



# **Internal Audit for Audit Committee and Board members**

**The Board and AC provide Governance oversight to stakeholders**

**As organisations and the world they operate in become more complex, so more assurance is required by regulators and other stakeholders**

**Internal Audit, working alongside but independently from executive management, are a critical part of the top level governance of any business**

**The profession of internal audit is fundamentally concerned with evaluating an organisation's management of risk and providing assurance to top management.**

**An internal auditor's knowledge of the management of risk enables them to act as consultant and catalyst for improvement in an organisation's practices**

**By reporting to senior management that important risks have been evaluated and highlighting where improvements are necessary, the internal auditor helps senior management to demonstrate that they are managing the organisation effectively on behalf of their stakeholders**

**This master class will explain everything you need to know about the modern internal audit role, and it's key role as the eyes and ears of the Board and the audit Committee**

## **Course Director **Phil Griffiths****

**Phil is one of the exciting and knowledgeable speakers in the world in the field of Internal Audit**

**A charismatic and engaging orator he has a unique knack of energising an audience.**

**He has been spreading the message of successful Internal Audit and risk management for more than 30 years and has worked all over the world with some of the most prestigious organisations in both the public and private sectors.**

**Over 10000 people have attended his training courses .**

He has extensive experience of the GCC market having worked with over 600 organisations in the region during the past 18 years

## Master Class Outline

### Day 1 The Board, Audit Committee and senior management relationships with Internal Audit

#### Relationships with the Board and Internal Audit

- The need for IA to build a working relationship with the Board
- Board requirements of internal audit
- Developing regular contact with the chief executive
- Regular meetings with Senior IA managers and Board members
- IA - the eyes and ears of the Board
- Evaluating the IA performance
- How to maximize the benefit of IA
- Developing an annual report for the Board

#### Round Table Discussion 1 – Optimising the Board and Internal Audit relationship

#### The Audit Committee Internal Audit relationship

- How should IA create the correct relationship with the Audit Committee
- The need for at least one Audit Committee meeting per year exclusively for Internal Audit?
- The need for one –to –one meetings between the Chairman of the Audit Committee and the Chief Audit Executive
- The need for the Committee to approve (but not direct) internal audit strategy, plan and performance
- How should the Audit Committee assess IA performance
- The annual Report for the Audit Committee – best practice ideas
- Are effective relationships between IA and EA and other bodies reviewed by the Audit Committee?
- Is the effectiveness of the risk management environment and anti fraud arrangements assessed – what information should be provided by IA?
- How IA can assist the Committee satisfy itself that assurance statements and the annual statement of accounts properly reflect the risk
- 2 new Audit Committee evaluation checklists will be provided

## **Round Table Discussion 2 – Assessing the Audit Committee / IA relationship**

### **The need for IA to engage senior management**

- Senior management are extremely busy
- Risks and controls may not be top of their agenda.
- The tone at the top will influence everyone else
- The need to demonstrate the positive benefits of managing risk and having effective controls
- The need for IA to present the benefits of better risk management in ways which management can identify.
- The importance of tone at the top.
- IA reporting on the key risks facing the organization
- Using IA's knowledge of business processes to influence change

## **Round Table Discussion 3 – Senior management – using IA as an evaluation process**

### **Meeting Stakeholder expectations**

- Who are the stakeholders?
- Are stakeholders' expectations known?
- 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

## **Round Table Discussion 4 – Meeting the ever expanding needs of stakeholders – what should the IA role be?**

## **Day 2 The role of IA in Risk and Governance**

### **Corporate Governance and the IA Role**

- Key Governance challenges for the Gulf region – Hawkamah research
- Developments in Corporate Governance – new paper
- The audit role in the CG process
- The risk focus of the function (and the relative roles of other assurance providers)
- Coordination with other assurance providers
- A guidance paper on assessing organisational governance will be provided

- The External audit relationship
- Role in Fraud prevention and investigation
- Managing Reputation
  - Is communication with main stakeholders taken seriously?
  - Do the goals and values of the business, as well as its principal policies on conduct, sufficiently address the main areas of reputational risk?
  - Are corporate values shared?
  - How is sufficient coverage of different business issues achieved within the policy statements and codes of practice, and is reputational risk addressed appropriately in each case?
  - Are policies governing reputation management clearly communicated internally?
- Crisis Management
  - Is there an appropriate contingency plan ready to be used to manage a crisis?

<p><b>Round Table Discussion 5 – The challenges of Corporate Governance</b></p>
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### **Risk Management and Internal Audit**

- The need to focus audit attention towards the most significant risks
- 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

<p><b>Round Table Discussion 6 – What are the challenges in driving better risk awareness?</b></p>
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### **Risk Attitude**

- The need to define risk as the need to get things right – not what can go wrong
- ‘Ring fence’ risk exposure - never allow one part of the business to impact the whole organisation

- Define your corporate risk appetite carefully
- Determine and communicate 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
- Identify as many risks on the horizon as you can before they can impact you
- Invite all your key stakeholders to a risk workshop
- Twice a year ask all executives to identify 3 opportunities and set up a high level workshop to discuss and prioritise them
- Develop a corporate opportunity register
- Analyse the major surprises and near misses that you have had in the last 12 months
- Prepare media statements in advance to cover all possible crises

**Round Table Discussion 7 – How can IA help to manage the key risks more effectively?**

### **IA and the consultancy role**

- The IIA standards for consultancy assignments
- Why consultancy should be encouraged
- The difference in approach
- How to document these assignments
- Reporting consultancy assignments
- Audit by workshop
- The benefits of IA delivering consultancy assignments

**Round Table Discussion 8 – How to convince top management that consultancy is the direction for Internal Audit**