

# BUSINESS RISK MANAGEMENT LTD



## The future of Internal Audit

### Why you should attend

- The Internal audit function is increasingly regarded as a business partner, a catalyst for change and a Governance advisor.
- You therefore need your internal audit function to become a trusted advisor and internal consultant.
- The course represents a superb opportunity to develop new approaches to the difficult challenges facing modern audit functions
- The workshop also provides the platform to focus the key role of IA to this fast changing world

### Course Level

- This is an intermediate level course and delegates should ideally have 2 years' audit experience
- Delegates should have a good educational standard and/or 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

- Deal with the ever changing audit challenges
- Demonstrate measurable value to the business
- Understand and implement the latest IIA guidance
- Apply updated audit analytics techniques
- Appreciate the additional skills required by the modern auditor
- Develop an audit approach to help the organisation better deal with the new world order

### CPE credits

- Participants will earn 12 CPE credits in the Auditing field of study

## **Day 1: The Challenges for Internal Audit**

### **The need for Internal Audit to be a strategic advisor**

- **New IIA Code of Conduct**
  - **Helping the Board to protect the assets, reputation and sustainability of the organisation.**
  - **Internal audit should have the right to attend and observe all or part of executive committee meetings**
  - **The primary reporting line for the chief internal auditor should be to the chair of the Audit Committee.**
- **New IIA Audit Executive guidance**
- **New IIA paper on models of effective IA will be shared**
- **Key messages from the IIA Body of Knowledge survey**
- **Deciding the strategic direction for your function**
- **Pulse of the profession survey results**
- **IIA becoming more effective guidance will be shared**
- **ECIIA research paper – making the most of the IA function**
- **Ensuring effective communication lines between the CAE and the board**
- **Gaining assurance regarding the quality of the function's work.**
- **Overseeing the relationship between the IA function and the organisation's centralised risk monitoring function.**

### **Exercise 1 - The new challenges facing IA**

### **The latest developments in IA**

- **New guidance and its implications**
- **Aligning strategic audit plans with significant business risks**
- **Dealing with unacceptable risk – escalation with senior management**
- **Gathering information from multiple engagements**
- **Direct relationships with the Board (not only the Audit Committee)**
- **Assessing IT Governance**
- **The role in fraud risk management**
- **Evaluating ethics programmes**
- **Imperatives for change – IIA standards**
- **An effectiveness of IA checklist will be shared**
- **Making the most of IA – new IIA paper**

### **Exercise 2 – Dealing with the new requirements**

### **Internal Audit recruitment challenges**

- **The recruitment dilemma – what if you cannot get the talent you need**
- **Determining a strategy for building the team**
- **Sources of talent – growing your own or recruiting from outside?**
- **New guidance on getting external expertise**
- **Should you try to recruit personnel with previous IA experience?**

- Which is more important – knowledge of your sector or IA knowledge?
- Use of coaching
- Performance management – what are the most effective measures?
- What skills should you be looking for
- Checklist of issues to assess in a potential auditor
- New guidance on managing dispersed teams will be provided
- Succession planning

### **Exercise 3 –Developing the audit team**

#### **The evolving audit skill set**

- Why auditors need leadership skills
- The need for the ability to influence experts
- The IIA competency framework
- Diplomacy
- Open -mindedness
- Persuasiveness
- Negotiation ability
- Self-motivation and self confidence
- Decision making ability
- Flexibility and ability to co-operate
- Effective Time management
- Flexibility and ability to co-operate
- Self- control
- Practicality
- Results focus
- Investigative skills
- Building trust
- New IIA paper on influencing skills will be shared

### **Exercise 4 – Updating the IA skill set to meet the new challenges**

#### **Implementing audit analytics**

- The use of analytical tools
- The process of data mining
- Applications of CAAT's
- Fuzzy matching
- Data Validation
- Trend and pattern analysis
- Neural networks
- Benford's Law and it's importance in analytics
- Auditing big data
- Implications of IIA GTAG – understanding and auditing big data
- The use of Internal and external databases
- How to put the techniques into use in your organisation.
- Practical uses of data analytics and the results achievable

### **Exercise 5 – Use of data analytics**

# Continuous auditing

- The IIA Global Technology Audit Guide (GTAG)
- The practicalities of continuous auditing
- Paper – fantasy or reality
- Continuous assurance – new guidance
- Continuous auditing and continuous monitoring
- The use of CAAT's for continuous auditing
- Continuous risk assessment techniques
- Examples of continuous auditing
- A paper on continuous audit using ACL will be shared
- New GTAG on audit sampling

## Exercise 6 –Opportunities for continuous auditing

### Day 2: Adding measurable value to the business

#### The need to measure IA success (KPI's)

- The requirement for IA to add measurable value
- The need for SMART KPI's
- The KPI categories
- Audit Coverage
  - Overall plan
  - Audit Universe
  - Key risks
  - Major systems
  - Geographical or functional
- Efficiency
  - Timeliness
  - Implementation of actions agreed
  - Achievement of the 3 E's
  - Staff utilisation
- Benefits
  - Monetary savings
  - Over-managed risks reduced
  - Unnecessary controls removed
  - Ideas shared
  - Extent of reliance external audit can take
- Customer service
  - Audit customer feedback
  - Board and Audit Committee feedback
  - Number of requests

## Exercise 7–Determining effective KPI's

## Opportunity Auditing

- Why risk can be an opportunity in disguise (e.g. Failure to innovate)
- Why specifically targeting significant areas of business opportunities can deliver major measurable benefits
- Many business opportunities are overlooked by the business because management are too busy
- With budgets under even greater scrutiny, demonstrating value for money is more important than ever
- The need for an opportunity register
- Opportunity audit topics
  - Travel management
  - Mobile communications
  - Insurance
  - Consultancy
  - Energy management
  - Budgeting
  - Meetings management
  - Decision making

### Exercise 8–Selecting opportunity audit topics

## How to identify over-managed risks and unnecessary controls

- These are likely to be the risks in the green zone of the risk matrix
- Why unnecessary controls are often not removed
- Why Internal Audit does not focus on this aspect
- When did you last suggest reducing controls?
- Challenge ‘we have always done it this way’
- Do we have to do it?
- What are the benefits / penalties associated?
- Can you reduce effort in some areas to give time and resource for the priorities?
- Case study

### Exercise 9–How to identify over-managed activities

## The need to enhance the consultancy role

- The IIA standards
- Why consultancy should be encouraged
- The difference in approach
- How to document these assignments
- Reporting consultancy assignments
- Audit by workshop
- Facilitation –do’s and don’ts

### Exercise 10 – How to convince management that consultancy is the direction for Internal Audit

## **Extending the audit coverage**

- **Auditing the least covered business aspects**
- **Social Media**
- **The web site**
- **Strategic planning**
- **Product/ service development**
- **Changes in Government policy**
- **Economic changes impacting the business**
- **Customer relationship management**
- **Sustainability**
- **Extreme events**
- **The regulatory environment**
- **Business Innovation**
- **Corporate communication**
- **Demographic changes and business impact**

**Exercise 11 – Delegates will select 2 topics and determine the audit approach**