BUSINESS RISK MANAGEMENT LTD

Advanced Audit techniques

Who should attend?

- Senior Auditors
- Audit Managers and those about to be appointed to that role
- Auditors who need to audit technical business areas
- Assurance professionals who need to assess technical issues
- Lead Auditors
- This course will be beneficial as a development aid for delegates that have previously attended the Essentials of Internal Audit or Risk Based auditing courses

Course Level

- This is an advanced level course and delegates should ideally have at least 18 months experience in Internal Audit (or other assurance roles) to attend.
- Delegates should have a good educational standard (Bachelor's degree or above) and/or a professional qualification
- No advance preparation is required
- Delivery method – Group-live (with exercises and case studies to provide practical application of the tools and techniques)
- A pre-course questionnaire will be sent out 2-3 weeks prior to the course date to obtain some information about the delegate's role and to provide an opportunity to indicate specific learning requirements

After completing this course you will be able to

- Deal with the challenges of the new IIA standards
- Apply continuous audit techniques
- Negotiate with and influence management more effectively
- Complete complex audits such as the marketing function, supply chain and performance management
- Coach team members effectively to enhance overall performance
- Improve time management within the audit process
- Deliver audits of technical areas such as IT projects and business continuity planning
- Improve your presentation skills and confidence with senior management

CPE credits

- Participants can will earn 30 CPE credits (24 in the Auditing field of study and 6 in the Management Advisory Services field of study)

Business Risk Management Ltd is registered with National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

Why you should attend

Driven by the need to provide broader assurance Internal Audit functions find they need to perform a much more comprehensive spectrum of audits than ever before.

Audit practitioners have now to expand their role as facilitators and advisors at the same time demonstrating that they are adding measurable added value.

These responsibilities and challenges require a new set of skills, competencies and abilities.

Strong communication and presentation skills are essential in this highly challenging environment

Expertise in the more technical business areas is essential to deliver the wide range of audits now required.

These challenges will be covered in this completely updated course

Day 1   The new Internal Audit challenges

Recent professional guidance and practice advisory statements

- **New guidance and its implications**
- **The IA mission statement**
- **Implementation guidance (were practice advisories)**
- **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**
- **Imperatives for change – IIA standards**
- **An effectiveness of IA checklist will be shared**
- **Making the most of IA – new IIA paper**

> **Exercise 1 –Dealing with the challenges of the IIA standards**

Continuous auditing

- **The revised 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 2 –Opportunities for continuous auditing**

Auditing complex business areas

- **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**
- **Auditing the supply chain**

> **Exercise 3 –Complex audit topics**

Day 2   Enhancing the Audit skills

The importance of effective communication

- **Research results from the IIA**
- **Why communication is inherently difficult**
- **Why internal auditors need to spend time planning their approach**
- **The need for regular and consistent communication**
- **Why communication is successful when the intended recipient takes the desired action.**
- **How to ensure success**
- **The need for many and varied communication channels**

- The key aspects
    - Encoding – giving the ideas and facts as a message
    - Decoding - evaluating the message
    - Perception - Why the message received may not be the one intended
    - Filtering – picking out the key issues
    - Feedback – to achieve mutual understanding

> **Exercise 4   Chinese whispers**

The benefits of good communication

- Any improvement in communication will improve the overall effectiveness of internal audit
- Stakeholders will better understand the role and responsibilities of internal audit.
- Audit managers and lead auditors will be able to manage engagements better
- Productivity and effectiveness should improve
- Auditors will reduce errors and problems in communications and therefore increase credibility
- The profile and value of the function will be enhanced

> **Exercise 5 The bamboo pole**

Characteristics of effective communication

- Why all communications should be :-
- Accurate providing facts and evidence
- Objective - fair, impartial, and unbiased
- Clear - using simple language; avoiding jargon and technical terms
- Concise - avoiding unnecessary information or too much detail
- Constructive - useful, positive, and well meaning
- Complete - including all significant and relevant information
- Timely
- Organised and structured
- Logically sequenced

> **Exercise 6   The communication dilemma**

Interpersonal skills for auditors

- New IIA guidance paper
- Diplomacy
- Open -mindedness
- Persuasiveness
- Negotiation ability
- Self-motivation and self confidence
- Decision making ability
- Flexibility and ability to co-operate
- Time management

- **Flexibility and ability to co-operate**
- **Self-control**
- **Practicality**
- **Results focus**

> ### Exercise 7   The jigsaw challenge

Influencing

- **Influencing styles**
  - **Directive**
  - **Persuasive reasoning**
  - **Collaborative**
  - **Visionary**
- **Responses to influencing**
  - **The customer agrees with your views and commits to it**
  - **The customer agrees but only because they value the relationship**
  - **The customer agrees verbally but has no real buy-in**
  - **The customer opposes your views**
- **Dealing with the responses**

> ### Exercise 8   Influencing exercise

Day 3   Coaching and Negotiation

Coaching and mentoring

- **The role of coaching and mentoring to develop internal auditors**
- **What is coaching?**
- **Development based on conversations between the coach and learner over a period of time**
- **Group coaching**
- **Difference between coaching and training**
  - **Coaching is through structured tasks, reflection and discussion**
  - **Skills training is By knowledge transfer from instructor to those learning**
- **The difference between coaching and mentoring**
  - **Coaching is usually a trained professional from the same organization and based on structured tasks**
  - **Mentoring usually a more experienced colleague or an experienced professional from another organization and is based on 'storytelling'**
- **One to one coaching for internal auditors**
  - **Helping competent technical internal auditors improve specific skills such as interviewing**
  - **Supporting an internal auditor who is moving into more senior position**
- **Team coaching**
  - **Supporting the internal audit team through a period of change**
  - **Improving team performance by revitalising existing teams**

o **Developing specific team skills e.g. working together on engagements and managing differences between team members**

Exercise 9 Coaching and mentoring exercise

Negotiation

- **Why negotiation is much more than persuasion**
- **The need to reach agreement**
- **Negotiating during each audit phase**
    - o **Planning**
    - o **Fieldwork**
    - o **Reporting**
    - o **Follow up**
- **Trying to achieve a win-win situation**
- **The problems with win-lose situations**
- **Negotiation strategies**
    - o **Dividing the 'pie'**
    - o **Making 'the pie' bigger**
- **Determining the objectives**
    - o **What are the boundaries?**
    - o **How long do you have?**
    - o **How will you open and close the negotiation?**
    - o **What might the other party ask?**
    - o **Is the other party empowered to make the decision?**
    - o **What information do you need?**

Exercise 10   Practical negotiation

Listening – the most important audit skill?

- **Why listening does not just involve the ears**
- **The 6 elements of listening (The Hurier model)**
    - o **Hearing**
    - o **Understanding**
    - o **Remembering**
    - o **Interpreting**
    - o **Evaluating**
    - o **Responding**
- **Types of listening**
    - o **Comprehensive (getting as close as possible to the intended meaning)**
        - ▪ **Paying close attention to all the information**
        - ▪ **The words spoken**
        - ▪ **The tone of the voice**
        - ▪ **The body language**
    - o **Critical (forming judgements about what was said)**
        - ▪ **Distinguishing between facts and opinions**
        - ▪ **Evaluating the basis of statements**
        - ▪ **Assessing the logic of arguments**
    - o **Relationship (to help improve the relationship)**

Exercise 11 Listening exercise

Time management

- The barriers to effective time management for auditors
- Not receiving information in a timely manner
- Managers not available to meet you
- Trying to cover too much
- Being side tracked by issues identified during the audit
- Unrealistic fieldwork schedule
- Staff lacking experience
- Dealing with the issues – tips and advice

Exercise 12   Time management exercise

Day 4   Auditing in the IT arena

Auditing IT projects

- New GTAG IT risks
- Project management audit
  - Project organization
  - Content and scope
  - Time management
  - Cost management
  - Quality management
  - HR issues
  - Communication
  - Reporting
  - Risk management
  - Procurement
- Other types of project audit
  - Business case audit
  - Business requirements audit
  - Project framework audit e.g. use of PRINCE
  - Post project audit

Exercise 13 – Completing an IT project 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
- ISO 22301 key elements
- Alternative site testing
- **A paper on BCP resilience will be shared**

> **Exercise 14 –The BCP 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 Cob IT 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 15 – Challenges of IT audit**

Day 5   Convincing Management by making effective presentations

- A new paper on engaging senior management will be shared
- 20 questions directors should ask the CAE
- The need for effective presentations by senior audit management
- Determining the audience and preparing an appropriate approach
- The need for impact
- Deciding the form of presentation
- Use of visual aids
- How many notes should you use
- Use of humour – is this a good idea?
- Education or decision seeking – the different techniques

Delivering a presentation

- **How to combat nerves**
- **Keeping in control**
- **How to deal with questions**
- **Keeping the flow**
- **The need not to over prepare**
- **Use of simple language**
- **How to keep the audience's interest**
- **Use of props**
- **Anticipating the questions**
- **Considering what the audience will expect**
- **Assessing the results**
- **Getting feedback**

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Exercise 16 Delegates will prepare and present a 3 minute presentation on a current business issue

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- **Evaluation and feedback from the group**

Open forum

- **An open forum will be held to discuss any topic of interest. A number of topics will be tabled – you can highlight the issues you would like to discuss on the day**