

Case study: Heineken

Process Integrity Indicators at Heineken



Heineken:
"Continuous auditing of
the key business cycles
is performed by the
Local Internal Auditors"

Heineken:
"The Synaxion system
supports the Common
Audit approach"

Introduction to Heineken

Heineken is a single product company with operations in more than 70 countries across all continents.

Despite the large spread of activities there is a high level of commonalities in the worldwide operations. This facilitates the development and implementation of industry best practices and common business processes.

Key Control Framework

The Heineken industry best practices constituted the foundation for the Key Control Framework (KCF). The KCF includes controls for the business cycles Order to Cash, Purchase to Pay, Inventory Management and Record to Report.

Common Audit Approach

Heineken's common processes, SAP systems, central available business data and KCF were the basis for a common internal audit approach by Heineken Group Internal Audit (GIA) and the external audit approach by KPMG external auditors.

The common audit approach is an excellent point of focus for the decentralised audit function within Heineken. This approach also helps to ensure the effectiveness and efficiency of the worldwide audit activities.

The need for automated monitoring

To strengthen the common audit approach, Heineken GIA started with automating the monitoring of process controls. KPMG had a quality assurance role in the design and testing phases of all control indicators for the Process Integrity Indicator (PII) tool, which is an implementation of the "Synaxion GRC & BPM" tool for SAP that is specifically tailored to Heineken.

Continuous Auditing at Heineken

The PII tool includes specific Process Integrity Indicators, which monitor the effectiveness of the controls that are part of the KCF. The key feature of the PII Tool is that for every operating company a scorecard is presented which contains metrics on the Process Integrity Indicators.

Examples are "The number of high sales discounts", "The percentage of purchase orders without reference to a requisition" and "The number of open items on suspense accounts" which can be analysed for each operating company and each period.

All major operating companies are currently using the PII Tool, from Russia to the US and from France to Indonesia. Heineken strives to improve the embedding of the continuous auditing tools, also in order to support continuous monitoring by process management.

Business advantages

Both the metrics in the scorecard and the detailed analyses provide Heineken with important indications regarding the key control objectives like timeliness of clearing (e.g. orders, invoices, accounts), throughput times of business cycles (e.g. from sales ordering to payment), the correct flow of business processes (e.g. the use of contracts, requisitions and credit orders) and the authorised use of discounts, tolerances and payment differences.