

# Control Testing – An Overview

Chris Hanlon, CEO - CalQRisk



# About Us

- ⦿ Experienced Risk & Compliance Professionals
- ⦿ Members of the IRM, IOD, ACCA, ISACA, etc.
- ⦿ We offer award winning GRC software solutions and services
- ⦿ CalQRisk solution is used by more than 200 organisations



# Agenda

- ⦿ Different types of controls
- ⦿ Why do control testing?
- ⦿ Control testing process
- ⦿ A practical example
- ⦿ Reporting

# Different types of controls



Preventive Controls








Detective Controls

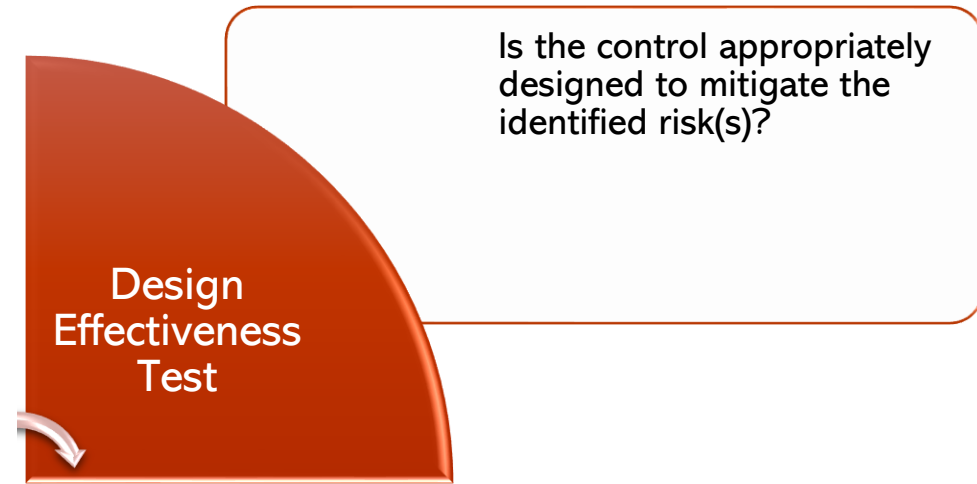


Corrective Controls

# Why you should be doing control testing?

-  Less incidents / risk events
-  Robust risk management process
-  Provides assurance to relevant stakeholders
-  Regulatory expectations
-  Assists with compliance

# Control Testing Process



# Design Effectiveness Test

- 🔄 Evidence – documented procedures / guidance?
- 🔄 Key Person – does the control depend on one individual?
- 🔄 Automated vs Manual
- 🔄 Control Type – prevention, detection or correction?
- 🔄 Etc.

# Operating Effectiveness Test

- 🔄 “Sample” the control
  - 🔄 Is it operating as designed?
  - 🔄 Is there evidence of this?
  - 🔄 Does it always happen?
  - 🔄 Etc.



# An Example

## Background –

 Financial institution exposed to credit risk

 Offer small to medium loans to borrowers

 Creditworthiness control

# An Example – Design Effectiveness

- Documentation -> documented step by step procedure in place
- Roles & Responsibilities -> defined in the documentation
- Key person -> more than one person can operate the control
- Automation -> manual control due to cost of automating
- Control type -> Preventive

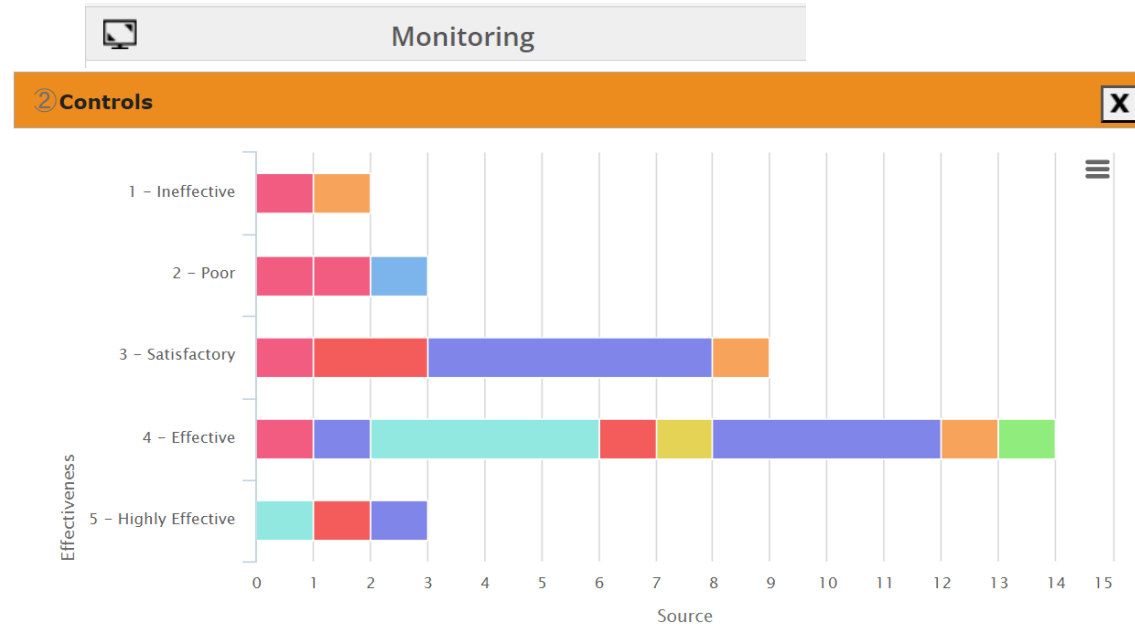


# An Example – Operating Effectiveness

- 🔄 **Sample** -> obtain an adequate sample size
- 🔄 **Test** -> is the control operating as designed?
- 🔄 **Record & Report**

# Reporting

- Build it in, don't bolt it on
- Make it a continuous process
- High level, report by exception



# Frequently Asked Questions

- Who should conduct the control test?
- How often should I test the control(s)?
- How big should my “sample” be? (for OE testing)
- What happens when a control fails a test?

# CONTACT US



## ADDRESS

2C Western Business Park,  
Shannon, Co. Clare, Ireland



## E-MAIL

[enquiries@calqrisk.com](mailto:enquiries@calqrisk.com)



## TELEPHONE

+353 61 477 888



## WEBSITE

[www.calqrisk.com](http://www.calqrisk.com)