

AXA guarantees compliance, with the Coda Link “Control Manager” framework.

As business culture shifts from relying on trust to demanding proof, financial service provider AXA has implemented Coda’s “Control Manager” financial control framework, to guarantee its compliance with internal and external guidelines. Having developed AXA’s underlying compliance management system, its implementation has been eased by Control Manager’s flexibility. Kor Bosscher, Director Finance & Control of AXA Insurances B.V. and Marco Sijbesma, Manager Financial Administration of AXA Insurances B.V. explain their views and relate their practical experience.

Compliance view

The AXA organization in Holland has 650 staff, and as part of the AXA Group, is one of the largest financial service providers in the world. This multinational organization has a total of more than 110,000 staff handling about €72 billions of annual revenues from 51.5 million customers.

Over the years, a number of regulatory frameworks and guidelines have been introduced to the financial services market to prevent fraud and mismanagement within organizations, of which IFRS, Sarbanes Oxley and Solvency II are best known. These proof-based guidelines now force organizations to record far more information during business operations in order to provide an audit trail that demonstrates staff have satisfied all procedures and requirements.

Because financial services traditionally survived or failed on issues of trust, AXA developed a pro-active compliance management system in anticipation of the recent regulations. “Our model of financial management and financial business operations is built on four axes: culture, organization,

performance measurement and risk management”, says Kor Bosscher. “At AXA we combine increased control with an informal open culture and farreaching personal responsibility or ownership. Everybody knows what is expected of them through clear procedures and performance criteria, and as soon as deviations or anomalies are identified we have the visibility to implement a fast resolution. To support our implemented processes, we have formalized compliance management and embedded these responsibilities within the organizational structure. Besides that we added Control Manager as a means to ensure key process controls and procedures are followed.”

Performance criteria and risk management

“To satisfy the increased regulations and guidelines, we described clear work procedures and performance criteria for every step and every asset in AXA’s business operations,” continues Mr. Bosscher. “For instance, how quickly customer claims must be paid or declined, and how monthly payment reports should be completed. Further, we analyzed the risks of each operation and set up an impact matrix to manage them. All these procedures, performance criteria and risks are recorded in what we call our ‘accounting manuals’, and form the basis upon which the team members, team leaders, managers and Compliance Officers perform their work.

“On reflection, our open culture, high level of individual responsibility, and built in controls that already exceeded proposed compliance requirements made it easier to sharpen the focus of the organization and implement the extra guidelines. However, because of Sarbanes Oxley we have also become more risk conscious and will look at other

operations from a risk perspective. Further, our people are now more conscious of how identified risks relate to their own responsibilities, and that automatically strengthens our performance.

"Soon after we completed our compliance management review we read about Control Manager in the Coda Financials newsletter, and about how it can provide a solution for the implementation and management of business operations, internal controls and risks," continued Mr. Bosscher.

Financial business operations management and risk management

"In Control Manager, you get a combined financial business operations management and risk management solution with which we can plan, formalize and manage our business operations, performance criteria, accounting manuals, risks and controls," says Marco Sijbesma.

"During conversations with the Coda Financials consultants and demonstrations of the software, it was apparent that this software could considerably raise the formalisation, visibility and auditability of our business operations. Because we had already worked very satisfactorily with the Coda Financials solution since 1995, using it for our financial management, we could see that it would work seamlessly with the new control system. Ultimately, we chose Control Manager without the need for an extensive package selection process. And because we had already defined our operations beforehand in our accountancy manuals, the implementation was very straightforward with no major surprises.

"After the first period close we made a few refinements, but that is only to be expected with every new software application. Each documented operation step has an associated owner, so we can all agree personal performance criteria which Control Manager monitors while automatically building an electronic proofs archive. Further, Control Assessor monitors testing and risks of the compliance programme via a simple, well-organized management dashboard."

Plans for the future

Mr. Sijbesma continues: "Control Manager is currently installed as stand-alone application. However, now we have demonstrated that the program completely satisfies our control needs, our plan for 2007 is to integrate it with Coda Financials and our standard reporting tools Cognos PowerPlay and Impromptu. Furthermore, we plan to use it to support our CFO and CEO in their authorization of periodical financial reports through its summary-level management dashboard and visual drill-down capabilities."

"Control Manager makes it easier to manage the AXA Group in a professional manner and allows us to demonstrate that we are in control," adds Mr. Bosscher. "Naturally, stricter guidelines initially raise the administrative burden, but after time the advantages become self evident. We can now compare performances with other colleagues, other branches in the Netherlands, or with other AXA countries, much more effectively.

"Looking to the future, next year we want to add a data warehouse structure that will organize financial information so that we can both develop various and extensive detailed management reports, and meet full IFRS reporting requirements. Control Manager offers additional functionality for the automating of business operations and areas such as, for instance, automatic posting of journals generated in response to particular events. In short, our initial experiences lead us to see almost endless possibilities for information services and reporting managed with help of Control Manager," concludes Mr. Bosscher.

Benefits Summary

- Control Manager provides a means to ensure key process controls and procedures are followed.
- It provides a solution for the implementation and management of business operations, internal controls and risks.
- AXA can now plan, formalize and manage business operations, performance criteria, accounting manuals, risks and controls.
- It is now possible to compare performances with other colleagues, other branches in the Netherlands, or with other AXA countries, much more effectively.

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