

OPENPAGES Clarity. Confidence. Control.

SunTrust minimizes business risks, improves corporate governance, and ensures SOX compliance with OpenPages FCM

Like many financial organizations, SunTrust Banks, Inc., has long understood that good governance is an essential success factor. Even before Sarbanes-Oxley mandated financial and reporting controls, the institution had a large number of such controls in place. But, with a decentralized management and IT infrastructure for its 28 banks, the number of controls across these entities grew to be so abundant that management visibility and oversight became difficult. Consolidating operations with a single banking charter helped a lot, but they still found themselves with more than 12,000 controls.

"We realized that to maintain robust management oversight of financial operations we had to reduce the number of controls we had," says John Wheeler, senior vice president of SunTrust's Financial Reporting Risk Management Group. "And, with the added pressure of Sarbanes-Oxley, we knew we had to move quickly to implement a system that would enable us to manage the controls, ensuring that controls and control processes were secure, consistent, and implemented according to pre-specified conditions."

Challenges

- Reduce the number of controls enterprise-wide, from 12,000 to less than 1,000.
- Automate the process to store, manage, securely and selectively distribute, and track those controls.

Solutions

- Create a sustainable compliance platform that enables continuous business improvement.
- Develop a single repository and reporting capability that can store and report on controls, test results for controls, and supporting documentation that details how and where controls fit into business processes.

Results

- Improved management oversight of a wide range of controls.
- Flexibility to facilitate not only SOX compliance, but other regulations as well, such as FDICIA and Basel II Capital Accord.



With assets exceeding \$180 billion and more than \$124 billion in deposits as of June 30, 2006, SunTrust Banks, Inc., headquartered in Atlanta, is one of the nation's largest banking organizations, serving a broad range of consumer, commercial, corporate and institutional clients. Operating primarily in Florida, Georgia, Maryland, North Carolina, South Carolina, Tennessee, Virginia, and the District of Columbia, SunTrust also serves customers in selected markets nationally with deposit, credit, trust and investment services. In addition, through various subsidiaries, the company also provides credit cards, mortgage banking, insurance, brokerage, and capital markets services.

“...while all compliance solutions can store control information,
not all feature a repository that can also
collect support materials, or a reporting system to facilitate tracking”

— John Wheeler, Senior VP, Financial Reporting Management Group, SunTrust

CHALLENGES:

Manual Approach to Compliance is too Expensive and Risk Prone

After SOX was implemented it became obvious to SunTrust that it was just not possible to cost-effectively meet business and regulatory needs for efficient implementation, maintenance, security, and management oversight of controls in a manual mode. “In 2004, the first year we were required to comply with SOX,” Wheeler says, “we had 35 FTEs just maintaining documentation of existing controls, and we spent upwards of \$3.5 million on the effort. Furthermore, besides the high costs, like all manual processes, this approach was subject to human errors and the possibility of data corruption—a limitation that exposed us to consequent risks.”

SunTrust responded by working to reduce the number of controls enterprise-wide, from 12,000 to less than 1,000. And, at the same time, they also searched for an automated solution that would give management an effective way to store, manage, securely and selectively distribute, and track these controls. “Our business model is dependent on the integrity of our financial controls,”

Wheeler says, “and I took the approach when looking for a compliance solution that it would be just as critical to our business as a general ledger system. So, if it was unthinkable to manage our financial operations manually, why would we consider doing so for our compliance operations?”

The solution SunTrust implemented to address their compliance issues is OpenPages® Financial Controls Management™ (FCM). “This solution,” Wheeler says, “meets all of our functional requirements, and lets us establish control processes and procedures in the way we want them—without the need for costly programming services that typically modify code so much that implementation of future software releases also requires professional services.

“With its object-based interface,” he continues “we were able to fully implement and customize OpenPages FCM in just three months—without altering any underlying code. By comparison, a competing solution would have taken at least twice that long and have required as much as \$500,000 in additional professional services.”

SOLUTIONS:

Functional Requirements for Automating Compliance

In selecting this automated compliance solution, Wheeler was guided by a commitment to sustained compliance. “Sustained compliance,” he says, “means building a better, more embedded, compliance infrastructure as well as a spirit of ethics and integrity into business processes. This environment should not require heroic exertion and can only be achieved with a compliance program, not episodic compliance projects.”

With this as a starting point long before SunTrust decided on the OpenPages solution, the bank created a detailed list of required functionality they knew would be essential for creating what Wheeler calls a “sustained compliance platform that enables continuous business improvement.” At the top of this list was the need for a single repository and reporting capability that could store and report on controls, test results for controls, and supporting documentation that details how and where controls fit into business processes. “It came as some surprise,” he recalls that while all compliance solutions can store control information, not all feature a repository that can also collect support materials, or a reporting system to facilitate tracking.”



“We wanted a platform approach that could be scaled and enhanced as our compliance needs changed over time”

— John Wheeler, Senior VP, Financial Reporting Management Group, SunTrust

It was also important to SunTrust that secure and restricted access to this repository could be provided to third parties, as required. “We took the position in 2005,” Wheeler explains, “that our internal audit department, as an independent and objective resource, would handle the testing of controls. This meant that we had to provide them with secure access to the controls repository. In addition, we wanted to make this resource available to our external auditor to expedite their access to the information they need to complete required audits, a capability that would lower our annual audit costs.”

Another requirement was for a way to simplify and track the issuance of certifications that ensured the effectiveness of controls, as required under sections 302 and 404 of SOX. “What we looked for in this regard,” Wheeler says, “was a workflow capability that notified stakeholders, before due dates arrived, which certifications were required and on what processes, and what support documentation had to accompany the certification submission. We then wanted the workflow system to kick off notifications and remediation processes if submissions were not received by our Financial Reporting Risk Management Group on time.”

And, of course, SunTrust wanted a compliance solution that was well-secured, enabling employees in different areas to only view information pertinent to their specific needs and the controls they were involved with. “In other words,” Wheeler says, “a stakeholder in one set of controls could not be allowed to have visibility, or access, to the controls owned by a different set of stakeholders.”

RESULTS: Product, Implementation, and Support Strategies Are Critical

Throughout their solution search, SunTrust recognized that whatever compliance solution they ended up with would be called upon for much more than SOX compliance. As mentioned above, the institution already had a stated commitment to improve management oversight of a wide range of controls, whether required by regulatory authorities or not. But, in addition, as long as they were making an investment in compliance software, they wanted whatever solution they selected to be flexible enough to facilitate compliance with other regulations as well, such as FDICIA and the Basel II Capital Accord. “We could not view a product that addressed a sin-

gle compliance issue as a compliance solution,” Wheeler says. “We wanted a platform approach that could be scaled and enhanced as our compliance needs changed over time.”

Equally important was the implementation approach for the solution. “Our specification was for a solution that could be easily implemented without extensive customization or third party programming, and that could be maintained by internal staff,” Wheeler says. “All too often vendors try to tighten a noose by making customers reliant on their add-on services—which end up costing far more than the software itself—for a solution to work. We simply do not agree with that approach.” ■

