



Essentials of Internal Audit

Who should attend?

- Newcomers 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)
- 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

- Understand the key aspects of the Internal audit role
- Apply the professional standards of the Institute of Internal Auditors
- Deliver a range of audit assignments
- Plan and complete an effective audit
- Prepare and deliver successful audit programmes
- Appreciate the balance between risk and control
- Undertake meetings with management with confidence
- Persuade management to accept your recommendations
- Encourage management to look in with a new set of eyes

CPE credits

- Participants can earn up to 30 CPE credits in the Auditing field of study

Why you should attend

This course covers everything you need to know as a newcomer to Internal Audit regarding the most effective audit practices (or those who need to know about the most up to date practices in the profession.

There has probably never been a more important or challenging time for Internal Audit. The ever increasing pace of change has required the function to change significantly to become a business partner and process challenger.

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

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 do exactly that

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 modern role of the audit function.

The course will also be valuable for those working in other assurance functions such as Inspection, Compliance or Quality Assurance

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 key aspects of the Internal Audit role

The profession of Internal Auditing (IA)

- Definitions and trends
- Internal audit role and responsibilities
- Why IA is not 'The Checker'
- Why the modern IA role does not focus on weaknesses – but rather opportunities for improvement
- Frequently asked questions about the IA role
- Misconceptions about the role
- What it means to be an internal auditor
- Explaining the role to others

Exercise 1 – The Modern Audit role

The professional standards

- The Mission Statement
- Core principles

- Code of ethics
- Standards
- Professional Guidance
- Internal Audit role and responsibilities
- Key elements
 - Integrity
 - Objectivity
 - Competence
 - Strategic alignment
 - The 3 E's
 - Assurance and Insight
 - Promotes positive change

Exercise 2 – The challenges for the inexperienced auditor

How does the role differ from other assurance providers?

- Is IA the police, an assurance provider or a consultant?
- Why you need to coordinate your efforts with other assurance providers?
- Assurance mapping
- The differences and links between the functions
- Corporate governance and the IA role
- The roles IA is not permitted to undertake
- The Audit committee and the audit relationship

Exercise 3 – Working with other assurance providers

Audit skills

- Should Internal audit be seen as a career or stepping stone?
- The IIA competency framework
- 7 attributes of effective internal auditors
- Technical skills
- Analytical skills
- Communication skills
- Evaluation skills
- Soft skills

Exercise 4 – Moon shot

Day Two: Preparing for an Audit

The modern approach to IA

- Perceptions of internal audit – results of recent surveys
- How the role of the function has developed
- What is best practice?
- The modern audit charter
- The challenges

Exercise 5 – The changing focus of Assurance

The audit manual

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

Preparing for an audit

- **The different approaches to internal audit**
 - **Compliance**
 - **Transaction testing**
 - **Systems based audit**
 - **Risk based audit**
 - **Assurance based IA**
- **Steps in preparing for an audit**
- **The need for careful planning**
- **How to deal with experts in the field**
- **The need for confidence**
- **Why IA is akin to a patient advising the doctor**

Exercise 6 Determining your own strengths and learning opportunities

How to audit unfamiliar areas of the business

- **Paper with step by step guide will be provided**
- **New IIA guidance on delivering Internal audit assignments**
- **The danger of making assumptions – and what can be done**
- **Speaking to the experts**
- **Translating risks into the basis of the IA programme**
- **Asking about surprises**
- **The link between risk, objectives and control**
- **How IA needs to take the risk pulse**
- **Case study of an audit planning process will be shared**
- **The 3 levels of control**

Exercise 7 – Planning an audit assignment

Meeting with the Audit customer to discuss the audit

- **The Pre-meeting**
- **Preparation and confidence**
- **The need to treat your customers with respect**

- Techniques to put management at ease
- IIA guidance on influencing skills
- Securing management input
- Functional and audit objectives
- Developing terms of reference for the assignment
- Determining sources of information

Exercise 8 – Pre-Meeting with management: Role Play

Day Three –The Audit assignment in practice

The Risk based audit approach

- Risk based auditing – the benefits
- The questions to ask about risk
- Reviewing the effectiveness of the risk management process adopted
- Determining which risks should be concentrated on in the audit
- Reviewing risk ownership and identifying gaps
- Assessing the 4 T's
- Monitoring of action plans
- Reporting the results

Exercise 9 – Risk based audit planning

The need to understanding controls

- Business process analysis techniques
- Process objectives and risk
- The need to understand the business objectives
- Developing a programme to reflect these objectives
- Assessing the business objectives
- Determining process components
- The link between objectives and risk
- The link between risks and controls
- Process and business system controls
- The link between inputs and outputs
- Trigger events

Exercise 10 – Comparing actual versus perceived controls

Analysing and assessing the effectiveness of business controls

- Types of control
- Preventative, corrective and detective controls
- Getting to the causes of control failure

- The opportunity cost of poor internal control
- Questions to ask
- How to gather and evaluate information
- Documenting controls

Exercise 11 – The tower – the control issues

Meeting management expectations

- Relationships with management
- Expressing yourself effectively
- Recognising different management styles
- How to get on the same wavelength as management
- Persuasion and negotiation
- Explaining the audit approach to staff of the function audited
- An example presentation will be shared
- The need for simplicity
- Power words
- Auditor – it means someone who listens
- Active listening

Exercise 12 – Listening exercise

Day Four: Completing the Audit

Audit interviews

- The approach to interviews
- How to decide who to interview
- Preparing for interviews
- The need for audit evidence
- The interview – case study
- Tips for success

Exercise 13 – Audit Interviews – Role Play

Audit programmes

- Developing or challenging the audit programme
- Reviewing the programme with new eyes
- The Programme should be a skeleton – not a robotic list
- Develop the programme after assessing the risk maturity of the area being audited
- Audit programmes with examples

Exercise 14 – Developing the audit programme

Audit testing

- **Fieldwork techniques – the differences and how to use them**
 - **Compliance testing**
 - **Transaction approach**
 - **Analytical review**
 - **Face to face meetings**
- **Audit testing – how to decide the type and depth of testing**
- **IIA guidance on testing**
- **Audit sampling considerations**
- **Walk through tests**
- **The difference between an audit and a review**
- **Audit working papers**

Exercise 15 – The Final Straw

The clearance or closing meeting

- **Getting all the issues together**
- **Determining the personnel with whom to discuss the observations**
- **Preparation techniques**
- **Validating the key issues**
- **How to ensure that there are no big surprises**
- **Giving sufficient notice**

Exercise 16 – The Clearance Meeting – Role Play

Day Five: Finalising the Audit

Completing the audit file

- **The audit file structure**
- **The peer review notes**
- **Ensure all areas are covered**
- **Ensuring all working papers and checklists are completed**
- **Identification of key review points**
- **How to write value-added review notes**
- **Tips for electronic working papers**
- **Sampling results**

Exercise 17 – The Audit file

Drafting the audit report

- **The need for reports with impact**
- **What management expects**
- **Who reports are for and the implications**

- The report as your shop window
 - The common problems with audit reports
 - Avoiding the pitfalls
 - Keeping the report as simple as possible
 - Knowing what to write
 - Being sure of the facts
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- How to assess a report

Exercise 18 – Analysis of 2 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 19 – Action plans re reports