Auditing in a remote world: the challenges and the solutions

2020 has been a year of unforeseen challenges but also one of innovation and adaptability. Among other things, export compliance professionals learned how to manage complex new regulations and global developments so that business could continue. As 2021 approaches, many companies plan to keep their workforces remote. One area of particular challenge in this new working environment is conducting remote audits. Auditing is a critical function for an export controls compliance program that should not be deferred; fortunately, many of these challenges can be managed with out-of-the-box solutions.

Gathering background information

Audits have a ramp-up period in which the team gathers the information that will help drive the assessment. This usually requires understanding people's functions and their touchpoints with export compliance. In a remote environment, it can be difficult to understand day-to-day responsibilities, making it challenging to determine where information requests should be directed. Automated surveys that ask people to detail their roles and responsibilities will help ensure the right stakeholders are targeted for interviews, and can also be helpful in identifying risk areas. With the right focus and questions, automated surveys facilitate a streamlined audit by providing a high-level overview of the enterprise's business processes.

Managing transactional testing documentation

A critical part of any audit is transactional testing, which may result in copious amounts of documentation. In a remote environment, simply managing the influx of files can be challenging, especially if individual team members are storing files on their computers. The testing process will be smoother if a central site or folder is established for the documentation. There should be a clear organizational system and naming convention to reduce confusion. Where possible, one person should be the central point of contact for receiving and organizing documents and for collating and issuing document or information requests. Similarly, testing logs should also be centrally maintained to eliminate version control issues. Taking the time to implement procedures at the start of the audit will create efficiencies as the audit progresses.

Conducting site tours

Understanding a facility's physical layout is part of a well-run audit. In a virtual world, it would seem site tours are off the table. But that doesn't have to be the case. Recording a walk-through of the facility can provide valuable insight, especially when accompanied by explanations from knowledgeable team members, helping the audit team understand the export compliance picture.

Validating system functionality

Increasingly, managing export compliance requires integrated systems and automation. But if they are not properly configured then a company's compliance profile may be impacted. It may appear impossible to assess functionality in a world where everyone works remotely, but over-the-shoulder reviews can be very successful. The user simply shares their screen while the auditor asks them to perform different compliance functions, such as license management. These over-the-shoulder reviews also facilitate open conversations about system functionality and informal work-arounds that have been developed that may impact compliance.

Assessing culture

Being on site allows export compliance professionals to assess the intangibles that can make or break an export compliance program. Through casual interactions and more formal meetings, the audit team can assess how export compliance is treated within the organization. They also acquire greater understanding into whether the team members are integrated or siloed, how they communicate and the overall team dynamic. In a virtual environment it can be more difficult to make these assessments, but they are so critical to a program that it is worth the effort. Conducting one-on-one meetings can provide valuable insight, as people may be more willing to speak candidly in a private conversation. Additionally, inviting them to provide their opinions about the compliance structure can result in useful insight about potential improvements or unaddressed risks.

Undoubtedly, remote working conditions present challenges in conducting audits. However, by implementing processes to remain organized, and integrating technology into the review, it can be as successful as a traditional audit. ∎

About the authors:

Steven Brotherton (San Francisco) is a Principal in the Global Export Controls & Sanctions practice of KPMG LLP, where Amie Ahanchian (Tyson's Corner) is also a Principal, and Elizabeth Shingler (Philadelphia) is a Manager. www.kpmg.com