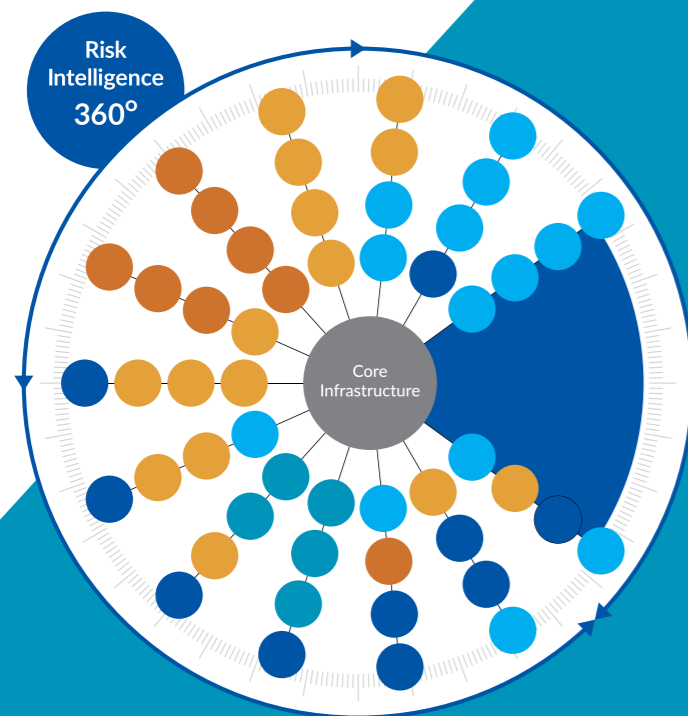


# Audit Module



**Graci**  
by RiskBusiness

# Audit Module



Risks manifest themselves on the organisation from every direction and modern, integrated management requires a 360 degree perspective encompassing all second and third line of defence functions for proactive risk and business decision making.

- Governance
- Risk
- Audit
- Compliance
- Intelligence
- Core Infrastructure

The Graci - Audit module provides all the necessary functionality required by the modern internal audit function within small, medium, large and global conglomerate firms to ensure the provision of independent assurance to the firm’s Audit Committee, Board of Directors and relevant stakeholders.

There are various approaches to internal audit, with probably the most common being based on the concept of “risk-based auditing”. Under this approach, the audit process focuses on specifically identified risks within the business; assessing the strength, completeness and effectiveness of the controls which have been established to counter the risk, as well as evaluating the completeness and effectiveness of any other form of risk transfer or mitigation programme. Whereas non-risk-based approaches tend to focus on the process and issues relating to the process, the risk-based approach focuses on the risks which affect the process or which may result in the business failing to meet its business/strategic objectives and in complying with internal governance and external oversight requirements. Graci – Audit supports risk-based, process-based, control-centric and IT-centric audit programmes concurrently.

Graci – Audit shares classification taxonomies, organisational infrastructure and business-related data such as processes, risk, controls, business applications or systems, vendors, business partners, policies, regulations, corporate and business objectives with other control functions, along with data produced specifically within those functions, including incidents and loss events, regulatory matters, litigation cases and new initiatives; facilitating a 360° perspective of the firm for the internal audit function.

typically focuses within the boundaries of the business entity and compliance on the legal entity(s) owning the process or product. However, this issue can be overcome by applying different, integrated perspectives on the firm and facilitating the custom definition of what an audit entity is.

A common problem for internal audit arises in the differences between the audit entity universe and the legal, operating and geographical organisation structures typically used by second-line functions such as compliance and risk management. This issue around universe is typically a difficult issue to resolve, as internal audit may wish to review a process end-to-end across business entity boundaries or a product across sales, delivery and servicing channels, whereas risk management

Graci – Audit consists of five core functional areas, each of which draw upon and use the audit universe as defined for the firm. These five functional areas are supplemented by the set of common functions contained within the Graci – Core Infrastructure module and available in an integrated manner across all Graci modules. These include remedial actions, authorisation and review structures and requirements, notifications and calendars, attestations and meeting functionality, audit trails and the integrated intelligent report writer.



## Audit Risk Assessments



In today's frenetic and complex world, few internal audit functions have the luxury or resources to audit every entity, process or function within the firm every year. It has thus become standard practice to undertake a risk assessment of the audit universe and to prioritise those audit entities deemed to be highest risk over those representing lower risk, with higher-risk entities subjected to more frequent and often more intensive audits.

Graci – Audit supports audit assessments of the audit universe either on a periodic or ad hoc basis, allowing various factors to be used to establish an overall audit risk rating per audit entity, which can then be used in audit scheduling. As a component of the 360° concept, information for a defined time period from the Graci – Governance, Risk, Compliance and Intelligence modules for each audit entity can be aggregated and presented for assessment by internal audit, supplemented by audit-specific questionnaires and risk assessments, to derive an overall audit risk rating for the audit entity. Typical data from the other Graci modules included in such audit risk assessments would include incidents and loss events, risk registers and current risk exposure assessments, control registers and associated control effectiveness assessments and test results, regulatory matters and compliance findings, open remedial actions, customer complaints, selected key risk/control/performance indicator values, litigation cases and comparable industry data.

A history of risk ratings over time can be established for each audit entity, thereby permitting both the identification of trends over time and the provision of supporting evidence for external audit or regulatory inquiry on the prioritisation of audit activity.

## Branch Exams



The Branch Exams function is intended for firms with geographically distributed functions, where internal reviews, inspections or examinations are applied from time to time. Exams can be scheduled, based on previous exams, a risk assessment and rating or defined frequency, with exam phases, working papers and the collection of evidence and documentation of findings, resulting in the preparation and delivery of an exam report.

## Audit Scheduling

Graci – Audit supports various types of audit activity, ranging from regulatory audits, through IT audits, control audits and compliance audits, to specialist audits such as SoX audits. For each type of audit which the firm will use, the option exists to link audit risk assessment ratings with audit frequency for use in audit scheduling.

Audit schedules of different time horizons and audit types can be established and maintained on a rolling basis, for example, one-year, two-year, three-year and five-year audit schedules and plans. Once the start and end date of each schedule has been defined and the applicable universe of audit entities to be included selected, then based on the current audit risk assessment rating of the audit entity, the audit type and the last time such an audit was performed, Graci – Audit will determine the applicable audit frequency for each audit entity and propose the individual audits to be performed, including assigning start and end dates per audit. This may be supplemented by specifying budgeted audit hours and audit staff allocation and assignment, taking into account staff availability and factors such as vacation and training obligations. Audit schedules can be viewed using Gantt charts, as can all audits applicable to an audit entity and individual audit staff assignment and utilisation. Internal audit staff can be supplemented where necessary with external audit staff, either on secondment or on loan.

Internal audit governance is supported through review and audit schedule approval and authorisation steps, with the option to revise audit schedules periodically. Ongoing monitoring of budgeted hours against actual hours is continuously available. Once the audit schedule has been approved and at the appropriate point in time, the individual audits to be performed under that audit will be created and notifications generated to the assigned audit staff and identified representatives of the audit entities.



## Audit Management

Depending on the audit type, the option to pre-define audit phases, such as planning, fieldwork, analysis, reporting, monitoring and closure, and to define specific time dependent activities and documentation requirements, is available. Graci – Audit makes use of the Graci – Core Infrastructure Meetings component to schedule meetings, define meeting agendas (using pre-defined templates if required), manage invitations and then to manage the actual meeting and document meeting minutes and resulting actions. Such meetings may be planning meetings, kick-off meetings, data gathering or issue-clarification meetings and closure meetings. Commonly used document templates (such as checklists and assessments) can be defined, then electronically completed and stored within Graci (applying the WORM principle).

As the audit progresses through its lifecycle, various artefacts can be collected and stored against the audit, discussion points documented and managed, remedial actions raised and implemented, control tests prepared, executed and documented, information on business applications, upstream and downstream dependencies, vendors and service providers, models, policies and procedures, processes, risks, controls and causal factors can all be collected, while maintaining a log of documentation requests.

Areas of concern can be raised, then either clarified and closed, or form the basis for provisional audit findings. These can be supplemented by reopening previous audit findings and including self-identified issues raised by the audit entity. Where an audit entity suffers incidents, loss events, regulatory matters, litigation cases or faces new emerging risks during the audit, information on such items is automatically raised with the assigned lead auditors, remaining in their alerts inbox until taken into consideration or explicitly disregarded.



## Audit Reports and Findings

Facility is available for the firm to create a template for its audit reports, including specific branding options which can take into account target audiences and legal entity involvement within an audit entity. At the appropriate point in the audit lifecycle, the audit report is created, with options to include information on scope and objectives, audit management comments and to link applicable audit findings to the audit report. Once the audit report has been finalised, it can be sent to the audit entity management for review and input prior to publication, or can be sent to senior audit management for authorisation to publish. The option to include audit entity management feedback and to document remedial actions is provided, along with workflow driven remedial action management, follow-up and status reporting.



## Time Management

Graci – Audit supports two different options in audit staff time management: firstly the ability to record internal and/or external auditor hours directly against each audit or to use timesheets where audit staff record their hours against various audit activities. Those activities associated with a specific audit automatically update the utilisation hours on the relevant audit. Non-audit time can also be recorded on the timesheet, including management activities and time spent on continuous professional development.

Secondly, using the employee records supported by the Graci – Governance Employees function, mandatory training requirements, licensing accreditation and professional development requirements can be used as an input into each auditor's training log, where the auditor can record information on training attended and provide evidence of attendance or certification, resulting in time saved to the timesheet and training obligations updated.



## REPORTING



No audit solution is complete without the ability to generate management reports and Audit Committee and Board of Directors reporting. The Graci – Core Infrastructure Report Writer facilitates the design of various forms of reports, which can then be selected, populated with the appropriate data and either generated as required or per a pre-defined schedule, then distributed to applicable recipients in electronic format. All reports, when viewed online, support drill-down into appropriate underlying data. A number of pre-defined report templates are provided for use.



For more information on  
Graci by RiskBusiness, please visit

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

or email us at [info@riskbusiness.com](mailto:info@riskbusiness.com)