

Risk Based Auditing – the next level

Who should attend?

- Heads of Audit, Audit managers and senior auditors
- Auditors responsible for developing or implementing a risk based approach
- Other assurance professionals such as those in Compliance and QA functions who are wanting to develop their Risk based approach

New for 2015

- A new 2 hour session – step by step guide to completing a risk based audit
- New IIA professional guidance – an approach to implementing RBA
- New IIA guidance on annual internal audit coverage plans
- Audit universe
- Internal audit coverage of risks to achieving strategic objectives
- Risk Based Internal Audit Plan Example
- The RBA audit plan preparation
- New IIA guidance on preparing for an External QA review of IA
- Risk management challenges and the IA impact
- New audit programme – auditing ERM

After completing this course you will be able to

- Apply the concepts and practical application of Risk Based Audit
- Advise management on the Identification, mitigation and control of risks
- Challenge management and sell the benefits of proactive risk management
- Audit major areas of risk for your business with confidence
- Add value to your organisation by the application of risk-based audit services
- Deliver more effective audit plans through understanding the role of risk
- Plan risk based assignments efficiently and effectively
- Measure success effectively

Why you should attend

The Institute of Internal Auditors in a professional guidance statement stated the following :-

'Internal Audit are being asked to provide much greater assurance to Senior Management than ever before. The Institute believes that the only way to provide such objective assurance is by means of risk based auditing'.

Audit functions that are able to focus their efforts towards the significant risk in their organisations are able to concentrate their limited resources on the

issues which drive business goals and aspirations. In consequence audit plans are directed at the issues, which really matter. This course provides all the latest developments. The 2014 course features a case study on the step by step approach to a risk based audit.

Furthermore, a participative approach whereby auditors and managers work together to identify, assess and control business risks significantly enhances the level of assurance and reduces the chances of nasty surprises – a huge benefit in these more difficult times

Day 1 Risk and Internal Audit

What is Risk Based Audit?

- Explanation of risk based audit (RBA)
- Worldwide trends
- Trends (from the BRM Internal audit best practice database)
- The transition from systems based to risk based assurance
- How risk based audit has changed the face of auditing
- Audit's primary roles, objectives and concerns
- Questions about the maturity of the audit process
- How RBA links to other audit approaches
- The role of the function – policeman, risk assessor or consultant
- How to ensure you adopt best practice
- The need widen the coverage - to become less financially based
- RBA in the different sectors in the GCC
- The steps needed to embrace a risk based approach
- Audit risks (what risks do you face?)
- The key challenges resulting

Exercise 1 Challenges for Internal Audit

Risk and Internal Audit

- New IIA professional guidance – an approach to implementing RBA
- Guidance on the links and differences between the audit and risk management roles (including the IIA position)
- Identifying, appraising and evaluation risk during the audit process
- Translating key risks from the business risk process into the basis of the audit programme
- Auditing the process

Exercise 2: Risk and reward – team exercise

The Internal Audit Role

- A strategic vision for Internal Audit
- The audit charter and terms of reference
- Measuring success and adding value
- Meeting management expectations

Exercise 3: Success Measures

Strategic Audit Planning

- Strategic audit planning
- How to decide which areas to audit
- The audit universe – new IIA guidance
- Determining the level of assurance
- New IIA guidance on annual internal audit coverage plans
- The RBA audit plan preparation
- Risk Based Internal Audit Plan Example
- **Demonstration of a best practice audit risk planning model (an electronic version will be provided)**

Exercise 4: Developing a strategic audit Plan using the model

The Converging Roles of the Assurance Providers

- The increasing emphasis on governance, assurance and control
- How should the various assurance providers rise to the risk challenge?
- Synchronising regulatory compliance with internal audit and the risk management functions
- The need to coordinate quality assurance, security, insurance and the health and safety functions in relation to risk management
- Linking external auditors into the process

Exercise 5: Coordinating your efforts with other assurance providers

Day 2 Risk Based Auditing in Practice

Planning a Risk based audit

A worked example of a risk based audit

- Brainstorming the functional objectives
- Building a picture of the risks
- Consider threats and opportunities
- Building the details of the controls

- Planning the assignment
- Determining the types of test and techniques to use
- Determining the threats to success

Exercise 6. Specific audits will be chosen for the purpose by the delegates and the functional objectives and risks brainstormed in groups

The Risk Based Audit step by step

- **A risk based programme example will be walked through**
- Reviewing the business objectives
 - Are the objectives comprehensive and SMART?
- Do the risks in the register relate properly to the objectives?
 - Are they specifically linked to the objectives and recorded?
- Are the inherent risks correctly evaluated?
- Are any key risks missing?
- Are the causes of the event identified?
- Have mitigating actions been recorded for each risk?
 - Is such mitigating detailed enough?
- Are there any actions in progress to deal with risk?
 - Assess the status of such actions
 - Are there any management decisions pending?
 - Has a target risk been established?
 - Assess confidence level in the potential for such actions to reduce the risk required
 - Is the target risk realistic?
- Audit testing
 - Test each mitigating control by means of walk through tests
 - Extend testing as required to obtain sufficient evidence
- Determining an audit risk and control assessment
 - Evaluating and recording such assessments
 - Presenting the evidence to management
 - How to ensure consistency

Exercise 7: The RBA in practice – using audits selected by you

The RBA approach

- The need to assess the risk maturity of the function
- Commitment to risk management
- The questions to ask
- Assessing risk appetite
- 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
- Identifying residual risks above the risk appetite
- Assessing the 4 T's
- Monitoring of action plans
- Evaluation and reporting of actual versus perceived controls

- Determining which key risks are not readily auditable
- New audit programme – auditing ERM

Exercise 8: Challenges of the RBA – group discussion

Risk Based Audit Reporting

- The challenges of risk based audit reporting
- Getting the message across
- Getting action
- The messages you want the Board to hear
- How to ensure no overreaction
- Including positive comments
- How to keep it short and focussed
- Developing a risk based Executive summary
- How to get recipients to react positively
- How to write balanced reports
- Highlighting the issues that matter
- How to reduce the number of words
- The power of pictures and graphics
- The need to relate the issues to objectives and risk
- How to deal with sensitive issues in the report.

Exercise 9 : Discussion – how to deliver risk based reports

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