The Best Laid Plans
Setting your Internal Audit Strategy
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Introduction

Defining, delivering and measuring your internal audit strategy

Exploring approaches to determine the internal audit strategy

Risk based vs cyclical – why is it done that way

The important of getting your engagement model right

Articulating your internal audit philosophy

Developing measures of success
Once Upon a Time....

A Chief Audit Executive delivered a perfectly balanced internal audit strategic plan with just the right resources, addressing the key risks and goals of the organisation, with all audits delivered on time and on budget.

Of course, this is how it happens for everyone!!!

Am I right or what???
Who has managed to deliver the perfect internal audit plan?
Let's talk about Internal Audit Strategy.
But first - the boring technical bits

What do the Internal Auditing Standards tell us about Internal Audit planning?
Its RED.....The Red Book, of course!!!

Standard 2000 – The CAE must effectively manage the activity to ensure it add value to the organisation.

Standard 2010 – The CAE must establish a risk-based plan, consistent with the organisations goals.

Standard 2020 – The CAE must communicate the plan.

Standard 2030 – The CAE must ensure the IA resources are appropriate, sufficient and deployed.
The Internal Audit Strategy

Some Considerations:
- The Law Makers
- The Powerbrokers, Stakeholders and Supporters
- Hearts & Minds
- The Internal Audit Commandments
- The Prior Battles
- The Wish List
- Size Does Matter
And the beat goes on......

Risk Based vs Cyclical:

Risk based internal auditing - A methodology that links internal auditing to an organisation's overall risk management framework.

Cyclical - CAEs developed annual and longer term audit plans (three and / or five year) on a ‘cyclical’ basis, with audit topics identified within resourcing availability on a functional basis from historical information.
What’s in a Name:

Is the Internal Audit Strategy the same as an Internal Audit Plan?

Discuss!!!!
What’s in a Strategy

- Look to your organisation’s strategic planning format
- Legislative/Governance basis for the IA Function
- Reference the IPPF
- Conformance to the IPPF
- Mission/Vision
- IA Objectives (Charter)
- Environmental Scan
What's in a Strategy

- Projects for the IA Function
- Resources - $ and People
- Skills/Experience
- Benchmarking
- Maturity Assessment
- SWOT/Risk Assessment
- Quality Assurance & Improvement Program
- Link to the IA Plan
What's in a Internal Audit Plan?

• Basis for Preparation - Legislative Requirement, Charter
• Three Year, Annual, Quarterly, None!
• Methodology
• Planned Audits
• Resources
What’s in a Internal Audit Plan?

- Audit Universe – Business Units, Activities, Risks
- Risk Assurance Map
- Reserve Audits
- Objectives & Scopes of Planned Audits
- Key Performance Indicators
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Internal Audit Philosophy

• Internal Audit Philosophy
• Audit Committee Charter
• Internal Audit Charter
• Approach to Internal Audit
• Staff Training & Culture
• Tell everybody about it!!
Who Ya Gonna Call?

2060
Measures of Success

Considerations:
• Continual improvement
• Conformance to the IPPF
• Internal Audit Charter
• What KPIs can internal audit control
• Benchmarking
Suggested KPIs

- Achievement of Strategy Projects
- Completion of Audit Plan
- Number of Ad Hoc Requests
- Acceptance of recommendations by management vs actual implementation
- Timeframes for IA Stages
- Staff Qualifications
Suggested KPIs

- Audit Committee Feedback
- Client Feedback
- Operational Savings
- Data Analytics Results
- Benchmarking (Staff, Costs, Number of Audits)
- Staff Turnover
- Absenteeism vs Presenteeism
Still Not Sure?
References

• IIA, Internal Auditing Standards, [https://global.theiia.org/standards-guidance/mandatory-guidance/Pages/Standards.aspx](https://global.theiia.org/standards-guidance/mandatory-guidance/Pages/Standards.aspx)


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Questions

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