

# RISK BASED INTERNAL AUDITING

## (Condensed version of Internal Auditing School I)

### PROGRAM DETAILS

**Schedule:** June 3, 4, 5, 6 and 7, 2024

**Duration:** Five days

**Time:** 8:00 am to 12:00 noon; 1:00 pm to 5:00 pm per session day

**Venue:** Makati City (Crown Regency Hotel)

**Knowledge Level:** Basic to Intermediate

**Competencies:** International Professional Practices Framework, Governance Risk and Control, Business Acumen, Internal Audit Delivery, Communication

**Delivery Format:** **Face-to-Face Onsite Classroom Training**

**Position Level:** Internal Auditors and other key personnel interested to learn about the risk based internal auditing process

**Prerequisite:** None

**Regular Rate:** Php 19,600.00 per participant (inclusive of VAT)

**Discounted Rate:** **Php 15,680.00** per participant (inclusive of VAT) for the **FIRST 10** participants

### PROGRAM DESCRIPTION

This program will provide a comprehensive, hands-on and systematic approach to understanding all the key areas of the internal audit process. It will provide the participants with the critical knowledge, skills and competencies for them to perform their job effectively. It will also align with any relevant competency framework or training needs analysis for audit personnel. This program is ideal for new internal auditors as well as for experienced internal auditors who want to refresh their knowledge on leading practices or benchmark with other participants and organizations. This will result more value-adding services given to Board, Local Chief Executive, Head of Agency, management and stakeholders.

### PROGRAM OBJECTIVES

At the end of the program, the participants will be able to:

**Module 1: Internal Auditing Foundational Elements**

**Internal Audit Strategic Plan and Risk Based Annual Audit Plan**

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- Understand the role of internal auditing under a governance, risk management and control framework;
- Get an overview of the process and components in developing the internal audit strategic plan;
- Develop the risk-based plan of engagements;

## **Module 2: Internal Audit Engagements**

### **Planning, Performing, Communicating Results, and Monitoring the Individual Audit Engagement**

- Understand and apply the key steps of the individual engagement process: engagement planning, performing the engagement, communicating results and follow-up and monitoring
- Demonstrate the ability to evaluate adequacy of control design and effectiveness of implementation
- Apply the techniques, principles, and practices of producing a good quality audit workpaper;
- Develop a systematic method to integrate the data to support the audit engagement results.
- Learn how to communicate audit findings clearly and report accurately;

## **PROGRAM METHODOLOGY**

The Risk Based Internal Auditing course will be delivered through a combination of:

- Facilitated lectures
- Workshops (using actual data or existing processes of the participant's organization)
- Sharing of work experiences and presentation of participant outputs
- Pre-Test/Baseline Assessment and Post-Test/Improvement from Baseline

## **PROGRAM OUTLINE**

### **MODULE 1: Internal Auditing Foundational Elements**

#### **I. Internal Auditing under a Governance Framework**

- Governance, risk management and control principles
- Governance in the corporate setting, public sector setting or LGU setting
- The role of internal auditing
- Authoritative framework/guidance

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- International Professional Practices Framework (IPPF) or Global Internal Audit Standards
- Other authoritative guidance in the public sector such as IASPPS, LGIAM, and RPGIAM

## **II. Developing the Internal Audit Strategic Plan: Overview**

- Overview of the internal audit strategic planning steps
- Establish or review the mandate of the internal audit activity
- Revisit and understand the organizational environment
- Discuss with stakeholders their expectations
- Develop or update the internal audit vision, mission and values
- Assess the current situation
- Develop clear road map and initiatives to attain the internal audit vision
- Let the strategic plan drive the annual risk-based audit plan

## **III. Establishing the Annual Risk-Based Plan of Engagements**

- Overview of the risk-based annual audit planning process
- Enhance understanding of the organization's strategic objectives, key projects and programs, performance measures or outcomes and details of the long-term plan
- Facilitate or conduct the risk assessment
  - Identify risks relevant to the organization that would affect its vision, mission and strategic objectives (i.e., risk universe or risk register)
  - Analyze impact and likelihood of the risks (i.e., use of risk matrix or criteria)
  - Evaluate and determine top risks for the organization (i.e., use of risk map and development of risk profile)
- Establish or refine the audit universe
- Identify the priority areas to audit
- Determine resources needed
- Consolidate the plan for presentation and approval
- Secure final approval from the President, Board/Audit Committee, Local Chief Executive or Head of Agency, as applicable
- Fine-tune the reporting process
- Implement a monitoring process for the plan

## MODULE 2: Internal Audit Engagements

### A. Planning the Engagement

- Audit engagement overview: **"The Big Picture"**
- Engagement planning considerations
- Key steps in engagement planning
  - Set up the audit management files
  - Send out audit memorandum or audit engagement letter to the audit client
  - Conduct the **initial study**
  - Conduct the **entrance meeting**
  - Understand the process through a **preliminary survey**. Use common data gathering tools such as flowcharts, interviews, observations, document review, internal control questionnaires, and analytical procedures. Involve the process owner in the data gathering and discussion process.
    - Identify and define process or activity objectives
    - Identify and define process or activity risks
    - Identify, evaluate, and classify the controls. Ensure proper classification of controls
  - Analyze the control design if it is adequate to respond to the risks to meet the objectives (i.e., **assessment of design effectiveness**). Provide recommendations as appropriate.
  - Complete the **engagement risk assessment** to determine the focus areas for testing
  - **Refine the audit objectives** based on the results of the risk assessment
    - Identify and use adequate criteria.
    - Consider probability of significant errors, fraud, and non-compliance when developing the engagement objectives
  - Refine the **audit scope** based on the engagement objectives. Scope should include what is covered such as records, personnel, systems, and physical properties. Scope should also state what is not covered or any scope limitation.
  - Develop the engagement procedures or **work program** including how to:
    - Determine the combination of tools to gather audit evidence
    - Provide evidence of approval by chief audit executive or designee
    - Determine if the work program can be standardized, if applicable
  - Identify the **engagement resources** needed. Ensure they are sufficient and adequate.
  - Complete the engagement plan

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## **B. Performing the Engagement**

- Performing the engagement considerations
- Key steps in performing the engagement
  - **Gather or validate audit evidence**
    - Understand the qualities of audit information or evidence (sufficient, useful, relevant, and reliable)
  - **Analyze the audit evidence** or the test results
    - Use the 5 C's (Criterial, Condition, Cause, Consequence or Effect, and Corrective Action or Recommendation)
  - **Draw conclusion**
    - Provide assessment on the effectiveness of controls to respond to risks to achieve the objectives (i.e., **assessment of operating effectiveness**)
    - Highlight the top issues (e.g., top three issues)

## **C. Communicating Results**

- Finalize the audit findings worksheet and audit issues worksheet.
- Conduct an alignment meeting, if necessary, to confirm audit evidence and answer questions of facts
- Present the results in an exit meeting
  - Get **management response** on the recommendations and action plans.

## **D. Closing the Audit Engagement**

- Ensure there is evidence of **proper supervision** throughout the engagement so that objectives are achieved, quality is assured and staff is developed.
- Close the engagement file and store properly in manual or electronic form

## **E. Monitoring Progress**

- **Establish** the follow-up and monitoring system
- **Implement** the follow-up and monitoring system
  - Determine the level of effort (or level of testing) to validate closure
  - Evaluate adequacy, timeliness and effectiveness
  - Document results
  - Conduct periodic reporting and updates
    - Report submitted to senior management, Board and General Manager on the status of implementation of management action plans
  - Communicate the acceptance of risk, as applicable

## REGISTRATION

To register, please consider either of the following options:

- Option 1: Please visit CIASP website, [www.ciasp.com.ph](http://www.ciasp.com.ph). Click on the "Register" button for the seminar on **Risk Based Internal Auditing**. You will be directed to an online Google form. Please fill in your details on the form and click 'Submit.' We will acknowledge your registration as soon as practicable.
- Option 2: You can email or communicate with us through [information@ciasp.com.ph](mailto:information@ciasp.com.ph) and/or [centerforinternalauditservices@gmail.com](mailto:centerforinternalauditservices@gmail.com). Please provide your full contact details (full name, organization, designation, email address, office phone and mobile phone).

We will provide billing invoice upon receipt of the registration.

## FEES AND PAYMENT DETAILS

- Regular Rate - Php 19,600.00 inclusive of VAT
- **Discounted Rate** – Php 15,680.00 inclusive of VAT for the **FIRST 10 paid participants**
- Limited slots. Guaranteed seats will be given to those with paid registration.
- Payments can be made in **cash or check**.
- Payment should be deposited to any BPI branch. Payment can also be done through online funds transfer (e.g. PesoNet, GCash, Maya, InstaPay, LDDAP, bank wire transfer, etc.). CIASP bank account details are:
  - Bank of the Philippine Islands (BPI)
  - Current Account Number: 1621-0070-72
  - Account Name: Center for Internal Advisory Services Philippines Inc
  - SWIFT Code/BIC: BOIPHMM
  - For check payment, please make it payable to the account name.
  - For GCash transfer – bank: BPI; payee: Ciasp; Account number: 1621-0070-72
- Payment through **credit card or debit card** (Mastercard, Visa, Amex) through Paypal also accepted.
- Please email scanned copy or picture of deposit slip or online transfer form so we could confirm receipt and provide the relevant seminar details and procedures.

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## OTHER SEMINAR DETAILS

- Seminar Inclusions:
  - Attendance to the face-to-face classroom sessions
  - Copy of presentation or powerpoint slides in pdf
  - Templates, sample workpapers, worksheets, audit report format, sample executive summary, presentation format
  - References and other reading materials
  - Certificate of completion
  - Lunch, morning and afternoon snacks
  - Post-seminar consultation
    - Consultation with the resource speaker(s) can be made up to one month after seminar date.
    - Consultation can be done for the relevant areas of the modules, such as:
      - Guidance on how to fill out and customize the templates for your internal audit department
      - Review of participant outputs or accomplished templates with comments and recommendations, as applicable
      - Possible benchmarking between your existing internal audit engagement practices and the recommended approach
      - Guidance on interpretation of concepts or Standards under the International Professional Practices Framework
    - Consultation can be done through email, call, Zoom meeting or similar means
- Delivery Mode:
  - **Face-to-face classroom training**
- Venue:
  - Makati City
    - Crown Regency Hotel (Arnaiz Avenue, Makati City)
- Resource Speaker/Facilitator
  - Pol B. Mirafuentes

## CONTACT DETAILS

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