



## Introduction to Internal Audit Course Outline

### Day 1 The internal audit role

#### What is Internal Audit?

- Definitions and trends
- What it means to be an internal auditor
- How the profession has changed in the last few years
- The psychology of internal audit

#### Exercise 1 – What is Internal Audit?

- The 2013 Professional Standards
- Internal audit responsibilities
  - Integrity, objectivity and confidentiality
  - Competency and independence
  - Internal and external QA assessments
  - Role in relation to risk management
  - Role regarding fraud prevention
- FAQ's
- Misconceptions about the role
- How does the role differ from other Assurance Providers?
- The need to coordinate efforts with other assurance providers
- Corporate Governance and internal audit
- The Audit Committee and the audit relationship

#### Exercise 2 – Challenges for the inexperienced auditor

#### Audit Skills

- The skills required
- Analysing the skills
- Is IA a career or stepping stone?

- 7 attributes of effective internal auditors
- The competency framework

### Exercise 3 – The skills inventory

- Technical skills
- Analytical skills
- Appreciative skills
- Interpersonal skills

### Exercise 4 – Team skills exercise – Moon shot

## The Internal Audit Role

- The changing role
- What is best practice?
- The Audit Charter
- FAQ's about Internal Audit
- The different approaches to Internal Audit
- Risk Based audit
  - Auditing the things that really matter
  - Focussing on threats to achievement of business objectives
  - Best practice – forget the petty cash

### Exercise 4 – Risk and controls – analysing a disaster

- Audit as a catalyst for change
- How does IA link with external audit

## Audit assignment planning

- Preparing for an audit
- Terms of Reference for the assignment
- Determining sources of information
- The link between control, risk and objectives
- Determining the objectives of the function to be audited
- Evaluating the threats to achievement of these objectives
- Getting management input
- How to deal with your audit customers
- Personality differences – how to deal with different types of person
- Convincing the difficult audit customer
- Deciding who you will need to interview
- Meeting with management to discuss the audit
- Active listening

### Exercise 6 – Pre meeting with management – role play

## Day 2 Completing an Audit

### Preparing for an audit

- The different approaches to internal audit
  - Compliance
  - Systems based audit
  - Risk based audit
  - Assurance based IA
- Steps in preparing for an audit
- Paper with step by step guide will be provided
- How to approach unfamiliar areas – guidance paper
- New IIA guidance on delivering Internal audit assignments
- The danger of making assumptions
- Delivering IA flowchart
- Explaining the audit approach to staff of the function being audited
- Building a picture of the system and processes
- Audit interviews

[Exercise 7 – audit interviews – role play](#)

### The need to understanding controls

- Types of control
- Preventative, corrective and detective controls
- Questions to ask
- How to gather and evaluate information
- Documenting controls

### Audit testing

- Audit programmes
- Walk through tests
- Fieldwork Techniques (compliance, transactional, analytical review, sampling etc)
- How to decide the depth of testing required
- Audit working papers
- The clearance meeting

[Exercise 8 – the clearance meeting – role play](#)

### Audit tools and measures

- Audit planning software
- Computer assisted audit techniques
- Explanation of IDEA/ACL
- Audit KPI's (key performance indicators)
- How to measure effective performance
- SMART measures

## **Exercise 9 – measures of success**

### **The Audit Report**

- The challenges
- The need for reports with impact
- Who is the report for?
- How to grab attention
- How do you know a good report when you see one

## **Exercise 10 – What makes an excellent report?**

### **How to write an effective report**

- What management expects
- The IIA professional standards
- The problems with audit reports
- Knowing what to write
- Convincing the reader
- Getting the right balance
- Focussing the report guidance
- How to assess a report

## **Exercise 11 – evaluation of two reports**

- Discussion of implications
- The Executive Summary

### **The main report**

- The psychological dilemma
- How to ensure reports are taken seriously
- Formatting ideas
- Audit Opinions
- Words and phrases to avoid

## **Exercise 12 – writing a report in best practice style**

- Recommendations and action plans
- Follow-up
- New IIA guidance on following up recommendations