

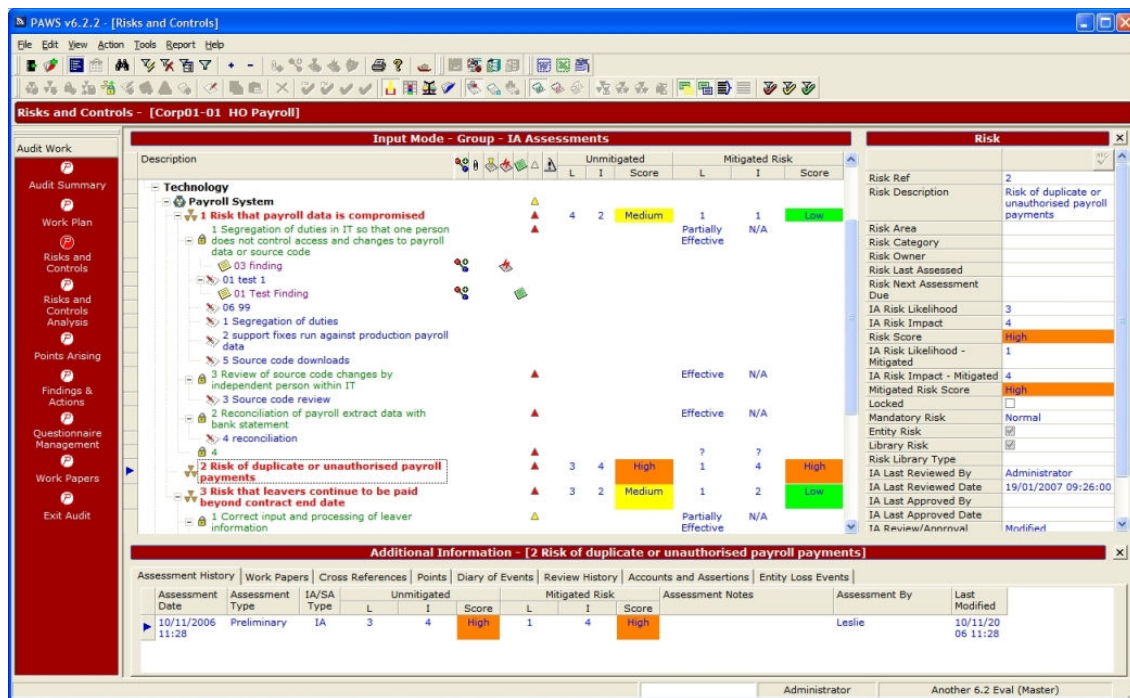
Risks & Controls Register

Overview

PAWS includes a comprehensive and flexible Risks & Controls Register that helps users to comply with a variety of legislative frameworks, such as Sarbanes-Oxley, COSO and Turnbull. Key features include:

- Flexible risk and control scoring methodology, including costing features.
- Allocate risks and controls to accounts and assertions to help assess adequacy of controls over financial reporting.
- Maintainable Risks & Controls library (standard libraries available on request).
- Integrated approach - assess risks, controls, tests and actions through a single, intuitive interface.
- Assessment history to track changes over time.
- Self-assessments, including comparison with central (e.g. IA) assessments.
- Optionally assess 'local entity' and 'group level' impact separately.
- Continuous assessment at entity level, snapshot assessment at audit level.
- Easy monitoring of changes since last review/approval.
- Extensive graphical analysis and interrogation features.

Here is an example screen for the Risks & Controls Register:



The relationship between records in the underlying database can be represented as follows:



- Objectives provide a logical grouping of risks within your Risks & Controls Register. Objectives may be categorised in many ways and have many risks.
- Risks are assessed in terms of their likelihood/impact. An assessment is made both before/after taking into account the effect of any mitigating controls. Risks may be categorised in many ways and have many controls.
- Controls are assessed in terms of their effectiveness at reducing the likelihood or the impact of the risk(s) to which they relate. Controls may be categorised in many ways. Each control can be linked to none, one or many risks.
- Each Objective, Risk and Control may be allocated to one or more Accounts and Assertions.
- Tests may be recorded against both risks and controls and are used to document the work in assessing the risks or confirming the proper operation of the mitigating controls. Tests must be attached to an Audit Area. Note: Tests apply at audit level only.
- Actions (also known as Recommendations) may be recorded at any level in the Risks & Controls Register, i.e. against objectives, risks, controls and tests. Actions can also be managed through the separate Audit Report and Action Tracker modules. Note: Actions apply at audit level only.

Maintain a Risks & Controls Register for each entity and optionally extract part or all of the register into each audit for detailed assessment and testing. At the end of the audit, optionally upload the assessments back into the entity.

Scoring Methodology

PAWS provides flexibility in the scoring methodology that you can apply in order to drive your Risks & Controls Register. Options include (also see screenshot):

- Choice of multiplication, sum, weighted or custom scoring method.
- Separate rules for risks versus controls.
- Turn costing on/off for financial quantification of risks and controls.
- Customisable thresholds for over and under control warnings.

The screenshot displays the PAWS Risk & Control Configuration interface. The main window is titled "Risk Rating Maintenance" and is divided into several sections:

- Ratings:** Number Of Ratings: 10, Max Likelihood Rating: 10, Max Impact Rating: 10.
- Matrix:** Scoring Method: Weighted, Controls Required To Mitigate Risk: 2, Likelihood: 3, Impact: 7.
- Settings:** Over-Control Warning Threshold: 20, Under-Control Warning Threshold: 20, Allow Self Assessments: , Allow Local Impact Assessments: .
- Categories:** Number Of Categories: 5, Use Automatic Colour Population: .

The central feature is a Risk Matrix grid. The vertical axis is labeled "Likelihood" and ranges from 1 to 10. The horizontal axis is labeled "Impact" and ranges from 1 to 10. The grid cells are colored based on the resulting risk score, with a legend on the right indicating the color scale: Very High (Red), High (Orange), Medium (Yellow), Low (Green), and Very Low (White). The matrix shows a diagonal of green cells (Low risk) and a triangular pattern of higher risk cells (Yellow, Orange, Red) as both Likelihood and Impact increase.

Buttons at the bottom include "Reset" and "Begin Conversion". The status bar at the bottom right shows "Master (Terry - Eval Database)".

Risks & Controls Library

PAWS provides a Risks & Controls Library module in which a library of standard objectives, risks and controls can be maintained. The library works at a number of different levels:

- 'Mandatory' records are auto-populated into entities based on matching entity type. Mandatory records may not be edited within each entity – they may only be assessed.
- 'Default' records are auto-populated into entities based on matching entity type, but only the first time that the entity is created. Thereafter, the user may edit the record in each entity.
- The user can get items from the Risks & Controls Library into the current entity or audit at any time through a 'Get risks and controls' function.

Tests in the Tests Library can be associated with risks and controls in the Risks & Controls Library to permit a link to be created between the two resources.

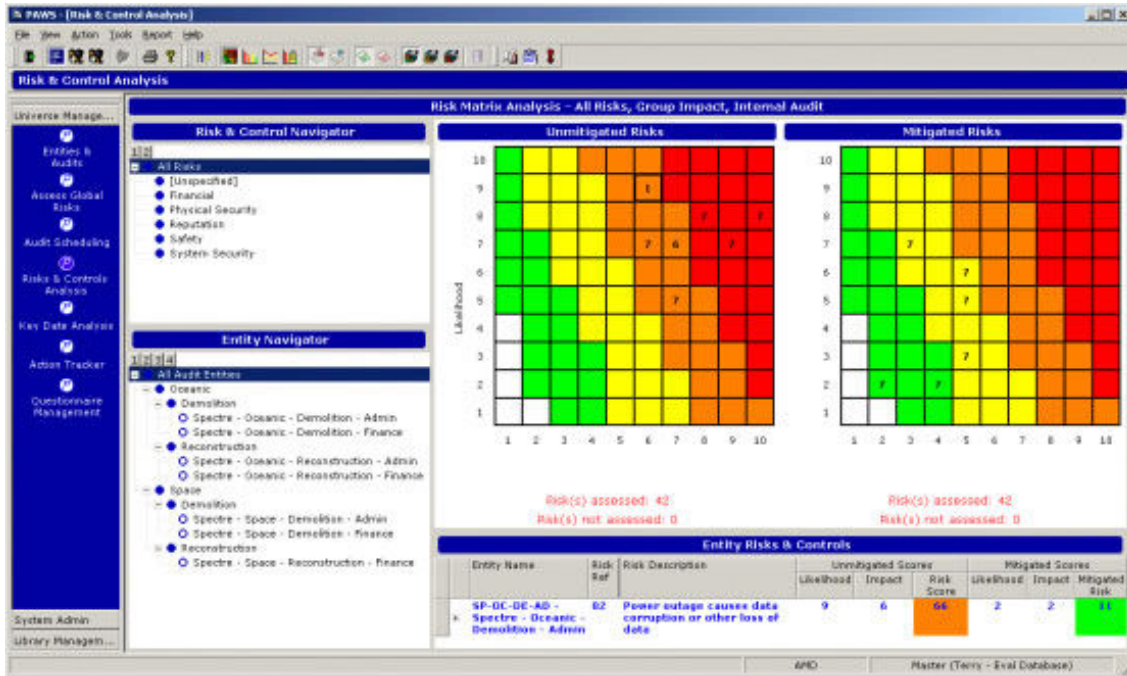
Risks & Controls Analysis

Use the 'Risks & Controls Analysis' module (**Universe Spine**) to examine risks and controls across your entire universe of entities.

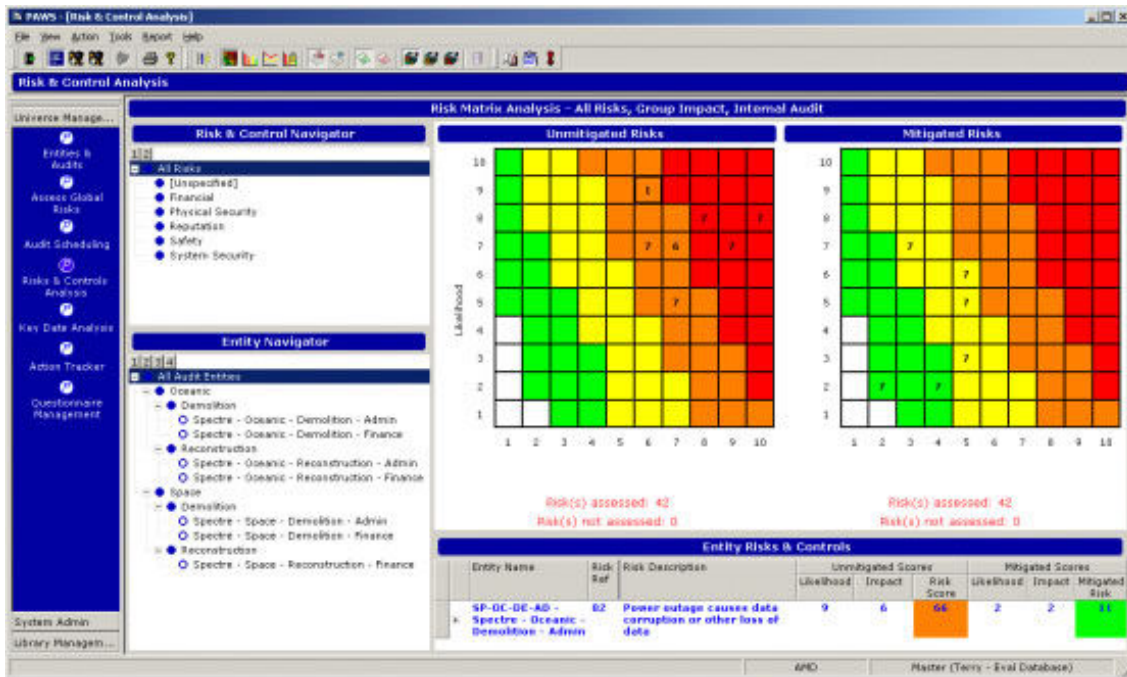
Four primary views are available within this module: Risk matrix analysis, Risks by colour rating, Total scores by date and Controls by rating

Within each view, two flexible navigators and a wide range of other selection options help you to interrogate the data.

The 'Risk matrix analysis' view plots the number of risks with scores in each cell on the risk matrix. For example:



The 'Risks by colour rating' view displays an analysis of entity risks & controls based on the total number of risks falling into each colour band. For example:



The 'Total scores by date' view plots scores over a selected period of time, i.e. taking into account the risk assessment history.

The 'Controls by rating' view displays an analysis of entity controls based on the total number of controls falling into each colour band.

Plan and Perform Tests

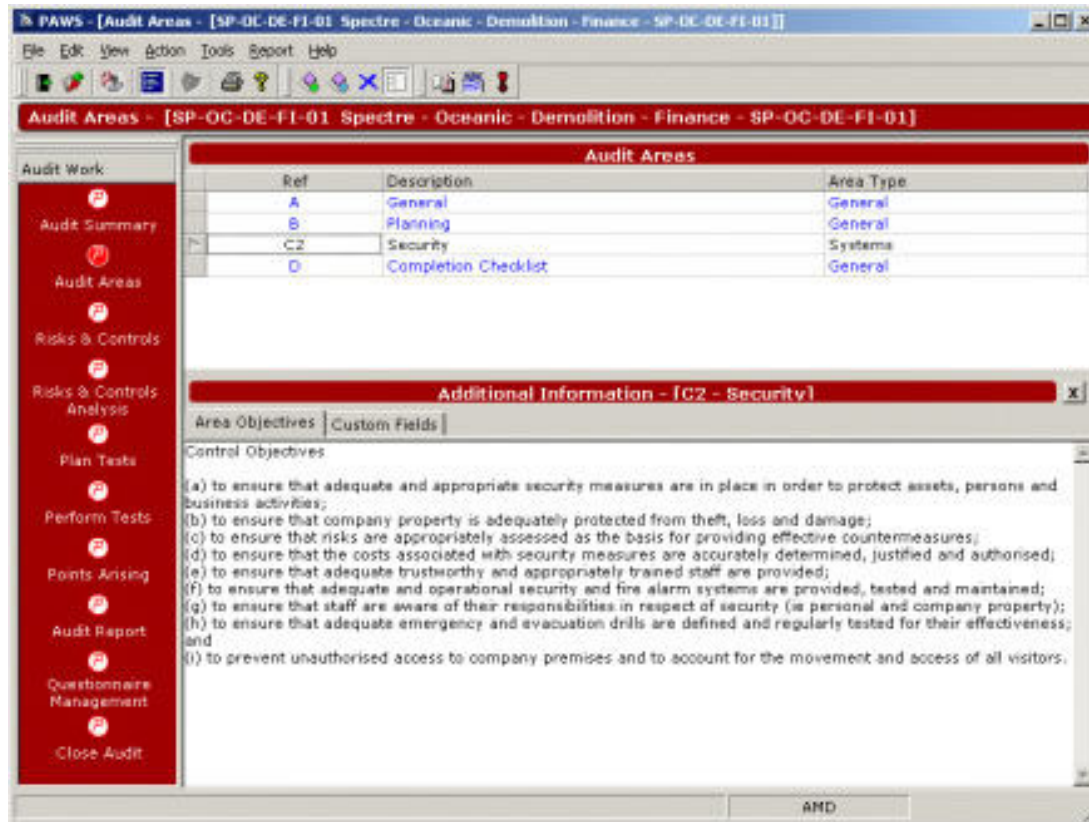
Within an audit, the following modules are available to help you plan and perform tests:

- **Audit Areas** – allows you to specify a structure under which your tests will be grouped.
- **Risks & Controls Register** – allows you to plan and perform tests directly against the risks and controls defined for this audit.
- **Plan Tests** – allows you to add, edit and delete tests independently of the Risks & Controls Register.
- **Perform Tests** – allows you to record test results and mark them as completed, reviewed and approved.

An Areas Library and a Tests Library can also be maintained, to provide standard areas and tests for selection within each audit.

Audit Areas

Audit Areas help you to structure your audit tests into logical work programs and can also be used to capture additional information regarding the objectives of each work program.



Each area can have many tests and each test must belong to an area.

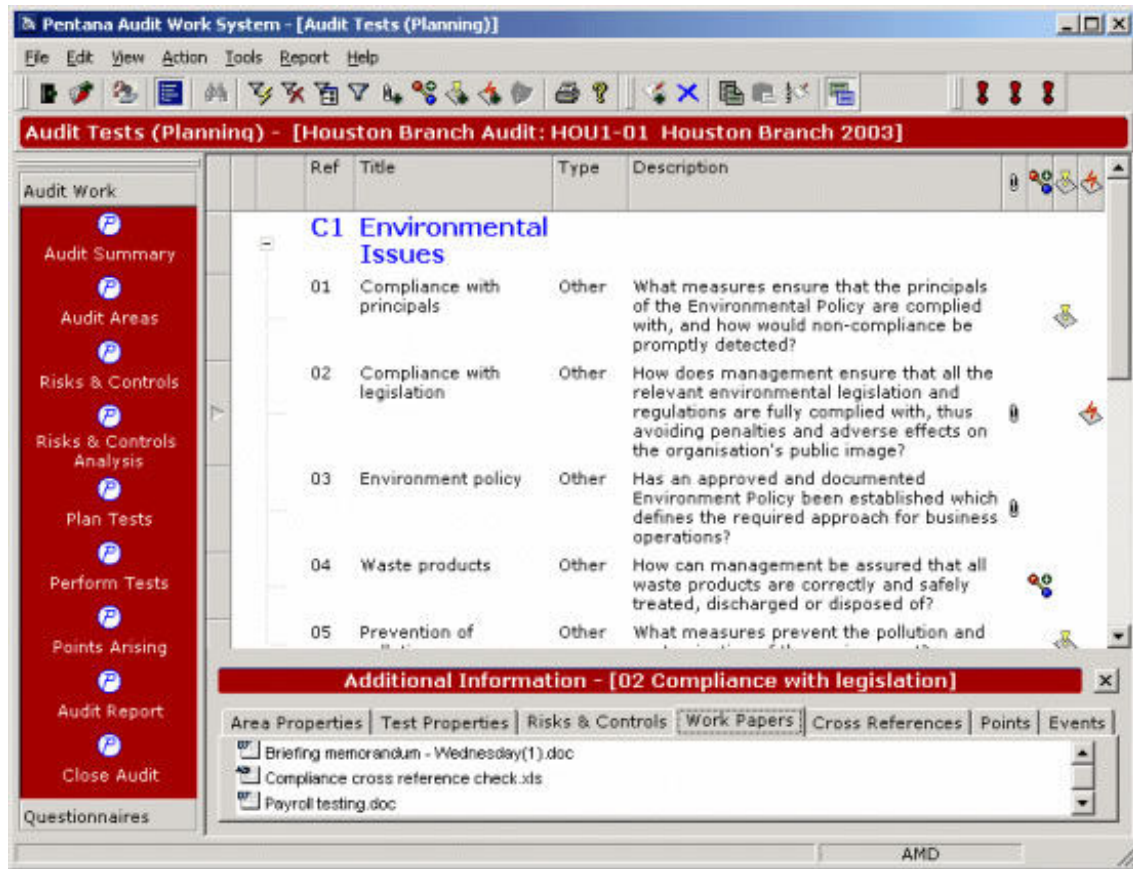
Testing Risks & Controls

Within the Risks & Controls Register, you can define tests against each risk and control, and record test results. Any tests that you create here will also be available in the Plan and Perform Tests modules.

When you add a test in the Risks & Controls Register, you can create it anew, select from the Tests Library or attach an existing test from this audit (i.e. one not already associated with a risk or control).

Each risk and control can have multiple tests attached to it, but each test can only be attached to one risk or control. Copy/paste tests if you want to add the same test against multiple risks or controls.

Plan Tests



Add new tests or select from the Tests Library. The library administrator can specify whether tests, or even entire audit areas, are mandatory or default for each audit of that type.