

# BUSINESS RISK MANAGEMENT LTD



## **Auditing Corporate Governance 3 days On-line course**

### **Why you should attend**

- The Institute of Internal Auditors have recommended that Governance be a key aspect of the audit plan
- As a result IA needs to raise the bar on this area
- There is an expectation that IA will challenge the Governance processes including the risk appetite of the organisation
- Auditors will therefore need to review the business culture, and the Board's commitment to Corporate Governance
- Internal audit clearly needs a much more holistic role in this regard
- This is precisely the focus of this course

### **Who should attend?**

- Heads of Internal Audit
- Audit Managers and those about to be appointed to that role
- Lead Auditors
- Senior auditors
- Other assurance professionals that need a greater understanding of Corporate Governance assessment

### **Course Level**

- This is an intermediate level course and delegates should ideally have at least 12 months experience in Internal Audit (or other assurance roles) to attend.
- Delegates should have a good educational standard and ideally a professional qualification
- No advance preparation is required
- Delivery method – On-line-live (with exercises and case studies to provide practical application of the tools and techniques)

### **After completing this course you will be able to**

- Audit Corporate Governance with confidence
- Review the effectiveness of the overall risk management process
- Meet stakeholder expectations regarding CG

- Assess the effectiveness of business continuity planning
- Audit the preparation for and response to extreme risk events
- Assess Corporate Social responsibility
- Assist the Audit Committee in their CG oversight
- Audit IT Governance

### **CPE credits**

- Participants will earn 15 CPE credits ( 10 in the Auditing field of study and 5 in the Management Advisory Services field of study)

## **Day 1 Corporate Governance audit requirements**

### **The key aspects of Corporate Governance**

- The key aspects of Corporate Governance
- 6 core principles of governance
- Governance warning signs
- New corporate governance insights paper will be shared
- Meeting Stakeholder requirements
- How the organisation is managed on behalf of the stakeholders
- The key parties within Governance
  - Audit Committee
  - The Board
  - Regulators
  - Customers
  - Suppliers
- A Governance toolkit will be shared

### **Exercise 1 – Corporate Governance challenges**

### **Corporate Governance and the Internal Audit Role**

- Meeting Stakeholder requirements
- How the organisation is managed on behalf of the stakeholders
- Developments in CG – new paper
- The audit role in the CG process
- The risk focus of the function (and the relative roles of other assurance providers)
- Coordination with other assurance providers
- A guidance paper on assessing organisational governance will be provided
- The External audit relationship
- The role in Fraud prevention and investigation

### **Exercise 2 – Determining the Governance parties**

### **Analysing and assessing the effectiveness of Governance**

- Business process analysis techniques
- Process objectives and risk

- The need to understand the business objectives
- Developing a programme to reflect these objectives
- Defining and measuring strategic objectives
- Determining process components
- The link between objectives and risk
- The link between risks and controls
- Process and business system controls
- The link between inputs and outputs
- Trigger events

### **Exercise 3– Building a picture of the Governance environment**

#### **Meeting Stakeholder expectations**

- Who are the stakeholders?
- Are stakeholders' expectations known?
- Are the expectations clear?
- How can you meet the widely differing expectations?
- Are there any areas where expectations could be exceeded?
- Are there any quick wins?
- What reports should IA provide to stakeholders?
- A new paper on working with stakeholders will be shared
- New advice on auditing strategy

### **Exercise 4 – Meeting the ever expanding needs of stakeholders – what should the IA role be?**

#### **Auditing the overall risk management process**

- Ensuring a comprehensive ERM process is in place
- Establish corporate targets and monitor overall progress
- Risk management using ISO 31000 guidance from IIA
- Assessing the process to ensure that the Board is kept up to date regarding the most significant risks
- Assessment of ERM capabilities
- Strategic risk assessment
- Review of risk evaluations in each function
- Ensuring actions to treat exposures implemented
- Ensuring all functions evaluate their risks consistently
- Evaluating the results and challenging where necessary
- Identification of exposures
- Reviewing the Key risk indicators
- Ensuring Risk Appetite has been defined for each key activity
- Reviewing risk registers
- Basing audit programmes on most significant risks
- Comparing perceived versus actual controls
- A Risk management evaluation tool will be provided

### **Exercise 5 – The audit of the overall risk environment**

### **Auditing the key risks of the Board**

- The development of strategic objectives, are taken without due consideration of the impact on the organisation
- Non-executive directors (NEDs)/independent members of the board are unable to give independent, robust challenge
- The Board does not have sufficient, complete or timely information on which to base its decisions.
- Committees set up by the Board may not fulfil their obligations or there are too many committees
- The Board does not have sufficient oversight across the whole organisation.
- Policies, procedures and projects are not aligned to the organisation's objectives.
- The culture of the organisation is not fully defined or does not support the organisation in achieving its objectives.
- Risks are accepted or taken which are outside of the organisation's risk appetite.
- The regulatory or legislation requirements are not adequately understood leading to increased regulatory sanction or censure

### **Exercise 6 – Auditing the Board risks**

### **Auditing the Audit Committee process**

- Does the Committee approve (but not direct) internal audit strategy, plan and performance?
- Does the Committee review summary IA reports and the main issues arising and seek assurance that action has been taken
- How does the Committee consider the reports of external audit and other external agencies?
- How are the effectiveness of relationships between IA and EA and other bodies reviewed
- How are the effectiveness of the risk management environment and anti-fraud arrangements assessed
- The Audit Committee / IA relationship
- New paper on how the Audit Committee should assess IA
- Case study and audit programme will be provided
- How does the Committee satisfy itself that assurance statements and the annual statement of accounts properly reflect the risk
- An Audit Committee checklist will be shared

### **Exercise 7 –The Audit Committee challenges**

### **Auditing Brand and reputation**

- The rise of reputation as a key risk
- The increasing importance of a positive image – the need to be admired

- Where does reputation come from?
- How do you measure it?
- The magnifying effect on reputation of business failures
- How to judge reputation
- Identifying Reputational Risks
- A checklist for reviewing reputational risk will be provided to all delegates

### **Exercise 8 –Auditing a reputational disaster**

## **Auditing Corporate Social Responsibility**

- The increasing importance of Corporate Social Responsibility (CSR)
- New IIA standard 2110 re auditing of ethics
- What constitutes CSR
- The wider aspects of CSR and the implications for IA
- Doing responsible things responsibly
- A paper on auditing ethics will be provided
- Redefining IA role with CSR in mind
- An audit framework
- How to audit CSR – key steps

### **Exercise 9–The CSR audit challenges**

<h2><b>Day 3 Auditing other key Governance activities</b></h2>
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## **Auditing IT Governance**

- Global Technology Audit Guides (GTAG's)
- The need to determine the boundaries
- Defining the IT audit universe
- Focus on high risk areas
- Assess IT vulnerabilities
- Target areas where you are focusing on process rather than technical aspects
- Use of audit frameworks such as CoBIT and ISO 27000
- IIA new standard on IT Governance
- Risk based audit of general controls (GAIT)
- IIA guidance re GAIT
- An ISO 27000 audit checklist will be shared

### **Exercise 10 – Challenges of IT Governance audit**

## **Auditing Cybersecurity risks**

- Statistics about cybersecurity crime
- Profiles of the Attackers
- Anatomy of a Breach
- How to prevent Cyber Incidents
  - Network Controls (Internal and External)

- Domain and Password Controls
- Access rights and User Awareness
- Application Security
- Secure Software Development environment
- Data Controls
- Encryption
- Vulnerability Management
- Security Testing
- Social Media risks
- ISO 27000

## **Exercise 11 – Cybersecurity risks**

### **Auditing systems under development**

- Why auditing systems under development need not compromise your wider audit role
- The need to audit at key stages – not to be part of the project team
- Ensuring that the processes and policies are complied with
- Determining the points of potential failure
- Ensuring controls are not bypassed – due to time constraints
- Ensuring risks are identified at the start and regularly reviewed
- Ensuring sufficient end user involvement
- Audit stages and the questions to ask

## **Exercise 12 – Challenges of systems development audit**

### **Auditing the BCP process**

- Why crises such as extreme pollution, tsunamis, loss of significant critical information and pandemics have shocked the world
- The need to recognize BCP is not just about IT recovery
- Reviewing the different types of disaster – have all been considered?
- Does the organization's leadership understand the current business continuity risk level and the potential impacts of likely degrees of loss?
- Can the organization prove the business continuity risks are mitigated to an approved acceptable
- Are they tested effectively?
- Is the Board well set up to respond swiftly and capably in a crisis?
- The transition from an emergency to a disaster and the questions to ask at each stage
- Is there an appropriate contingency plan ready to be used to manage a crisis?
- Communication testing
- Alternative site testing

## **Exercise 13 – Auditing the BCP process**