

GLOSSARY

Audit : An examination or review that compares *what is* with *what should be* and provides **Feedback** for **Corrective Action**.

Audit Finding : issues or areas that need further improvement from the auditors' point of view.

Audit objective : The purpose of the audit, or what the audit expects to achieve.

Audit Plan : The plan of all **Audits** to be accomplished for a particular financial year.

Audit Programme : The step-by-step procedures on the audit work to be performed for a particular topic, subject, area, department, process or function.

Audit Recommendation : Suggestions for improvements for a particular process, situation, department, auditable unit. The purpose of such suggestion is to enhance the overall internal controls of the area.

Audit Universe : The sum of all auditable units for an organization.

Auditable Unit : Any particular project, department, process or function that is worthy of an audit.

Coactive auditing : An approach to auditing that involves the auditee in the audit process.

Chief Internal Auditor : The manager or executive who reports to senior management and Audit Committee of the Board on the plans and results of audits.

Corporate Governance : The organization's strategic response to risk. Usually encompasses a number of activities and functions such as leadership, assurance, stewardship, structure etc.

Corrective Action : The actions taken by management based on **Feedback** of **Audit** results.

Event : An incident or situation that occurs at a particular place during a particular interval of time.

Feedback : In systems and models, the flow of information about the present condition of variables to the originator or source for the purposes of monitoring the achievement of objectives.

Frequency : A measure of occurrence expressed as a number of occurrences of an event in a given time.

Groupthink : A situation that occurs when a group or team's desire for consensus and cohesiveness overwhelms its desire to reach the best possible decision.

Internal Control : All the means, tangible and intangible, that can be employed or used to ensure that established objectives are met.

Likelihood : The probability or chance of a particular event occurring.

Paradigm : A "view" of how things work in the world.

Risk : A measure of uncertainty. In the business process, the uncertainty is about the achievement of organizational objectives. May involve positive or negative consequences.

Risk assessment : The identification of risk, the measurement of risk, and the process of prioritizing risks.

Risk-based auditing : Audits that focus on risk and risk management as the **audit objective**.

Risk categorization : The classification of risk.

Risk Factors : Measurable or observable manifestation or characteristics of a process that either indicates the presence of risk.

Risk identification : The method of identifying and classifying risk. See **Risk categorization**.

Risk prioritization : The ordinal rank prioritization of risks in various projects, units, area.

Scenario Planning : The use of **Scenarios** in (usually) **Strategic Planning**.

Scenarios : Narrative descriptions of assumptions, risks and environmental factors and how they may affect operations. Scenarios attempt to explore the effect of changing several variables at once with objective analysis and subjective interpretations.

Sharing of risk : A risk management technique for distributing the consequences of risk among several parties. Insurance and other contracts are methods are used to share risk.

Strategic Planning : Long term plans based on the organizations' overall business objectives. Strategic plans are typically multiple years and reach out five or ten years (or more) using **Scenarios** or other planning methods that identifies assumptions, risks and environmental factors.