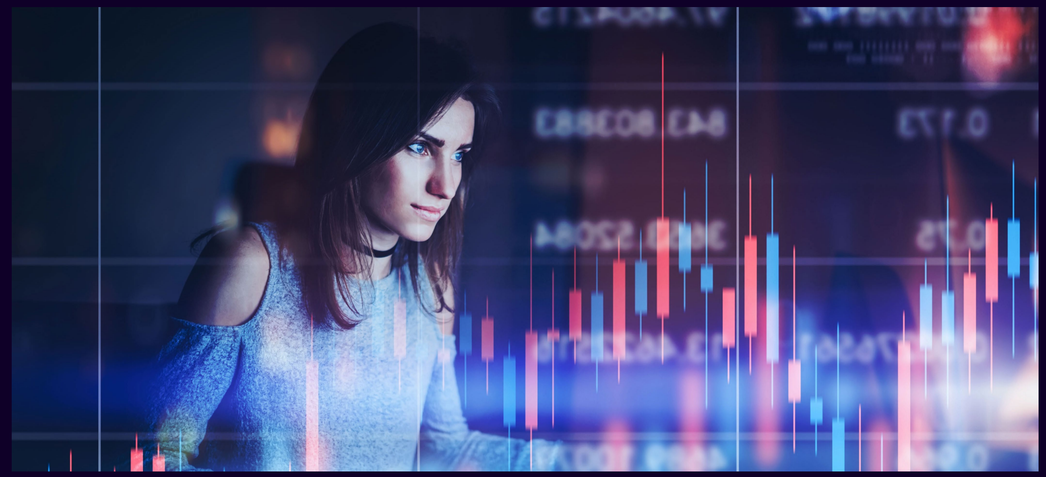
Automated control and manual exception handling.

Control Performer:

RPA robot + Payment Transaction Analyst.

Control Description:

An RPA robot prepares a summary of entities with which the customer has had payment transactions. It then retrieves the customer's reference number from the banking system and uses it to retrieve the related transaction data from the bank's legacy systems. Based on the transaction report, the robot performs a personal analysis, displaying the transaction events that match deviation rules. The report is reviewed by the Account Manager.



Control Documentation:

Analysis report and notes about the verification process. Documentation is maintained and stored in the bank's GRC system.

Want to learn more?

It is essential for businesses to perform the correct internal controls and provide proper documentation. But how can an organization carry out its internal controls quickly and effectively?

The solution is Robotic Process Automation from Digital Workforce. Discover how it could benefit your organization by getting in contact with us today.

Contact us to find out how we can support you on your automation journey and ensure you reach your goals!

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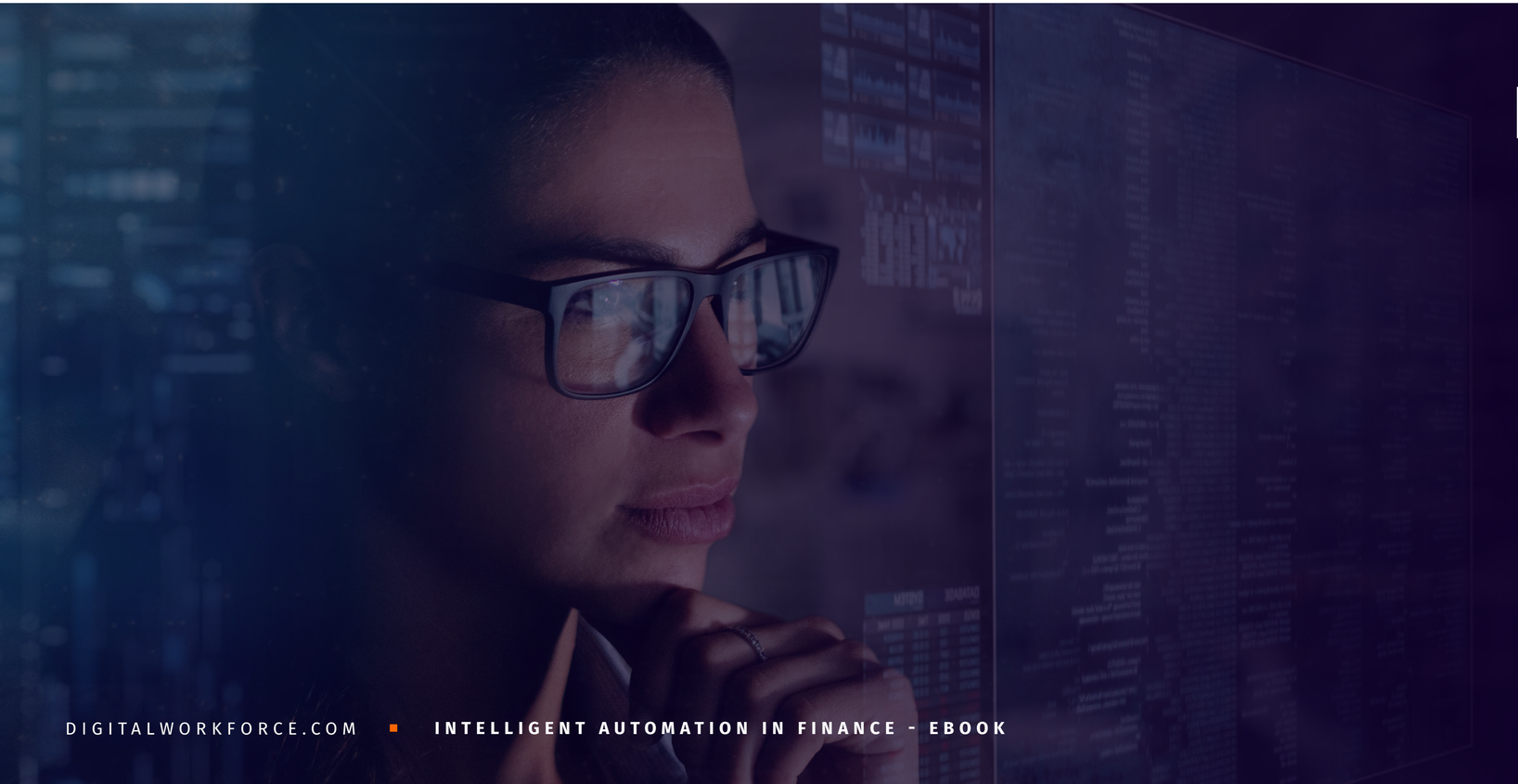

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