



## International Best Practice in Internal Audit On-line live course 3 days

### 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 adopt world class techniques.

We are proud to be able to bring globally renowned audit expert **Phil Griffiths** to deliver the masterclass

The event represents a superb opportunity to develop new approaches to the difficult challenges facing modern audit functions

The workshop also includes opportunities to discuss issues of your choosing with your peers

### Who should attend?

- Heads of Internal Audit (CAE's)
- Audit Managers and those about to be appointed to that role
- Audit supervisors
- Senior Managers of other assurance functions such as Compliance or Quality Assurance
- Directors or VP's who need to know about the modern IA role

### Course Level

- This is an intermediate to advanced level course and delegates should be Audit Supervisor level or above
- Delegates should have a good educational standard (Bachelors degree or above) 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

- Benchmark your IA function against worldwide best practice
- Make the transition from a good function to a great one
- Build a world-class team
- Significantly improve strategic audit planning
- Deal with the challenges of consultancy
- Audit complex areas of the business
- Deliver stakeholder assurance more effectively
- Engage more positively with senior management

## CPE credits

- Participants will earn 15 CPE credits in the Auditing field of study

## Day 1 Developing Internal Audit to be a strategic advisor

### Responding to the significant changes in the IA role

- How the IA profession has changed in the last 10 years
- New IIA paper on models of effective IA will be shared
- The transition from a systems based approach to Risk based Auditing
- Key messages from the IIA Body of Knowledge survey
- Deciding the strategic direction for your function
- Pulse of the profession survey results
- E & Y and Protiviti survey results
- IIA becoming more effective guidance will be shared
- ECIIA research paper – making the most of the IA function

### Exercise 1 - The challenges facing IA

### Ensuring top management commitment

- Meet with all key decision makers :-
  - Audit Committee Chairman
  - CEO
  - Chairman
  - CFO
  - COO
  - Other Board members
  - Chief risk Officer (if there is one)
  - Business Unit Heads
- How to deal with resistance
- The need to sell the role to key stakeholders
- A presentation to sell the role will be shared
- The benefits of building strong relationships with key decision makers

- Clarify and record expectations
- Dealing with issues raised

## Exercise 2 – How to gain high level commitment for IA

### The need to exceed stakeholder expectations

- Who are the stakeholders?
- Are stakeholders' expectations known?
- Arranging meetings with all stakeholders
- Workshops with key stakeholders?
- 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
- What every Director should know about IA – new guidance

## Exercise 3 - Meeting the ever expanding requirements of stakeholders – what should the IA role be?

### Audit Committee relationships

- The Audit Committee role
- Structure and independence
- 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 4 –The Audit Committee audit

### Ensuring effective and appropriate audit coverage

## Strategic Audit planning

- Determining audits priorities
- Determining the audit universe
- Building Risk-based audit plans
- Tapping into risk assessments carried out by management
- Determining the level of Assurance required
- Getting management input
- New IIA guidance on audit plan preparation will be provided
- Audit planning model – an electronic version will be provided to all attendees

**Exercise 13 – Strategic audit planning – how to convince Senior Management and the Audit Committee that you are auditing the right topics**

## **Day 2** Focussing the Internal Audit role

### Ensuring IA is seen as an agent for positive change

- Ensure that your staff know that risk management is not a fad or the latest initiative – it is a business process
- Ensure you define risk as the need to get things right – not what can go wrong
- ‘Ring fencing’ risk exposure - never allow one part of the business to impact the whole organisation
- Determining and communicating your attitude to risk and your required risk culture to managers and stakeholders
- Recognise that reputation is both your biggest asset and the biggest risk you face – and one you cannot insure
- Do not wait until you are required to provide evidence of effective risk management by regulators or legislation – this will usually be too late
- Market the audit process internally and to stakeholders
- Recognise that your employees will only be interested in managing risks if there is a benefit for them in doing so
- Realise that if managers want to get a proposal through, they will tend to understate the risk (if you let them)
- Promote risk as the pulse of the organization and make sure that you have personnel to regularly take this pulse

**Exercise 6 - What steps can IA take to better promote themselves?**

### Focussing the authority of the IA function

- Independence & Objectivity
- Reporting lines – the need for independence
- Should you report to the Chief Executive or the Audit Committee?
- Key requirements of the role and the implications
  - Objective assurance
  - Consulting
  - The need to adding measurable value
  - Improving the organisation's operations
  - Assisting the business to achieve its objectives
  - Systematic and disciplined approach
  - Evaluate and improve risk management, control and governance processes
- Dealing with the misconceptions of the role

### Exercise 7 – Redefining the authority of IA

## Building a world class team

- 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 co-sourcing
- 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 8 – The challenges of developing the audit team

## 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 9 – Use of data analytics**

## **Ensuring your role is fully coordinated with the other providers of assurance**

- Ensuring your assurance providers roles e.g. Internal Audit, Compliance, Risk Management, Insurance, Security are coordinated to avoid duplication of effort
- Why you should incorporate internal audit agreed actions in your risk register
- Ensure environmental risk is taken seriously (even if you are in a sector such as Financial Services)
- Ensure that your Business Continuity plan covers all eventualities and ensure it is fully tested
- Identify new ways to benefit the least able section of the wider community you serve
- New guidance on coordinating RM & assurance

### **Exercise 10–Implementing Assurance Mapping**

<h2><b>Day 3 The more complex audit issues</b></h2>
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### **Risk Management and Internal Audit**

- The need to focus audit attention towards the most significant risks
- New IIA guidance – maturity models for assurance
- The need for much higher levels of assurance than ever before
- What level of assurance can really be provided?
- What should be the audit role in relation to identification and managing of risks
- Could working with management to identify and evaluate risks compromise the independence of the function?
- How should audit plans be developed to ensure the correct risk focus?
- Is Risk based auditing a methodology or a state of mind?
- Why has it become so important?
- What are the ideas behind RBA?
- Is RBA a revolution or an evolution?
- Can such an approach really enhance the profile of IA within the business?
- New IIA Integrated auditing guidance will be shared

## **Exercise 11 – Challenging management's risk evaluation**

### **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 12 – Cybersecurity risks**

### **Auditing Third Party activities**

- **Overview of outsourced services**
- **Outsourcing objectives**
- **Transfer of risk**
- **Outsourcing delivery models**
- **Roles and responsibilities**
- **Different approaches to outsourcing**
- **The key risks**
  - **Picking the wrong contractor**
  - **Higher costs**
  - **Negative impact on service**
  - **Loss of control**
  - **Loss of knowledge or resources**
  - **Difficulty of bringing the activity back in-house**
  - **Loss of public focus**
  - **Conflicting objectives**
  - **Payment issues**
  - **Contract variations**
- **Assessing the contract**
- **New guidance re assessing data security in outsourced services**
- **How to assess continuing viability – performance management**
- **Right to audit clauses**
- **A new paper on auditing external business relationships**

## **Exercise 13 - Assessing third party risks**

### **The challenges of 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 14 – How to convince management that consultancy is the direction for Internal Audit**

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