

Experience, the Difference™

Model Audit Rule Compliance





About Control Solutions International

Control Solutions International is a leading global consulting and risk advisory firm focused on providing our clients with industry experts who specialize in risk management, compliance, internal audit, finance, business performance improvement and leading-edge information technology services.

INTRODUCTION

The NAIC and the American Institute of Certified public Accountants (AICPA) adopted revisions to the Model Audit Rule. These revisions incorporate key concepts from the Sarbanes-Oxley Act of 2002 regarding auditor independence, corporate governance and internal control over financial reporting (ICFR). Specifically, the revisions set the number of consecutive years that an audit partner may participate in an audit of an insurer, limit the types of services that an auditor may provide, require that insurers have an audit committee, and require that insurers with \$500 million or more in direct and assumed premiums file a management report on ICFR for the 2010 reporting period. The primary difference between the MAR and Section 404 of the Sarbanes-Oxley Act is that there is no requirement for independent auditor attestation on management's report. Regardless of the similarities or differences, experience has taught us that early preparation and expert guidance are essential to compliance success.

In 2006, the National Association of Insurance Commissioners (NAIC) adopted revisions to the Annual Financial Reporting Model Regulation, also known as the Model Audit Rule (MAR), requiring disclosures similar to those required for public companies by the Sarbanes-Oxley Act by 2010. Given the lessons learned from Sarbanes-Oxley, the compliance journey can be challenging. Control Solutions International provides the expert guidance and insight to help you avoid the pitfalls and lead you down the road to compliance success.

BUSINESS CHALLENGES

- Understanding your specific MAR compliance requirements, based on state of domicile and operations
- Assessing the impact of MAR compliance on the organization and designing a roadmap for success
- Implementing a sustainable MAR compliance program and correcting internal control deficiencies by the 2010 reporting deadline
- Incorporating MAR compliance with other regulatory compliance requirements to reduce duplication of efforts

POTENTIAL BENEFITS

- Leverage Control Solutions International's experience with over 1000 ICFR compliance projects to avoid the mistakes of others and achieve timely and cost-effective compliance
- Reduce organizational resistance through education, knowledge sharing and integrating effective internal control management as a part of everyday business
- Identify and implement best practices and process improvements
- Strengthen the overall internal control consciousness of the organization, providing a higher level of assurance to key private and public stakeholders
- Achieve greater understanding and documentation of how processes actually function within the organization

We help you simply comply

OUR SOLUTIONS

Control Solutions International brings almost 20 years' experience guiding organizations down the path of compliance. Our highly experienced professionals work with each client to understand the unique aspects of their organization and develop a customized program for accomplishing your objectives, taking into account both compliance objectives and opportunities for business improvement. Our range of services for helping to address your Model Audit Rule compliance needs includes:

Project scoping, management and monitoring

Effective project scoping, management and monitoring are essential to the success of the MAR compliance program. We assist organizations by assessing materiality and helping to define the scope of the project using a risk-based approach, determine project objectives, identify and educate organization stakeholders, establish and monitor project timelines, and ensure deliverable quality and knowledge transfer.

Process and control documentation

MAR compliance requires a thorough understanding and documentation of an organization's financial processes and related internal controls. We assist by identifying appropriate processes based on the scope of the project, documenting processes, identifying controls and control gaps, and validating management's understanding of processes with process owners. As we document processes and controls for MAR compliance, we also identify any opportunities for process improvement or institution of best practices.

Operating effectiveness evaluation

The purpose of testing controls is to achieve a high level of assurance that controls are operating effectively to accomplish management's goals and regulatory objectives. We assist in determining the appropriate testing approach, developing test plans, selecting samples, reviewing results, analyzing impact and conducting management reviews.

Remediation

Once the documentation and evaluation of controls is complete, we assist in developing and implementing corrective action plans to address control deficiencies, developing policies and procedures, reengineering processes, and retesting.

Rationalization and Optimization

For those organizations that have already completed parts of their compliance program and are encountering the natural tendency to follow the "same as last year" approach, we work with you to leverage risk assessments to pinpoint areas of high risk, rationalize key controls, reduce documentation, and increase reliance on entity-level and automated application controls.

Technology Enablement

Technology can play a crucial role in both achieving and monitoring compliance. Our professionals work with you to accomplish your compliance objectives by identifying and implementing technology solutions to manage the compliance process, such as documentation management, control evaluation, dashboards and management reporting. We also help you understand, evaluate and implement technology solutions that automate the testing of controls on a realtime, continuous basis, leading to greater assurance and reduced on-going compliance costs.

The leading global risk and control solutions advisory firm.

Let our experts guide you:
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Control Solutions International is a leading independent internal audit, compliance, risk management and technology firm that provides a wide range of advisory services, comprehensive solutions and innovative products globally. For almost 20 years, Control Solutions International has been the trusted advisor to over 500 public, private, nonprofit and government clients. Our experienced professionals reflect our distinctive culture, placing the interests of our clients first and emphasizing integrity, commitment to quality, innovation and teamwork.

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