



## The ABC 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 14 CPE credits in the Auditing 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**

**This 3 day 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 1: 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

#### 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

## Day 2: Preparing for an Audit

### 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

## 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

## 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 10 – The tower – the control issues

## Day 3: 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 11 – 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 12 – 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 13 – 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 14 – The Clearance Meeting – Role Play**

#### **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 15 – 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
- Words and phrases to avoid
- Audit opinions – how to express them

### **Exercise 16 – Drafting the report**