



Assessing and Enhancing ITGC during SAP S/4HANA Transformation

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Introductions

Rani Badireddi

IT Director – Ulta Beauty

Over 20 years experience leading & managing Information Security & IT Compliance divisions. Instrumental oversight of large strategic initiatives to enhance organizational control postures in data protection, data privacy and information security functions. An industry leader who anticipates threat landscapes and brings a balance of people, process and technology to meet challenges.



Jong Santiago

Lead IT Compliance – Ulta Beauty

Over 25 years experience in leading and managing IT Audit and IT Compliance groups with extensive knowledge in leading business transformations, process improvement and optimization (e.g., ERP implementations), risk management, internal controls development and issue mitigation.



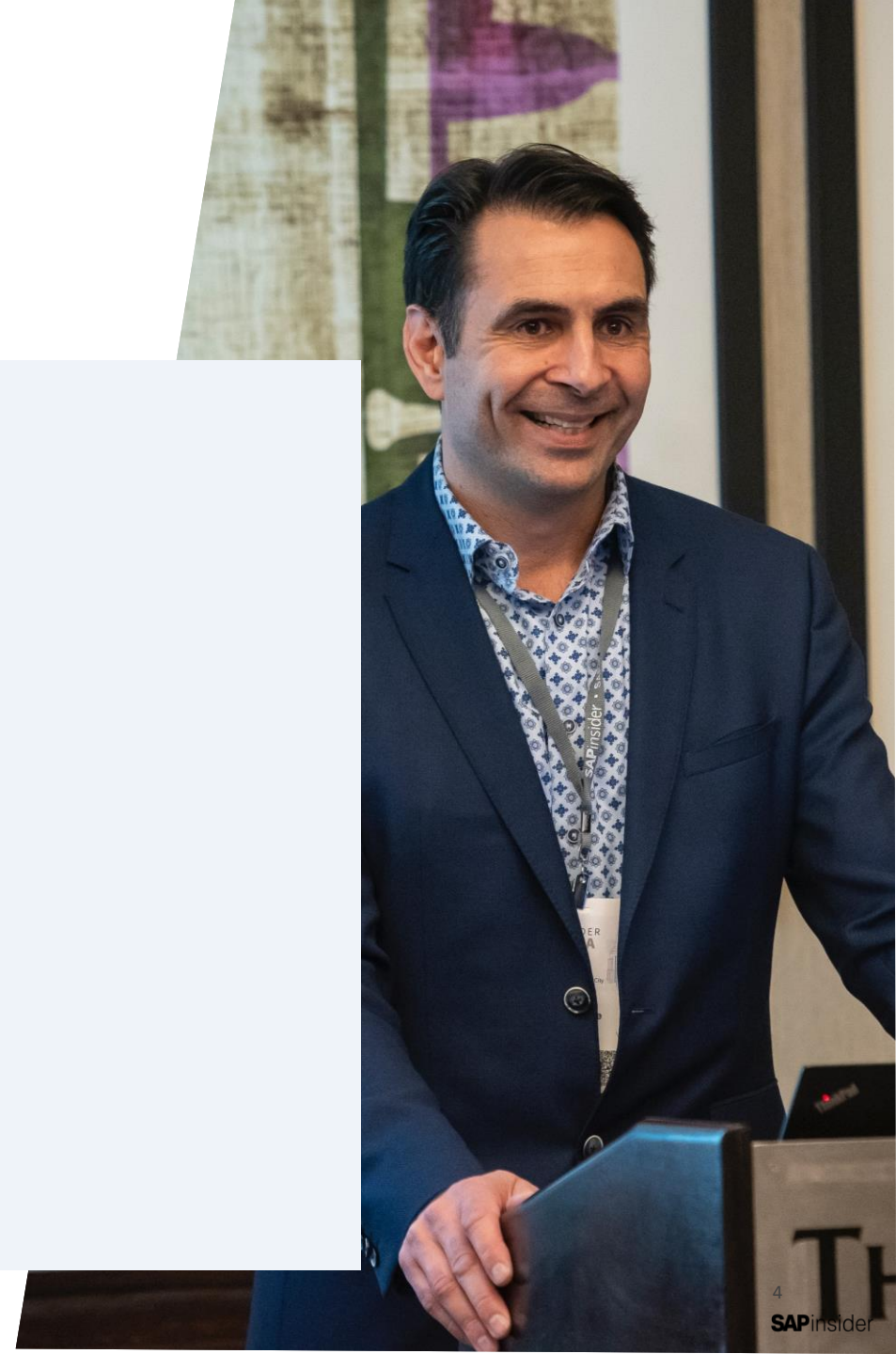


In this Ulta Beauty Session

- Ulta Beauty & IT Compliance Overview
- Developing an ITGC Assessment Strategy
- Establishing the compliance structure for S/4 Program
- Crafting an overarching ITGC Compliance plan based on the S/4 strategy
- Collaborating with cross-application IT Teams to minimize business impact

What We'll Cover

- Ultra Beauty & IT Compliance Overview
- ITGC Assessment Strategy
- IT Compliance Team Structure
- Key approach elements
- Tools, Templates & Key checkpoints
- Collaboration
- Wrap-Up



ULTA BEAUTY Company Overview

**33 Years of Leadership.
3 Core Insights.**

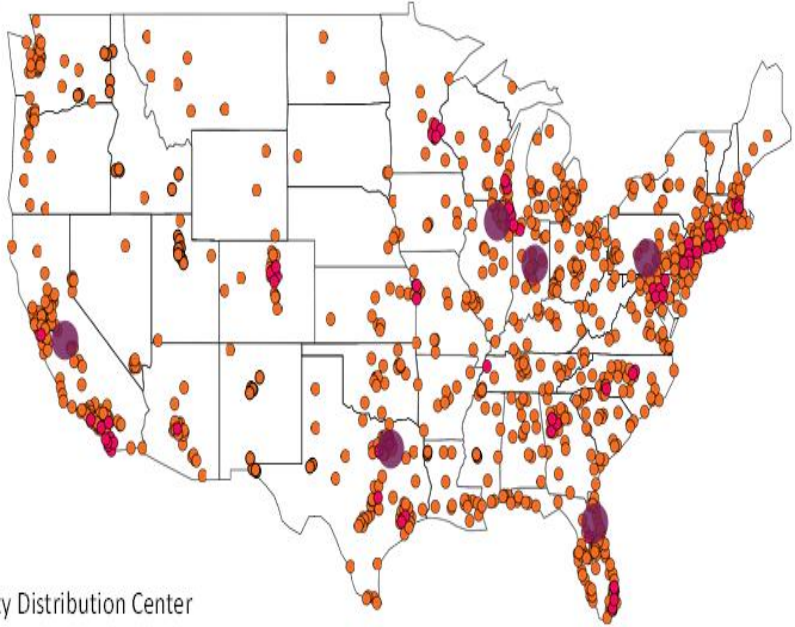
REAL ESTATE



PRODUCT MIX



SERVICES



- Ulta Beauty Distribution Center
- Ulta Beauty Stores
- Ulta Beauty at Target



IT Compliance Team

- **Liaise between IT and Internal Audit teams to ensure ITGC framework(s) compliance**
 - Control ownership resides within IT
- **Establish strong executive sponsorship**
 - Reporting through VP IT Risk Management
- **Assess competing projects, business initiatives**
 - Strike balance between pace of projects and risk organization can manage

The Opportunity

Multi-year business transformation program, catalyzed by SAP ECC system upgrade to SAP S/4 HANA suite of systems.

Financial Transformation Project Objectives:

- Strengthen platform
- Optimize processes
- Accelerate business
- Renew ways we work

Leads

- Cross-functional Ulta Beauty teams
- External third-party vendors / partners

Timeline

- Multiple releases throughout 3 years

Potential IT SOX Compliance Impact

- Changes: People, Processes & Technologies
- New applications & ITGC Controls
- Additional staffing needs to support existing & new systems

ITGC Assessment Strategy - Approach

Build an ITGC Assessment strategy in collaboration with Implementation Teams and consulting firms to confirm IT General Controls (ITGCs) are **adequately designed** for in-scope SOX applications and integrations, **in advance of go-live**, while subsequently validating controls operate effectively post go-live.

Considerations

- IT Compliance plays a key role
- SAP S/4 HANA project will drive master timeline – work back based on approach
- Allow for adequate time to perform pre-work activities to de-risk the overall program
- Establish overall roadmap, governance structure and resource plan
- Establish cadence for consistent reporting to ensure progress and accountability
- Engage 3rd parties to help accelerate planning, pre-work activities and control evaluations

Successful, compliant transformations take a lot of effort.... **In short, Start Now!**

ITGC Assessment In-scope Systems

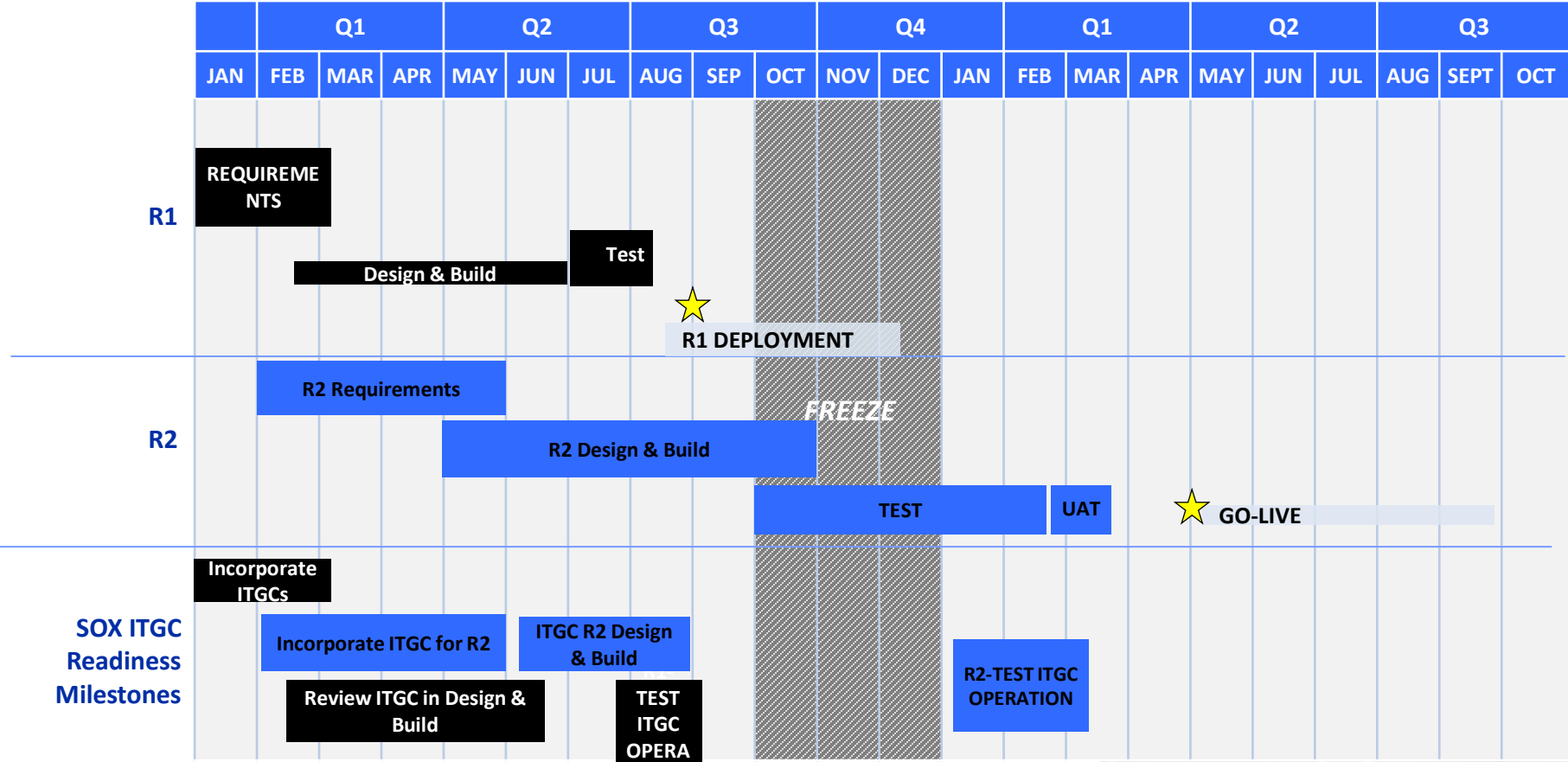
- **15+ systems & counting**
- **Wide variety of SAP & non-SAP systems**
- **Types of systems**
 - Core ERP
 - Procurement
 - Payroll
 - Invoice management
 - Document management
 - Vendor Master Data Management
 - Integration Layers
 - Back-end systems
 - Code repository and Deployment
 - PaaS

Use resources wisely given many moving parts!

IT Compliance Team Structure for S/4 Program



ITGC Assessment Timeline



Key Elements

- Periodic meetings with implementation teams to understand technology and IT impacts
- Review design of controls for in-scope systems and integrations
- Advise on control design enhancements and drive remediation of any gaps
- Define control environment such as narratives, evidence requirements, testing procedures
- Educate new control owners on SOX and key responsibilities
- Evaluate effectiveness of controls through testing (pre and post go-live)
- Coordinate with internal and external audit teams
- Bi-weekly reporting to leadership

Stay Integrated with all facets of the program!

Assumptions

- **Availability of requested interviewees and documents**
 - Controls with significant gaps require more attention to understand impact and account for changes
- **Knowledge of the applications in scope helps accelerate progress**
- **Timely review of results and recommendations are needed**
 - Ensure timely follow-up with control owners to get necessary answers

Put your best people on the job to maintain pace!

Approach - Tools & Templates



Approach - Tools & Templates

- Production Readiness Review (PRR)

Domain	Control Questions	Response Yes/ or/ No (or) N/A	Attach documentation or Links to the documentation when there response is Yes for each inscope system.	Owner	Additional Comments
Access Management					
	Is the system following standard SSO/AD/SAML or SAP authentication that complies with enterprise password standard? Also, provide a screenshot of the password settings for the application.				
	Does the application have local authentication? (Note: then provide details on how the authentication is performed and how the system is in compliance to enterprise password standards).				

- ITGC Readiness Tracker

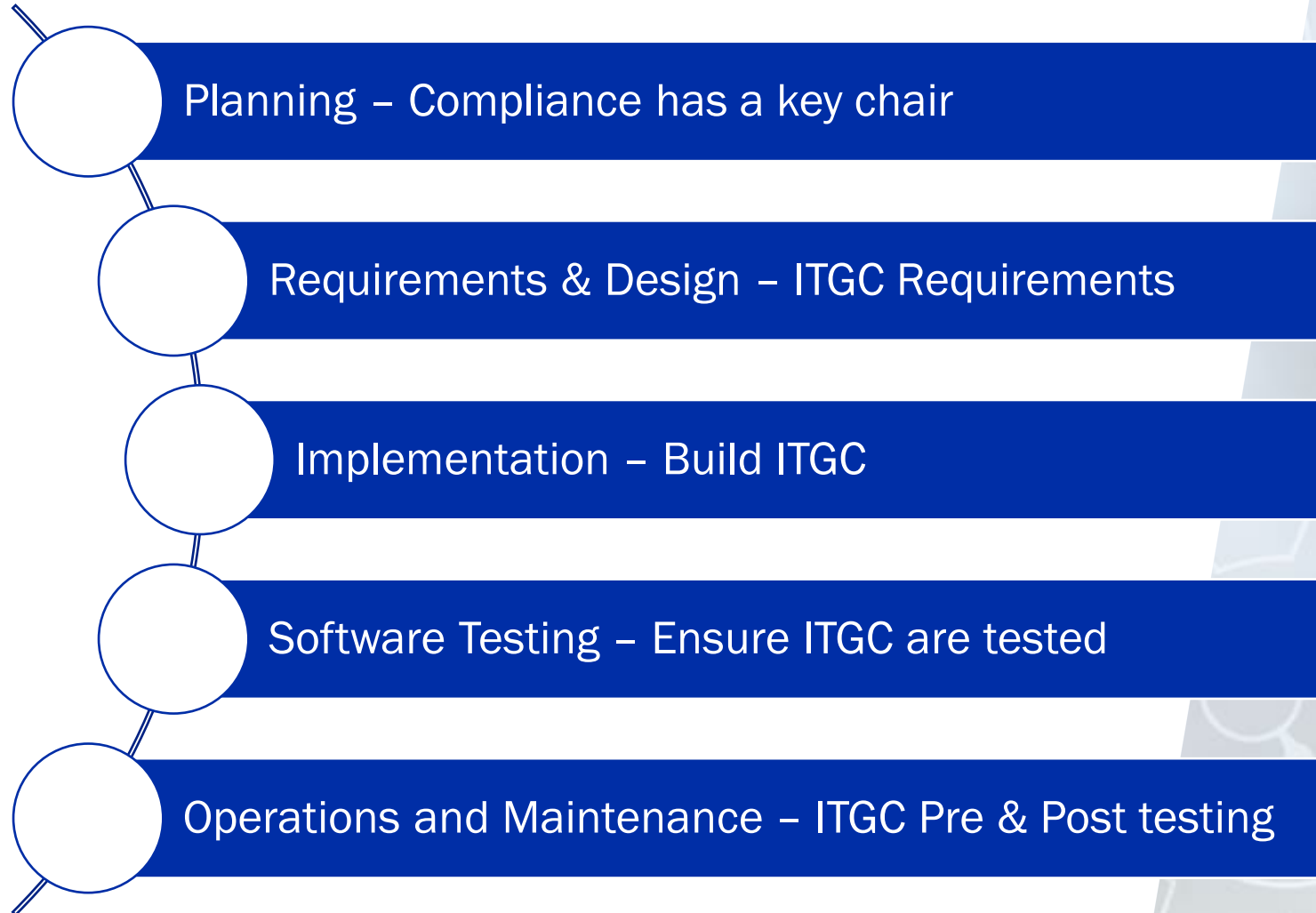
Completed Items										Upcoming Action Items											
ITGC Design Discussions/Validations										Upcoming Activities Other Discussion											
Application	Control/Go-Live Date	Provisioning	Terminations	Passwords	Privileged Access	User Access Reviews	Privileged ID Review (e.g., DODIC, SAP)	Developer Access	SOD	Segregated Environments	Change Control - Approval/Testing	Firefighter /Recall	Batch Jobs Scheduling	Batch Jobs Monitoring	Change SAP Client Opening	SAP Sensitive Transactions	Backups	SAP Preapproved Roles	Realtime Services Monitoring	Completeness & Accuracy	Program Development
Application 1		TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Application 2		TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

Integrated
High Impact
Disruptive to the end
Priority Critical
High Impact
High Impact
High Impact
High Impact
Control applied

- ITGC Risk Tracker

Original Risk No.	Reference No.	Application	Control	Gap/Pending Design	Risk	Impacts	Mitigation Plan	Owner	Remediation Owner	Commitment date

Key Project Checkpoints



Value Created for Program

Single point of contact for IT SOX matters

Alignment with internal and external auditors on new in-scope systems and ITGCs

Increased awareness of ITGC and audit/compliance requirements

Minimal control deficiencies

Collaboration Wins

Effective Communication & Teamwork

- Share in the goal of serving as “Project Team” members to ensure no one is ancillary

Change Management

- Clearly define compliance expectations
- Agree on an approach at onset

External & Internal Audit

- Ensure clear understanding of Auditor’s expectations
- Proactively communicate and collaborate with Internal & External Auditors

Wrap Up

- **ITGC Assessment Strategy**
- **IT Compliance Structure**
- **Key Approach Elements**
- **Tools & Templates**
- **Collaboration**

Key Points to Take Home

- **Develop an ITGC assessment strategy to support the program**
- **Assessment strategy should consider applications in-scope, controls, solution, timeline, and IT key resource map**
- **Take pre-planning work slowly – plan for the unexpected, especially with resource availability**
- **Let the program approach strategy dictate if control enhancement is required, which in turn prompts the right questions**
- **Kickoff project governance early to ensure a regular cadence**
- **Bring in the right level of partner support for your needs**
- **New system IT processes (e.g., access management, backup, interface) need to seamlessly fold into existing IT processes and controls**

For More Information

<https://sapblog.protiviti.com/2019/11/05/phase-zero-of-the-sap-s-4hana-journey/>

- Chris Hanson blog post describing how to start Phase Zero of the SAP S/4HANA Journey

https://www.protiviti.com/sites/default/files/2022-09/sapinsider_s4hana_business_case_research_report.pdf

- SAPinsider benchmark report outlining the business case for SAP S/4HANA sponsored by Protiviti

<https://sapblog.protiviti.com/2022/02/23/how-optimized-staffing-plays-a-role-in-a-successful-s-4hana-journey/>

- Chris Hanson blog post on the importance of optimized staffing in a successful SAP S/4HANA implementation

<https://www.sap.com/documents/2019/05/44b3ebd5-4b7d-0010-87a3-c30de2ffd8ff.html>

- SAP authored practical guide to mapping your journey to SAP S/4HANA

<https://sapblog.protiviti.com/2020/12/10/how-to-integrate-automated-controls-in-a-hybrid-agile-sap-s-4hana-implementation/>

- Blog post on the importance of integrating controls design in a S/4 HANA Implementation

Thank you! Any Questions?

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your session evaluation.

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