



Fundamentals of Internal Audit

Who should attend?

- New entrants to internal audit
- Internal auditors with up to 18 months experience
- Those returning to or already working in internal audit who need practical guidance on the changing role of the function
- Personnel in other functions who need a better understanding on the modern internal audit role

Course Level

- This is a basic level course and delegates are not required to have any previous experience in Internal Audit to attend
- There are no minimum educational requirements
- No advance preparation is required
- Delivery method – Group-live (with exercises and role-plays to simulate audit scenarios and situations that new auditors will encounter)

Highlights

- Simple guidance on the IIA professional standards
- How to deliver audit assignments –step by step guide
- New IIA guidance on ‘doing the audit’
- Role plays to enable you to deal with the practicalities
 - The pre-meeting with the audit customer
 - Audit interviews
 - The clearance meeting
- How to build business relationships
- Guidance on meeting the challenges for an inexperienced auditor
- The key elements of the audit manual
- How to audit the 3 types of control (preventative, detective and corrective)
- New IIA guidance on how to deal with difficult clients
- New IIA guidance on delivering audit observations

After completing this course you will be able to

- Practice the skills required by a modern auditor
- Apply the professional standards of the Institute of Internal Auditors
- Deliver a range of audit assignments
- Plan and complete an effective audit
- Develop and deliver successful audit programmes
- Evaluate the balance between risk and control

- Determine the types and depth of testing needed
- Write a report with impact
- Persuade management to accept your recommendations

CPE credits

- Participants will 20 CPE credits in the Auditing field of study

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Why you should attend

This course covers everything you need to know as a newcomer to Internal Audit regarding the most effective audit practices.

There has probably never been a more important or interesting time to be an internal auditor. The function has changed significantly from the basic compliance and checking function it used to be

People are joining Internal Audit from a variety of backgrounds and the function is becoming much more operationally rather than financially based

Internal audit should be vibrant and exciting, adding real value to the organisation and being recognised as a catalyst for change and a business partner.

If you have staff who are new to Internal Audit you will want them to learn the best audit practices and be able to apply them efficiently.

The course will introduce you to the best practice

Maybe you have auditors who are returning to the function, or staff who are to be seconded to you for a period of time? You will want them to learn about the changing role of the audit function.

Perhaps you work in a line function with responsibility for providing assurance to the board and need a fuller understanding of the internal audit role.

Day One: The challenges for Internal Audit

What is Internal Audit?

- New IIA guidance
- How the profession has changed over the last decade
- What it means to be an internal auditor

Exercise 1 – What is internal audit?

- Definitions and trends
- Internal audit role and responsibilities
- Frequently asked questions
- Misconceptions about the role
- The Global tree – IIA explanation about the role

The professional standards

- Integrity
- Objectivity
- Confidentiality
- Proficiency
- Due professional care
- Independence

Exercise 2 – The challenges for an inexperienced auditor

Audit skills

- Internal audit as a career or stepping stone
- 7 attributes of effective internal auditors
- The IIA competency framework

Exercise 3 – The skills Inventory

- Technical skills
- Analytical skills
- Communication skills
- Soft skills

Exercise 4 – Moon shot

Preparing for an audit

- The different approaches to internal audit
 - Compliance
 - Systems based audit
 - Risk based audit
 - Assurance based IA
- Steps in preparing for an audit
- The multi-faceted role of the auditor
 - Negotiating
 - Planning
 - Questioning
 - Listening
 - Establishing rapport
 - Investigative skills
 - Building trust
 - People management
- What leadership means for auditors

Exercise 5 Performing a self-analysis

Day Two: Planning the audit

Planning the assignment

- New IIA guidance on doing the audit
- Paper with step by step guide will be provided
- How to approach unfamiliar areas – guidance paper
- New IIA guidance on delivering Internal audit assignments
- The danger of making assumptions

The need for a risk based approach

- Challenge from the IIA
- Key requirements of risk based auditing
- Translating risks into the basis of the IA programme
- Asking about surprises
- The link between risk, objectives and control
- Identifying risk exposures
- Reviewing the risk register
- How IA needs to take the risk pulse
- Case study of a risk based audit assignment
- Documenting internal controls

Exercise 6 – Planning an audit assignment

Meeting with functional management to discuss the audit

- When to meet
- The need to treat your customers with respect
- Techniques to put management at ease
- IIA guidance on influencing skills
- New IIA guidance – dealing with difficult clients
- Securing management input

Exercise 7 – Pre-Meeting with management: Role Play

- Functional and audit objectives
- Developing terms of reference for the assignment
- Determining sources of information

The need to understanding controls

- Types of control
- Preventative, corrective and detective controls
- Questions to ask
- How to gather and evaluate information
- Documenting controls
- New IIA guidance on the key elements of control

Exercise 8 – Internal controls

The audit manual

- IA organisation
- Control framework
- Audit planning
- Completing the assignment
- Interpersonal awareness
- The audit file
- Audit assignment checklist
- Guest auditors

Audit interviews

- The approach to interviews
- How to decide who to interview
- Tips for success

Exercise 9 – Audit Interviews – Role Play

Day Three: Completing an Audit

Audit programmes and testing

- Audit programmes with examples
- Walk through tests
- Fieldwork techniques (compliance, transactional, analytical review and sampling of audit) – the differences and how to use them
- Audit testing – how to decide the type and depth of testing
- IIA guidance on testing
- Audit working papers

The clearance or closing meeting

- Tips for success
- Personnel to discuss the observations with

Exercise 10 – The Clearance Meeting – Role Play

Audit tools and measures of success

- Computer-assisted audit techniques (CAATs)
- Audit KPI's
- How to measure effective performance
- SMART measures

Exercise 11 – Measures of success

The challenges of audit reporting

- The need for reports with impact
- New IIA guidance on delivering audit findings

- **Examples of six reports – which are the best?**
- **Who reports are for and the implications**
- **The report as your shop window**
- **How do you know a good report when you see one?**

Exercise 12 – What makes an excellent report?

What management expects

- **Professional standards**
- **The problems with audit reports**
- **Questions about audit reports**
- **How to adopt best practice**
- **How to assess a report**

Exercise 13 – Analysis of reports

Getting commitment to action

- **Best practice reports – the way forward**
- **The psychological dilemma with reports**
- **Why audit reports are taken as a criticism of management**
- **What causes attitudes to change**
- **Wording and layout ideas**
- **How to get 95% of your recommendations actioned**
- **The executive summary – do's and don'ts**
- **The main report – best practice ideas**
- **Words and phrases to avoid**
- **Audit opinions – how to express them**
- **New IIA guidance on following up recommendations**
- **Presenting results**
- **Tips and techniques for success**
- **Example – best practice report will be shared**

Exercise 14 – Action plans