

INNOVATIVE AND STRATEGIC AUDIT REPORTING TECHNIQUES

AGENDA

Presenter Bios Company Background Getting Started Transformation Process Reporting Innovations Lessons Learned

PRESENTER BIOS

- <u>Brittney Hall</u>: Brittney is a Certified Public Accountant with over 10 years of audit experience with public and private companies. She is currently an Audit Manager at Georgia-Pacific. Brittney has been at Georgia-Pacific for over 5 years in the Audit organization.
- <u>Arica McCord</u>: Arica is a Certified Public Accountant and Certified Internal Auditor with over 15 years of experience in corporate and public accounting environments. She is currently a Director of Internal Audit at Georgia-Pacific. Arica has been at Georgia-Pacific for over 9 years and has served in various roles within the Corporate Accounting, Controller's and Audit organizations.
- <u>Stephanie Rodgers</u>: Stephanie is a Certified Public Accountant. She has been at Georgia-Pacific for 8 years in various roles within the Controller's and Audit organizations. Stephanie is currently an Audit Manager leading the Audit organization's data analytics initiatives.

WHO ARE WE?

Georgia-Pacific is a major player in three primary areas of business:

- Respected brand name in North American building products (Plywood, OSB, Lumber, Gypsum, Particle/fiberboard, & chemicals segments)
- Major producer of tissue, towels, napkins and tableware for homes and businesses
- A top maker of fiber-based packaging
- Global supplier of market, fluff & specialty pulps for thousands of products



CONSUMER PRODUCTS





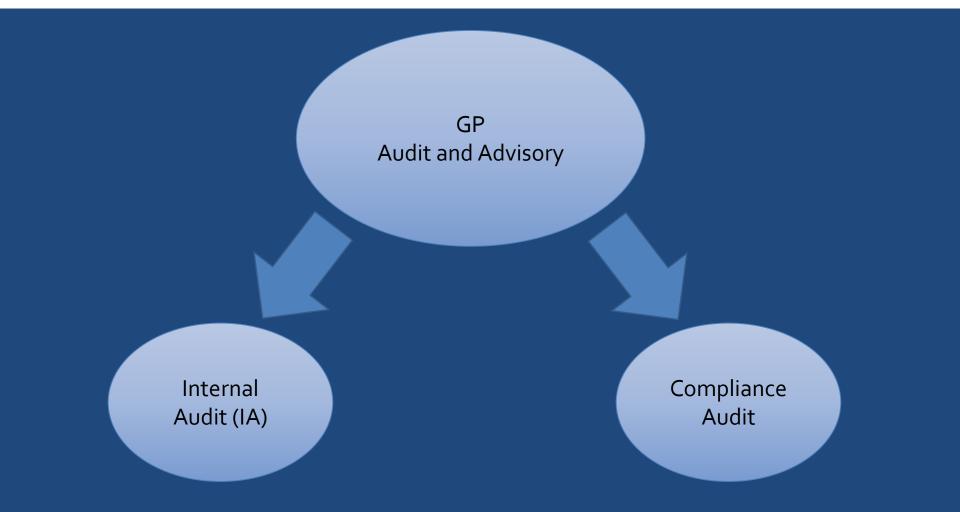
WE TOUCH HUNDREDS OF SMALL COMMUNITIES



- GP creates a total of 92,000 jobs across U.S. directly and indirectly
- Over 200 manufacturing sites (US, Canada & South America)

- Generates \$8 billion in local payroll
 & benefits
- 35,000 employees

HOW DOES IA FIT IN?



HOW DID WE GET HERE?

Past Report Formats



Internal Struggles

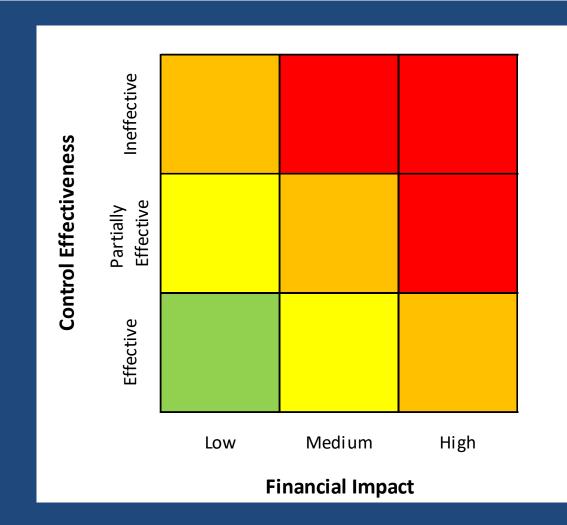
- Time consuming
- Missing positive practices





- Customer Struggles
 - Hard to Navigate
 - One size doesn't fit all
 - Connection to risk

ASSESSMENT MATRIX



REPORT OF AUDIT DETAILS (RAD)

в	c	D	E	F		G	н	1	J	к	L	м	N	0	P	0
Cantral Aree	Subpracess	Objøctiv,	Minimum Required Standards (IFC's)	Burinerr Objective/Rick matter?)		Overall Canclurian	Financial Impact	Control Effectivene ss	Overall Rating	Ropout Finding?	Actian Plan required	Primary Porsun Rospunsible	Department (Ouner)	Action Plan	Earo of implomontati on	Targot Dato
Inventory	Counting & Phyrical Inventory	Inventory Quantity	all inventory typer and locations.	unauthorizod opportunity fi		staroraam aroa. While this area has badgo restricted access, the daar is aften left prapped aponsa that anyane can onter and access the inventary.	Lou	Inoffective			Yor					
Inventory	Counting & Physical Inventory	Inventory Quantity	Phyzical inventorier murt be taken at leart annually.	Failuro to roci accuratoly m- dirtart inform	andlovetr	moonary. Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedures (SOP) do not exist.	Lau	Partially Effoctivo			No					
Inventory	Counting & Phyrical Inventory	Inventory Quantity	Ar a rorult of invontory countr, book invontory murt be reconciled to actual physical invontory.	Failur accurato dirtart infor	i olr i cor and in.	Unrocurdod rocunciling difforoncor woro idontifiod with a financial impact of \$XXX.	Medium	Inoffective			Yes					

Minimum Required Standards (IFC's)	Business Objective/Risk (Why does it matter?)	Overall Conclusion
all inventory types and locations.	theft or damage.	Adequate physical security does not exist over the storeroom area. While this area has badge restricted access, the door is often left propped open so that anyone can enter and access the inventory.
-	accurately may misstate financial balances and distort	Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedures (SOP) do not exist.
inventory must be reconciled to actual	Failure to record inventory activity and levels accurately may misstate financial balances and distort information used in production.	Unrecorded reconciling differences were identified with a financial impact of \$XXX.

REPORT OF AUDIT DETAILS (RAD)

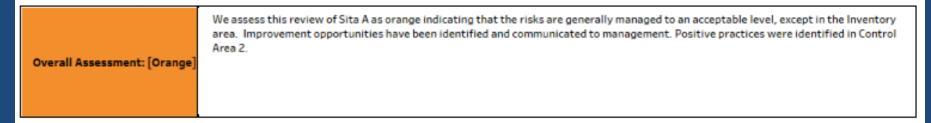
				<u> </u>											
В	с	D	E	F					N	_	м	N	0	P	Q
Cantral Aree	Subpracess	Objective	Minimum Roquirod Standardr (IFC'r)	Buriness Objective/Rick (Why dues i metter?)	Overall Canclurian	Financial Impact	Control Effectivene 22	Overall Rating	Ropost Finding?	Action Plan required	Primery Perron Responsible	Department (Ouner)	Action Plan	Earo af implomontati an	Targot Dato
Inventory	Counting &	Inventory	Adaquata physical socurity must axist avar	Inadoquato physical socurity may allow											
	Physical Inventory	Quantity	all inventory types and locations.	unauthorized accers to inventory, increasing the	storeroom area. While this area has badge						-				
				apportunity for theft or damage.	restricted access, the duar is aften left prapped		offective			Yor					
					openso that anyone can enter and access the					I I					
					inventory.										
Inventory	Counting®	Inventory	Physical inventories must be taken at least	Failure to record inventory activity and levels	Physical inventories appear to be taken at least										
	Physical Inventory	Quantity	annually.	accurately may mirstate financial balancer and	annually but adequate documentation and		Partially								
				dirtert information word in production.	Standard Operating Procedures (SOP) do not exist.		ffective			No					
Inventory	Counting &	Inventory	Ar a result of inventory counts, book	Failure to record inventory activity and levels	Unrocordod roconciling difforences were iden										
	Physical Inventory	Quantity	inventory murt be reconciled to actual	accurately may mirstate financial balances and	with a financial impact of \$XXX.										
			physical inventory.	dirtort information used in production.			octivo			Yes					

Overall Conclusion	Financial Impact	Control Effectiveness	Overall Rating	Repeat Finding?	Action Plan required
Adequate physical security does not exist over the storeroom area. While this area has badge restricted access, the door is often left propped open so that anyone can enter and access the inventory.	Low	Ineffective			Yes
Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedures (SOP) do not exist.	Low	Partially Effective			No
Unrecorded reconciling differences were identified with a financial impact of \$XXX.	Medium	Ineffective			Yes

REPORT OF AUDIT DETAILS (RAD)

	c	D	E	F			G	н		J	к						
Cantra	Area Subprac)bjøctivø	Minimum Roquirod Standardz (IFC'z)	Buriness Objective/Ri metter?)		verall Canclurian	Financial Impact	Cantral Effectivene 37	Overall Rating	Ropost Finding?	Actiun Plan required	Primery Person Responsible	Department (Ouner)	Action Plan	Earo af implomontati an	Target Date
Inver	tary Counting PhyricalInva	Invontory Quantity	Adaquata physical socurity murt oxist avor all invontary typor and lacations.	Inadoquato physical socurity r unauthorizod accoss to invont opportunity for thoft or dama-	ary, increaring the	storeroom area. restricted acces	cal socurity door not oxist over the While this area has badge ss, the door is often left propped one can enter and access the	Lou	Inoffactiva			Yer					
Inver	tory Counting PhysicalInva	Inventory Quantity	Physical invontorier murt be taken at leart annually.	Failure to record inventory ac accurately may mixtate finar distort information wed in pro	cial balances and	annually but add	arior appoar ta botakon at loart vquato dacumontatian and ting Pracoduror (SOP) da natoxirt.	Lou	Partially Effoctivo			No					
Inver	tary Counting PhysicalInva	Inventory Quantity	Ar a rorult of invontory countr, book invontory murt be reconciled to actual physical invontory.	Failure to record inventory ac accurately may mizstate finar distort information used in pro	cial balances and	Unroc o rdodroc uith a financiali	unciling differences were identified impact of \$XXX.	Madium	Inoffective			Yes					
	Action F require		Primary Person Responsible		epartmer (Owner)	nt		Actio	on Plan			im	Ease of plementa		Tai	rget Date	
	Yes																
	No																
	Yes																

NEW REPORT – 1ST DRAFT



Control Area 🚊	Assessment	Results			Assessm	ent Matrix	
Inventory		•••					
Control Area 2		Unrecorded reconciling diffe	ren	ices we	ere id	entifie	d with a
Control Area 4		e financial impact of \$XXX.	-				
Control Area 3			Effecti	Effective	21	2	0
Control Area 5			Control		Low	Medium	High
Control Area 6					Fina	ncial Impac	t
Control Area 7				Low <\$XX	-	Medium XX - \$XXX	High >\$XXX

Note: all data is dummy data





Internal Financial Controls (IFC) Review:

Site A

	We assess this review of Sita A as orange indicating that the risks are generally managed to an acceptable level, except in the Inventory area. Improvement opportunities have been identified and communicated to management. Positive practices were identified in Control Area 2.
Overall Assessment: [Orange]	

Control Area 🚊	Assessment	Results			Assessn	nent Matrix	
Inventory		• • •					
Control Area 2				Ineffective	3	1	0
Control Area 4		•	eness	Partially Effective	1	0	0
Control Area 3			Effectiveness	Effective	21	2	0
Control Area 5			Control		Low	Medium	High
Control Area 6		•••••	0		Fina	ncial Impac	t
Control Area 7				Low		Medium	High
				<\$XX	\$	SXX - \$XXX	>\$XXX

Control Area 🗄	Conclusion 7	
	Counting & Physical Inventory: Unrecorded reconciling differences were identified with a financial impact of \$XXX.	٠
Inventory	Counting & Physical Inventory: Adequate physical security does not exist over the storeroom area. While this area has badge restricted access, the door is often left propped open so that anyone can enter and access the inventory.	•
	Counting & Physical Inventory: Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedures (SOP) do not exist.	•
	Subprocess 5: Control A2/S5 is not designed or opperating effectively and corrective action is required.	•

TABLEAU DEMO

Note: all data is dummy data





Internal Financial Controls (IFC) Review:

Site A

Overall	Assessm	ent: [Ora	inge]		ment opportuniti	indicating that the risks are generally mana es have been identified and communicated					
As	sessment	Matrix			Financial Impact Threshold Ranges						
				Low		Medium	High				
				<\$XX		\$XX-\$XXX	>\$XXX				
Ineffective	3	1	0			Control Definitions					
/ene	_			Control Effectiveness	Definition						
Partially Effective	1	0	0	Ineffective	Control environ	ment is not adequate and below standard.	risks are not controlled				



Financial Impact

Low		Medium	High							
<\$XX		\$XX-\$XXX >\$XXX								
		Control Definitions								
Control Effectiveness	Definition									
Ineffective	Control environ	ment is not adequate and below standard,	risks are not controlled							
Partially Effective	Control environ controlled	ment is adequate but exceptions exist, som	ne high level risks are not adequately							
Effective No findings controlled		d, control environment is adequate and al	l high level risks are adequately							

Control Area 🚊	Control Area Conclusion	Assessment
Inventory	Control gaps were identified in this area that require immediate corrective action.	
Control Area 2	Some controls within this area are not operating effectively and require corrective action.	
Control Area 4	Controls in this area are deemed generally effective and risks are typically managed to an acceptable level.	
Control Area 3	Controls in this area are deemed overall effective and risks appear to be managed adequately.	
Control Area 5	Controls in this area are deemed overall effective and risks appear to be managed adequately.	

TABLEAU DEMO

LIMITLESS OPPORTUNITIES







Internal Financial Controls (IFC) Review:

Site Comparability

Summary:

We completed a limited scope Internal Financial Controls (IFC) assessment at three sites. Our objective was to provide a comparable view of the control areas selected. We have highlighted opportunities to knowledge share both positive practices and improvement opportunities between the sites.

Overall Facility Assessment	Site A	Site B	Site C

	Facility			
Control Area	Site A	Site B	Site C	
Inventory				
Control Area 2				
Control Area 3				
Control Area 4				
Control Area 5				
Control Area 6				
Control Area 7				

Control Area Conclusions				
Control Area 🚊	Facility	Control Area Conclusion	Assessment	
Control Area 2	Site A	Some controls within this area are not operating effectively and require corrective action.		^
	Site B	Controls in this area are deemed overall effective and risks appear to be managed adequately.		
	Site C	Controls in this area are deemed overall effective and risks appear to be managed adequately.		

TABLEAU DEMO

Note: all data is dummy data

KEY LEARNINGS

 Importance of Customer Feedback



 Check & Adjust Process for Consistency



QUESTIONS



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