

## RISK BASED INTERNAL AUDITING for LOCAL GOVERNMENT UNITS (Technical Seminar / Workshop)

### COURSE SUMMARY

**Batch:** 15<sup>th</sup> batch

**Schedule:** **October 17, 18, 20, 21, 25, 26, 27; November 10, 11, 14, 17 and 18, 2022**

Part 1: October 17 and 18: Internal Audit Strategic Plan

Part 2: October 20 to 21: Risk Based Annual Audit Plan

Part 3: October 25, 26, 27; November 14: Planning, Conducting & Follow-up

Part 4: November 10, 11, 17 & 18: Report Writing; Interviewing & Presentation

**Duration and Time:** Total 20 sessions

- Eight days with morning and afternoon sessions
  - 8:30 am to 12:00 noon morning session; 1:30 pm to 5:00 pm afternoon session for October 17, 18, 20, 21, 25, 26, 27 and November 14
- Four days with morning sessions only
  - 8:00 am to 11:30 am morning session for November 10, 11, 17 and 18

**Knowledge Level:** Basic

**Competency:** Internal Audit Delivery; International Professional Practices Framework

**Delivery Format:** **Online Training through Zoom**

**Fee:** Regular Fee: Php 21,560.00 per participant;

Discounted Fee: **Php 14,000.00** per participant for the **first 20** paid participants

### COURSE DESCRIPTION

This program will share with the internal auditors the principles, practices and techniques of conducting a risk-based internal audit as applied to local government units (LGUs). This introductory course is appropriate for:

- New internal auditors;
- Heads of internal audit offices or services (IAO/IAS) who are expected to improve the internal audit function in the LGU;
- Accountants or supervising administrative officers who are tasked to establish an internal audit office or designated in an acting capacity (OIC) for internal audit

- Experienced internal auditors who desire to have a refresher course or those who seek to benchmark practices with other LGUs; and
- Other key personnel such as executive assistants, administrators, treasurers, budget officers, planning officers, and Local Chief Executives who would like to know more about the risk-based internal auditing process.

## COURSE OBJECTIVES

At the end of the seminar/workshop, the participants will be able to:

- Understand the role of internal auditing under a governance, risk management and control framework in an LGU setting;
- Explain the risk-based audit process and the key elements, procedures and tools;
- Identify key issues, assess risks and vulnerabilities, and recommend areas for improvement;
- Enhance their skills and technical expertise in the area of internal audit and controls to deliver added value to the LCE, management, Sanggunian and other stakeholders.

## COURSE OUTLINE / DETAILED PROGRAM SCHEDULE

### PART 1: INTERNAL AUDIT STRATEGIC PLAN

- Day 1 – October 17, 2022 (8:30 am to 12:00 noon; 1:30 pm to 5:00 pm)
- Day 2 – October 18, 2022 (8:30 am to 12:00 noon; 1:30 pm to 5:00 pm)

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

- Governance, risk management and control principles
- Governance in the LGU setting
- The role of internal auditing
- Authoritative framework/guidance
  - International Professional Practices Framework (IPPF) / IASPPS
  - Internal Audit Manual for Local Government Units (LGIAM) / Revised Philippine Government Internal Audit Manual (Revised PGIAM)
  - Alignment between IPPF and LGIAM

#### II. Developing the Internal Audit Strategic Plan

- Overview of the internal audit strategic planning steps
- Establish or review the mandate of the internal audit activity
  - Workshop 1

- Develop, review and understand the internal audit charter, mandate or other references (e.g. Sanggunian resolution, ordinance or executive order creating the internal audit office)
- Revisit and understand the LGU organizational environment
  - Workshop 2
    - Revisit the external context of the LGU (e.g. PESTLE Analysis) to develop understanding of the possible sources and nature of external risks
  - Workshop 3
    - Revisit and understand the internal context of the LGU (e.g. LGU vision, mission, values, strategic objectives and long-term plan) and the internal factors influencing risk (e.g. culture, personnel, process, technology, assets)
- Discuss with stakeholders their expectations
  - Workshop 4
    - Identify the LGU internal and external stakeholders and their expectations
    - Manage the 'expectation gap'
- Develop or update the internal audit vision, mission and values
  - Workshop 5
    - Develop or refine the internal audit vision, mission and values based on the mandate, external and internal context of the LGU, stakeholder expectations and other considerations
- Assess the current situation
  - Workshop 6
    - Conduct SWOT analysis for the internal audit activity
    - Identify action plans or initiatives to enhance strengths and opportunities and overcome weaknesses and threats
- Develop clear road map and initiatives to attain the internal audit vision
  - Workshop 7
    - Develop roadmap based on the capability or maturity model to ensure that internal audit moves up from the current situation to the desired level
    - Determine key initiatives, linked also to the SWOT analysis, to attain the milestones in the roadmap
- Let the strategic plan drive the annual risk-based audit plan
  - Divide the strategic plan into manageable units or time intervals (annual plans)
  - Determine the audit cycle (e.g. three-year plan of engagements updated annually)
  - Establish guidelines in preparing the annual plans

## **PART 2: RISK BASED ANNUAL AUDIT PLAN**

- Day 3 – October 20, 2022 (8:30 am to 12:00 noon; 1:30 pm to 5:00 pm)
- Day 4 – October 21, 2022 (8:30 am to 12:00 noon; 1:30 pm to 5:00 pm)

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

- Overview of the risk-based annual audit planning process
- Enhance understanding of the LGU environment
  - Workshop 8
    - Clearly determine and understand the LGU strategic objectives, key projects and programs, performance measures or outcomes, and details of the long-term plan or balanced scorecard that would concretize the achievement of the LGU vision and mission
  - Conduct risk assessment
    - Workshop 9
      - Identify risks relevant to the LGU 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 LGU (i.e., use of risk map and development of risk profile)
    - Establish or refine the LGU audit universe
      - Workshop 10
        - Define clearly the audit universe of the LGU, such as by:
          - Organizational structure (office/department, section/unit, activities)
          - Process (executive, operational, support)
      - Identify the priority areas to audit
        - Workshop 11
          - Link the top risks (identified in Workshop 9) with the audit universe (identified in Workshop 10)
          - Identify risk owners or risk managers and ensure their buy-in to the process
          - Determine the priority areas to audit per year
          - Ensure understanding on how priority areas were derived based on the risk assessment using either the:
            - Top-to-bottom approach; specific risk approach (direct);
            - Bottom-to-top approach; risk factor approach (indirect); or
            - Hybrid approach

- Include consulting engagements (if specific and formalized) or allocate time for consulting engagements, special projects, fraud and follow-up audits
- Ensure regular discussion with the LCE, Sanggunian, department heads and other key personnel to validate the priority areas and make adjustments as needed
- Consider the work and scope of other internal and external assurance providers (e.g. ISO team, Commission on Audit, CSC, DILG, auditors of grant-making agencies) when finalizing the scope of the priority areas to audit
- Prepare the annual plan of engagements
  - Workshop 12
    - Prepare in good form the annual plan of engagements based on the defined audit cycle
- Determine resources needed
  - Workshop 13
    - Time and schedule (e.g., man-days per engagement and total for the year)
    - Manpower (e.g., number of auditors needed; mix of knowledge, skills and competencies for the audit team; sourcing strategy such as in-house, co-sourcing or outsourcing)
    - Financial (i.e., regular operating expense and capital expense budget)
    - Others (e.g., new technology or audit management system)

#### **IV. Enabling the Approval, Reporting and Monitoring of the Internal Audit Strategic Plan and the Risk-Based Annual Audit Plan**

- Consolidate the plan for presentation and approval
  - Workshop 14
    - Consolidate the plan (using the suggested template with the annexes)
- Secure final approval from the LCE
- Fine-tune the reporting process
  - Agree on the timing and content of the reporting activity
  - Deliver effective reports
- Implement a monitoring process for the plan
  - Establish a monitoring process
  - Ensure a periodic review of the plan
  - Integrate with the quality assurance and improvement program

### **PART 3: AUDIT ENGAGEMENT PLANNING, CONDUCTING AND FOLLOW-UP**

- Day 5 – October 25, 2022 (8:30 am to 12:00 noon; 1:30 pm to 5:00 pm)
- Day 6 – October 26, 2022 (8:30 am to 12:00 noon; 1:30 pm to 5:00 pm)
- Day 7 – October 27, 2022 (8:30 am to 12:00 noon; 1:30 pm to 5:00 pm)
- Day 8 – November 14, 2022 (8:30 am to 12:00 noon; 1:30 pm to 5:00 pm)

### **V. Implementing the Risk-Based Plan by Conducting the Individual Audit Engagement**

- Overview of the individual audit engagement cycle
  - Planning the audit engagement
  - Performing or conducting the audit engagement
  - Communicating or reporting results
  - Monitoring progress or follow-up activity
- Overview of process objectives, risks and controls
  - *Participants to bring sample flowcharts, narratives, or procedures of existing departments/offices or activities that will be subject to audit*
- Principles in developing quality internal audit workpapers
- Planning the audit engagement
  - Send out audit memorandum or audit engagement letter to the audit client
  - Conduct the initial study and entrance meeting
  - Workshop 15
    - Understand the process through a preliminary survey using common data gathering tools (e.g., flowcharts, interviews, observations, document review, internal control questionnaires, analytical procedures)
    - Fill out the objectives, risks and control matrix
      - Identify and define process/activity objectives
      - Identify and define process/activity risks
  - Workshop 16
    - Fill out the objectives, risks and control matrix
      - Identify, evaluate and classify the controls (by placement, frequency, method, level and criticality)
      - Evaluate the top risks
      - Assess the adequacy of control design (or design effectiveness)
    - Refine audit objectives, scope and procedures
      - Refine the audit objectives
        - Determine or identify the audit criteria

- Apply or develop audit rating system
  - Refine the audit scope
  - Develop the engagement procedures or work program, including sampling plan and methodology, if applicable
  - Identify resources needed
  - Complete the engagement plan
- Performing the audit engagement
  - Implement the engagement plan by:
    - Gathering or validating audit evidence
    - Analyzing evidence
    - Drawing conclusion
  - Understand the qualities of audit evidence (i.e., sufficient, relevant, reliable, useful)
  - Workshop 17
    - Document the results of procedures or tests performed
    - Analyze the results (criteria, condition, root cause, consequence or effect, corrective action or recommendation)
    - Assess or draw conclusion on the effectiveness of controls to mitigate risks to achieve the objectives (i.e., operating effectiveness)
- Follow up and Monitoring Process
  - Establishing the Follow-up and Monitoring System
    - Proper classification and prioritization of audit observations and relative risk rating as aligned to the audit rating system
    - Agreement with management on the responses and details of the actions plans
    - Procedures on:
      - Receiving periodic updates from management
      - Evaluation of response
      - Verification of response
      - Communication process
    - Mechanism for tracking observations (manual method or use of tracking software)
    - Coordination with compliance function or other internal assurance providers who are also monitoring outstanding issues
  - Implementing the Follow-up and Monitoring System
    - Determining the level of effort (or level of testing) to validate closure
    - Table audit

- Testing done by other control groups
- Full follow-up audit
- Evaluating adequacy, effectiveness and timeliness
- Documenting results
- Periodic reporting and updates
- Report submitted to the Local Chief Executive on the status of implementation of management action plans
- Communicating the acceptance of risk

#### **PART 4: AUDIT REPORT WRITING; INTERVIEWING AND PRESENTATION**

- Day 9 – November 10, 2022 (8:00 am to 11:30 am)
- Day 10 – November 11, 2022 (8:00 am to 11:30 am)
- Day 11 – November 17, 2022 (8:00 am to 11:30 am)
- Day 12 – November 18, 2022 (8:00 am to 11:30 am)

##### **▪ Report Writing**

###### **I. Framework to writing more effectively**

- Effective communications model
- The basics of business communication
  - Writing to inform
  - Writing to influence
- Steps to effective communication
  - Defining the audience
  - Getting clear on the message
  - Determining the communication method
- POWER model to writing better
  - **P**lan
  - **O**rganize
  - **W**rite
  - **E**dit
  - **R**evise
- The elegant finishing touches
- Mechanics: toplineing
  - Headings and subheadings
  - Lists
  - Indentations



- Cosmetics
  - Character formatting
  - White space
- II. Writing effective audit observations
  - Findings and test results
    - What, Who, How
    - Format
      - Observation or test results
      - Observation or test details
      - Policy reference
    - Tips and techniques
- III. Writing effective audit issue statements
  - What, Who, How
  - Format
    - Issue (Title)
    - Issue details
    - Risk or impact
    - With internal classification as to “critical, major, minor” or “high, medium, low”
    - Policy references
    - Recommendations
  - Tips and techniques
- IV. Writing effective audit reports
  - What, Who, How
  - Format
    - Introduction or background
    - Purpose, scope or methodology
  - Executive summary
    - Assessment, strong points, top issues, details of other issues, top recommendations
    - Audit results and recommendations
  - Tips and techniques
- V. Workshop

- **Interviewing Skills**

- I. Interview preparation
  - Key considerations
    - Relevance of questions
    - Selection of respondents; ease of response
    - Designing interview questions
    - Appropriateness and level of the language
    - Avoid speaking down to an interviewee
    - Clarity and use of qualifying language
  - II. Initiation
    - Preparing for the "First 30 Seconds." First impressions matter.
  - III. Conducting the interview
    - Developing rapport with the audit client and showing interest
    - Giving the audit client a reason to participate
    - Eliciting responsiveness from the audit client
    - Ensuring understanding and nonbias
    - Common challenges encountered by auditors:
      - Scenario 1: Process understanding (handling vague answers from clients)
      - Scenario 2: Understanding test results (handling irate clients)
      - Scenario 3: Aligning issues (handling bad news and disagreements)
  - IV. Post-Interview assessment
  - V. Summarizing results of the interview

- **Presentation Techniques**

- I. Effective presentations basics
  - Review of communication basics – how is it different for presentations
  - The framework: introduction, body, recap
- II. Principles for effective presentation materials
  - Guidelines for content
  - Guidelines for visual impact
  - Discussion of what works and what does not work
  - Exercise/case study
- III. Common presentations done by auditors (and how to rock them)
  - The kick-off meeting
  - The client update meeting

- The wrap-up and issues discussion meeting
- Management and board presentation
- Exercise/case study

## VI. Integration and Wrap-up

### 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 for LGUs**. 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, LGU, 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 21,560.00 inclusive of VAT.
- Special Discounted Rate of **Php 14,000.00** inclusive of VAT for the **First 20 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, PayMaya, InstaPay, 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 – bank: BPI; payee: Ciasp; account number: 1621007072
- 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.

## OTHER SEMINAR DETAILS

- Seminar Inclusions:
  - Attendance to the webinar sessions
  - Copy of presentation or powerpoint slides in pdf
  - Templates, sample workpapers, worksheets, references and other reading materials; access to google drive
  - Certificate of completion
    - To be given after the participant has completely fulfilled the workshop outputs
  - POST-WEBINAR CONSULTATION
    - Consultation with the resource speaker can be made up to one month after webinar 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 office
      - Review of participant outputs or accomplished templates with comments and recommendations, as applicable
      - Possible benchmarking between your existing audit plan and audit engagement practices with 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:
  - Zoom platform (Webinar and/or Meeting format)
- Resource Speakers/Facilitators:
  - Pol B. Mirafuentes
  - Kristy M. Abello

## CONTACT DETAILS

Email: [information@ciasp.com.ph](mailto:information@ciasp.com.ph) or [centerforinternalauditservices@gmail.com](mailto:centerforinternalauditservices@gmail.com)

Website: [www.ciasp.com.ph](http://www.ciasp.com.ph)

Landline: (02) 87887928

Mobile: 0915-7068046

## PREVIOUS ATTENDEES – BATCHES 1 TO 14

- **Provincial Government**

1. Provincial Government of Bukidnon (6 pax)
2. Provincial Government of Misamis Occidental (6 pax)
3. Provincial Government of Isabela (5 pax)
4. Provincial Government of Bulacan (5 pax)
5. Provincial Government of Capiz (4 pax)
6. Provincial Government of Camarines Sur (4 pax)
7. Provincial Government of Maguindanao (4 pax)
8. Provincial Government of Batanes (3 pax)
9. Provincial Government of Pangasinan (3 pax)
10. Provincial Government of Agusan del Norte (3 pax)
11. Provincial Government of Antique (2 pax)
12. Provincial Government of Cagayan (2 pax)
13. Provincial Government of Palawan (2 pax)
14. Provincial Government of Samar (2 pax)
15. Provincial Government of Oriental Mindoro (2 pax)
16. Provincial Government of Agusan del Sur (2 pax)
17. Provincial Government of Lanao del Norte (1 pax)
18. Provincial Government of La Union (1 pax)
19. Provincial Government of Quirino (1 pax)
20. Provincial Government of Ifugao (1 pax)

- **City Government**

1. City Government of General Trias (8 pax)
2. City Government of Makati (7 pax)
3. City Government of Tabuk (7 pax)
4. City Government of Santa Rosa (6 pax)
5. City Government of Santiago (5 pax)
6. City Government of Antipolo (4 pax)
7. City Government of Mati (3 pax)
8. City Government of Cabadbaran (3 pax)
9. City Government of Danao (3 pax)
10. City Government of Valencia (3 pax)
11. City Government of Pasay (3 pax)

12. City Government of Caloocan (2 pax)
13. City Government of Tuguegarao (2 pax)
14. City Government of Bacoor (2 pax)
15. City Government of San Pedro (2 pax)
16. City Government of Mandaluyong (2 pax)
17. City Government of Davao (2 pax)
18. City Government of Bislig (2 pax)
19. City Government of Gingoog (2 pax)
20. City Government of Balanga (2 pax)
21. City Government of Ormoc (2 pax)
22. City Government of Cebu (1 pax)
23. City Government of Muntinlupa (1 pax)
24. City Government of Vigan (1 pax)
25. City Government of Dipolog (1 pax)
26. City Government of Ligao (1 pax)
27. City Government of Tagbilaran (1 pax)
28. City Government of Quezon (1 pax)
29. City Government of Tagum (1 pax)
30. City Government of Puerto Princesa (1 pax)
31. City Government of Maasin (1 pax)

• **Municipal Government**

1. Municipal Government of Pasil, Kalinga (6 pax)
2. Municipal Government of Kayapa, Nueva Vizcaya (5 pax)
3. Municipal Government of El Nido, Palawan (5 pax)
4. Municipal Government of Diffun, Quirino (4 pax)
5. Municipal Government of Enrile, Cagayan (3 pax)
6. Municipal Government of Guindulman, Bohol (2 pax)
7. Municipal Government of Palanas, Masbate (2 pax)
8. Municipal Government of San Juan, Batangas (2 pax)
9. Municipal Government of Vinzons, Camarines Norte (2 pax)
10. Municipal Government of Northern Kabuntalan, Maguindanao (2 pax)
11. Municipal Government of Santa Barbara, Iloilo (2 pax)
12. Municipal Government of Tudela, Misamis Occidental (2 pax)
13. Municipal Government of Esperanza, Sultan Kudarat (2 pax)

14. Municipal Government of Loon, Bohol (2 pax)
15. Municipal Government of Tupi, South Cotabato (2 pax)
16. Municipal Government of Mina, Iloilo (2 pax)
17. Municipal Government of Bacnotan, La Union (1 pax)
18. Municipal Government of Pilar, Cebu (1 pax)
19. Municipal Government of Bantayan, Cebu (1 pax)
20. Municipal Government of Libon, Albay (1 pax)
21. Municipal Government of Manolo Fortich, Bukidnon (1 pax)
22. Municipal Government of Valencia, Negros Oriental (1 pax)
23. Municipal Government of Tago, Surigao del Sur (1 pax)
24. Municipal Government of Marcos, Ilocos Norte (1 pax)
25. Municipal Government of Angadanan, Isabela (1 pax)
26. Municipal Government of Milagros, Masbate (1 pax)
27. Municipal Government of Oton, Iloilo (1 pax)
28. Municipal Government of Pinamungajan, Cebu (1 pax)
29. Municipal Government of Siocon, Zamboanga del Norte (1 pax)
30. Municipal Government of Asipulo, Ifugao (1 pax)
31. Municipal Government of Barobo, Surgao del Sur (1 pax)
32. Municipal Government of Columbio, Sultan Kudarat (1 pax)
33. Municipal Government of Jaro, Leyte (1 pax)
34. Municipal Government of Sadanga, Mountain Province (1 pax)
35. Municipal Government of San Agustin, Surigao del Sur (1 pax)
36. Municipal Government of Sison, Surigao del Norte (1 pax)
37. Municipal Government of South Ubian, Tawi Tawi (1 pax)
38. Municipal Government of Tapaz, Capiz (1 pax)
39. Municipal Government of Baao, Camarines Sur (1 pax)
40. Municipal Government of Aloguinsan, Cebu (1 pax)
41. Municipal Government of Real, Quezon (1 pax)
42. Municipal Government of Buhi, Camarines Sur (1 pax)
43. Municipal Government of Hinoba-an, Negros Occidental (1 pax)
44. Municipal Government of Roxas, Palawan (1 pax)

- **Other LGU Facilities**

1. PGO Antique - Angel Salazar Memorial General Hospital