

Talal Abu-Ghazaleh & Co. International



# SERVICES TO BANKS

PROVIDED BY  
TALAL ABU-GHAZALEH & CO.



TALAL ABU-GHAZALEH & CO.

A MEMBER OF  
TALAL ABU GHAZALEH ORGANIZATION

### **ASSURANCE SERVICES:**

- Internal Audit.
- Compliance Audits.
- Verification of rectification of SAMA observations
- Evaluation of Internal Controls.
- Assurance on the accuracy of specific components of a financial statement or subject matter without having to perform a complete audit.
- Assurance under specific financial reporting frameworks other than IFRS, such as regulatory frameworks, SOCPA, US GAAP etc.
- Information system audits.
- Risk management assurance, i.e; managing market risks: currency risks, interest rate risks.
- Operational audits.
- Reasonableness of Provisions against non-performing loans in accordance with SAMA regulations.
- Review of reports on corporate governance best practices.
- Shariah compliance audits.
- ICFR (Internal Controls over Financial Reporting) assistance services.

### **NON- ASSURANCE SERVICES:**

- Valuation services such as value in use of cash generating units, goodwill, forced sale values.
- Impairment testing services.
- Compilation of whole financial statements or single element (Advances, Receivables, Payables) of financial statements in accordance with IFRS or SOCPA GAAP.
- Embedding new IFRS into existing SOCPA GAAP.
- Review of prospective financial statements.
- Compilation of tax, zakat returns.
- Specialized Training in IFRS.
- Certification that financial statements are compliant with IFRS and/or SAMA regulations.
- Upgrading of Financial Manual/information systems according to IFRS.
- Anti Money Laundering Regulations' Training.

### **IT RELATED SERVICES:**

- IT risk management services.
- IT related disaster recovery management services.
- Evaluation of efficiency and effectiveness of IT related controls.
- Assistance in up-gradation of ERP system to adopt to the reporting requirements of IFRS.

## OUR METHODOLOGY FOR EMBEDDING IFRS INTO ERP SYSTEMS

Our methodology to conduct on application assessment is aligned with the ISACA application and software auditing methodology. It consists of four phases as follows:

### Phase I: Understanding and Envisioning

- Interviewing business owners and stakeholders to draw a clear view of the operations and processes addressed by the applications and integration with the general ledger as well as to understand the vision and future needs.
- Study and review the documentation process related to finance and applications including technical information about the design and architecture of the system.
- Study key functions of the software; this gives an opportunity to see how processes are actually handled by the system.
- Develop implementation strategy based on preliminary studies.

### Milestone 1. Completion of Preliminary Study

### Phase II: Documenting the Flow of Transactions and enable top end reports:

- Gathering data process will include both the computerized and manual aspects of the systems; focus will be on integration with the general ledger as well as the generation of reports that are of significance to the assessment objective.
- Confirm the documentation by performing procedures such as a walk-through test.
- Analysis of Potential System Changes. IFRS results can be modeled on the basis of the SOCPA GAAP actual accounting values with the ability to perform consolidations and adjustments to both SOCPA GAAP and IFRS. The objective here is to produce the IFRS reports.

### Milestone 2. Promotion of IFRS Reports

### Phase III: Identifying and Testing the Application Systems Integration, Recording in both GAAPs:

- Run through the various menus, features and options to identify processes and options for conformance to business rules and practices as well as the screens design practices.
- Validate inputs to the system against the applicable criteria. Such validations go a long way in eliminating errors and ensuring transactions integrity. Apart from simple validations for numeric, character and date fields, all inputs will be validated, permissible values, etc. Validation checks that are built on application-specific logic can act as powerful controls not only for ensuring data accuracy but also to prevent undesirable data manipulations.
- Dual accounting, multiple ledgers, book codes, and similar features help Oracle ERP users process and report under both GAAPs. The deployment of ERP features together with Enterprise Performance Management (EPM) features will be documented in support of the enhanced accounting.

## Multiple Ledger Reporting

- Users will create a new value for the balancing segment of the chart of accounts to record IFRS adjustments.
- Financial Statement Generator reports on all other balancing segment values (BSVs) will represent the old SOCPA GAAP; the new value represents the IFRS adjustments, and the report totals for all BSVs represent the IFRS results.
- Adjustments are created in the IFRS BSV by reference to sub-ledgers configured to comply with IFRS. For example, depreciation in compliance with previous SOCPA GAAP would be reversed here and replaced with depreciation from an asset book populated with componentized assets.
- Other adjustments are posted to existing or additional natural accounts in the regular GAAP BSVs and reclassified to IFRS reporting lines by means of automatic journals, allocations, and reversing entries.

### Milestone 3. Transactions recorded in Multiple GAAPs

#### Phase IV: Transforming

- Transform business models using IFRS results. Report IFRS results to increase shareholders' values.
- A draft assessment report will be prepared that will be reviewed with business owners and stakeholders especially with the finance department and our financial consultants.

### Milestone 4. Business Model Optimized