

BUSINESS RISK MANAGEMENT LTD



Practical Risk Based Auditing

How Risk Based Audit has changed the face of auditing

- Worldwide trends
- Trends (from the BRM Internal audit best practice database)
- 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 – 2008 survey results*
- The role of the function – policeman, risk assessor or consultant
- 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

Planning a Risk based audit

CASE STUDY

A worked example of a risk based audit of HR

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

The RBA approach

- The need to assess the risk maturity of the function
- 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 3. Discussion – the challenges of the RBA approach

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

Exercise 4: Scoping a RBA assignment

Strategic Audit Planning

- Strategic audit planning
- How to decide which areas to audit
- The audit universe
- Determining the level of assurance
- Demonstration of a best practice audit risk planning model (an electronic version will be provided)

Exercise 5: Developing a strategic audit Plan using the model

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 6: The challenges of benchmarking