



Georgia-Pacific

INNOVATIVE AND STRATEGIC AUDIT REPORTING TECHNIQUES

AGENDA

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

PRESENTER BIOS

- Brittney Hall: 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.
- Arica McCord: 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.
- Stephanie Rodgers: 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

BUILDING PRODUCTS



CONSUMER PRODUCTS



PACKAGING + CELLULOSE

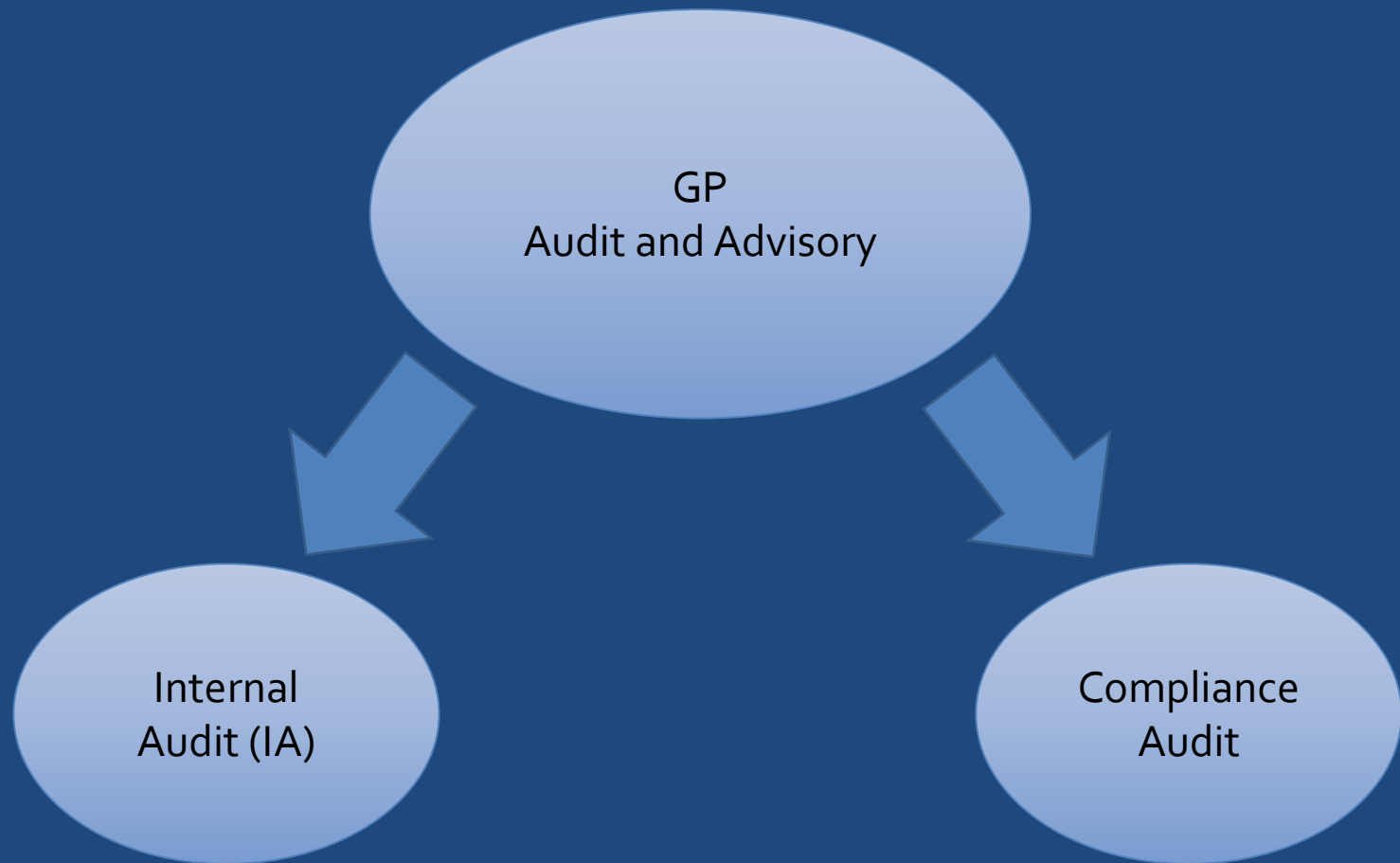


WE TOUCH HUNDREDS OF SMALL COMMUNITIES



- 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

Control Effectiveness	Ineffective	Orange	Red	Red
	Partially Effective	Yellow	Orange	Red
	Effective	Green	Yellow	Orange
		Low	Medium	High
		Financial Impact		

REPORT OF AUDIT DETAILS (RAD)

B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Control Area	Subprocess	Objective	Minimum Required Standards (IFC's)	Business Objective/Risk (Why does it matter?)	Overall Conclusion	Financial Impact	Control Effectiveness	Overall Rating	Repeat Finding?	Action Plan required	Primary Person Responsible	Department (Owner)	Action Plan	Area of implementation	Target Date
Inventory	Counting & Physical Inventory	Inventory Quantity	Adequate physical security must exist over all inventory types and locations.	Inadequate physical security may allow unauthorized access to inventory, increasing the opportunity for 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.	Low	Ineffective	High	No	Yes					
Inventory	Counting & Physical Inventory	Inventory Quantity	Physical inventories must be taken at least annually.	Failure to record inventory activity and levels accurately may misstate financial balances and distort information used in production.	Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedure (SOP) do not exist.	Low	Partially Effective	High	No	No					
Inventory	Counting & Physical Inventory	Inventory Quantity	As a result of inventory counts, book inventory must be reconciled to actual physical inventory.	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 \$XXXX.	Medium	Ineffective	Low	No	Yes					



Minimum Required Standards (IFC's)	Business Objective/Risk (Why does it matter?)	Overall Conclusion
Adequate physical security must exist over all inventory types and locations.	Inadequate physical security may allow unauthorized access to inventory, increasing the opportunity for 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.
Physical inventories must be taken at least annually.	Failure to record inventory activity and levels accurately may misstate financial balances and distort information used in production.	Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedures (SOP) do not exist.
As a result of inventory counts, book inventory must be reconciled to actual physical inventory.	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 \$XXXX.

Note: all data is dummy data

REPORT OF AUDIT DETAILS (RAD)

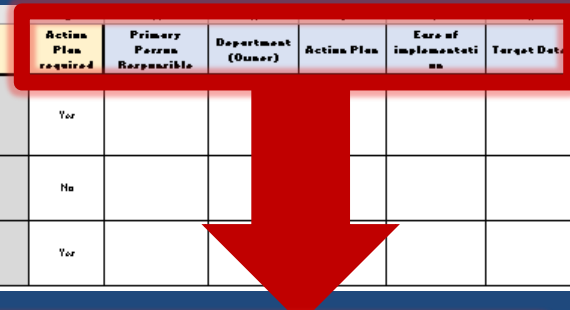
B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Control Area	Subprocess	Objective	Minimum Required Standard (IFC's)	Business Objective/Risk (Why does it matter?)	Overall Conclusion	Financial Impact	Control Effectiveness	Overall Rating	Repeat Finding?	Action Plan required	Primary Person Responsible	Department (Owner)	Action Plan	Start of implementation	Target Date
Inventory	Counting & Physical Inventory	Inventory Quantity	Adequate physical security must exist over all inventory types and locations.	Inadequate physical security may allow unauthorized access to inventory, increasing the opportunity for theft or damage.	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	High	No	Yes					
Inventory	Counting & Physical Inventory	Inventory Quantity	Physical inventories must be taken at least annually.	Failure to record inventory activity and levels accurately may misstate financial balances and distort information used in production.	Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedure (SOP) do not exist.	Low	Partially Effective	Medium	No	No					
Inventory	Counting & Physical Inventory	Inventory Quantity	As a result of inventory counts, bank inventory must be reconciled to actual physical inventory.	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.	Medium	Ineffective	Low	Yes	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	High	No	Yes
Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedures (SOP) do not exist.	Low	Partially Effective	Medium	No	No
Unrecorded reconciling differences were identified with a financial impact of \$XXX.	Medium	Ineffective	Low	Yes	Yes

Note: all data is dummy data

REPORT OF AUDIT DETAILS (RAD)

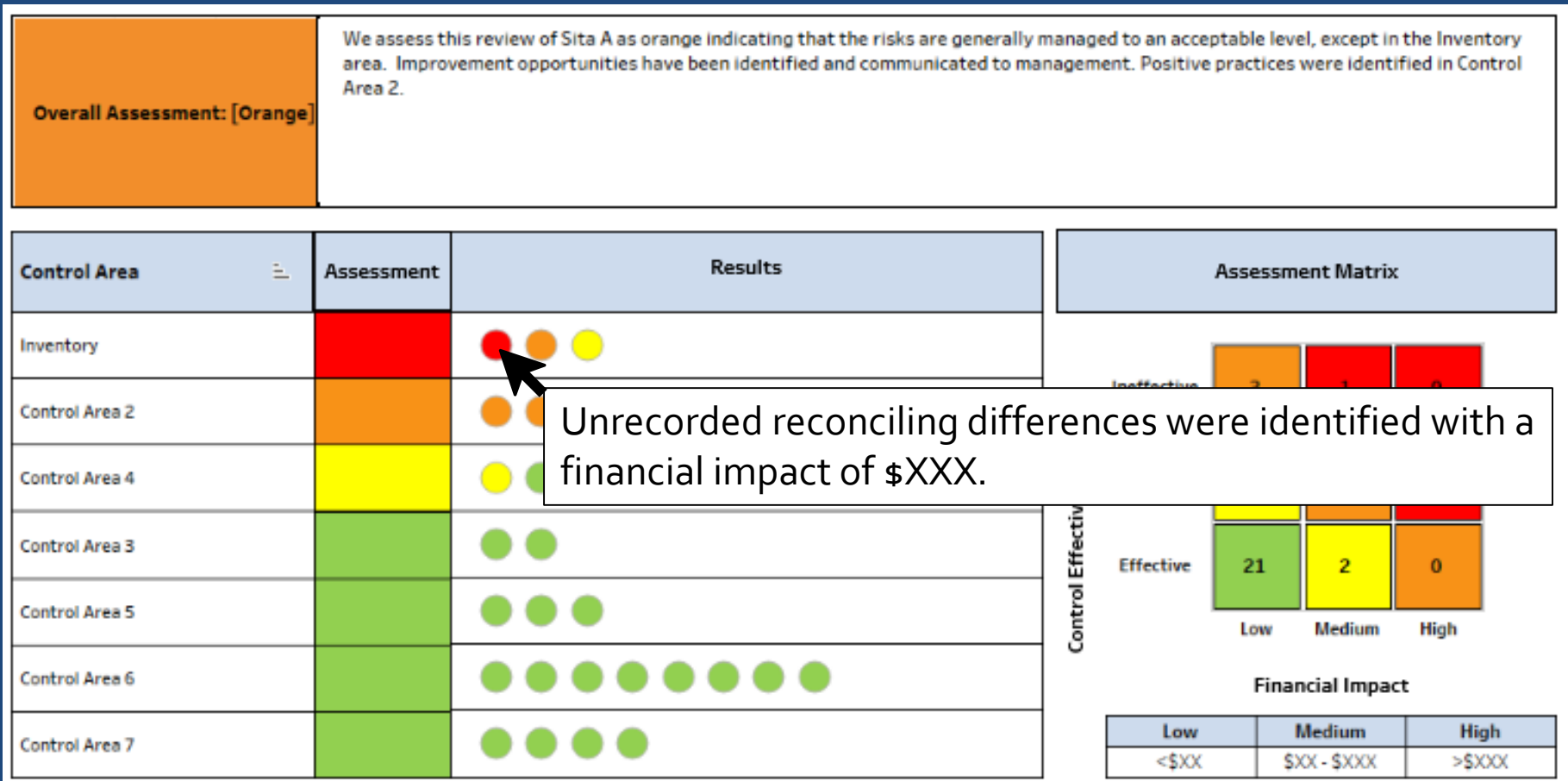
B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Control Area	Subprocess	Objective	Minimum Required Standards (IFC's)	Business Objective/Risk (Why does it matter?)	Overall Conclusion	Financial Impact	Control Effectiveness	Overall Rating	Repeat Finding?	Action Plan required	Primary Person Responsible	Department (Owner)	Action Plan	Ease of implementation	Target Date
Inventory	Counting & Physical Inventory	Inventory Quantity	Adequate physical security must exist over all inventory types and locations.	Inadequate physical security may allow unauthorized access to inventory, increasing the opportunity for 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.	Low	Ineffective	High	Yes	Yes					
Inventory	Counting & Physical Inventory	Inventory Quantity	Physical inventories must be taken at least annually.	Failure to record inventory activity and levels accurately may misstate financial balances and distort information used in production.	Physical inventories appear to be taken at least annually but adequate documentation and Standard Operating Procedures (SOP) do not exist.	Low	Partially Effective	Medium	No	No					
Inventory	Counting & Physical Inventory	Inventory Quantity	As a result of inventory counts, book inventory must be reconciled to actual physical inventory.	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 \$100K.	Medium	Ineffective	Low	Yes	Yes					



Action Plan required	Primary Person Responsible	Department (Owner)	Action Plan	Ease of implementation	Target Date
Yes					
No					
Yes					

Note: all data is dummy data

NEW REPORT – 1ST DRAFT





Audit Services



Internal Financial Controls (IFC) Review:
Site A

TABLEAU DEMO

Overall Assessment: [Orange]

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.

Control Area	Assessment	Results
Inventory	Red	● ● ●
Control Area 2	Orange	● ● ● ● ● ●
Control Area 4	Yellow	● ●
Control Area 3	Green	● ●
Control Area 5	Green	● ● ●
Control Area 6	Green	● ● ● ● ● ● ● ●
Control Area 7	Green	● ● ● ●

Assessment Matrix				
Control Effectiveness	Ineffective	3	1	0
	Partially Effective	1	0	0
	Effective	21	2	0
		Low	Medium	High
Financial Impact				
		Low	Medium	High
		<\$XX	\$XX - \$XXX	>\$XXX

Control Area	Conclusion	
Inventory	Counting & Physical Inventory: Unrecorded reconciling differences were identified with a financial impact of \$XXX.	●
	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 operating effectively and corrective action is required.	●

Note: all data is dummy data

TABLEAU DEMO

Overall Assessment: [Orange]

We assess this review of Site 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.

Assessment Matrix

Control Effectiveness	Ineffective	3	1	0
	Partially Effective	1	0	0
	Effective	21	2	0
		Low	Medium	High
		Financial Impact		

Financial Impact Threshold Ranges

Low	Medium	High
<\$XX	\$XX - \$XXX	>\$XXX

Control Definitions

Control Effectiveness	Definition
Ineffective	Control environment is not adequate and below standard, risks are not controlled
Partially Effective	Control environment is adequate but exceptions exist, some high level risks are not adequately controlled
Effective	No findings noted, control environment is adequate and all high level risks are adequately controlled

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

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
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Control Area	Facility		
	Site A	Site B	Site C
Inventory	Red	Orange	Green
Control Area 2	Orange	Green	Green
Control Area 3	Green	Green	Yellow
Control Area 4	Yellow	Yellow	Green
Control Area 5	Green	Green	Green
Control Area 6	Green	Yellow	Green
Control Area 7	Green	Green	Green

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.	Orange
	Site B	Controls in this area are deemed overall effective and risks appear to be managed adequately.	Green
	Site C	Controls in this area are deemed overall effective and risks appear to be managed adequately.	Green

TABLEAU DEMO

KEY LEARNINGS

- Importance of Customer Feedback



- Check & Adjust Process for Consistency



QUESTIONS



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