**Mission Statement**: Audit Risk and Regulatory Advisors’ (ARRA) purpose is to provide audit, risk, and regulatory expertise to financial services companies throughout the United States. Using ethics and integrity as our cornerstones and competency as our capstone, ARRA provides consulting services that will ensure that our clients and the financial services industry remain viable, safe, and solvent. ARRA strives to ensure our client’s internal audit departments are risk-based and add value, risk management practices and processes are appropriate for their risk profiles, and clients have the ability to manage the regulatory environment, adapt to regulatory changes, and remain compliant with all regulations.

**Vision**: ARRA will provide consulting services in three basic categories; Internal Audit, Risk Management, and Regulatory Environment. Internal Audit will be ARRA’s primary focus and will serve as its core service. Nonetheless, ARRA has the expertise and capacity to offer products in Risk Management and the Regulatory Environment.

**Markets:** ARRA’s primary area of operation will be in the Mid-Atlantic and Northeast states. However, ARRA has the capacity to take assignments in any state in the continental United States. ARRA’s resource plan is to use, to the extent possible, local talent enabling the engagements to remain connected to the client’s location and reduce associated travel costs.

ARRA’s primary client base will be small and midsize community banks, credit unions, and the foreign branch operations of international banks. These banks will typically operate in the retail and/or commercial sector. ARRA will accept engagements at larger banks; however, initially ARRA will only focus on risk management activities associated with commercial and retail type of banking activities in these larger institutions.

**Products**: The core product and services will be in Internal Audit, while Risk Management and Regulatory product and services will be used to supplement the core products. All audits conducted or participated in by ARRA will be conducted in accordance with the Institute of Internal Auditor’s (IIA) International Professional Practices Framework (IPPF), generally referred to as the “Standards”.

**Internal Audit**

**Outsourcing** – ARRA engages clients to fully outsource audits needed to complete an audit plan. This will generally range from planning, engagement level risk assessment, scoping, execution, and report delivery. These projects maybe engaged on an hourly basis, but most likely on a fixed rate basis.

**Co-Sourcing** – ARRA provide clients with support and resources for ongoing audit projects. The client will lead in these engagements and will generally provide the planning, engagement level risk assessment, scoping, and report delivery. ARRA’s primary involvement will be in the test work and delivery of work papers. Specifics of functions to be performed will be detailed for each engagement. These projects will typically be engaged on an hourly basis.

**Methodology Development/Enhancement** – ARRA works with clients to support their development or enhancement of their audit methodology. This may include audit process developments to migrate the department from process- based auditing to risk-based auditing and/or the development and mapping of business processes to business units to develop the audit universe. This allows the Chief Auditor to identify where horizontal and vertical audits are required and ensures complete coverage over a three-year period of all auditable entities. The scope of work may also include the development of the Internal Audit Methodology Manual.

**Quality Assurance** – ARRA performs Internal Audit’s Quality Assurance Program. This includes work paper review for completeness and issue support, audit plan timely execution, stakeholder interviews, and report completeness. The Quality Assurance Program will be developed and executed in accordance with the IIA’s Quality Assurance Manual.

**Shared Service Product** – ARRA has developed a proprietary shared services product that is based on a proven methodology and supported by a well-developed methodology manual to allow several institutions to share a single audit department in a shared services model. The methodology, while beginning with a base model, is tailored to each institution. In this model, smaller community banks that are not large enough to have a full-time audit staff can be grouped together to share full time resources. This allows the institution to see the same auditors for each type of audit, provides access to specialists such as Interest Rate Risk and Compliance, eliminates the need to outsource each audit, and allows the institution to fix the cost of audits over a multi-year period. This increases the value of internal audits, provides consistent reporting to the board or Audit Committees as well as reduces costs.

**Risk Management**

**Enterprise Risk Management** – ARRA works with clients to develop or enhance their Enterprise Risk Management (ERM) Program. ARRA works with the board and senior management to develop a risk appetite, align the strategic objectives to the risk appetite, create and implement a bank- wide risk assessment methodology, implement a risk assessments process, and build a risk control self-assessment process. The program development culminates in the development of the Board Risk Committee structure, governance, and reporting process. ARRA will engage clients to implement COSO ERM.

**Credit Risk** – ARRA develops loan review processes and conducts independent credit reviews. ARRA may provide these services on a fully outsourced basis or as staff augmentation.

**Compliance Risk** – ARRA conducts Compliance Reviews, buildout a Compliance Monitoring Plan, conduct Compliance Risk Assessments, and development of a BSA Program.

**Interest Rate Risk** – ARRA evaluates and develops Interest Rate Risk and Liquidity Risk Management programs. Services include developing testing, implementing a technology and committee structure, committee reporting, and metric development and monitoring.

**Strategic Risk** – ARRA identifies, assesses, and develops approaches to risks that may prevent the institution from achieving their strategic objectives. These risks may internal or external. ARRA will evaluate if strategic risks are aligned with the risk appetite and the level of risk they pose on the institution’s reputation.

**Regulatory Environment**

**Regulatory Examination Prep** – ARRA will assist in the preparation of an upcoming Safety and Soundness or Consumer Compliance examination. This exercise will help prepare the institution of issues the examiners may raise and may allow management to correct items before the examination.

**Regulatory Change Management** – ARRA will manage the regulatory change process. This may include identification of new regulations, business impact analysis, regulation implementation, and new Compliance testing/monitoring.

**Regulatory Remediation** – ARRA will remediate issues raised by examiners. This may range from a recommendation to a formal enforcement action.