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Initial Audit Services: Strategy

Internal Audit Services Portfolio

– *strategic alignment in accordance with executive-management demands* –

Objective:

Not only is it important to establish the proper groundwork for an audit services portfolio. This applies particularly during the “initial audit services phase.” This should correspond with the pattern of demands made by executive management as well as with the organization’s respective business model.

There are certain intermittent changes regarding contents to a slight degree or in the rhetoric employed by individual internal-audit services. These occur parallel to those dynamic environmental parameters that impact the organization’s surroundings as a whole. At the same time, offshoots of the seven original audit services that are globally recognized in investigative reports and empirical studies develop within the audit product portfolio over the course of specific intervals. These often are driven by innovations within the organization’s field of activity or by regulatory determinants.

The curriculum is targeted to teach participants to orient audit product portfolios to their clients in accordance with the respective corporate business model. ARC’s course of instruction employs strategic “audit-resource-based approaches.” We apply these to the individual circumstances of participants during the course of instruction, examining with them how well they are equipped to deliver requested audit services in the future. Together with participants, we draw up roadmaps for their development.

At the same time, it is important to understand that no precise differentiation can be made between assurance and consulting services within the audit products themselves. Current audit practice within the framework of an audit endorsement’s reporting concept shows that clients always are provided an applicable best-practice recommendation in addition to assurance services. This stands in contrast with the past, in which it often was common to refer only to deviations from a target status or to a point of weakness.

In addition, no doubt, there are specifically requested audit consulting mandates which are to be conducted in accordance with standards and best practices established by the Institute for Internal Auditors (IIA). This applies to sections 1000.C, 2010.C, 2120.C and especially to the requirements stipulated in sections 2201.C and 2210.C.

Topics:

- ✓ IIA specifications and development studies
- ✓ The seven classic audit services
- ✓ Formative options for the establishment of a demand-oriented audit-services portfolio
- ✓ Focus of emphasis in accordance with the organizational corporate business model
- ✓ Empiric sample arrangements from various business sectors
- ✓ Detailed solution approaches for participants’ internal audit operations
- ✓ Team-setting formulation of development roadmaps along a timeline
- ✓ Support for integration and implementation of the preferred solution or the favored company-tailored audit-services portfolio

Target audience:

Employees and managerial staff from the internal audit function



Methodology:

Interactive workshop, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-4 days of instruction).

Contact:

Would you like more details about ARC's Audit Training & Consulting Services, or do you wish to book an appointment with its team? Please address your e-mail inquiry to Info@ARC-Institute.com or phone us at +49-2159-6945-904

Committed Audit Services: Strategy

Strategic Positioning of the Internal Audit Function

– from strategy development to implementation –

Objective:

This consulting module enables a precise analysis of the entrepreneurial network into which the respective audit is incorporated. Likewise, it provides an extended analysis of the mode of operation of the company's industry-specific business model within which the audit is conducted.

Strategic orientation sequentially builds upon the respective company-tailored audit-services portfolio that is oriented according to the company's significant stakeholders as well as a sustainable strategic positioning within the risk convergence of the organization's administrative departments. These departments – Internal Auditing, Compliance, Risk Management, Controlling, etc. – often are called "independent management services."

Strategic fields of analysis for one's own audit operations are mapped within this constellation. In the same process, experience drawn from previously conducted repositioning projects are brought into play and clearly demonstrated in a practical example. In this context, both positive and negative examples of implementation are discussed and illustrated by the ARC consultant. Among other aspects, the workshop's benefit for participants lies in the practical application and adaptation of various strategy instruments within the internal audit environment. Furthermore, an opportunity to interconnect with the business or corporate strategy is given.

Topics:

- ✓ Situational analysis of the internal audit function in a competitive environment
- ✓ Strategic positioning of the internal audit function within the company, based on the strategic planning model developed by the Russian-American applied mathematician and business manager, H. Igor Ansoff
- ✓ Legislative requirements as well as those of management with regard to the internal audit function's profile
- ✓ Deduction of the audit strategy based on corporate strategy
- ✓ Orientation of the audit-services portfolio with the assistance of a strategic business-segment model
- ✓ Differentiation from and interaction with other risk-oriented administrative departments
- ✓ Operative implementation within daily audit procedures and through interaction with audited entities
- ✓ Continuous and periodic monitoring as well as adjustment of the auditing strategy
- ✓ Support regarding integration and implementation of a company-tailored solution

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive workshop, discussion, game-theory strategy analyses according to US-American mathematician John Forbes Nash, Jr. and others, practical exercises, case studies, retrospective summary

Training / Training / Consulting period:



ARC Internal Audit Training & Development

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-4 days of instruction).

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Enabled Defined-Audit Services: **Strategy**

Audit CRM – Knowledge & Relationship Management

– *audit-strategy success by means of institutionalized and structured customer relationship management* –

Objective:

In particular, qualitative items of information regarding audit objects are required in addition to quantitative data derived from IT-analysis tools in order to conduct focused audit-knowledge management. This task necessitates a structured audit-relationship-management (ARM) approach within the framework of a risk-oriented cycle and a continually structured or template-based meeting log. Structured institutionalization enables a standardized comparison of audit objects for further risk-oriented examination and resource planning. At the same time, the auditor's knowledge is based particularly upon comprehensive information management. In order to process these accumulated items of information – partially from various discussions – into knowledge, much time and storage capacity often is required. In this effort, an institutionalized and interlinked process with regard to information sources and filing locations is required for the implementation of an adequate audit-knowledge management process. The option of a rolling-audit plan is generated as a by-product from the continuous performance of ARM.

From a strategic standpoint, ARC supports its clients on a company-tailored basis in developing their audit operations into a “learning organization.” This provides substantial assistance for the preparation and performance of the actual audit. At the same time, ARC demonstrates to clients how to achieve enhanced audit effectiveness (impact) and efficiency (economy), strengthened communications across team boundaries as well as improved (upgraded) quality assurance regarding audit-internal processes.

Topics:

- ✓ Starting point: State-of-the-art CRM methodology
- ✓ Audit relationship management: active comparison of case studies from peer-review audits
- ✓ Focused risk-oriented audit planning and performance by means of structured information on the audit object
- ✓ Institutionalization of the audit-relationship-management approach
- ✓ Topic-related methodology congruent with the risk-assessment structure
- ✓ Formulation of a knowledge-management strategy
- ✓ Uniform procedures for procurement of knowledge and information
- ✓ Uniform procedures for furnishing knowledge and enhancing availability of knowledge
- ✓ Promotion of active knowledge use by staff
- ✓ Formulation of a concept for incorporating an integrated information system into audit-relevant examination processes

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).



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Managed Audit Services: Strategy

Blue Ocean Strategy – Internal-Audit Growth Areas

– *tapping fields of growth for internal audit and expanding genuine core capabilities* –

Objective:

Today's internal audit function is confronted with a surging area of compliance. Modern compliance departments occupy fields of service traditionally provided by auditing operations – among other areas in the form of classic conformity audits. This often generates a climate of conflict within the company which necessitates a clear delineation of responsibilities. The necessity of a strategic repositioning and a reconfiguration of the existing audit-services portfolio arises as an immediate consequence of these circumstances.

Within the workshop's framework, participants learn to tap fields of expansion systematically to the advantage of their internal audit team. The task employs current strategy models in a gradual manner. In the process, ARC's "audit strategy as balance" approach combines the two classic schools of strategy. These consist of a "resource-based approach" (RBA) and a "market-based approach" (MBA). Based on practical state-of-the-art strategy approaches as formulated by US-American Professor Richard d'Aveni and others, ARC develops aggression-and-defense strategies for clients. In this effort, the ARC team employs what meanwhile has become an often-used technique known as "blue ocean strategy" for its clients. The approach originally was propagated by W. Chan Kim and Renée Mauborgne of The Blue Ocean Strategy Institute at the Paris-based international graduate business school and research institution INSEAD. Its focus is on the high growth and profits an organization can generate by creating new demand in an uncontested market space, or a "blue ocean," rather than by competing head-to-head with other suppliers for known customers in an existing industry.

With respect to internal audits, ARC has expanded this strategy approach and meanwhile conducted various strategy-consulting projects on the basis of this methodology for audits in Austria, Germany and Switzerland. This places the consulting team in a position to employ its experience drawn from repositioning projects already conducted and clearly demonstrate its capability based on practical examples.

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Topics:

- ✓ Situational analysis of the internal audit function in a competitive environment
- ✓ Analysis of the company-specific situation in the area of risk convergence
- ✓ ARC's "audit strategy as balance" approach
- ✓ Establishment of a success strategy in accordance with the law of comparative advantage propagated by 19th-century English political economist David Ricardo and with assistance from the RBA and the core-capability approach
- ✓ Expansion of the services spectrum with the help of various MBA approaches
- ✓ Analysis of clients' audit services by means of strategic business areas in accordance with McKinsey & Company
- ✓ Establishment of a company-tailored, scenario-based blue ocean growth strategy
- ✓ Orientation of the overall audit strategy
- ✓ Models for continuous and periodic monitoring and adjustment of the audit strategy
- ✓ Support in the implementation of the formulated audit strategy

Target audience:

Employees and managerial staff from the internal audit function



Methodology:

Interactive presentation, discussion, group projects, employment of various strategy-analysis tools, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (introductory workshops generally cover 2-4 days of instruction, strategy project determined by situational analysis).

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Optimized Audit Services: Strategy

Integrated Audit Risk Centric Approach®

– *next-level auditing* –

Objective:

The Integrated Audit Risk Centric Audit Approach® (IARCA®) is Audit Research Center's high-end, maturity-based consulting module. It supports clients' audit operations in achieving Champions League status. The module ranks among the top-performer audit procedures in worldwide benchmarking. Besides the implementation of a risk-centric audit approach, the IARCA® strategy model enables a thorough utilization of risk metrics on the basis of advanced developments in Capability Maturity Model Integration (CMMI), standards established by the Institute for Internal Auditors (IIA) as well as the best-practice audit procedures of COSO II – Enterprise Risk Management Frameworks (ERMF) and Control Objectives for Information and Related Technology (COBIT). An extension module for providers of financial services encompasses the most recent requirements in accordance with Basel III, the European Union's Capital Requirements Directive (CRD), Basel II's Internal Capital Adequacy Assessment Process (ICAAP) and the respective national supervisory stipulations of the three German-speaking "DACH" countries – Austria, Germany and Switzerland.

The IARCA® procedure enables not only a strategic positioning in harmony with the respective company-tailored business model of clients. Rather, it also facilitates a consistent risk metric along the entire audit-process chain in unison with the concept of a risk-audit channel. Various consulting projects within the IARCA® framework already have been conducted with audit operations in assorted branches of business in Austria, Germany and Switzerland. This practical experience in conceptualization and implementation enables ARC to provide focused strategy consulting along an advanced learning curve.

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Topics:

- ✓ Risk metrics – what are they?
- ✓ Demands on state-of-the-art audit-risk metrics
- ✓ International standards and supervisory aspects regarding risk evaluation
- ✓ Methodology basis for a risk-oriented audit universe
- ✓ Best-practice-based risk-gauging methods
- ✓ Audit segments in accordance with IIA standards
- ✓ IARCA® structure in connection with CMMI process maturity models
- ✓ The audit risk-centric approach and the integral risk-audit channel
- ✓ Analysis of risk-convergence status regarding the company-specific business model
- ✓ Networking aspects of a risk-oriented internal-audit's depth of added value as defined by CMMI
- ✓ Interfaces with rolling-audit planning
- ✓ Company-specific implementation of the IARCA® toolbox:
COSO II – ERMF, COBIT, Six Sigma, the Information Technology Infrastructure Library (ITIL), the risk-audit channel, audit scope in accordance with IIA governance, the Blue Ocean services portfolio, rolling-audit planning in compliance with respective national and branch-oriented requirements posed by regulatory standard setters

Target audience:

Employees and managerial staff from the internal audit function



Methodology:

Interactive workshop, discussion, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (introductory workshops generally cover 2-4 days of instruction, strategy project determined by situational analysis).

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Initial Audit Services: Executive Management Audit Coaching

Risk-Oriented Audit Universe

– formative options for the risk-oriented audit universe –

Objective:

Subsequent to completion of the management coaching or workshop, participants are in a position to implement the newest techniques in risk-oriented audit planning as well as the structuring of an audit universe in a practical audit environment. Discussions with participants within the coaching framework focus especially on consistent networking of the various stages that comprise the audit-planning process. These include the audit universe and landscape as well as multiple-year and one-year planning. Furthermore, discussion topics include the implementation of risk categorization within operative audit planning and performance as well as deliberations regarding individual levels of the company.

Topics:

- ✓ Current risk-oriented audit planning – methods and formative options
- ✓ Components of risk-oriented audit planning
- ✓ Varying cluster approaches for structuring an audit universe or an audit landscape
- ✓ Risk-evaluation classifications and their consequences for the performance of an audit
- ✓ Discussion and illustration of typical difficulties in the formulation of thoroughly risk-oriented audit-examination planning
- ✓ Potential areas of cooperation with other administrative departments
- ✓ Creation of a continual audit-universe structure independent of corporate evolution
- ✓ Options for focused assignments of staff according to key risk areas
- ✓ Integration and implementation of the acquired audit techniques within the participants' own audit environment

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Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (training generally covers 1-2 days of instruction).

Contact:

Would you like more details about ARC's Audit Training & Consulting Services, or do you wish to book an appointment with its team? Please address your e-mail inquiry to Info@ARC-Institute.com or phone us at +49-2159-6945-904

Committed Audit Services: Executive Management Audit Coaching

Audit Marketing & Effective Communications

– *intelligible and effective communication of work results by means of appropriate media* –

Objective:

Internal audit's examination results must be formulated intelligibly, compiled effectively and presented in a focused manner if they are to achieve their anticipated added value. In this respect, audit reports comprise the showpiece of the internal audit function. Orientation to the target audience or to the client is the watchword in this instance. Within a practical setting, it is particularly important in this case not to present oneself as a monopolist whose wares must necessarily be purchased. Rather, one must confront the competition and provide a clearly recognizable added value for the recipient of the audit service. The task here is to transmit this message in a communicatively effective manner.

Subsequent to completion of coaching, participants are in a position to select appropriate audit-communicating media according to company-specific target audiences and stakeholders. Instruction recipients understand the various foundations of thought behind the auditing field's global professional association, the Institute for Internal Auditors (IIA), as well as its respective standards. Best-practice structures can be developed based on defined classifications of audit-report recipients and their typical patterns of response. Course participants are able to employ the various audit-communicating structures along the auditing function's added-value chain as well as within the framework of a communications timeline in a practical environment.

Topics:

- ✓ The typical audit-report system
- ✓ International IIA requirements regarding the audit-report system
- ✓ Audit communications along the auditing function's added-value chain
- ✓ Timely suited communications regarding audit results
- ✓ Analysis of various communications structures and media
- ✓ Typology of audit clients: What breed of management character requires which items of audit information?
- ✓ Arrangement of comprehensive audit communications – from the ad-hoc report...to follow-up audit communications...and the supervisory board's annual presentation
- ✓ Comparisons of state-of-the-art journalistic communications models for news media target audiences
- ✓ Integration and implementation of auditing techniques into the individual audit's risk-oriented examination procedure

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (training generally covers 2 days of instruction, consulting is performed as determined by circumstances).

Enabled Defined-Audit Services: Executive Management Audit Coaching

Risk Convergence

– *optimization of the interaction with and demarcation of boundaries relative to other risk-oriented administrative departments* –

Objective:

Over the past three years, the topic of risk convergence and consequently the defined cooperation of risk-oriented administrative departments (controlling, risk management, compliance, administrative coordination, auditing as well as external accounting, among others) has developed into a core challenge for the internal audit function.

In order to enable a value-sustaining cooperative arrangement and achieve synergistic and cost-effective benefits as a result, the task of executive-management addressees is to develop uniform risk metrics, harmonized risk reporting and joint infrastructure approaches between the so-called independent management services.

Course participants learn how to cooperate with other administrative departments in establishing an appropriate network that yields a win-win situation for the other partners as well as for themselves. In the process, the ARC team assists participants in applying proven game-theory approaches to optimize their utility or payoff matrix. Instructors assist provide help in developing risk-convergent methods and infrastructural instruments that are a tailored match for a company's individual executive management and business model.

At the same time, however, participants also learn how to differentiate their audit team from other risk-oriented administrative departments – resulting in a clearly level playing field for all parties involved. In this respect, ARC instructors also show course participants decisive leveraging tools for positioning themselves as well as reveal opportunities for becoming an inter-company driving force in the form of a primus-inter-pares-style “first among equals”.

Topics:

- ✓ Structural changes and pressure on earnings demand a new approach by executive management: today's independent management services
- ✓ Analysis of the branch's current status quo: today's risk-oriented administrative departments
- ✓ Requirements of a company-wide risk-management and control system
- ✓ Identification of significant drivers
- ✓ Comparison of synergies between value-adding architectures of risk-oriented administrative departments
- ✓ Field of focus: efforts in the area of a process landscape
- ✓ Field of focus: the risk-data warehouse
- ✓ Field of focus: the integrated risk-metrics framework
- ✓ A common environment of continuous risk monitoring
- ✓ Game-theory strategy analysis of the participants' company-specific environment
- ✓ Detailed implementation options for practical application by course participants
- ✓ Joint formulation of potential development roadmaps along a timeline
- ✓ Support for integration and implementation of the preferred solution

Target audience:

Employees and managerial staff from the internal audit function



Methodology:

Interactive workshop, discussion, game-theory strategy analyses according to US-American mathematician John Forbes Nash, Jr. and others, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops without implementation generally cover 2-4 days of instruction).

Contact:

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Managed Audit Services: Executive Management Audit Coaching

COSO II – ERMF & COBIT Auditing

– *integrated audit procedures possessing an international benchmarking niveau* –

Objective:

As the two global headliners in best-practice solutions for conducting audits, both the COSO II – Enterprise Risk Management Frameworks (ERMF) and Control Objectives for Information and Related Technology (COBIT) procedural models offer an opportunity for integrated auditing between IT and commercial audits in the form of a consistent methodology according to international standards.

Course participants become acquainted with and learn to understand the transformation mechanism of a definition of assignments for examining an internal monitoring system. The internal monitoring system is defined according to the auditing field's global professional association, the Institute for Internal Auditors (IIA), and consists of three components, namely internal control, risk management and a governance system. The resultant procedural models enable participants to interlink and apply the eight COSO II audit components directly with practical audit goals.

At the same time, ARC instructors employ audit objects and examples from the auditing field to illustrate the options and variations of practical applications in an everyday audit environment. Likewise, in combination with the COSO model in practical audit applications, an interconnection with IT-audit standards such as COBIT and the Information Technology Infrastructure Library (ITIL) is demonstrated. This consequently facilitates an integrated examination procedure between commercial and IT auditors. Within the integration framework of IT-audit examination goals, ARC instructors build upon an internationally validated audit model promoted by the Information Systems Audit and Control Association (ISACA) and the IIA as well as that of numerous projects which have been conducted.

Upon completion of coaching, participants succeed overall in achieving high-quality audit results through the interaction of IT and commercial auditing. Due to the audit procedures learned, course participants significantly increase not only the probability of success regarding their audit results and their degree of audit coverage. Rather, they also achieve a higher risk-oriented accuracy rate within the framework of audits that they perform. As a result, they are capable of achieving a structured, replicable audit success. This conforms entirely with the maturity-level expectations reflected in an audit-managed process in accordance with Capability Maturity Model Integration (CMMI).

Topics:

- ✓ Starting point: from the global IIA definition of assignments...to auditing of the internal monitoring system...to COSO II – ERMF
- ✓ Regulatory and practical drivers regarding employment of the COSO II model
- ✓ Enterprise risk management (ERM) as a consequence – likewise in consideration of repercussions from the economic crisis
- ✓ Establishment and application of the COSO II – ERMF model
- ✓ Interconnection of IIA stipulations regarding the internal monitoring system as well as COSO II audit components
- ✓ Establishment of a COSO-adequate risk-audit metric
- ✓ Practical application: transition from a model to audit practice
- ✓ Practical application within audit planning, performance of audit and reporting – based on examples and subsequent discussion



- ✓ Combined approaches to COBIT and ITIL for achieving an integrated audit procedure
- ✓ Detailed implementation options for practical use by participants
- ✓ Support for integration and implementation of a company-tailored solution

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive workshop, discussion, game-theory strategy analyses according to US-American mathematician John Forbes Nash, Jr. and others, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops without implementation generally cover 2-4 days of instruction).

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Optimized Audit Services: Executive Management Audit Coaching

Governance Examination of Strategic Risks

– *auditing beyond the risk strategy* –

Objective:

The audit function bears the regulatory obligation to examine risk management operations as well as the risk strategy that has been developed in accordance with the company's business strategy. Based on international best-practice approaches and case studies, coaching participants learn to audit the governance or management and monitoring system in a strategically foresighted manner.

Upon course completion, participants are acquainted with typical points of weakness and risks relating to various governance structures. Thus, they are capable of analyzing these in a practical audit environment as well as conceptualize audit-solution recommendations.

Topics:

- ✓ Common corporate governance structures
- ✓ International and national requirements of companies and the relevant planning universe or planning landscape
- ✓ Options for orchestrating and auditing an enterprise risk management operation
- ✓ Audit approaches for the governance system or for the management and monitoring system
- ✓ Lessons learned from the Sarbanes-Oxley effect: the company-level controls audit
- ✓ Audit approaches based on Basel III and the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz = BilMoG)
- ✓ Case study: governance auditing in practice
- ✓ Structure of a comprehensive audit approach for practical application in an audit environment
- ✓ Integration and implementation of auditing techniques into the risk-oriented audit procedures of an individual audit

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Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (training generally covers 2 days of instruction, audit performance/support determined by circumstances).

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Initial Audit Services: Audit-Process Architecture

Added-Value Internal Auditing Chain

– *effective and efficient arrangement of workflows and their interaction within the internal audit* –

Objective:

The goal of this consulting module is to become acquainted with and understand the added-value internal auditing chain along with its various options of configuration in primary and secondary sub-processes as well as the benefits and disadvantages which arise as a result.

ARC consultants provide support so that course participants can orient their own audit processes according to their individual company's requirements. For this purpose, the interaction between supporting activities and core auditing activities – so-called primary activities – should be coordinated as optimally as possible. In this regard, particularly the respective form of organization and size of staff within the organizational structure are to be taken into account for the efficient and effective achievement of a target-focused audit result at the conclusion of the process chain.

Numerous previous consulting mandates enable ARC to provide course participants with various practical examples as reference models in a benchmarking comparison according to branch of business and focus of audit objectives.

Topics:

- ✓ Starting point: fundamentals of the added-value chain according to Michael Eugene Porter
- ✓ The procedural system and interaction between internal audit's primary and secondary activities in a practical environment
- ✓ Internal audit's generic process models
- ✓ Illustration and discussion of various best-practice process chains and organizational forms regarding internal audit
- ✓ Practical comparison by means of benchmarking examples and orientation according to branch of business
- ✓ Analysis of framework parameters and the corporate network
- ✓ Orientation of the audit sub-processes according to company-specific requirements
- ✓ Determination of appropriate organizational forms for a company's audit operations
- ✓ Support in the documentation of processes – for example, in an audit manual
- ✓ Specification of quality parameters
- ✓ Support of implementation upon request

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-3 days of instruction, audit performance/support determined by circumstances).



Contact:

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Committed Audit Services: Audit-Process Architecture

IIA Quality & Performance Review

– *catalysts for quality and performance by means of international standards* –

Objective:

Within this module, ARC conducts a quality and performance review for its clients according to standards set by the auditing field's global professional association, the Institute for Internal Auditors (IIA) or the respective adjunct national requirements of the IIA Austria, the German Institute for Internal Auditing (Deutsches Institut für Interne Revision = DIIR) and the Institute of Internal Auditing Switzerland = IIAS / Schweizerischer Verband für Interne Revision = SVIR). The performance of a quality assessment according to IIA Standard 1312 at least every five years has been demanded by the IIA and national audit-profession associations. Besides the fulfillment of these demands, the performance of clients' audits as well as the relevant processes are the priority among ARC's concerns.

Over the course of a quality assurance review, ARC's methodic procedure is oriented on the IIA's best practices as well as specifications made by national audit associations. The ARC performance review provides clients with strategic impulses and references for furthering the advancement of one's internal audit operations.

ARC structures the results in a modular fashion in a 10-segment package. This approach, which already has been conducted for a number of companies in various branches of business, is subdivided into the following components:

- 1) Functional orientation of the audit
- 2) Independence
- 3) Audit-services portfolio
- 4) Audit techniques
- 5) Communications
- 6) Cooperation with other parties
- 7) Quality management
- 8) IT equipment
- 9) Staff development
- 10) Organizational structure

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In addition to a quality certification, course participants also receive a documented analysis of strengths and weaknesses that provides detailed development roadmaps for achieving enhanced performance. In order to facilitate the effective and efficient launch of a client's audit operations, ARC gladly provides support regarding implementation as well.

Topics:

- ✓ Joint definition of the quality assessment's scope
- ✓ Coordination of the chronological sequence of individual milestones and contacts
- ✓ Inspection of documents and selection of interview partners for audit-client feedback
- ✓ Analysis and evaluation of current status
- ✓ Expansion of the general quality-assurance review by means of the 10 performance modules
- ✓ Analysis of strengths and weaknesses within a peer-review comparison
- ✓ Examples in the form of best-in-class procedures
- ✓ Detailed approaches for the further development of clients' own audit operations
- ✓ Support in the implementation of various strategy initiatives



Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).

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Enabled Defined-Audit Services: **Audit-Process Architecture**

Indicator-Supported Quality Management & Monitoring

– *focused expansion of quality management and control within the internal audit function* –

Objective:

In support of qualitative audit control, course participants receive a broad overview of options for surveying quality indicators. These also are in conformance with quality assessment (QA) standard established by the Institute of Internal Auditors (IIA), the Quality Self-Assessment Tool (Q-SAT) developed by the Institute of Internal Auditing Switzerland = IIAS / Schweizerischer Verband für Interne Revision = SVIR) and the relevant standard issued by the German Institute for Internal Auditing (Deutsches Institut für Interne Revision = DIIR). This selection of indicators enables clients to measure the success of their audit operations continuously throughout the course of the audit process. On the basis of these prerequisites, clients can advance the development of their audit operations in a structured manner and communicate with their staff regarding strengths and weaknesses within the audit process.

Topics:

- ✓ Definition of the terms “quality” and “quality management” (QM)
- ✓ Methods for establishing a quality-management system
- ✓ Demands of national and international standards regarding up-to-date quality management within the audit function
- ✓ Which stakeholder groups within a company demand quality management from the internal audit function?
- ✓ Analysis of internal audit’s added-value chain
- ✓ Methodic modular system for identifying significant interfaces
- ✓ Requirements for a comprehensive QM cockpit
- ✓ Target-group-oriented analysis of various QM-benchmarking indicators
- ✓ Relevant issues and measurement approaches for meaningful QM within the internal audit function
- ✓ Establishment of a key-performance-indicator (KPI) approach throughout the primary and secondary process chains
- ✓ Creation of meaningful framework conditions
- ✓ Detailed options for the implementation of audit operations in a practical environment

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Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-4 days of instruction).

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Managed Audit Services: Audit-Process Architecture

Audit Strategy Maps – ISO 9001

– enhanced audit performance by means of focused audit control –

Objective:

This consulting module supports clients in effectively controlling their audit processes and in establishing a “managed-audit” process architecture in line with the capability maturity model integration (CMMI) process-improvement approach.

Along with its clients, ARC formulates an audit strategy map for primary and secondary processes along the auditing function’s added-value chain. In this process, ARC consultants employ the balanced-scorecard model developed by Robert S. Kaplan and David P. Norton. The ARC team has expanded this basic model by means of audit strategy maps and modules in accordance with the ISO 9001 standard related to quality-management systems as defined by the International Organization for Standardization (ISO). This facilitates a flexible form of adaptation for comprehensive control of an internal audit in conformance with the requirements regarding quality assessment defined in the national and international audit standards established by the Institute of Internal Auditors (IIA), the IIA Austria, the German Institute for Internal Auditing (Deutsches Institut für Interne Revision = DIIR) and the Institute of Internal Auditing Switzerland = IIAS / Schweizerischer Verband für Interne Revision = SVIR).

Topics:

- ✓ Starting point: strategy maps
- ✓ Strategic localization of audit operations on the basis of company-specific requirements
- ✓ Current trends in process management within the audit function and various options for its design
- ✓ The balanced scorecard (BSC) as a control instrument for the internal audit function
- ✓ Focus options regarding a risk-oriented audit strategy map with respect to audit processes
- ✓ Analysis of cause-and-effect chains within internal audit operations from four analytical perspectives: staff, processes, audit stakeholders and finances
- ✓ Practical examples for active comparison from peer-review audits
- ✓ Portfolio of proven-in-practice indicators for varying control perspectives: budgeting, audit-process quality, staff development and training, demand for audit services and client perspective
- ✓ Approaches for direct implementation in an operative audit-practice environment – including within the framework of an audit case study
- ✓ Preparation for ISO 9001 certification
- ✓ Integration and implementation of the control methods learned – with regard to course participants’ own company audit environment

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary



Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).

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Optimized Audit Services: Audit-Process Architecture

Best-in-Class Peer Review – PERIAS

– *typology-based benchmarking analysis for internal audits* –

Objective:

“Peer Review Internal Audit Strategy” (PERIAS) is based on results from various benchmarking studies conducted mainly in the three German-speaking “DACH” countries – Austria, Germany and Switzerland. On request, additional benchmarking data can be incorporated from the annual “Global Audit Information Network” (GAIN) study conducted by the Institute of Internal Auditors (IIA).

Besides a general benchmarking analysis, ARC employs a typology-based cluster algorithm to achieve a strategic localization of the respective audit. This approach provides an opportunity to illustrate various strategic paths of development. These are organized in the form of scenarios according to 10 different structural perspectives.

Among other things, within the framework of a typical analysis of strengths and weaknesses, the strategic references and results also are arranged in a structured manner within the following areas:

- 1) Functional orientation of the audit
- 2) Independence
- 3) Audit-services portfolio
- 4) Audit techniques
- 5) Communications
- 6) Cooperation with other parties
- 7) Quality management
- 8) IT equipment
- 9) Staff development
- 10) Organizational structure

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Topics:

- ✓ PERIAS methodology
- ✓ Development status of internal audits along a timeline
- ✓ Structure and interpretation of the various benchmarking segments
- ✓ Results from various comparative studies
- ✓ Company-specific determination of the audit typology
- ✓ Analysis of strengths and weaknesses of internal audits with reference to the three German-speaking countries
- ✓ Catalysts for further advancement by means of benchmarking results
- ✓ Ideas and perspectives derived from best-practice examples of participating audit teams
- ✓ Detailed approaches for further development of one’s own audit operations based on examples from among the 10 structural components
- ✓ Detailed implementation options for practical application in the audit environment
- ✓ Support regarding implementation of the various strategy initiatives

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:



Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).

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Initial Audit Services: Audit Methods

Operational Audit Toolset

– *basic audit-methods modular system for examining the internal monitoring system's three components* –

Objective:

The start of this training and consultancy module consists of a thorough introduction to and comprehension of the three prominent areas of audit operations. The respective areas covered in this module comprise the internal control system, the risk management system and the governance system (the management and monitoring system). In congruence with the auditing field's global professional association, the Institute for Internal Auditors (IIA), these three areas of audit can be grouped from a methodic standpoint under the category of an internal monitoring system.

In this respect, course participants learn to apply various methods along the typical audit-examination process. At the same time, the audit objective is to define clearly the processes of the company as well as the associated assignments, authorizations, responsibilities, control functions and communication channels as well as to coordinate them with one another. In a risk-oriented and process-related manner, the internal audit function subsequently examines the existing internal monitoring system and assesses its performance capability. This, on the other hand, means that the auditor must understand the flow of information – beginning with initialization of the transaction, its authorization, its accounting and possible financial impact as an itemization as well as the ultimate financial reporting and the paths of reporting which are employed.

After identifying points in the process at which the occurrence of an error poses a threat (micro risks), the internal auditor checks whether management has installed and performs adequate control measures to minimize the risk involved.

Course participants receive useful tips and points of reference for implementation within their own operative audit practice. The introduction to a systematic, risk-oriented, top-down procedure consisting of analytic examination, process auditing and random-sample-auditing techniques complements the consulting module.

Topics:

- ✓ Systemization and understanding of the topic related to the three prominent areas of audit operations
- ✓ Important methodic risk categories for risk analysis pertaining to an internal audit
- ✓ The audit risk channel – learning to differentiate between inherent risks and operative risks
- ✓ Distinct standard procedures applying to internal audit operations – as defined within the framework of the IIA's Code of Ethics
- ✓ Options for, significance and consequences of an independent organizational integration of the internal audit function within the company
- ✓ Anticipatory and sequential risk-oriented preparation of the audit
- ✓ Procurement of information and definition of the audit's scope
- ✓ Technical and organizational preparation of the audit
- ✓ Distribution of assignment information within the audit team
- ✓ Acquaintance with, identification and analysis of internal control systems and key controls
- ✓ Techniques for visualizing internal control systems
- ✓ Principle regarding the understanding of an "expert third party"
- ✓ Qualitative rules applying to audit documentation and referencing techniques
- ✓ Structure of work papers in various audit situations

- ✓ Necessity of audit documentation for the audit review's concluding discussion
- ✓ Examination and detection risk with a focus on beta audit risk
- ✓ Detailed implementation options for the practical audit environment

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).

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Committed Audit Services: Audit Methods

Integrated Process Auditing

– *risk-oriented analysis of added-value chains, including process-oriented IT stages* –

Objective:

Subsequent to completion of this training and consultancy module, course participants are capable of implementing state-of-the-art auditing techniques in conducting a structured process and system audit in a practical environment. The course of instruction teaches participants methods for performing risk-oriented analysis of a company's added-value chain and to structure audit objects into core and supportive processes according to the analytic methods formulated by Michael Eugene Porter. In this respect, current practice focuses not only on integrating commercial processes into a comprehensive audit examination, but also on scrutinizing the relevant IT operating systems as well.

In this respect, the focus is concentrated on an adequate business support of workflows regarding an IT alignment by means of IT operating systems. At the same time, the course's study matter illustrates the meaningful utilization as well as the benefits and disadvantages of employing individual audits as well as examinations of processes.

And, not least, the internal audit team's task within the framework of an integrated process examination is to measure the economic degree of target achievement in connection with corporate strategy.

Topics:

- ✓ Starting point: single-case or system audit according to a top-down or bottom-up approach
- ✓ Components of a process and system audit
- ✓ Risk-oriented analysis of added-value chains
- ✓ Visualization and documentation methods for analysis of the internal control system and the risk management system
- ✓ Audit logics and the walk-through technique
- ✓ Evolution from the traditional process audit to a complex process audit in the era of sourcing
- ✓ Practical guideline for auditing outsourced processes
- ✓ Integrated process and system-auditing methodology within the networking of IT and commercial audit environments
- ✓ Embedding operational-audit techniques into a risk-oriented method portfolio
- ✓ Detailed implementation options for the practical audit environment
- ✓ Support regarding integration and implementation of a company-tailored solution

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-3 days of instruction, audit performance/support determined by circumstances).



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Enabled Defined-Audit Services: Audit Methods

RCSA – Audit Quick Check

– *effective application of risk control self-assessment (RCSA) in the practical audit environment* –

Objective:

The RCSA method's audit quick check is based on two techniques for performing audits. On the one hand, there is the technique involving risk control self-assessments (RCSAs) in the form of questionnaires or moderated workshops. And on the other, there is the method employing structured standard-audit interviews. In the latter case, the structure of the standard-audit interview should be oriented in line with that of the risk assessment. This enables a direct incorporation of results into the audit landscape's risk evaluation that is currently being conducted. The basic prerequisite for the application of both techniques consists of the auditor's well-trained proficiency with regard to methodology. Each of the techniques is well suited for risk-oriented coverage of audit objects or for subsections of an audit object with low risk.

Course participants become acquainted with the necessary methodology and organizational integration of RCSA as well as individual elements of the RCSA procedure. Components of this particular training and consultancy module encompass operational goals, measurement of performance, identification and evaluation of risk as well as control models and their employment. In addition, participants can apply the subject matter learned in preparation for CCSA® (Certification in Control Self-Assessment®) accreditation.

Topics:

- ✓ RCSA methods and options for their use
- ✓ Goals and prerequisites for employment of RCSA
- ✓ The RCSA implementation process
- ✓ Structure of questionnaire and workshop techniques
- ✓ Planning and preparation of an RCSA workshop
- ✓ Structuring and practical application of RCSA methodology
- ✓ Resource-saving implementation of risk-oriented audit quick checks for low-risk areas or for preliminary checks regarding foreign or subsidiary audits
- ✓ Evaluation and utilization of RCSA results
- ✓ Embedding the RCSA into a risk-oriented method portfolio overall
- ✓ Detailed implementation options for the client's practical audit environment
- ✓ Support for integration and implementation of a company-tailored solution

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive workshop, discussion, game-theory strategy analyses according to US-American mathematician John Forbes Nash, Jr. and others, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops without implementation generally cover 3-5 days of instruction).



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Managed Audit Services: Audit Methods

Six Sigma for the Audit CTR Toolset

– *operational audit excellence by means of risk-oriented application of Six Sigma tools in process-oriented audit examinations* –

Objective:

ARC's two-stage approach provides course participants first with an insight into the topic and the basic techniques related to the Six Sigma process-output quality-improvement strategy. At the same time, the curriculum demonstrates the improvement successes regarding the audit process that are achievable by employing Six Sigma tools. Thus, course participants receive a clear presentation of the relationships between Six Sigma and the company strategy as well as general quality-management systems.

Already subsequent to the first module, course participants are capable of producing improved audit results within the framework of process audits. Their analytic capabilities are enhanced through interaction with Six Sigma's standard tools. Upon successful course completion, participants can contemplate the most timely process-analysis topics on equal terms with other risk-oriented administrative departments.

Directly subsequent to the second module, course participants are capable of employing Six Sigma tools with regard to audit processes and in connection with the classic DMAIC procedure. The DMAIC improvement process refers to a data-driven improvement cycle used for improving, optimizing and stabilizing business processes and designs. The DMAIC acronym is an abbreviation of the five improvement steps involved: Define, Measure, Analyze, Improve and Control.

Participants' knowledge regarding the interconnectivity of "critical-to-risk" (CTR) factors enables them to contribute significant impulses within the audit-reporting framework. These impulses apply to corporate management and its examination of business and risk strategy in connection with the risk viability of individual segments within the company.

Upon completion of this course, participants understand Six Sigma audit methodology as a performance-capable instrument for the process- and system-oriented examination of audit objects with regard to their economic efficiency and conformity with applicable standards. Participants also are capable of interconnecting Six Sigma audit techniques with other standard management instruments and thus derive strategic audit initiatives within their respective audit landscape.

Topics:

- ✓ Starting point: Six Sigma refresher introduction
- ✓ Evolution of the kaizen philosophy to total quality management (TQM) and Six Sigma
- ✓ Distribution of roles within the Six Sigma application
- ✓ Illustration of fundamental Six Sigma terminology and practical utilization of tools
- ✓ Overview of the DMAIC process-analysis cycle
- ✓ Application of Six Sigma tools in practice-oriented case studies
- ✓ Acquisition of skills regarding individual Six Sigma analytic techniques:
 - analytic technique based on the SIPOC process-improvement tool (the acronym SIPOC stands for suppliers, inputs, process, outputs and customers),
 - voice of the customer,
 - advanced analysis critical to customer,



- the measurement-gauge matrix,
 - SCAMPER checking (the acronym SCAMPER stands for substitute, combine, adapt, magnify put to other uses, eliminate – or minimize, rearrange – or reverse). This creativity-boosting technique is based on the notion that everything new is a modification of something that already exists.
 - and others
-
- ✓ Critical paths in the employment of Six Sigma within the internal audit environment
 - ✓ Roles and responsibilities during interaction of audit-related Six Sigma methodology
 - ✓ Formulation of detailed audit contracts
 - ✓ Key figures for the evaluation of process capabilities
 - ✓ Detailed audit-assignment areas
 - ✓ Practical case study for applying the audit DMAIC process
 - ✓ Implementation of achieved audit results in combination with audit risk metrics
 - ✓ Interconnectivity of business and risk strategy within the framework of risk viability
 - ✓ Summary and evaluation matrix regarding audit-related Six Sigma tools

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive workshop, discussion, game-theory strategy analyses according to US-American mathematician John Forbes Nash, Jr. and others, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops without implementation generally cover 3-5 days of instruction).

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Optimized Audit Services: Audit Methods

Rolling-Audit Planning

– *dynamic arrangement of audit planning in accordance with altered market conditions* –

Objective:

Dynamic risk fluctuations, their global interconnective impact as well as shorter product lifecycles in an environment with significant influences on the corporate business model call for the implementation of an audit function that is up-to-date and operates in a foresighted manner.

In order to keep pace with these developments – from an auditing standpoint – it is necessary to switch from an audit-planning schedule that employs a static, annual perspective formulated one year in advance to a more timely rolling method.

At the same time, the rolling-audit planning method typically is supported on the one hand by quantitative data. On the other hand, assistance is provided by qualitative data in the form of a continuous audit-relationship-management approach. In this case, the methodology developed by ARC provides substantial support for thorough interconnectivity of the various audit-planning stages. These include the audit universe or audit landscape, multiple-year and one-year planning as well as the implementation of risk categorization within the operative audit planning and its actual performance.

The so called 8th EU Directive: DIRECTIVE 2006/43/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on statutory audits of annual accounts and consolidated accounts, (amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC) as well as local laws, e.g. the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz = BilMoG) as well as the country's Corporate Sector Supervision and Transparency Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich = KonTraG) places demands on companies – and consequently on their risk-oriented administrative departments as well. Among these requirements are a timely risk assessment regarding the internal monitoring system as a component of the internal-control, risk-management and governance system. ARC assists its clients in achieving this goal in sync with a statement made by Robert B. Hirth Jr., Chairman at Committee of Sponsoring Organizations of the Treadway Commission (COSO): ***“We work in a real-time world, and we need to have real-time auditing. Continuous auditing helps us get there.”****

Topics:

- ✓ Dynamic risk-situation frameworks
- ✓ Formative options regarding dynamic risk-oriented audit planning
- ✓ Prerequisites and framework parameters with respect to rolling-audit planning
- ✓ Risk-assessment systems and their consequences for the audit practice
- ✓ Discussion and illustration of typical problems related to implementation
- ✓ Synergies within the framework of risk convergence with other administrative departments
- ✓ Development of an independent and consistent audit-universe structure
- ✓ Staff allocation options within the dynamic audit-planning assignment
- ✓ Integration and implementation of the audit procedures learned – with regard to course participants' own company audit environment

* Robert B. Hirth Jr., IIA International Conference 2007



Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-3 days of instruction, audit performance/support determined by circumstances).

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Initial Audit Services: Audit Soft Skills

Performance of Audit Interview & Audit Evidence

Objective:

The goal of this consultancy module is to become acquainted with, understand and apply appropriate interview techniques in various audit situations as well as the essential decision-theoretical audit methods for conducting an audit examination according to international standards (among others, those established by the Institute for Internal Auditors – IIA).

In order to achieve prompt and direct success during the performance of an audit – regardless of the audit-services discipline – well-developed interview techniques are indispensable, for example with respect to a compliance audit, an operational audit, a financial audit or a governance audit.

Topics:

- ✓ Preparation of an audit interview
- ✓ Suitable selection and configuration of interview participants
- ✓ Application of the “corroborating evidence” technique for audit interviews
- ✓ Discussion techniques for conducting an audit interview
- ✓ Phase models for audit interviews
- ✓ Post-processing of an audit interview
- ✓ Significance and intrinsic value of information sources within the field of auditing
- ✓ Evaluating and amalgamating items of information within the framework of an auditor’s constructivist decision-making perspective
- ✓ Audit and detection risk with a focus on beta audit risk
- ✓ Conscious selection of information sources
- ✓ Integration and implementation of audit techniques within the risk-oriented audit procedure of an individual audit

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (training generally covers 1-2 days of instruction, audit performance/support determined by circumstances).

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Committed Audit Services: Audit Soft Skills

Audit Facilitator & Change Agent

– *audit-oriented methodic triad: examine, support and initialize* –

Objective:

Auditors have a unique opportunity to survey the complete business process as well as all associated interfaces – including operations-relevant IT applications – from an independent bird’s-eye perspective. At the same time, not only points of friction between the various process partners become apparent, but also organizational system gaps along the processes to be examined. The examiner within a practical audit environment requires special techniques and acquired skills in order to conduct goal-oriented communications, mediation and negotiation with and between the process partners who are to be audited. Within a practical environment, the fact often is neglected that a high degree of technical expertise is effective only if coupled with a corresponding amplitude of communicative capability.

This particular training and consultancy module teaches participants how to arrange procedures with regard to negotiations involving important and steadfast persuasion among audit partners. The degree of success regarding such negotiations is decisive with respect to the audit assignment’s effectiveness. In joint dialog with course participants, the ARC team can demonstrate the success of audit-oriented change management within a practical environment. Instructors illustrate practice-oriented intervention concepts and techniques that enable course participants to review various patterns of behavior within the areas they examine as well as to derive appropriate audit solutions.

Assisted by case studies and examples from an empiric setting, instructors are able to achieve clarity and train various practical situations with course participants. Altogether, the trainers employ what has become a recognized, audit-oriented methodic triad. This concept of instruction consists of the examination and support of intended modifications as well as the initialization of new, value-additive audit recommendations and corporate projects.

Topics:

- ✓ Starting point: the audit facilitator & change agent
- ✓ The change agent’s areas of assignment
- ✓ Change management as a significant aspect of future-oriented internal audit
- ✓ Limitations and options within the formative leeway of the internal audit function
- ✓ Mediation between the audit-process participants
- ✓ Orchestration of communications and various other models for goal-oriented implementation of audit recommendations
- ✓ Phase models for orchestrating effective audit negotiations
- ✓ Anticipatory structuring of audit interviews
- ✓ Constructive addressing of risks and economic irregularities
- ✓ Techniques for avoiding organizational resistance and corporate power games
- ✓ Addressee-oriented forms of presentation regarding audit results
- ✓ The opinion-forming process and options regarding sensible persuasion
- ✓ Detailed implementation options for the participant’s own practical audit environment
- ✓ Support of integration and implementation in the client’s company-specific audit processes

Target audience:

Employees and managerial staff from the internal audit function



Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 3 days of instruction, audit performance/support determined by circumstances).

Contact:

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Enabled Defined-Audit Services: Audit Soft Skills

Capability & Training Analysis

– *development of a capabilities atlas regarding the participant's risk-oriented audit landscape as well as staff development* –

Objective:

The focused expansion of staff capabilities is a necessary prerequisite for successful development of the internal audit function. This consultancy module supports course participants in the establishment and implementation of a capabilities atlas that is developed to match their specific audit-function requirements. Together with course participants, ARC instructors formulate the capabilities atlas in accordance with examinations that are to be conducted within the framework of the participant's risk-oriented audit landscape. This also includes the participant's strategic development plans for the audit department as well as for the existing and endeavored audit-services portfolios – in addition to the company-specific business model.

In particular, ARC's instructors incorporate the entire company's growth perspectives at the same time so that the training-requirement and vocational-improvement analysis also reflects the future requirements of the course participant's audit operations.

Topics:

- ✓ Starting point: capabilities vs. abilities
- ✓ Analysis of the risk-oriented audit landscape as a capability-relevant target status
- ✓ Portfolio analysis of current and targeted audit services
- ✓ Development of a capabilities atlas and a subsequent vocational-improvement analysis
- ✓ Case studies as benchmarking derived from peer-review audits
- ✓ Formulation of a capabilities model for the audit team
- ✓ Operationalization of capabilities on various levels of competence
- ✓ Establishment of capability profiles according to respective assignment groups within the audit function
- ✓ Facultative option of conducting a workshop regarding a capabilities-focused status-quo analysis
- ✓ Gap analysis for mastering short-term audit requirements
- ✓ Synchronization of the audit function's strategic development perspectives with those of the company
- ✓ Development of medium-term- and long-term-focused instruction-needs planning
- ✓ Integration of instruction-needs planning into anticipatory audit-staff development

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).



Contact:

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Managed Audit Services: Audit Soft Skills

Audit Psychology & Mediation Between Examined Units

– *analysis-model-assisted mediation for recognition of audit-psychological patterns* –

Objective:

The clarity of one's own role as examiner and particularly as audit head is the basis of perceiving a person as being an appropriate mediator. Course participants learn to reflect their role within the audit process as well as to assess their formative leeway in a practical and workable manner. At the same time, course participants deepen their understanding of necessary framework requirements and learn how challenging situations can be anticipated as well as how to create prerequisites for successful and audit-oriented mediation. In this process, participants also can reflect on challenging situations from their own everyday practice and develop procedural models for sustainable improvement of their respective company.

In connection with the topic series related to audit psychology, course participants are equipped with appropriate analytic methods in order to achieve a prompt and competent assessment of success regarding their respective audit situation. The ARC procedural model regarding audit psychology is based on an analysis of audit participants' personalities and the quality of information acquired. Furthermore, the model includes an analysis of the authenticity of statements provided as well as the motivational structure of individual audited parties during both the course of the examination and initial process of audit conclusions as well as their classification according to level of responsibility.

It is the internal audit function's obligation to make the company aware of potential hazards and demand remedies. Thus, the function's assignment is to exert its influence on the company in order to enhance its probability of success and survival. What sounds so simple in theory actually is anything but easy in practice. The reason for this, in general, is that various levels present barriers of resistance that make the audit assignment even more of a challenge.

This particular training and consultancy module is concentrated on potential top-down and bottom-up approaches. In this case, specific challenging audit situations within a practical environment are analyzed with regard to a successful and sustainable improvement in the company's overall circumstances.

Topics:

- ✓ Perceptions of the auditor's role
- ✓ Mediation and course participants' formative options within the internal audit function
- ✓ Reflection of company-internal networks and their spheres of influence
- ✓ Appropriate analysis and explanatory models derived from psychology
- ✓ Audit-psychology options within the practical examination environment
- ✓ Analysis of personality, authenticity of statements and motivational structure
- ✓ Case studies from within the practical auditing environment
- ✓ Company-specific examination of direct assignment options
- ✓ Embedding mediation and audit psychology into general auditing procedures
- ✓ Support regarding integration and implementation of a company-tailored solution

Target audience:

Employees and managerial staff from the internal audit function



Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops without implementation generally cover 2-3 days of instruction).

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Optimized Audit Services: Audit Soft Skills

System-Dynamic Audit Analysis

– *systemic analysis of the audit and its network partners for focused output enhancement* –

Objective:

ARC employs the tools of systemic analysis and the so-called system-dynamics structuring method in order to clarify the various corporate-policy and socio-economic effects on the auditing task within a company. Furthermore, these tools are utilized to better understanding both existing and future reaction patterns.

The concept of system dynamics (SD) was developed by Jay W. Forrester, a pioneer US-American computer engineer, systems scientist and professor at the Massachusetts Institute of Technology. Dealing with the simulation of interactions between objects in dynamic systems, SD serves to assist company leadership in the management of complex corporate developments and in the decision-making process. Furthermore, SD facilitates a comprehensive representation and analysis of complex causal structures. Only thus is the impact of individual decisions illustrated clearly with respect to its scope of consequences and also justifiable from a long-term perspective.

The “system-dynamic audit analysis” methodology developed by ARC serves the analysis of complex and dynamic corporate systems in the form of a strategic early intelligence. This is achieved particularly from the prevailing risk-convergence perspectives of various administrative departments. ARC employs the four typical constituent elements of dynamic socio-economic systems in order to clarify the interconnections of networks and make them more understandable. These elements include causal feedback relationships, delayed impact, inventory variables and nonlinearities.

Interaction with ARC’s audit-reference model enables management-level staff to ascertain, scrutinize and systematically advance the development of its own subjective models regarding dynamic systems. “System-dynamic audit analysis” methodology can be employed as a qualitative and quantitative explanatory model. In most cases, qualitative modeling is sufficient in order to analyze clear effects of closed cause-and-effect chains within the respective corporate network.

This particular consultancy module often enables course participants to clarify unsolved audit-implementation problems from the past as well as suspected corporate patterns and to find solutions for the future.

Topics:

- ✓ Systemic analytic approaches and their benefit for the internal audit function
- ✓ Risk convergence within the framework of independent management services
- ✓ Processing of empiric cases and their pitfalls from a network perspective
- ✓ Analysis of the respective corporate status quo
- ✓ The structure of cause-and-effect chains based on individual audit examinations, their audit results as well as selected audit procedures – from perspectives of SD
- ✓ Visualization and modeling of the company-specific network situation
- ✓ Simulation of various audit decisions and their consequences
- ✓ Integration of “system-dynamic audit analysis” methodology within the everyday audit environment



Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-3 days of instruction, audit performance/support determined by circumstances).

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Initial Audit Services: Co-Sourcing/Partnering

Fraud Investigation & Prevention Audit

– support, education and awareness-raising regarding fraud & red flags –

Objective:

The central aspect of this consultancy module consists of the acquaintance with, understanding and application of specific audit methodologies for solving cases of fraudulent activity. Special audit investigations require knowledge in the handling of criminal evidence, the performance of skilled interview techniques as well as personal profiling in search of criminal motives. These are necessary for achieving quality resolution of possibly malicious acts within the company's environment.

Prompt as well as coordinated action according to clear company-internal structures of cooperation among the organization's various stakeholder groups ensures the successful resolution of such cases. The achievement of this goal calls for detailed preparation and/or cooperative efforts with qualified experts. ARC assists its clients in preparing themselves for the task and accompanies them through urgent situations such as conducting difficult interviews, the handling of pertinent evidence or interface management with legal entities.

At the same time, ARC teams up with clients in establishing a preventive, risk-oriented fraud landscape. The company's consultants can show constituents the typical errors from practical examples among various companies in numerous branches of business.

Topics:

- ✓ Fraud management / special audit examinations as a best-practice audit process
 - The course of instruction teaches the progression of a special audit examination along a proven-in-practice process workflow. At the same time, particular complications and uncertainties within a practical environment are illustrated.
- ✓ Judicial elements of a special audit investigation which are to be observed
 - Legally watertight methodologies for conducting a fraud investigation
 - Admissibility and applicability of evidence
 - Countermeasures for preventing fraudulent activities
- ✓ Skills for conducting discussions and interview techniques for fraud-investigation audits
 - Factors of success with regard to questioning about malicious activities
 - Occasions for questioning and objectives intended
 - Preparation and organization of local circumstances for questioning on the »hot seat«
 - Conscious supervision of the interrogation procedure
 - Typical complications and their remedy
- ✓ Empiric reports with regard to industrial espionage and its possible avoidance
- ✓ Employment of value and governance systems for avoiding fraudulent activity

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (training generally covers 2-4 days of instruction, audit performance/support determined by circumstances).



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Committed Audit Services: Co-Sourcing & Partnering

Pre-Implementation Audit & Project Audit

– examination techniques for effective auditing with regard to project management, the business case, technical requirements as well as implementation –

Objective:

Shorter product lifecycles, new technical developments for enhancing process efficiency and effectiveness as well as heightened regulatory stipulations demand the implementation of continuous change processes on the part of companies. In addition, the prevailing corporate environment worldwide is characterized by economizing measures and streamlining concepts that are driven by an increasingly scale-oriented pressure regarding costs and competition. In order to fulfill these dynamic requirements, companies must utilize temporary organizational forms such as mixed teams, cooperative arrangements or project groups. An active role in the joint configuration of this fast-paced evolution of the corporate world is unimaginable without the systematic implementation of project-management methods.

A pre-implementation audit – or a project-accompanying audit – takes place parallel to the development and implementation phase of significant new products, business processes and systems. Early involvement of the audit function ensures that important internal controls are implemented and that legal and supervisory requirements are taken into consideration during the initial development of a new concept. Within the framework of a so-called ex-ante audit, potential procedural errors or points of economic vulnerability already can be identified and eliminated in advance.

This consulting function of the audit procedure often leads to new insights and, at the same time, to substantial cost savings. In contrast, various kinds of studies confirm that correction and post-improvement expenses exceed the cost of initiated preventive measures. Due-diligence audits conducted by skilled internal-audit teams prior to the new acquisition of other companies also are categorized as project-accompanying audits.

ARC provides clients support and raises their awareness of such aspects, enabling them to assess projects with regarding compliance with legal, regulatory and company-related directives. In this respect, an examination in accordance with “Auditing Standard No. 4 – Standard for Auditing Projects” issued by the German Institute for Internal Auditing (Deutsches Institut für Interne Revision = DIIR) is highly recommended. This particular standard deals with project organization, framework conditions, strategic goals, plans, controls and project-management processes as well as the project team’s results. The yardstick for risk-oriented evaluation is provided by company-internal directives as well as legal regulations. However, relevant parameters also are provided in best-practice standards regarding project-management frameworks such as those found in the Project Management Institute’s “Guide to the Project Management Body of Knowledge” (PMBOK® Guide), PRINCE2® (an acronym for PProjects IN Controlled Environments) or the “International Competence Baseline” (ICB) established by the International Project Management Association (IPMA).

Topics:

- ✓ Pre-implementation auditing and various forms of the ex-ante examination
- ✓ Definition of terms and differences between ex-post and ex-ante audits
- ✓ Challenges for the internal audit function related to ex-ante examinations
- ✓ Risk-oriented audits of projects and business cases regarding project-accompanying audits
- ✓ Planning of time and resources, demarcation of a project’s duration
- ✓ Independence and objectivity

- ✓ Inadmissible consultancy vs. authorized consultation
- ✓ Coordination and incorporation of an audit into projects (rights and responsibilities)
- ✓ Stages of an ex-ante audit: preparation, performance, reporting and follow-up
- ✓ Audit objectives, examination program, planning of capacities
- ✓ Procedures, documentation of specific audit activities, hazards
- ✓ Documentation and reporting with regard to project-accompanying audits
- ✓ Principles and perspectives regarding escalation in connection with risk-endangered projects
- ✓ Detailed implementation options for the client's practical audit environment
- ✓ Support in conducting project audits

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-3 days of instruction, audit performance/support determined by circumstances).

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Enabled Defined-Audit Services: Co-Sourcing & Partnering

Audit-Sourcing Methodology Regarding Office Services

– solutions for limited resources along with continuous processing of methodology and back-office procedures –

Objective:

Resources often are limited. However, they are indispensable for the successful development of one's audit operations and services. ARC supports its clients in mastering these challenges.

The auditor's assignment is strongly impacted by recurrent evolutionary as well as revolutionary systemic changes that have occurred often in the recent past – both in the world of business in general and with regard to business models. Accordingly, such events necessitate short-term adjustments of audit procedures and timely items of information in order to adapt audit activities as well as the risk-oriented audit landscape.

With regard to executive-management addressees, continuous audit success can be secured with the assistance of appropriate audit-relevant back-office processes and a timely information system for filtering essential and relevant items of information. These aspects of communication apply to the further advancement of the audit landscape as well as that of the audit methodology which is employed.

Within the framework of this particular continuous-consultancy module, ARC supports its clients on the one hand with regard to the customer's inquiry during analysis and – if necessary – in the restructuring of the client's audit-relevant back-office and associated methodic processes. On the other hand, ARC provides its clients with an audit-specific portfolio of services which encompasses, among other things:

- research originating from the company's global information databases regarding late-breaking and current audit topics,
- continuous filtering and processing of information relevant to the client's internal audit operations as well as the respective branch of business,
- workshops with respect to formulation of audit schedules,
- continuous courses of instruction regarding audit methodology,
- formulation and evaluation of quality-management and audit-controlling reports.

The furnishing of supportive services in the form of information and methodology sourcing allows the client to maintain the continuous status of an up-to-date internal audit operation that is able to act in an anticipatory manner.

Topics:

- ✓ Starting point: analysis of existing audit processes as well as their interaction with one another
- ✓ Formative options within a modern audit-sourcing environment
- ✓ Diagnosis of existing methodic and audit-relevant back-office processes
- ✓ Formulation of appropriate supportive processes and their related content for the successful reinforcement of primary activities – performance of audit
- ✓ Case studies for active comparison – derived from peer-review audits
- ✓ Installation of a module-oriented audit-knowledge management system for the creation of a learning audit organization
- ✓ Definition of required methodology and information services



- ✓ Complete integration within the cyclical monthly, quarterly and yearly course of the client's audit operations

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).

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Managed Audit Services: Co-Sourcing & Partnering

Auditing of In- & Outsourcing Partners

– *audit procedures regarding internal and external sub-units in accordance with international best practices* –

Objective:

The in- and outsourcing of various sub-processes or also entire process chains within a company often harbors significant risks. With regard to audit examinations, the fragmentation of added-value chains and the associated specialization of individual companies for the achievement of economic effects of scale pose a particular challenge for the internal audit function. After all, it is the internal audit function's assignment to examine the internal monitoring system in a process-oriented manner – without ultimately neglecting a risk-oriented blank spot in the audit landscape.

Due to the multitude of interfaces that exist, not only can IT-media gaps and the hugest variety of quality standards arise, but also restrictions with regard to the internal audit function's right of examination. With the practical audit environment, the focus often is concentrated on numerous operative elements related to process-dependent components. As a result, the internal audit function's process-independent monitor-control right regarding feedback to the executive or supervisory boards for securing a long-term quality level remains neglected.

The challenge exists to effectively audit company-internal process structures, the qualitative functional capacity of their key controls as well as their governance system. In addition, it is particularly important to be able to examine service level agreements (SLAs) pertaining to outsourced activities in a process-oriented manner. The recognition of available SLA-related best practices that comprise the underlying basis for claims between the contracting entity (as "outsourcer") and the contractor (as "insourcer") is indispensably linked with this task.

ARC's active audit support or successful conclusion of its relevant workshops enables participants to implement a practical audit of in- and outsourced processes. Participants are familiarized with methodic procedures to evaluate outsourcing interfaces as well as their typical problem areas and fields of risk. At the same time and on the basis of a sample SLA or an order for effecting a transaction, the course of instruction illustrates how the best-practice concept can serve as a benchmark within a practical audit environment.

Topics:

- ✓ Sourcing as an economic method for concentrating on fields of core capability
- ✓ Forms of outsourcing and strategic evaluation of types within the framework of a value-adding architecture for further assessment of risk
- ✓ Risk-oriented structuring of the outsourcing process
- ✓ The dimension of regulatory supervision with regard to outsourcing – the development and content of fundamental regulatory guidelines:
 - EBA Guidelines on Internal Governance (GL 44)
 - as well as EBA Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP),
 - CEBS Outsourcing Guidelines
 - BCBS 329 Corporate Governance Principles for Banks
 - FCA Outsourcing Checklist
 - and Regulation No. 2008/7 with regard to the "outsourcing of business processes in the banking and financial services sector" (Auslagerung von

Geschäftsbereichen bei Finanzdienstleistungsinstituten) issued by the Swiss Financial Market Supervisory Authority (FINMA)

- ✓ Audit approaches to the responsibilities of a service-monitoring entity
- ✓ Typical problem areas and fields of risk related to outsourcing
- ✓ Administration, monitoring and control of outsourcing activities
- ✓ Formulation of service level agreements and orders for effecting transactions
- ✓ Case study: SLAs and orders for effecting transactions
- ✓ The internal audit function's examination responsibilities in connection with major outsourcing measures
- ✓ Detailed implementation options for the practical audit environment
- ✓ Audit support in the examination of in- and outsourced processes

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).

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Optimized Audit Services: Co-Sourcing & Partnering

Risk-Model & Control Auditing

– *systematic support in the quantitative examination of risk models and control systems* –

Objective:

Strong quantitative capabilities often are required for the examination of risk models and risk-control mechanisms. This particular consultancy module supports clients in the audit of all five inherent risk classes and their respective sub-risks:

- Market-price risks
- Liquidity risks
- Default risks
- Operational risks
- and Strategic risks

For example: Issues regarding the appropriate method for measuring one of the most important types of risk – credit or default risk – are receiving increased emphasis. This is due, not least, to regulatory banking measures such as Basel III, the German Solvency Regulation (Solvabilitätsverordnung = SolvV), Germany’s “Minimum Requirements for Risk Management” (Mindestanforderungen an das Risikomanagement = MaRisk) as well as significant repercussions from the financial crisis.

Various methods for gauging credit risk – for example, so-called credit metrics, the model developed by Michael B. Gordy from the U.S. Federal Reserve’s board of governors as well as spread models – have evolved as measurement standards.

Course participants acquire an understanding of various practical methods for measuring credit risk both on the basis of counterparties as well as portfolios. Beyond that, participants receive comprehensive insight into methods for estimating risk exposure. In their role as auditors, participants also are capable of entering into in-depth topic-related discussions on equal terms with the units that are to be examined. ARC instructors provide support and training to enable clients to audit risk models in respect to compliance with legal, regulatory and company-focused guidelines. The yardstick for risk-oriented evaluation on which the training team orients itself consists of the respective national regulatory standards and best-practice guidelines applying to the particular branch of business branch in focus.

Topics:

- ✓ A summary of potential regulatory demands with respect to state-of-the-art audit procedures
- ✓ Current adjustments to methodic approaches within the respective inherent risk class and in accordance with Basel III: market-price risks, liquidity risks, default risks or operational risks
- ✓ Methods of financial supervisory authorities for measuring individual risk categories
- ✓ Elementary considerations with regard to the measurement of exposure
- ✓ Actuarial fundamentals related to risk models
- ✓ The statistic foundations of risk models with regard to a portfolio analysis
- ✓ Summary of the various conventional risk models
- ✓ The Monte Carlo approach to measurement, for example, of credit exposure
- ✓ Insight into a default-mode model
- ✓ Insight into an asset-value model
- ✓ Sample calculation, for example, in credit metrics
- ✓ Basic considerations with regard to back-testing
- ✓ Practical examples and case studies derived from audits
- ✓ Detailed implementation options for practical application by course participants



- ✓ Support in conducting risk-model and control audits

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-3 days of instruction, audit performance/support determined by circumstances).

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Internal Audit Methodology

Audit Samples According to International Audit Standards

– *valid audit results by means of methodic professional examination efforts* –

Objective:

Due to limited resources as well as a process-oriented examination procedure, fewer risk-oriented functional and case-by-case audits generally are conducted. For this reason alone, such examinations must be based on a qualitative intrinsic-value random sample. Practicing auditors often expect an increased effort due to the employment of risk-oriented random samples. Based on empiric examples, this particular consultancy module demonstrates and teaches that significant time savings can be achieved through the appropriate utilization of random-sample procedures. When such examinations are conducted in compliance with standards established by the Institute for Internal Auditors (IIA), among others, their results are accompanied by an increased audit quality. Within the framework of procedures covered in the course of instruction, participants are capable of applying the various random-sample techniques properly and conduct focused case-by-case audits at the same time.

In order to perform in accordance with both international and national audit standards – those of the IIA, the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland = IDW), the International Standards on Auditing (ISAs), as well as those issued by the German Institute for Internal Auditing (Deutsches Institut für Interne Revision = DIIR) – it is necessary to conduct plausible and risk-oriented random-sample procedures.

The auditor's task is to assess the quality of an examination conducted within the framework of annual financial statements (among others, in accordance with IDW PS 321 and ISA 610 standards). The plausibility of documentation with regard to random samples is one of the prerequisites for a positive assessment by the auditor.

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Topics:

- ✓ Typical pitfalls in connection with a random-sample selection
- ✓ Types of random-samples and their use
- ✓ Requirements posed by audit standards according to the IIA, IDW and ISA
- ✓ Risk-oriented random samples and their factors of impact
- ✓ Consideration of the principle of materiality, risk of error and the economic efficiency of an audit
- ✓ Empiric examples from the practical audit environment or also individual performance of audit using actual company data
- ✓ Points of reference for future implementation and integration of random-sample methods into the operative audit procedure
- ✓ Integration into the risk-oriented examination methods employed in an individual audit

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (training generally covers 2 days of instruction, audit performance/support determined by circumstances).



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Committed Audit Services: IT-Integrated Services

Replicable Analytic Pre-Examinations

– effective and efficient design of the audit task –

Objective:

Among the requirements with regard to economical, efficient and risk-oriented auditing, the topic of risk-oriented data analysis already during preparation of the actual auditing assignment plays a pivotal role. Nowadays, a favorable basis for this is provided by the increasing presentation of a company's entire core processes in digital form. Participants in this particular training and consultancy module acquire all the necessary skills in order to procure the relevant knowledge necessary for detailed performance of audit tasks. In this instance, the path leads from acquisition of data to its integration into the audit process as well as its analysis. ARC provides support in conducting individual audit examinations as well – enabling its clients to concentrate fully on performance of the essential audit assignment.

At the same time, the ARC team's priority, together with its clients, is to formulate analytic examination steps that can be implemented repeatedly in various audit environments and thus achieve a high degree of utilization. Especially with regard to decentralized location audits of subsidiaries, branches or foreign holdings, the client is able to attain a high degree of comparability within the company for presentation to executive management as the audit report's addressee. Likewise, focused data analyses enable the client to save operative audit time within the preparation phase as well as during actual performance of the audit. This method enables the audit team to target specific topic areas and individual incidents instead of searching repeatedly for a proverbial needle in the haystack.

Topics:

- ✓ Efficient procurement of data
- ✓ Methods of incorporating data
- ✓ Formulation of standard examination scenarios along the process chains of the respective audit object
- ✓ Definition of required data analyses – implementation options for the client's practical audit environment
- ✓ IDEA / ACL / QPR workshop dependent on the quantity and complexity of analyses as well as the audit objects
- ✓ Identification of relevant data sources
- ✓ Definition of the business logic to be implemented
- ✓ Basic functions (among others, field statistics, calculation of domains, consolidation and incorporation of data)
- ✓ Expanded functional features (among others, aggregation, stratification, age-structure analysis, gap analysis, analysis of duplicates, pivot-table analysis, time-series comparison, correlation analysis)
- ✓ Methods of results preparation and presentation
- ✓ Integration of analyses within a macro container
- ✓ Support regarding integration and implementation of a company-tailored solution

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:



Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).

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Enabled Audit Services: IT-Integrated Services

Process-Integrated Data Analyses

– *custom-tailored defined data analyses parallel to audit-specific procedural patterns* –

Objective:

Among the requirements with regard to economical, efficient and risk-oriented auditing, risk-oriented data-analysis methods can be implemented in a foresighted and process-integrated manner along the added-value internal auditing chain. This facilitates a stabilization of the audit's success at a high level and enables its substantiation by means of quantitative evidence.

Following an analysis of the audit-specific added-value chain, ARC integrates the risk-oriented data analyses within the client's respective sub-processes with regard to audit preparation, its performance and concluding tasks. At the same time, the consultancy team employs the results already generated from the second development stage of ARC's audit data analysis capability maturity model integration (CMMI) process-improvement approach. This enables achievement of the third degree of audit maturity in the form of a process-integrated defined-audit data analysis.

ARC provides support in conducting individual audit examinations as well – enabling its clients to concentrate fully on performance of the essential audit assignment. At the same time, the ARC team's priority, together with its clients, is to formulate analytic examination steps that can be implemented repeatedly in various audit environments and thus achieve a high degree of utilization. Especially with regard to decentralized location audits of subsidiaries, branches or foreign holdings, the client is able to attain a high degree of comparability within the company for presentation to executive management as the audit report's addressee. Likewise, focused data analyses enable the client to save operative audit time. Namely, this method enables the audit team to target specific topic areas and individual incidents instead of searching repeatedly for a proverbial needle in the haystack.

Topics:

- ✓ Analysis of the audit function's added-value chain
- ✓ Synchronization of time sequences for conducting risk-oriented data analyses parallel to audit sub-processes
- ✓ Structure of process-integrated data analyses according to ARC's audit data analysis CMMI approach
- ✓ Formulation of defined standard audit scenarios
- ✓ Advanced functions and procedures in data analysis
- ✓ Methods of results preparation and presentation
- ✓ Integration of analyses within a macro container
- ✓ Support regarding integration and implementation of a company-tailored solution
- ✓ Detailed implementation options for practical application by course participants

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive presentation, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:



Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2 days of instruction, audit performance/support determined by circumstances).

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Managed Audit Services: IT-Integrated Services

Automated Audit Steps – Initializing the Establishment of a Continuous-Auditing Approach

– *strategic advancement: assignment approaches regarding continuous auditing in the form of managed-audit data analysis procedures* –

Objective:

This particular consultancy module focuses on continuous auditing (CA) in an initializing format with respect to managed-audit data analysis procedures. These comprise the so-called first risk-oriented stage of CA. It consists of automated and standardized assessments related to audit objects. Nowadays, due to the digital presentation of core processes, the CA approach can be applied to nearly all audit areas within the practical audit environment.

For an audit object or its subsections, it is possible to conduct such procedures in a top-down manner. The task is modeled after ARC's audit data analysis capability maturity model integration (CMMI) process-improvement approach, the "Global Technology Audit Guide" (GTAG) issued by the Institute of Internal Auditors (IIA) as well as the IIA's systematics pertaining to degrees of maturity for control functions. Enabled by server-based data analysis software solutions, even decentralized audit teams operating within global corporate structures can access mutually formulated data-analysis activities as well as their results. In the process, analytic results regarding the audit object can be compared with one another. At the same time and spread across different locations, comparisons of risk can be compiled in a benchmarking format.

Server-based IDEA / ACL / QPR software automatically initiates previously defined analytic algorithms at regular intervals. This enables timely analyses for the individual audit objects and their subsections. Subsequently, these are provided in a dashboard form and reporting formats that can be rearranged.

Upon successful completion of this module, course participants are capable of understanding general and company-tailored approaches within the framework of managed-audit data analysis procedures as well as establishing these within their company's own audit operations. At the same time, practical examples make clear to course participants which audit areas and objects are better suited for adoption within a continuous-auditing concept – oriented according to priorities and their implementation. A joint validation of implementation options within the respective company-specific audit-practice environment takes place at the conclusion.

Topics:

- ✓ Introduction to ARC's audit data analysis CMMI approach
- ✓ Continuous auditing – a strategic trend or just a fad?
- ✓ Continuous auditing in contrast to continuous monitoring
- ✓ Server-based managed-audit data analysis procedures
- ✓ Global decentralized access to analytic results and virtual collaboration between various audit teams
- ✓ Technical options, approaches and fundamental prerequisites
- ✓ Recommendations for implementation of the IIA-GTAG
- ✓ Conceptual structure of operationally automated audit steps
- ✓ Practical procedures based on audit objects: credit portfolio, payment transactions, procurement
- ✓ Validation of empiric-audit implementation options



- ✓ Detailed implementation options for practical application by course participants

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive workshop, discussion, group projects, practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops generally cover 2-4 days of instruction, audit performance/support determined by circumstances).

Contact:

Would you like more details about ARC's Audit Training & Consulting Services, or do you wish to book an appointment with its team? Please address your e-mail inquiry to Info@ARC-Institute.com or phone us at +49-2159-6945-904

Optimized Audit Services: IT-Integrated Services

Digital Audit Universe – Continuous Auditing

– *risk-oriented rolling-audit planning supported by methods for continuous-audit planning 2.0*
–

Objective:

Dynamic risk fluctuations, their global interconnective impact as well as shorter product lifecycles in an environment with significant influences on the corporate business model call for the implementation of an audit function that is up-to-date and operates in a foresighted manner. In order to keep pace with these developments – from an auditing standpoint – it is necessary to switch from an audit-planning schedule that employs a static, annual perspective formulated one year in advance to a more timely rolling method.

At the same time and from a supervisory perspective, audit-capacity buffers of up to 25 percent should be maintained for ad-hoc examinations in connection with an altered audit-risk landscape. This, after all, is highly advisable from an audit-economic standpoint as well.

In this instance, priority is placed on the creation of foresighted audit-intervention options by establishing a digital audit universe. This universe is to be structured in the form of a risk-oriented landscape of early warning indicators for ensuring the timely allocation of limited audit resources.

ARC supports its clients in the establishment of an “audit risk engine” that provides risk indicators for the systematic evaluation of various audit objects. This can be conducted on a continuous basis or in a periodic cycle appropriate to the client. Equipped with such an engine, audit operations are able to conduct their rolling-audit planning in accordance with the relevant actual risk situation within a company’s practical audit environment.

The German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz = BilMoG) as well as the country’s Corporate Sector Supervision and Transparency Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich = KonTraG) places demands on companies – and consequently on their risk-oriented administrative departments as well. Among these requirements are a timely risk assessment regarding the internal monitoring system as a component of the internal-control, risk-management and governance system. ARC assists its clients in achieving this goal in sync with a statement made by Robert Hirth, executive vice president of the California-based global internal audit practice Protiviti Inc., a leading business consulting and internal audit firm.: “*We work in a real-time world, and we need to have real-time auditing. Continuous auditing helps us get there.*”*

Topics:

- ✓ Differences and areas of application for continuous auditing vs. continuous monitoring
- ✓ Digitization of the audit universe: continuous auditing
- ✓ Blueprint for an audit risk engine for rolling-audit planning
- ✓ Methods and formative options regarding a modern risk-oriented audit landscape
- ✓ Formulation of business-model-specific adjustment levers and risk components for conducting rolling-audit planning
- ✓ Implementation of the audit landscape’s digitization with regard to the audit object
- ✓ Options for selection of the respective appropriate risk-evaluation systematics and consequences for the operative audit-practice environment

* Robert B. Hirth Jr., IIA International Conference 2007

- ✓ Performance of rolling-audit planning with the assistance of quantitative and qualitative risk indicators from a business-model-focused risk assessment
- ✓ Extension module: targeted staff allocation in accordance with key risk areas derived from rolling-audit planning
- ✓ Practical implementation examples and adaption of acquired course knowledge to individual audit objects and the client's audit landscape
- ✓ Support regarding integration and implementation of a company-tailored solution

Target audience:

Employees and managerial staff from the internal audit function

Methodology:

Interactive workshop, discussion, game-theory strategy analyses according to US-American mathematician John Forbes Nash, Jr., practical exercises, case studies, retrospective summary

Training / Consulting period:

Bookings are based on an audit-situation analysis as well as a personal preliminary meeting (workshops without implementation generally cover 3-5 days of instruction).

Contact:

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