



Wolters Kluwer TeamMate Audit Solutions

Security State Bank & Trust: Serving the needs of the community



Originating from a desire to better serve the needs of the local Fredericksburg, Texas community, **Security State Bank & Trust** began operating on April 12, 1941, from inside the former Buckhorn Saloon building. The iconic white-tailed deer logo of the saloon, previously recognized throughout the community, is still used today; representing a financial organization that is poised for opportunity and continued growth as a strong, privately owned community bank.

Wolters Kluwer TeamMate had an opportunity to sit down and meet with Cele Romero, Chief Internal Audit Officer of Security State Bank & Trust, to discuss how TeamMate+ has helped Mr. Romero and the rest of his audit team find continued success.



Introductions and team dynamics

TeamMate: If you could, please start by telling us about yourself, the organization you work for, and the internal audit team that you work with.

Cele Romero: I started from very humble beginnings as a bank teller after graduating from college with a degree in finance. After a variety of opportunities over the course of several years, I eventually wound up in the position that I am in today as the Chief Internal Audit Officer for Security State Bank & Trust. Our organization works with both small and large companies, and are spread across 18 locations, with an asset size of just under \$2 billion. Currently, there are a total of six TeamMate+ users on our team; three that work in internal audit and three that make up the compliance department.

Shortly after filling the role of Chief Internal Audit Officer, I realized that many of the audit processes could be adjusted and improved upon. For example, much of the work that we were doing was still very paper intensive. I knew there were tools available that we could leverage to enhance our workflows, bring us into the 21st century, and allow us to improve upon our risk assessments and reporting objectives, to name a few.

TeamMate: We hear this from many of our customers, the importance of efficiency. Objectives need to be met, and efficiency is a large part of that objective. But, what about quality? When internal auditors are working individually and independently from one another — working within Excel spreadsheets and other documents — there's always a chance of missing something important. Perhaps something doesn't get transcribed properly, or it isn't updated in a timely manner.

Cele Romero: It is extremely important to ensure that there is consistency across your work papers and throughout your audit. From scheduling and planning, to testing, document requests, reporting, and eventual wrap up. It is paramount that each of those stages of the audit is accurate and consistent. This also allows other auditors to come in during an audit or after the fact, review your work, and quickly understand and get up to speed on your findings.

As an internal auditor, it's important to be both professional and credible. And when you're cobbling things together between Word and Excel it becomes clunky and difficult to manage. That's never a concern or an issue with TeamMate+. Any updates that are made, you know your work is saved right then and there. If your system ever goes down, TeamMate+ has reliable mitigating controls built in. There's never a need to worry.





Enhancing the audit process

TeamMate: You mentioned that there was a need to update your internal audit process fairly early after starting with Security State Bank & Trust. Talk about what went into that process and then the eventual buy-in from your team to start working with TeamMate+.

Cele Romero: I started out by approaching my direct supervisor and having an honest conversation. We discussed how to make a strategic decision, what we wanted things to look like in the future, and how we could leverage technology to become more efficient and bring greater value to the organization. And when you're talking about banking and financial institutions, your ultimate goal is to continue to grow. If you become stagnant in this industry you're going to get left behind.

I saw the writing on the wall just a couple years into my career. The financial industry and internal audit was evolving. And when you see that, you want to evolve with it. Maintaining the old pen-and-paper method, which some of us would probably prefer sometimes, is just not feasible. My team does roughly 110 audits each year, and the compliance department averages nearly 50 audits. That's a lot of binders and a lot of paper to go through. It would take three to four days to finalize an individual audit report and put together all of my activity for the month. There had to be a better way, and something needed to change.

As I began looking into options to enhance our audit work, I focused on the processes and began viewing the TeamMate+ demonstrations. I realized that this could really give us what we needed because TeamMate+ would allow us to focus less on the administrative work and more on delivering value.

Adding value to the organization was the biggest selling point to our audit chair. From there we began looking at the bigger picture and potentially hiring additional employees based on the different audits we were conducting. We were able to discuss how we had an opportunity to do things better. To do things the right way. In the end, the audit committee and CEO understood that bringing in TeamMate just made sense.

TeamMate: Is there anything that you're doing for your audit process outside of TeamMate that you would like to enhance?

Cele Romero: When we talk about internal controls over financial reporting, it's important to monitor and be compliant with the Federal Deposit Insurance Corporation Improvement Act. We must have an inventory of controls, and everything must be documented. As of right now, I am the custodian of that. But everything is currently documented in various spreadsheets throughout our organization. My vision is to eventually add all of this information to TeamMate+. It is a personal goal of mine to be able to leverage an inventory for the controls and then start categorizing the associated risks to make everything work for me the way I want it to.

TeamMate+: Driving organizational efficiency

TeamMate: Beyond what we've already covered, can you describe how TeamMate+ drives overall value for your organization? Across each branch and every function that is built into your audit plan, how would you describe the value of the work that is conducted?

Cele Romero: Having a tool like TeamMate+ that is capable of aggregating everything that you've done in totality over the last month, quarter, and year — however you want to break it down and have that information accessible — is invaluable.

We can quickly generate important trending information across historical data types, identify discrepancies with new accounts, and review a working history that can be shared with our management groups to better identify high and moderate risk exceptions. TeamMate+ has given us the ability to efficiently provide management with the correct information needed to make decisions about the business and the organization. Our internal audit team has become a conduit of information for management based on the scope of everything that we review throughout the course of the year.

TeamMate: How important was it for your team to take more of an 'automated' approach across each aspect of the audit life cycle — from planning and risk assessment to the field work and documentation — and ensure that it is maintained and saved in a common place for your users to access and work on?

Cele Romero: Everything is centrally located with TeamMate+. There's never any worry about trying to find something on a shared drive or in a random filing cabinet. It provides the structure and the framework so that our team can focus on auditing from the start.

Everything starts at the top. Risk assessments drive the audit plan. The audit plan drives the projects scheduled over the course of the year. And out of those audits come your findings. With TeamMate+ you have everything that you need to remediate and track that information.

This then leads to reporting; a process that TeamMate+ also has built into the system, providing a seamless and scalable opportunity for your reports to be quickly delivered and ready for review. Being able to customize your report and make it as high level or as detailed as you want has also provided a lot of flexibility for us.

There is very little that you have to worry about when using TeamMate+. Everything is right there. Everything builds on top of itself. We are no longer wearing ourselves out and flying blind because we are no longer required to develop everything individually.

TeamMate: From an audit and team management perspective, how has the visibility into the work that your team is conducting increased your overall efficiency? Have you been able to conduct more audits and worry less about rework since adding TeamMate+?

Cele Romero: The team view offers a good amount of detail. The customizable project workflows and workflow rules that are built into the system has been helpful when it comes to managing projects and scheduling. Overall, when it comes to my own team, I've noticed that I've been able to manage the processes better in its totality. I'm able to keep my finger on the pulse of the audit schedule and avoid burning out my staff. It also makes it easier for me to verify when my team is hitting each benchmark for the year. Understanding the right amount of time that's needed for your workflows means the work will be completed in a timely manner. It's been a great resource for me in that regard.

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More than one Dimension

TeamMate: What does the Dimensions feature of TeamMate+ mean for your team and the audit work that you do?

Cele Romero: Dimensions is a great tool. We have a 2-pronged approach that includes internal audit and audit compliance, with each department managing their own schedule. There are also other areas that I look at in the audit space that I need to keep track of, things like third party audits. Because of this, I have three to four separate Dimensions (or environments) where I am able to review this information. It’s not necessarily different, but I often need to look at things with a different lens sometimes. With Dimensions I have been able to build the system out in a way that best meets my needs.

This is all compliance-based and each Dimension has its own risk assessment, audit plan project, and findings. So, the audits can be segmented into its own Dimension by the click of a button. If I want to focus on my third party audits, I’m able to seamlessly change Dimensions and have it display everything that I need. For example, I am able to switch between employee benefit plan audits with 401K, our external loan review team, and anything relevant to regulatory bodies, like the Texas Department of Banking. I can go from a risk assessment to an audit plan and then to issue tracking. Dimensions delivers a great deal of freedom when it comes to accessing all of that information.

The future of internal audit

TeamMate: Internal audit has gone through a number of changes in the last few years. The Standards have just been updated. During 2023 every conversation was around ESG and compliance. Now we're talking about the world of Artificial Intelligence (AI). What's next? Where do you see the profession going?

Cele Romero: Our biggest asset has always been professional skepticism. As an auditor, the ability to question and think things through, to think outside the box, has always been important. Going forward, AI will play a part in the future of internal auditing. Some things that AI can provide will be able to help us; mostly with the more straightforward

processes, like uploading general ledger transactions and quickly identifying where all the outliers are. AI will be able to advise the internal auditor, based on the calculation or the algorithm, when certain things should be more closely examined. However, it will still be up to the internal auditor to decipher those potential issues and decide if there are, in fact, any problems that require further analysis and investigation. You're never able to look at everything the same. Overall, I think AI will be a good tool, but it won't replace internal audit. I'll be interested to see exactly what the next couple of years looks like, what AI will be able to do, and what its limitations may be.

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