

BUSINESS RISK MANAGEMENT LTD



World Class Internal Audit

Who should attend?

- Heads of Internal Audit (CAE)
- Audit Managers and those about to be appointed to that role
- Audit supervisors
- Managers of other assurance functions such as Compliance or Quality Assurance

Course Level

- This is an intermediate to advanced level course and delegates should be Audit Supervisor level or above
- Delegates should have a good educational standard (Bachelors degree or above) and/or a professional qualification
- No advance preparation is required
- Delivery method – Group-live (with exercises and case studies to provide practical application of the tools and techniques)
- 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

- Benchmark your IA function against worldwide best practice
- Make the transition from a good function to a great one
- Build a world-class team
- Manage the audit process more efficiently and significantly improve strategic audit planning
- Deal with the challenges of consultancy
- Audit Corporate Governance with confidence
- Deliver stakeholder assurance more effectively
- Engage more positively with senior management

CPE credits

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

Why you should attend

This course is targeted at senior assurance professionals – and is centred around the key challenges faced by a modern internal audit function – and the desire to provide the best service possible

A wide range of key topics will be discussed – and tips and proven techniques will be shared to enable the process to be challenged and the service optimised – so that senior management’s expectations are exceeded

The event represents a superb opportunity to meet your peers from both your sector and others and develop new approaches to the difficult challenges facing Internal Audit today

The workshop also includes opportunities to discuss issues of your choosing with fellow decision makers in the IA profession

Day 1 The Changing role of Internal Audit

Step 1 Respond to the significant changes in the Internal Audit role

- How the IA profession has changed in the last 10 years
- New IIA paper on models of effective IA will be shared
- The transition from a systems based approach to Risk based Auditing
- Key messages from the IIA Body of Knowledge survey
- Deciding the strategic direction for your function
- Pulse of the profession survey results
- E & Y and Protiviti survey results
- IIA becoming more effective guidance will be shared
- ECIIA research paper – making the most of the IA function
 - Ensuring effective communication lines between the CAE and the board
 - Gaining assurance regarding the quality of the function’s work.
 - Overseeing the relationship between the IA function and the organisation’s centralised risk monitoring function.
 - Monitoring management follow-up of IA recommendations

Exercise 1 - The challenges facing IA

Step 2 Ensure IA is seen as an agent for positive change

- Ensure that your staff know that risk management is not a fad or the latest initiative – it is a business process
- Ensure you define risk as the need to get things right – not what can go wrong

- 'Ring fencing' risk exposure - never allow one part of the business to impact the whole organisation
- Determining and communicating 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
- Market the audit process internally and to stakeholders
- Recognise that your employees will only be interested in managing risks if there is a benefit for them in doing so
- Realise that if managers want to get a proposal through, they will tend to understate the risk (if you let them)
- Promote risk as the pulse of the organization and make sure that you have personnel to regularly take this pulse

Exercise 2 What steps can IA take to promote themselves?

Step 3 Meet the challenges of the new standards

- Chief Audit Executive Roles Beyond Internal Auditing
- Provision of assurance services where consulting services have been performed
- Developing the audit plan
- Board reports
- Reporting on the QAIP
- IA credibility and value
- Senior management resolution of risk
- IT Governance

Exercise 3 Which of the standards provides the biggest challenge?

Step 4 Build a world class team

- The recruitment dilemma – what if you cannot get the talent you need
- Determining a strategy for building the team
- Sources of talent – growing your own or recruiting from outside?
- New guidance on co-sourcing
- Should you try to recruit personnel with previous IA experience?
- Which is more important – knowledge of your sector or IA knowledge?
- Use of coaching
- Performance management – what are the most effective measures?

- What skills should you be looking for
- Checklist of issues to assess in a potential auditor
- New guidance on managing dispersed teams will be provided
- Succession planning

Exercise 4 – The challenges of recruitment

Day 2 Corporate Governance and the IA Role

Step 5 Review all the key aspects of Corporate Governance

- Key elements of Corporate Governance
- Key challenges for the Gulf region – Hawkamah research
- Meeting Stakeholder requirements
- How the organisation is managed on behalf of the stakeholders
- Developments in CG – 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?

Exercise 5 – The challenges of Corporate Governance

Developing Proactive Audit Committee relationships

- How to create the correct relationship with the Audit Committee (or the Board if you do not have an audit committee)
- The need for at least one Audit Committee meeting per year exclusively for Internal Audit?
- The need for one –to –one meetings with the Chairman of the Audit Committee

- 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?
- 2 new Audit Committee evaluation checklists will be provided

Exercise 6 – Enhancing the Audit Committee /Board relationship

Auditing Corporate Social Responsibility and Ethics

- The increasing importance of Corporate Social Responsibility (CSR)
- New IIA standard 2110 re auditing of ethics
- What constitutes CSR
- The wider aspects of CSR and the implications for IA
- Doing responsible things responsibly
- Establishing Standards of Conduct
- Leading by Example on Matters of Integrity and Ethics
- Evaluating outsourced Service Providers, and Business Partners for Adherence to Standards of Conduct
- How to review ethics – key steps
- Redefining IA role with CSR in mind
 - Is communication with main stakeholders taken seriously?
 - Are the expectations of these stakeholders accurately understood, and what are the risks that these will not be met?
 - Are opportunities taken to develop the ethical reputation of the business?
 - How do we ensure that staff have and display the right attitudes?
 - Has the business assessed its reputation for social responsibility and its impact on our business prosperity?
 - Is the Board, and in particular the Chief Executive, sensitive and responsive to the concerns of customers

Exercise 7 –CSR and meeting expectations – the audit challenges

Step 6 Understand and exceed stakeholder expectations

- Who are the stakeholders?
- Are stakeholders' expectations known?
- Arranging meetings with all stakeholders
- Workshops with key stakeholders?
- 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
- New advice on auditing strategy
- What every Director should know about IA – new guidance

Exercise 8 Meeting the ever expanding requirements of stakeholders – what should the IA role be?

Day 3 Managing the IA process

Step 7 Ensure effective and appropriate audit coverage

Strategic Audit planning

- Determining audits priorities
- Determining the audit universe
- Building Risk-based audit plans
- Tapping into risk assessments carried out by management
- Determining the level of Assurance required
- Getting management input
- Determining the long term and annual plans

Exercise 9 – Strategic audit planning – how to convince Senior Management and the Audit Committee that you are auditing the right topics

Managing the audit process

- Building an understanding of the audit process
- Establishing audit objectives
- The Audit manual
- Developing effective audit programmes
- What makes a good programme?
- Mistakes to avoid
- The dangers of re-inventing the wheel
- Assigning tasks
- Staffing factors
- The need for regular updates for standard programmes
- Supervising and controlling audits – tips for success

Exercise 10 – What makes a good audit manual and effective audit programmes

Continuous auditing

- The revised IIA Global Technology Audit Guide (GTAG)
- The practicalities of continuous auditing
- Paper – fantasy or reality
- Continuous assurance – new guidance
- Continuous auditing and continuous monitoring
- The use of CAAT's for continuous auditing
- Continuous risk assessment techniques
- Examples of continuous auditing
 - Segregation of duties
 - Purchase orders
 - System access logs
 - Purchase cards
- A paper on continuous audit using ACL will be shared
- New GTAG on audit sampling

Exercise 11 – Opportunities for continuous auditing

Step 8 Ensuring your role is fully coordinated with the other providers of assurance

- Ensuring your assurance providers roles e.g. Internal Audit, Compliance, Risk Management, Insurance, Security are coordinated to avoid duplication of effort
- Why you should incorporate internal audit agreed actions in your risk register
- Ensure environmental risk is taken seriously (even if you are in a sector such as Financial Services)
- Ensure that your Business Continuity plan covers all eventualities and ensure it is fully tested
- Identify new ways to benefit the least able section of the wider community you serve
- New guidance on coordinating RM & assurance

Exercise 12 – How to Co-ordinate assurance effectively

Step 9 Step out of the comfort zone

Auditing Brand and reputation

- The rise of reputation as a key risk
- The increasing importance of a positive image – the need to be admired
- Where does reputation come from?
- How do you measure it?
- The magnifying effect on reputation of business failures
- Global brands
- How to judge reputation
- Identifying Reputational Risks
- **A checklist for reviewing reputational risk will be provided to all delegates**

Exercise 13 –Auditing a reputational disaster

Auditing Business Continuity Management

- The importance of BCP
- The need to recognize BCP is not just about IT recovery
- Reviewing the different types of disaster – have all been considered?
- Does the organization's leadership understand the current business continuity risk level and the potential impacts of likely degrees of loss?
- Can the organization prove the business continuity risks are mitigated to an approved acceptable
- Are they tested effectively?
- Is the Board well set up to respond swiftly and capably in a crisis?
- The transition from an emergency to a disaster and the questions to ask at each stage
- Is there an appropriate contingency plan ready to be used to manage a crisis?
- Communication testing
- ISO 22301 key elements
- Alternative site testing
- **A paper on BCP resilience will be shared**

Exercise 14 –BCP audit

Auditing other complex business areas

- Environmental auditing
 - Environmental risks
 - Energy management audit
 - Water management
 - Waste management

- Auditing the marketing function
 - The benefits
 - Case study
 - The 7 P's
 - Determining metrics
- Auditing performance management
 - The performance framework
 - Risks and responses
 - Audit considerations
- Auditing the supply chain

Exercise 15 – Complex audit topics – chosen by the delegates

Auditing Third Party activities

- Identifying risks in third party relationships
- Outsourcing objectives
- Transfer of risk
- Outsourcing delivery models
- The key risks
 - Picking the wrong contractor
 - Higher costs
 - Negative impact on service
 - Loss of control
 - Loss of knowledge or resources
 - Difficulty of bringing the activity back in-house
 - Loss of public focus
 - Conflicting objectives
 - Payment issues
 - Contract variations
- Assessing the contract
- How to assess continuing viability – performance management

Exercise 16 - Assessing third party risks

Day 5 Enhancing management buy-in

Step 10 Develop the consultancy role

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

- Facilitation –do's and don'ts

Exercise 17 – How to convince management that consultancy is the direction for Internal Audit

Step 11 Formalise the role in Investigations

- Investigations – the major differences from standard audits
- Which investigations should IA accept
- How can this decision be made
- Types of investigations
- The steps required
- The skills required
- The need for perfect audit trails
- Difficulties

Exercise 18 – Challenges of investigations

Step 12 Convince Senior Management

- The need for effective presentations by senior audit management
- Determining the audience and preparing an appropriate approach
- The need for impact
- Deciding the form of presentation
- Use of visual aids
- How many notes should you use
- Use of humour – is this a good idea?
- Education or decision seeking – the different techniques
- How to deliver a successful presentation

Exercise 19 –Making successful presentations