



Vipnet's excellent results in compliance achievement supported by IDS Scheer tools

## SOX challenges and SOX compliance in Vipnet

### Vipnet d.o.o.

In just one year, Vipnet became the leading GSM operator in Croatia. The harmonious combination of top international knowledge and experience in the field of mobile communications and the enthusiasm of the domestic companies-selected partners turned out to be an extremely successful formula for developing a modern GSM system. Vipnet's owner is mobilkom austria AG. In an exceptionally short period of time, Vipnet has become one of the most successful companies in Croatia as a result of the progressive expansion of its network and continuous investments in development.

▶ [www.vipnet.hr](http://www.vipnet.hr)

As a young, modern company, Vipnet started to implement the process management concept five years ago. As a subsidiary of mobilkom austria – a company of Telekom Austria (TA) – Vipnet was obliged to achieve compliance with the Sarbanes-Oxley Act. To do this, “control of the control of the control” has to be established. The great basis for this was at Vipnet already implemented business process management and use of ARIS. However, the whole system of internal control over financial reporting, demonstrated by the test results, has to be ensured. So a supporting tool for testing the controls was needed. ARIS Audit Manager was chosen and implemented as a complementary solution.

### Initial Situation

Compliance with the Sarbanes-Oxley Act (SOX) has become a “must” for US and non-US companies listed on the US stock exchange. The aim is to restore trust in the company's financial statements. As part of the mobilkom austria group, Vipnet was obliged to achieve this as well. It indicates transparency in business processes and proves the efficiency of the internal control system in accordance with SOX requirements.

### Solution

Vipnet's approach used the implemented process management as a valuable starting point and ARIS Audit Manager as the tool to provide support in SOX implementation.

### Customer Benefit

Vipnet has internal control over financial reporting in place through processes, controls and by testing plans and results in a consistent database.

### ARIS Platform Products

- ▶ ARIS Toolset
- ▶ ARIS Web Publisher
- ▶ ARIS Audit Manager





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### Initial Situation

In 2005, when the requirement to assist TA with compliance with the Sarbanes-Oxley Act was announced for Vipnet, there was generally a lot of uncertainty and lack of knowledge about the real and precise SOX requirements. It was clear that the compliance process relies on significant accounts, processes and controls that have to be defined, established and tested regularly to prove effectiveness.

It requires a lot of new tasks and obligations, costs and resources.

Vipnet has always been a customer-oriented company, innovative, passionate and successful, providing an exceptional experience for customers through easy-to-use, high-quality P&S and unique customer service. For instance, a long time before SOX emerged; process management was implemented with a main focus on customer-related processes, processes that support strategic goals and the ability to change according to the needs of the market. However, with SOX a new, financially oriented approach was needed. Controls were not specifically defined if they actually existed; they were not regarded as a special part of process mapping. Testing of the controls was not considered. Processes were defined supported by ARIS Platform software, with several levels of detail, and they were published on the company's website by ARIS Web Publisher.

### Solution

There were two phases in achieving compliance at Vipnet. During a "dry run" in 2005, project organization was established, strongly supported by top management. Process development involved providing support for the existing process management concept and tool, ensuring a boost to the process landscape with new processes. These were needed mostly in the area of finance but also in the technical sphere to support COBIT requirements.

Defined processes were also used to map major classes of transaction (MCOT) required by SOX. Supported by the database orientation of a tool, Vipnet established an additional process view – the so-called SOX or MCOT view.

However, before MCOT definition, risk definition within the significant processes was required. Risks are detected and mitigated by appropriate controls. Control effectiveness has to be proved by explicitly defined testing. This involves not just risk description but also control description, frequency, responsible people and executors as well as testing steps and the sample sizes. This data is defined in a user-friendly form for process/control owners – in excel sheet. However, sheets are just the "interface" to the user. Using import/export scripts, data is saved and maintained in ARIS attributes of a risk object, clearly defined within processes and available on the web. Testing of the controls has to be done regularly and very well documented. For this purpose, ARIS Audit Manager (AAM) was implemented. The tool supports Vipnet employees in that demanding task by planning, triggering and tracking tests and results in risk, control and test description. Data which is needed to test workflows is transferred in the ARIS Audit Manager module directly from ARIS attributes. At the beginning of 2006, the SOX project was handed over to the line organization in order to achieve compliance. All deficiencies detected during the "dry run" were remedied and then retested in AAM by both internal and external senior auditors and testers, providing Vipnet's excellent result to external auditors from the tool directly.

### ARIS Platform Products

Process management at Vipnet is supported by ARIS Platform, starting with basic modules and developing as any needs expanded. Although it is a fast-growing company, Vipnet insisted on data consistency within the company. So the organizational structure in ARIS is updated by the relevant database in HR and supported by a semi-automatic link established through the ARIS HR Link module. Processes are published by ARIS Web Publisher on the company's website according to the authorization level defined by the process owner. When SOX compliance requirements appeared, ARIS Audit Manager was chosen as a solution consistent with the process management tool, using the processes, but also the new risk object.

*"If we have to do the SOX implementation, let's use it as a benefit to improve internal control system and to support corporate governance. Appropriate tool can make it better structured and paperless."*

Nevenka Crneka-Čudina,  
Business Process and SOX manager, Vipnet d.o.o."

Risk objects with some attributes with minor adaptation covered all data needed to describe not only the risk but controls and tests as well. Through appropriate choice of attributes, data needed for the planning of testing can be predefined.

The transfer of data from ARIS Toolset to AAM is done by scripts started in ARIS Toolset, and finalized in AAM. ARIS Audit Manager creates test cases according to the required frequency, assigns them to the appropriate group of testers and delivers the note via email. It also sends warnings and closes the test case after the due date. The tester assesses the control by performing the test, saves the result and comments in AAM. Accompanying documentation can be linked to the test results. The SOX officer, automatically informed about non-effective controls, can verify the test results and finalize them. Testing results and statistics are all available directly from the tool as a read-only report for the auditors.

### Customer Benefit

SOX implementation is a demanding and huge task, usually done in the form of a project, a strategic one, with the involvement of top management. At Vipnet, the project phase was rather short, and SOX compliance became one of the management processes in regular business and line organization requiring a lot of effort and commitment from Vipnet's management, process owners, controllers and new bodies, like the SOX Steering Committee and SOX Competence Centre. By the end of 2006, SOX final testing was performed by internal audit and independent testers within the company and by the external auditor.

The result was the confirmation of established and effective internal control over financial reporting. So the main goal - compliance with SOX requirements - was fulfilled based on the group materiality and scope definitions provided by the holding company.

In order to achieve this, some additional benefits were realized:

- ▶ process landscape enriched with new processes and new view of the processes
- ▶ processes improved by established controls (weak points detected and corrected)
- ▶ financial risk decrease
- ▶ stakeholder trust
- ▶ intensify awareness of processes and process owner responsibility

Some benefits are direct consequences of the implemented tool:

- ▶ paperless documentation and transparency of the processes and controls
- ▶ easier maintenance and improvement of the processes and controls
- ▶ workflow supporting the testing process
- ▶ unique and always up-to-date database of all test cases and their results
- ▶ less paperwork but consistent data for final report
- ▶ satisfied auditors
- ▶ whistleblower functionality integrated

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