

Strategic Internal Audit Planning

Abbas Hasan Kizilbash

Vienna, June 04, 2018

Internal Audit Training of Trainers

CFRR >>

**Centre for Financial
Reporting Reform**



WORLD BANK GROUP
Governance

SAFE

Strengthening Accountability
and the Fiduciary Environment

Co-funded by



**European
Union**



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

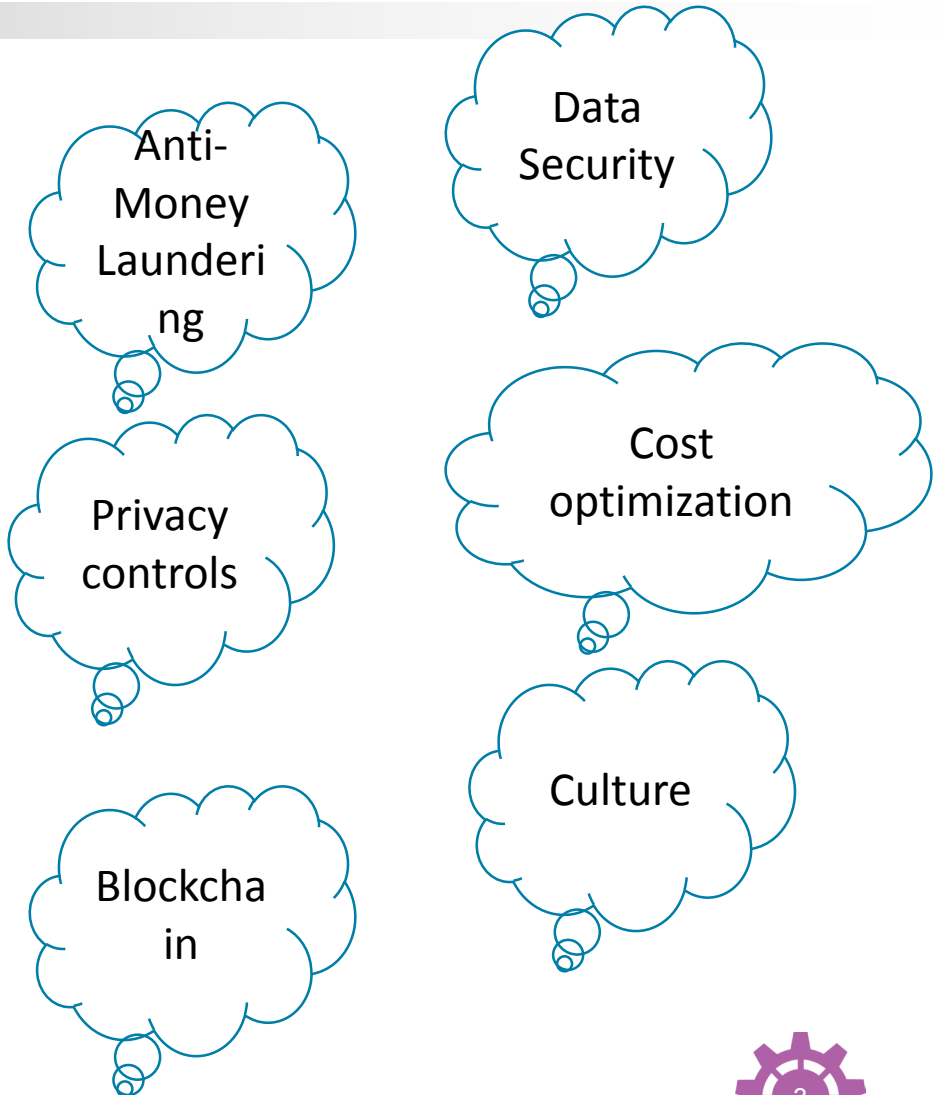


Audit Planning is not a static process!

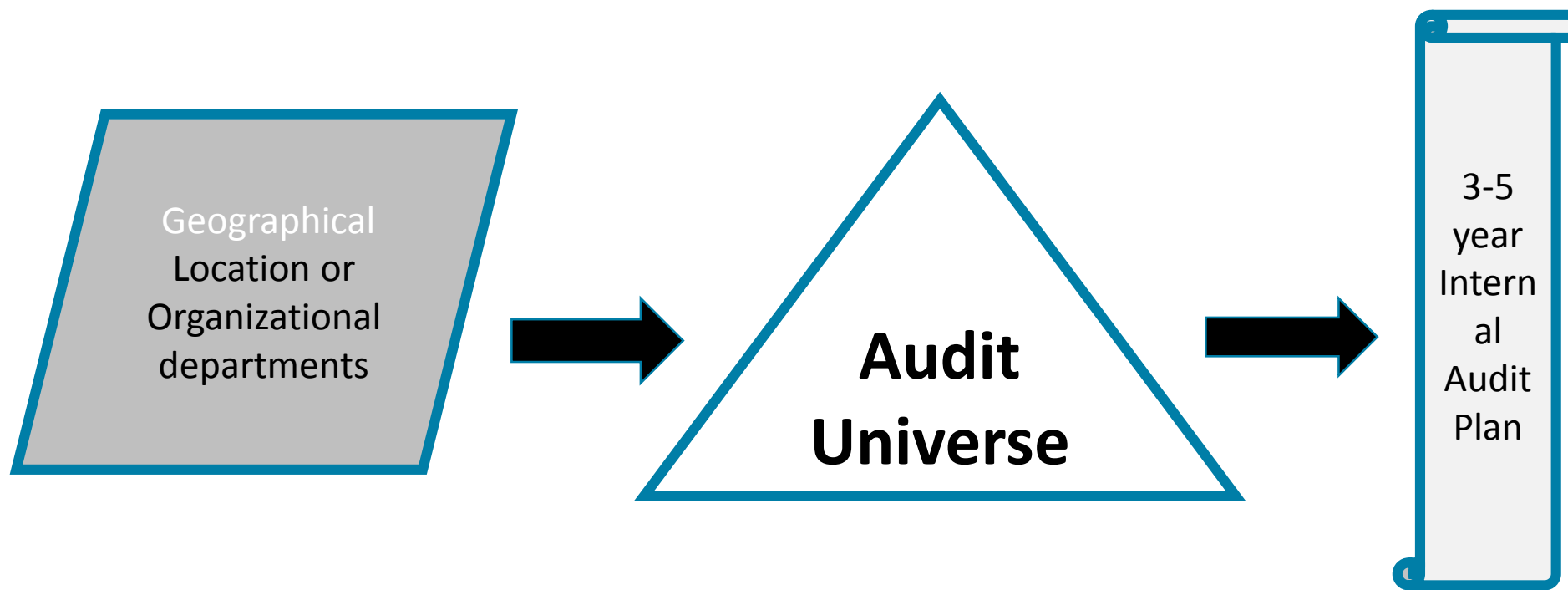


Renewed expectations of the Internal Audit function..

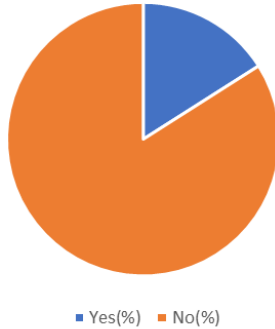
- Changed regulatory and business landscape
- Have we identified all the key risks?
- Move from reactive to a proactive approach



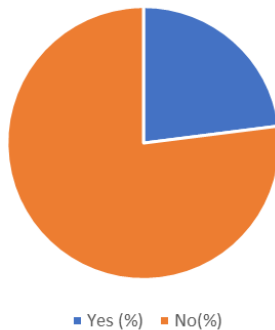
Annual Internal Audit Planning: The old way...



Audit Planning flexible enough to address emerging risks



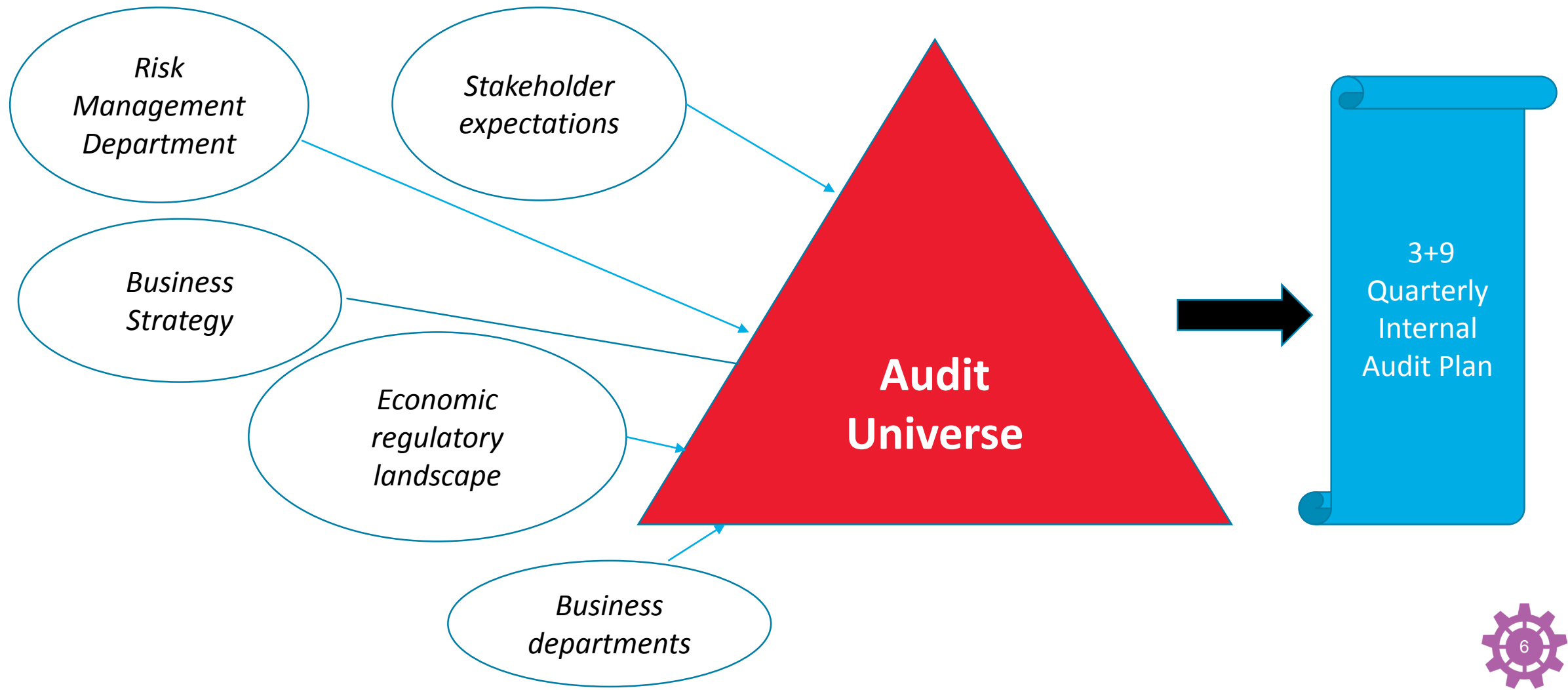
CAEs who think they will identify risks in a timely manner



IIA Global Pulse of Internal Audit Study

- 16% of CAEs thought Audit Planning catered to emerging risks
- 77 percent of CAEs thought they may not identify risks in a timely manner
- Advocates flexible audit planning

Annual Internal Audit Planning: The new way...





IIA Standards

Interpretation of Standard 2010 Planning:

*“The chief audit executive **must review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls...**”*





Make Business goals the foundation of the IA risk assessment!



Develop Internal Audit Focus based on Business Objectives

KEY Business Objectives

Increase fee collection percentage by 20%

Reduce purchasing costs by 10%

Expand services to 5 % new customers



Other Concerns

Implement ERP system

Reduce fraud losses by 5%



Internal Audit Focus

Increase fee collection percentage by 20%

Reduce purchasing costs by 10%

Expand services to 5 % new customers

Implement ERP system

Reduce fraud losses by 5%



Map Internal Audit Focus to the Business Processes

	Internal Audit Focus Areas				Importance
Processes	Increase fee collection	Reduce Purchasing cost	Implement ERP	Reduce Fraud Losses	
Strategic Planning					Low
Recruit staff			×	×	Medium
Train staff			×	×	Medium
Vendor management		×	×	×	High
Provide service access	×				Low
Customer care	×				Low
Billing and collections	×			×	Medium
Plan IT environment			×		Low
Develop IT solutions			×	×	Medium

Combine Inherence Risk Assessment and Importance in Heat Map

HEAT MAP			
<i>Process</i>	<i>Importance</i>	<i>Risk Assessment</i>	<i>Priority</i>
Vendor Management	High	High	1
Develop IT solutions	Medium	Medium	4
Recruit staff	Medium	Low	6

Priority		
<i>Importance</i>	<i>Risk Assessment</i>	<i>Priority</i>
H	H	1
H	M	2
H	L	5
M	H	3
M	M	4





Questions?

