



Advanced Risk Based Auditing On-line course 2 days

Why you should attend

Most Heads of Internal Audit would say that their functions have adopted a risk based approach

However, has this process been fully embedded?

Have you for example:-

- Linked your audit programmes and testing directly with the risk registers?
- Made suggestions for reducing controls for over-managed risks?
- Challenged management's evaluation of the residual risks? If so, do you have a consistent basis for this challenge?
- Encouraged management to determine a target for each risk?
- Completed risk based audits of major projects?
- Carried out risk based audits of complex business activities such as marketing, environmental management and performance management?
- Audited your organisation's website, or social media activities?
- Determined a strategic audit plan which is flexible, but simple to explain to senior management?
- Have an audit plan which is fully coordinated with the other assurance providers in your business

This course is designed to cover these and other significant challenges of the modern risk based audit role

Who should attend?

- 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.

Course Level

- This is an advanced level course and delegates should have 2 years' experience in a supervisory, management or assurance role
- No advance preparation is required
- Delivery method – On-line interactive (with exercises and case studies to provide practical application of the tools and techniques)

After completing this course you will be able to

- **ENHANCE** internal audit's contribution to the business
- **ENGAGE** more positively with senior management
- **DETERMINE** a strategic audit plan which is flexible, but simple to explain to senior management
- **DELIVER** more focussed audit plans through developing the appreciation of operational risk
- **PLAN** assignments effectively to focus on the key risks
- **CHALLENGE** management's evaluation of the residual risks
- **PLAN** risk based assignments efficiently and effectively
- **COORDINATE** your role with the other assurance providers
- **AUDIT** the Corporate Governance process

Day 1 Embedding a risk based audit process

The Changing Risk Based Audit approach

- The principles of RBA
- Worldwide trends
- Trends (from GRC research and our Internal audit best practice database)
- The need to focus more audit attention on the operational risks
- The need to significantly refocus the Internal audit to meet the updated IIA standards :-
 - Internal audit credibility and value are enhanced when auditors offer new insights and consider future impact
 - A higher level of assurance (coordinated with the work of the other assurance providers) must be provided
 - Internal Audit needs to add measurable value to the business.
 - IA needs to be regarded as a strategic partner and advisor
 - The function needs to enhance organisational value by providing stakeholders with risk-based, objective and reliable assurance, advice and insight.
 - IA must ensure that appropriate risk responses are selected that align risks with the organisation's risk appetite
- How risk based audit has changed the face of auditing
- New 2024 IIA standards
- Helping the Board to protect the assets, reputation and sustainability of the organisation.

- Internal audit should have the right to attend and observe all or part of executive committee meetings

Exercise 1 Challenges for Internal Audit

Enterprise risk management and the IA role

- Explanation of ERM and why it is not fully understood
- The current economic crisis and how ERM can help
- The role and responsibilities of directors and senior management with respect to ERM
- ERM roles and responsibilities
- Categories of risk.
- Selling the benefits to top management
- Surprises and risk
- Measurement of risk: probability and impact (or likelihood and consequences)
- Categories of risk
- The most common critical risks

Exercise 2: Analysing a disaster

Strategic Audit Planning

- Strategic audit planning
- How to decide which areas to audit and ensure more focus on operational risks
- The audit universe – new IIA guidance
- Determining the level of assurance
- IIA guidance – Production of the audit plan
- The RBA audit plan preparation
- Risk Based Internal Audit Plan Example
- **A best practice audit risk planning model will be used (an electronic version will be provided to all delegates)**

Exercise 3: Developing a strategic audit plan using the model

Coordinating the IA role with the other assurance providers

- 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 4–Team exercise – the mystery

Day 2 Risk Based Auditing in Practice

Planning 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 5. Audit topics 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 case study 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 6: The RBA in practice – using audits selected by the delegates

Auditing the key risks of the Board

- The development of strategic objectives, are taken without due consideration of the impact on the organisation
- Non-executive directors (NEDs)/independent members of the board are unable to give independent, robust challenge
- The Board does not have sufficient, complete or timely information on which to base its decisions.
- Committees set up by the Board may not fulfil their obligations or there are too many committees
- The Board does not have sufficient oversight across the whole organisation.
- Policies, procedures and projects are not aligned to the organisation's objectives.
- The culture of the organisation is not fully defined or does not support the organisation in achieving its objectives.
- Risks are accepted or taken which are outside of the organisation's risk appetite.
- The regulatory or legislation requirements are not adequately understood leading to increased regulatory sanction or censure

Exercise 7 – Auditing the Board risks

Auditing IT Governance

- Global Technology Audit Guides (GTAG's)
- The need to determine the boundaries
- Defining the IT audit universe
- Focus on high risk areas
- Assess IT vulnerabilities
- Target areas where you are focusing on process rather than technical aspects
- Use of audit frameworks such as CoBIT and ISO 27000
- IIA new standard on IT Governance
- Risk based audit of general controls (GAIT)
- IIA guidance re GAIT
- **An ISO 27000 audit checklist will be shared**

Exercise 8 – Challenges of IT Governance audit