

# Advanced Audit Techniques

## Course outline

### Day 1 The new Internal Audit challenges

#### Recent professional guidance and practice advisory statements

- New guidance and its implications
- Aligning plans with risks
- Dealing with unacceptable risk – escalation with senior management
- Gathering information from multiple engagements
- Expectations of senior management
- Relationship with the Board
- IT Governance
- Fraud risk management
- Evaluating ethics programmes
- Quality assurance and improvement programme
- The IIA Global tree
- Key issues from the IIA BOK (body of knowledge) survey
- Imperatives for change – IIA standards
- An effectiveness of IA checklist will be shared
- Making the most of IA – new IIA paper

#### Exercise 1 – The challenges of the IIA standards

#### Auditing Corporate Governance

- 6 core principles of governance
- 7 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
- Assurance mapping
- A new Governance and accountability tool will be shared
- Developing a terms of reference for the assignment
- Should this be a review only – will evidence be gathered?
- A new audit programme will be shared
- Corporate governance statements

#### Exercise 2 – Who killed Amos?

## Auditing the risk management process

- Establishing the position regarding RM in the business
- Risk management using ISO 31000 paper from IIA
- Keeping the Board apprised of the most significant risks
- Assessment of RM capabilities
- 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 risk registers
- Imperatives for change – RBA planning
- Basing audit programme on most significant risks
- Comparing perceived versus actual controls
- **A Risk management evaluation tool will be provided**

### Exercise 3 –The challenges in auditing the risk management process

## 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
  - Segregation of duties
  - Purchase orders
  - System access logs
  - Purchase cards
- A paper on continuous audit using ACL will be shared
- New GTAG on audit sampling

### Exercise 4 –Opportunities for continuous auditing

## Value for money auditing

- What is VFM auditing?
- How does it differ from other audit approaches?
- The relationship between VFM and other types of Audit
- The benefits of VFM auditing
- The associated dangers e.g. trying to quantify non-quantifiable savings

- The 3 E's – the cornerstone of VFM auditing
- Economy and how it can be evaluated
- Examples of poor economy
- Efficiency and how it should be assessed
- Why it is critical to evaluate efficiency – with examples
- Effectiveness and how it can be assessed
- Identification of inputs and outputs
- How to measure the 3 E's

## Exercise 5 – VFM review of customer service

### Key steps in completing a VFM review

- How to select VFM topics
- The research phase
- Objectives, methodology and techniques
- Establishing terms of reference (how this differs from a traditional assignment)
- Defining the boundaries of the review
- Gathering of information
- Evaluation of data and effectiveness of management processes
- Evaluation of performance and cost saving potential
- Measuring the benefits

## Exercise 6 – Assessing performance via PI's

<b>Day 2    Auditing complex business areas</b>
---

- Environmental auditing
  - Environmental risks
  - Energy management audit
  - Water management
  - Waste management
- Auditing the marketing function
  - The benefits
  - Case study
  - The 7 P's
  - Determining metrics
- Auditing performance management
  - The performance framework
  - Risks and responses
  - Audit considerations

## Exercise 7 –Complex problems

## **Auditing outsourced contracts**

- Overview of outsourced contract management
- Outsourcing objectives
- Transfer of risk
- Outsourcing delivery models
- Roles and responsibilities
- Different approaches to outsourcing
- The key risks
- Assessing the contract
- How to assess continuing viability – performance management
- Right to audit clauses
- A new paper on auditing external business relationships

### **Exercise 8 – Challenges of auditing external contracts**

## **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 9 – Challenges of systems development audit**

## **IT Auditing for non IT specialists**

- Global Technology Audit Guides (GTAG's)
  - Information Technology Controls
  - Management of IT Auditing
  - Managing and Auditing IT Vulnerabilities
  - Auditing Application Controls
  - Information Technology Outsourcing
  - Identity and Access Management
  - Change and Patch Management Controls
  - Managing and Auditing Privacy Risks
  - Developing the IT Audit Plan
- What can be done without specialist IT audit resource
- New paper on automated transaction testing
- 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
- The need to review IT Governance – IIA new standard
- Risk based audit of general controls (GAIT)
- IIA guidance re GAIT
- **An ISO 27000 audit checklist will be shared**

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

### **Auditing Business Continuity Management**

- The importance of BCP
- 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
- **A paper on BCP resilience will be shared**

## **Exercise 11 –BCP audit discussion**