



Risk Management during an ERP Implementation

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Background

- 15+ years' experience auditing business and IT processes, controls and compliance
- 10 years' experience in industry as a Controller for a privately held manufacturing firm
- Oracle e-Business Suite R12 implementation in 2013 with a large retail department store
- SAP ECC 6.0 implementation in 2015 with a technology solutions integrator

Learning Objectives

- Key considerations when organizations undertake an ERP system implementation
- Common reasons why ERP implementations fail
- How IT Auditors can help make a difference

Key considerations for an ERP system implementation

- Make sure you understand the "why"
- Is there a strong ERP project sponsor(s)?
- Is the business engaged?
- Was a Gap analysis performed?
- Is your current ERP several versions behind?

Key considerations for an ERP system implementation -continued

- Is the ERP being implemented with or without customizations?
- Are your project requirements too high level and vague?
- Have the future business processes been defined and aligned with the ERP solution?
- Has data conversion and data governance been addressed?
- Have BI and Reporting been defined?

Common reasons why ERP implementations fail

- Failure to consider additional software in the project's budget.
- Inability to fully consider the impact of internal controls throughout the project.
- Failure to take into account common application deficiencies in the project's requirements.

Failure to consider additional software in the project's budget.

- Impact analysis – security and patching
- Segregation of Duties
- Query tools
- Controls monitoring
- Backup automation
- Emergency access management

Inability to fully consider the impact of internal controls throughout the project.

- Well-defined ownership of the risk and controls.
- Development of controls definition with the overall process sufficiently early in the project.
- Balance operational effectiveness and strong internal controls in the business process.
- Design of application security should take into account the business process design AFTER internal controls have been developed.
- Common configurations and master data need to be discussed and considered in the process and application security design.

Failure to take into account common application deficiencies.

- Workflow security risks and history retention.
- Read-only configurations.
- Lack of system-based audit trails for critical system changes.
- Business processes that cannot be secured via normal function security but must be configured.

How IT Auditors can help make a difference.

- Read the ERP implementation plan and requirements documentation.
- Ask questions.
- Listen!
- Learn about the ERP application, security and controls via training, books, internet sites, user groups.
- Communicate concerns early. Don't wait!

Questions?

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