

# success line

Grant Thornton Acumen 

...is our regular bulletin featuring news and developments that assists your success.

Wishing You

Season's Greetings

Happy New Year

Success, Peace

Good health

Happiness, Prosperity

# Developments in Business Risk Services

By Gomorashe Chikari

Senior Executive – Business Risk Services

Business Risk Management has recently been a topical issue in most business publications. Organisations are increasingly concerned about managing business risks in order to ensure their survival. This has raised increased demands on the organisation's risk management processes:

- Corporate governance structures
- Risk management strategies and policies
- Internal audit function

Businesses world-over have been faced with increasing responsibilities and demands to address matters arising from the areas listed above.

## Corporate Governance

Corporate failures in recent times such as the Enron, Worldcom, Saambou and many others have changed the corporate governance landscape focusing the attention of both government and businessmen to the need for greater transparency and good corporate governance. This resulted in various corporate governance codes of conduct that advocate for the right governance structures and culture to be set at the top of the organisation. Good corporate governance structures at the top set the right tone for the whole organisation and ensure long term survival and profitability. Investors worldwide are also willing to allocate more capital to those companies that have good corporate governance structures.

Board membership should comprise a correct mix between executive directors and non executive directors. The chairperson should be an independent non-executive director. The board should have board committees that assist in discharging various duties. These committees should have appropriate terms of references and committee charters. Among others the following committees are recommended.

- Board nominations committee
- Remuneration committee
- Audit committee
- Risk management committee

**Grant Thornton Acumen Business Risk Services would assist clients to comply with good corporate governance practices through**

- Advising companies in setting up the right board structures that conform to Internationally Acceptable Standards on good corporate governance.
- Drawing up proper Board and Committee Charters including the terms of reference and board induction programme.
- Building ethical culture.
- Advising on accounting and auditing procedures.

## Internal Audit

Internal audit has moved from the traditional approach where it concentrated on compliance and control monitoring to the current status of strategic partnering based auditing. It involves working with management to develop a thorough, shared understanding of the business and various business risks. Other key areas are determining the Business Risk Management Process that should be in place to effectively manage key risks, audit for design operational effectiveness and compliance within each Business Risk Management Process component. The focus has shifted to business risk based audits that add value to the organisation.

Internal Audit assists management in maximising on opportunities and minimising the threats to the organization. It provides assurance to the Board through the Audit Committee that the company's risk management strategies are effective. The ultimate goal is to assist the company in achieving corporate objectives.

In recent times the major challenges that has faced the profession include the following

- Increased responsibility brought about by worldwide focus on corporate governance and regulatory compliance and risk management. (In particular the Sarbanes Oxley Act in U.S.A, EU Statutory Audit Directive in Europe). This resulted in a shift in focus to internal controls on financial reporting and regulatory compliance along with monitoring and managing operational and other business risks.

- The growth in the audit universe resulted in the need for diverse skills base which many companies cannot source and retain. Small in-house departments are usually not adequately resourced. This development resulted in outsourcing and co-sourcing of internal audit work.
- Increased competition in the business environment has resulted in companies concentrating on core business activities and outsourcing the non-core but essential services such as internal audit to professionals who specialise in business risk management.
- The current codes of good corporate governance require the board of directors to satisfy themselves that the corporate governance systems and the system of internal control are functional. Internal audit is thus expected to assist in assuring the Board that the systems are operating effectively.

**Grant Thornton Acumen Internal Audit Services assists Organisations to meet the demands for maintaining a world class internal audit function that is adequately resourced with up to date technology and expertise to provide an effective internal audit service to the organisation. Our services delivery is tailor made to the client requirements and include**

- Review of the corporate governance and risk management systems
- Review of the organization's system of control
- Operational and financial performance reviews

or avoid. Risk management is defined as the identification and evaluation of actual and potential risk areas as they are applicable to the company, followed by a process of mitigation, acceptance, transfer or avoidance of each risk. By its very nature business is a risk undertaking.

Companies in recent times have become complex entities, beset by rapid change and competition. Therefore assessment of exposure to risk has become a matter of paramount importance.

**Grant Thornton Acumen makes use of state-of-the-art risk management models in order to help clients maintain a sound system of risk management and internal control. Our methodology provides you with reasonable assurance that you can achieve your business objectives with regard to:**

- Acting responsibly towards your stakeholders
- Reliable reporting
- Ensuring business continuity under adverse as well as normal conditions
- Compliance with the law
- Safe guarding your assets, and
- Efficient and effective operations.

**Our Business Risk Services division is headed by Girish Ramakrishna who will be more than willing to help you with further details on the above services.**

## Risk Management

The board of Directors is responsible for the whole process of risk management and forming an opinion on the effectiveness of the risk management system. The board in consultation with management should set the company's risk strategy, including the risk appetite or tolerance. This policy will be a guide to management in all decisions that involves risk, for instance which risks to tolerate, transfer

# The Chat line

## Fantastic 2007

This has been an year of achievement – Grant Thornton Acumen has successfully cleared audit and firm reviews this year. The Botswana Institute of Accountants had their regulatory review team visit us and we have successfully cleared the review. Another review has been conducted by the Grant Thornton's International review team.

Our success can be attributed to hard work, adherence to the Grant Thornton International methodology and our training programmes. Success and our work ethic has brought talented individuals to us and is continuously helping to position Grant Thornton Acumen as an unique option in the professional services sector. We are truly “a Category of One”.

## Congratulations

Our team bagged the Grant Thornton Acumen trophy in the recently held cricket tournament conducted by Botswana Institute of Accountants. We also participated in Upkgale, Soccer, Quiz, Volley ball, Darts and Pool sports activities and one prizes. This sums up our fantastic achievements of various sports activities for 2007.

## Corporate Social Responsibility

Our commitment to society and adherence to Vision 2016 was portrayed in a community service project that was held in end November. We donated Pula Ten Thousand to the Renetswe Happy Home Centre, a home for orphans and vulnerable children. Our staff celebrated with the children by giving them a X'mas party. The children were treated to goody bags, clothes, toys, books and a good Christmas lunch.



Our participants with the children

The management and staff of Grant Thornton Acumen wishes you a safe and happy festive season and a Prosperous 2008.

You are always welcome to contact us...

### Gaborone

Jay Ramesh  
Acumen Park  
Plot 50370 Fairgrounds  
P O Box 1157  
Gaborone Botswana  
T + 267 3952313  
F + 267 3972357  
E jramesh@grantthornton.co.bw

### Selebi Phikwe

Aryan Krishnan  
Susan Buildings  
2nd Floor Room 16  
P O Box 1460  
Selebi-Phikwe Botswana  
T + 267 2611860  
F + 267 2611862  
E karyan@grantthornton.co.bw

### Francistown

Shiv Pal  
Ground Floor  
Botswana Life House  
P O Box 101  
Francistown  
T +267 2418961  
F +267 2418962  
E pshivs@grantthornton.co.bw

### Editorial Panel

Jay Ramesh, Managing Partner  
Pushpa Ramesh, Marketing Manager

### Disclaimer

The Success line is published as a service to our clients and other interested parties. It is intended to provide practical and technical information which is of use to you in your business. Please be advised that the information contained herein is for general guidance only. Any reader intending to base a decision on information contained in this publication is advised to consult a Grant Thornton Acumen partner before proceeding.

Grant Thornton Acumen 

Certified Public Accountants & Business Advisers  
Botswana member of Grant Thornton International

Member firms in sub-Saharan Africa: South Africa, Kenya, Mauritius, Mozambique, Namibia, Tanzania, Uganda & Zambia

Visit our sub-saharan website on [www.gtsubsaharan.co.za](http://www.gtsubsaharan.co.za)