

Certificate in Internal Audit 3

Advanced Audit Techniques

Who should attend?

- Senior Auditors
- Audit Managers and those about to be appointed to that role
- Auditors that need to audit projects, contracts or technical business areas
- Assurance professionals who need to assess technical issues
- Assurance providers that need a greater understanding of Corporate Governance
- This course will be beneficial as a development aid for delegates that have previously attended the Certificate in Internal Audit 2 – Internal Audit Practitioner course

What you will learn

- How to assess internal audit's contribution as a function
- How to audit Corporate Governance
- How to audit the Audit Committee
- The techniques of Continuous audit
- The techniques of environmental auditing
- How to audit Business continuity planning
- The modern approach to contract and project audit
- The techniques of IT and VFM audit

Why you should attend

As a progressive audit practitioner who strives for excellence, your vision is world-class and you realise that long term survival in today's competitive marketplace means delivering impeccable products and services and auditing the wide range of business risks.

An advanced and innovative auditing strategy coupled with effective implementation can greatly enhance the departmental value added and company-wide support of your auditing function.

Expertise in the more technical business areas is essential to maintaining a stable foundation from which your company can effectively compete in the Middle East environment.

The biggest challenges to modern internal audit functions will be covered in the course – including auditing your organisations reputation and brand

Day 1 The new Internal Audit challenges

Recent professional guidance and practice advisory statements

- New guidance and its implications
- Organisational independence
- Interaction with the Board
- Knowledge and skills
- Quality assurance and improvement programme
- Internal and external assessments
- Resource management
- Coordination
- Internal Control
- **An effectiveness of IA checklist will be shared**

Exercise 1 –The challenges of the new standards

The key aspects of Corporate Governance

- Meeting Stakeholder requirements
- How the organisation is managed on behalf of the stakeholders
- The key parties within Governance
- Audit Committee
- The Board
- Regulators
- Customers
- Suppliers

Exercise 2 – Defining the parties and the key governance issues for each party

Auditing governance readiness

- Who to meet with to discuss the assignment
- Holding a pre-meeting – do's and don'ts
- Developing a terms of reference for the assignment
- Should this be a review only – will evidence be gathered?
- Determining who to interview and in what sequence
- The use of diagnostic questions and thought-provokers

Exercise 3– The challenges in carrying out a Governance Audit

Auditing the risk management process

- Establishing the position regarding RM in the business
- Establish corporate targets and monitor overall progress
- Keeping the Board apprised of the most significant risks
- Assessment of RM capabilities
- Review of risk evaluations in each function
- Ensuring actions to treat exposures implemented
- Ensuring all functions evaluate their risks consistently
- Evaluating the results and challenging where necessary
- Identification of exposures
- Auditing the RM process and its implementation
- Basing audit programme on most significant risks
- Comparing perceived versus actual controls
- **A Risk management evaluation tool will be provided**

Exercise 4 –The challenges in meeting risk management Governance requirements

Auditing the Audit Committee process

- Does the Committee approve (but not direct) internal audit strategy, plan and performance?
- Does the Committee review summary IA reports and the main issues arising and seek assurance that action has been taken
- How does the Committee consider the reports of external audit and other external agencies?
- How are the effectiveness of relationships between IA and EA and other bodies reviewed
- How are the effectiveness of the risk management environment and anti fraud arrangements assessed
- How does the Committee satisfy itself that assurance statements and the annual statement of accounts properly reflect the risk
- How does the Committee review the financial statements and monitor actions taken in response to issues raised

Exercise 5 –The Audit Committee challenges

Day 2 The Wider Internal Audit brief

Continuous auditing

- The IIA Global Technology Audit Guide (GTAG)
- Key issues in the GTAG
- Continuous auditing and continuous monitoring
- The use of CAAT's for continuous auditing
- Continuous risk assessment techniques

- Continuous control assessment

Exercise 6 –Opportunities for continuous auditing

Environmental audit

- The need for environmental auditing
- ISO 14001
- Why environmental audit is valuable even if you do need to comply with ISO 14001
- Carrying out an environmental site review
- Reviewing the audit trails
- Meeting regulatory requirements
- Ensuring consistency

Exercise 7 –Challenges of environmental audit

Auditing Business Continuity Management

- The importance of BCP
- The need to recognize BCP is not just about IT recovery
- 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?
- Is there an appropriate contingency plan ready to be used to manage a crisis?

Exercise 8 –BCP audit discussion

Auditing outsourced contracts

- Overview of contract management
- Outsourcing objectives
- Transfer of risk
- Roles and responsibilities
- Different approaches to outsourcing
- Legal and contractual issues
- Internal Audit role
- Considering the drivers for the business
- Business history and inherent risk
- Determining key risks
- Assessing the business control framework
- Developing a structured approach to the audit work

Exercise 9 –Challenges of auditing external contracts

Brand and reputation audit – the ultimate challenge

- The rise of reputation as a key risk
- The increasing importance of a positive image – the need to be admired
- Reputation – the value measure of the 21st century
- Where does reputation come from?
- How do you measure it?
- The magnifying effect on reputation of business failures
- The relationship between vision, values, behaviour and reputation
- Damage by association – partnering and alliances
- Identifying Reputational Risks
- **A checklist for reviewing reputational risk will be provided to all delegates**

Exercise 10 –Auditing a reputational disaster

Day 3 CSR and VFM Audit

Social Responsibility, Ethics and meeting stakeholder expectations

- The increasing importance of Corporate Social Responsibility (CSR)
- How to audit CSR
- 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 11 –CSR and meeting expectations – the audit challenges

The modern approach to VFM auditing

- What is VFM auditing?
- How does it differ from other audit approaches?
- The relationship between VFM and other types of Audit
- The benefits of VFM auditing
- The associated dangers e.g. trying to quantify non-quantifiable savings

The 3 E's

- The 3 E's – the cornerstone of VFM auditing
- Economy and how it can be evaluated
- Examples of poor economy
- Efficiency and how it should be assessed
- Why it is critical to evaluate efficiency – with examples
- Effectiveness and how it can be assessed
- Identification of inputs and outputs
- How to measure the 3 E's

Exercise 12 – VFM review of customer service

Key steps in completing a VFM review

- How to select VFM topics
- The research phase
- Objectives, methodology and techniques
- Establishing terms of reference (how this differs from a traditional assignment)
- Defining the boundaries of the review
- Gathering of information
- Evaluation of data and effectiveness of management processes
- Evaluation of performance and cost saving potential
- Measuring the benefits

Exercise 13 – Assessing performance via PI's

VFM Audit techniques

- The range of techniques
- Comparative analysis
- Evaluating effectiveness, efficiency and economy
- Evaluating productivity in practice
- Working with other specialists
- Measuring opportunities

Case Studies -with hints tips and practical advice

- Practical applications for VFM – open discussion with opportunity for delegates to raise specific concerns and ideas

Exercise 14 – VFM audits – topics will be chosen by the delegates and the audit brainstormed

Day 4 Auditing Projects and IT audit

Auditing projects

- Project management audit
 - Project organization
 - Content and scope
 - Time management
 - Cost management
 - Quality management
 - HR issues
 - Communication
 - Reporting
 - Risk management
 - Procurement
- Other types of project audit
 - Business case audit
 - Business requirements audit
 - Project framework audit e.g. use of PRINCE
 - Post project audit

Exercise 15 – Completing a project audit

Auditing systems under development

- Why auditing systems under development need not compromise your wider audit role
- The need to audit at key stages – not to be part of the project team
- Ensuring that the processes and policies are complied with
- Determining the points of potential failure
- Ensuring controls are not bypassed – due to time constraints
- Ensuring risks are identified at the start and regularly reviewed
- Ensuring sufficient end user involvement
- Sub system prioritization process

Exercise 16 – Challenges of systems development audit

IT Auditing

- **Global Technology Audit Guides (GTAG's)**
 - **Information Technology Controls**
 - **Management of IT Auditing**
 - **Managing and Auditing IT Vulnerabilities**
 - **Auditing Application Controls**
 - **Information Technology Outsourcing**
 - **Identity and Access Management**
 - **Change and Patch Management Controls**
 - **Managing and Auditing Privacy Risks**
 - **Developing the IT Audit Plan**
- **Use of GTAG's and their implications**
- **Risk based audit of general controls (GAIT)**
- **IIA guidance re GAIT**

Exercise 17 – Challenges of IT audit

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