

# Audit FS™

## FAQ Sheet

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### What is Audit FS?

Audit FS is an online workflow tool that provides a consistent, comprehensive framework to the branch audit process. Using Audit FS, compliance officers gain unprecedented, total control of the entire auditing process.

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### What are the key features and functionalities of Audit FS?

With Audit FS, compliance officers can:

- Create and customize a firm's audit process
- Administer an efficient audit process
- Output audit results into CSV file format
- Schedule and manage audits
- Track the status of the audit process
- Access historical archives of past reports

Audit FS features a dashboard that enables compliance officers to efficiently conduct and manage their firm's examination workflow. The dashboard's tabular interface allows users to quickly toggle between active and inactive tabs and sub-tabs in five functional areas:

- 1. Dashboard** The Audit FS "home page," where the administrator of the system can have an overview of all open audits, audits requiring review and recently finalized audit records.
- 2. Manage Audits** Manages audit personnel in conjunction with all unassigned audits, scheduled audits and audits currently in progress.
- 3. Manage Checklists** Creates and manages audit checklists based either on existing content or in conjunction with content provided by Wolters Kluwer Financial Services.
- 4. Manage Company** Maintains all active and inactive office locations (i.e., head office or branch office) and outlines their status and contact details.
- 5. Manage People** Manages all system users and assigns them levels of system access.

## Who will benefit from using Audit FS?

The majority of Audit FS subscribers are in the broker-dealer community. They include:

- Chief compliance officers
- Chief risk officers
- Compliance directors
- General counsels
- Senior compliance analysts
- Vice presidents of compliance
- In-house legal counsel who may share some compliance responsibilities
- Branch managers
- Anyone within an organization who manages the audit process at the corporate level

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## How does conducting audits fit into the responsibilities of these individuals?

NYSE Rule 342.24 and NASD Rule 3010 require every broker-dealer to complete an audit at one-to three-year intervals. Conducting these internal audits helps prepare compliance officials for actual regulatory exams by tracking areas of deficiency, maintaining historical records and developing corrective action plans.

Most financial services firms, and especially broker-dealers, hire compliance personnel to oversee and manage the compliance issues within their organizations. The responsibilities of the compliance position often include:

- Leading enterprise compliance efforts
- Designing and implementing internal controls
- Creating and implementing policies and procedures to assure compliance with applicable local, state and federal laws and regulations, as well as guidelines from other third parties (i.e., NASD and NYSE)
- Managing audits and investigations into securities regulatory and compliance issues
- Responding to requests for information from regulatory bodies

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## How is a typical audit conducted?

The general audit workflow proceeds as follows (specific processes may vary in different firms):

- Administrator identifies branches to be examined.
- Administrator assigns examiners.
- Examiners conduct audit and report findings.
- Supervisor reviews/finalizes report.
- Branch manager receives report.

- Branch manager responds
- Report and response(s) are retained for regulatory review.

## How does Audit FS solve the problems compliance officials face when conducting audits?

Problem	Solution
Workflow is inconsistent and paper-based, usually using desktop applications like MS Word and Excel.	Audit FS is totally Web-based and secure, enabling compliance personnel to efficiently capture data in a consistent format—even across multiple branches.
<p>Firms do not take preventive measures, but instead typically react to problems.</p> <p>Compliance personnel lack a tool to track audit results and take corrective actions.</p>	Audit FS users can save and retrieve work in progress and access past audits to find and remedy potential audit issues.
More stringent requirements for SEC and self-regulatory organizations such as FINRA demand more internal controls and processes.	Audit FS gives compliance officials the flexibility to build best practices and solidify an audit framework that will minimize potential compliance risks.
As firms consolidate and merge, the number of branches and brokers is growing, adding complexity to audits.	Audit FS simplifies complex audit tasks and helps manage rising audit spending by creating a central repository and point of reference for all audit documents.

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## How do subscribers securely access Audit FS?

Subscribers will access Audit FS securely using an individual User ID.

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## Is product training available?

Yes. Training will be scheduled as part of the ordering process.

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## Is product and technical support available?

Yes, support is available via Internet and telephone.

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