Learning Objectives

• Identify the critical components of a process
• Use best practices in documenting processes with:
  – Process maps
  – Process narratives
What is a process?

• A series of activities that lead to the achievement of a measurable result
• All processes have the following elements:
  – Objective
  – Scope
  – Actions
Components of a Process

Inputs → Activities → Outputs
How to Create a Process Map

1. Select the process
2. Define the process boundaries (start and end points)
3. Gather information
4. Depict the process “as is”
5. Validate your understanding
Types of Process Maps

There are four basic ways to graphically document a process.

Level 1
- Illustrative Flowchart
- Context Flowchart

Level 2
- Transactional Flowchart

Level 3
- Cross-functional Flowchart

Least Detailed
Most Detailed
Illustrative Process Map

Start

Process Customer Order

Assemble Raw Materials

Assemble Box

Apply Finish

End

Build a Wooden Box
Context Flowchart

Depicts only a few aspects of a process:

- Internal entities
- External entities
- Enabling technologies
Process Mapping Guidelines and Best Practices

- Start with illustrative flowchart
- Identify internal and external entities
- Define Key inputs and outputs
- Proceed to the next level of detail
- Document key decisions
- Define major activities
- Walk through each activity
- Use standard shapes and symbols
- Include key/legend
- Label risks and controls
- Connect shapes with arrows
Process Narratives

• Describe the “as is” process

• Represent the entire process from start to finish, showing:
  – Inputs
  – Pathways
  – Circuits
  – Actions
  – Decision points
  – Completion

• Identify who is doing what, with whom, when and for how long

• Identify the sequence of events and any wait times or delays inherent in the process
Components of a Process Narrative

- Process name
- Process objective
- Key personnel (title) performs the control
- Segregation of duties
- Key applications
- Key data forms / reports
- Spreadsheets used to perform key activities and controls
- Financial statement accounts affected by the process, if applicable
- Process description (description of the key process steps, detailing the beginning and end of the process)
- Key risks, highlighted within the narrative
- Key controls, highlighted within the narrative
- Adequate information to prepare a Risk and Control Matrix (RCM)
Activity – Process Narrative Key Information

**Purpose:** Realize the importance of writing a detailed process narrative.

**Group Activity (15 minutes)**

1. Review the Process Narrative
2. Develop a process map for Sections I and II of the narrative (Purchase Orders and Invoice Receipt and Approval of Disbursements)
   - No need to include risks and controls
   - Create the process map on a flipchart (or whiteboard)
   - Identify missing information
Evaluation of Process Documentation

• Completeness – Does the document address the entire process?
• Flow and readability – Is the sequence logical?
• Key inputs and outputs documented and/or plotted?
• Is it accurate?
Summary

• A process has inputs, activities and outputs

• There are three levels at which processes can be documented with process maps:
  1. Illustrative or context flowchart
  2. Transactional flowchart
  3. Cross-functional flowchart

• Process maps and narratives, used to document processes, must:
  – Be complete and accurate
  – Logically flow
  – Include key inputs and outputs
For more information or if you have questions, please contact:

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