

BUSINESS RISK MANAGEMENT LTD



Risk Based Audit in practice

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
- Managers and Directors of business functions – to aid their knowledge of a risk based audit approach.

What you will learn

- The concepts and practical application of RBA
- Understand how to identify, mitigate and control risks more effectively
- Audit major areas of risk for your business with confidence
- Determine which areas of the business to audit using an internationally recognised risk based planning tool
- Plan risk based assignments efficiently and effectively
- Measure success effectively
- Prepare for a QA review of Internal Audit using a risk based approach

Why you should attend

The Institute of Internal Auditors in one of their professional guidance statements 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 that really matter.

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

Course Outline

Day 1 How Risk Based Audit has changed the face of auditing

- Worldwide trends
- Trends (from the BRM Internal audit best practice database of over 6000 internal audit functions)
- The transition from systems based to risk based assurance
- The different approaches to audit
- Audit's primary roles, objectives and concerns
- What is best practice?
- *Perceptions of internal audit – 2010 survey results*
- The role of the function – policeman, risk assessor or consultant
- The Institute of Internal Auditors professional standards
- How to ensure you adopt best practice
- **The challenges of RBA (20 questions)**

Exercise 1 Challenges for Internal Audit

- The need to widen the coverage - to become less financially based
- RBA in the different sectors
- The need to introduce a broad business based approach and the actions required

The need to audit the key risks

- Approaches to risk management
- Surprises and Risk
- Risk and your organisations culture
- Assessing the changing risk environment
- Risk averse and risk embracing cultures and the impact on assurance
- Risk as the pulse of the organisation – and how Internal Audit needs to take this pulse
- ISO 31000 risk standard as a template for success

Exercise 2 – Auditing the major risks in your organisation

Strategic Audit Planning

- Risk based audit planning
- The factors you need to consider
- Determining the level of Assurance required
- Getting management input
- Translating key risks from the business risk process into the basis of the audit programme
- Audit challenges resulting
- Determining the audit universe

- Best practice audit risk planning model (*an electronic version will be provided to all delegates*)

Exercise 3 Strategic audit planning using the model

- Determining audit priorities and developing the audit plan.
- Which risks are not easily auditable?
- Dealing with requests for audits
- How should these topics be dealt with?

Undertaking a Risk based audit

- **Case Study – HR Audit**
- Brainstorm the issues
- Build a picture of the risks
- Consider threats and opportunities
- Plan the assignment
- Determine the threats to success

Exercise 4 Undertaking a risk based audit

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

Day 2 Practicalities of risk based auditing

The Risk based audit approach

- The need to assess the risk maturity of the business and the functions
- Assessing the commitment to risk management
- Reviewing risk registers
- 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
- Determining the inherent and residual risks
- Identifying residual risks above the risk appetite
- Assessing the 4 T's
- Consultancy assignments

Exercise 5 A team event to allow you to experience Risk taking in action

RBA in practice

- **Determining the scope of a RBA assignment**
 - **Whether objectives are being delivered efficiently and effectively**
 - **Whether risks have been identified, evaluated and are being managed**
 - **Whether controls mitigate the risks effectively**
 - **Where risk exposures exist action is being taken to improve controls**
 - **Whether appropriate management oversight is in place**
- **Options for involvement of IA in risk management**
- **IIA guidance and 2009 professional standards impact**
- **Translating the key risks into the basis of the audit programme**
- **Auditing the risk management process**

Exercise 6 The need for wider thinking – the project

Corporate Governance Risk and the Internal Audit Role

- **The Corporate Governance challenges**
- **The tensions created for management**
- **The opportunities for Internal Audit**
- **The converging role of the assurance providers**
- **The need to coordinate activities across assurance providers**
- **Audit Committees**
- **Relationships with external Audit**

Exercise 7 – Analysing a disaster (the need to consider wider stakeholder risks)

Measuring Success and Adding value

- **What do management think of you?**
- **Have they embraced the wider role for IA?**
- **How have they responded to changes already introduced?**
- **What challenges have they posed?**

Exercise 8 Audit reputation and measures of Success

- **The reputation of the your team and how to assess it**
- **Risk based audit Key Performance indicators**

Marketing a risk based approach

- **The need to measure value added**
- **How to sell the benefits**
- **Who you need to sell the approach to**

Exercise 9 Marketing a Risk based approach

Quality Assuring or Benchmarking the IA function (and the RBA approach)

- **The IIA requirements**
- **The need for an impartial assessment**
- **Approach adopted**
 - **Corporate Governance and the Internal Audit role**
 - **Professional standards**
 - **Audit charter**
 - **The Audit Committee relationship**
 - **Skills, training and resources**
 - **Strategic audit planning**
 - **The Audit manual**
 - **Completing the audit**
 - **Audit reports**
 - **Measuring performance**
 - **Marketing the function**

Exercise 10: The challenges of benchmarking