

# Dynamic audit planning for a dynamic world

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what do I mean by dynamic audit planning ?

why do dynamic audit planning – the benefits in the current environment.

# Customer & stakeholder – who has priority?

who is who – does it matter ?

“customer is the recipient of the output of your process, whether that is a product or service

stakeholder has a vested interest in how well your process performs”

[robbieaugustin.com](http://robbieaugustin.com) - business optimisation expert

# Customer & stakeholder – who has priority?

who's perspective is more important ?

clarity on who receives value from the audit

# Developing an audit plan

internal / organisational information

strategy

risk reporting – current and emerging risks

intelligence from audit committee meetings

intelligence from governance meeting papers

executive & leadership team insights

# Developing an audit plan

## external information

traditional sources

emerging risk reports

business publications

# Developing an audit plan



## CEO briefing paper

broad business environment

lift thinking out of “day to day” issues

CEO themes / lens’ for planning

# Making it easy for the Audit Committee



## audit plan

“goldilocks” level of information

give the theme / lenses of the audit plan



# Making it easy for the Audit Committee



audit topics – not just a title

initial considerations

alignment to enterprise risk

alignment to corporate strategy

external risk intelligence

# Making it easy for the Audit Committee



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Audit Title	Broad Considerations (to be refined during audit planning)	Alignment of Audit Topic				
		Enterprise Risk			External Risk Intelligence	
		IR	CR	TR		
Financial control environment – working from home	Changes to existing / expected financial control and oversighting – segregation of duties for key financial processes – AP, Payroll, Treasury.	B6	H	M	M	Beyond coronavirus: The path to the next normal (McKinsey & Company, March 2020)
Supply chain risk / third party risk management	Relationship management of key contracts – suppliers with multiple contact points across the organisation – knowledge of supply chain vulnerabilities and risk, and nth level risk – achievement of deliverables – assurance activity.	B6	H	M	M	Extended enterprise risk management – Internal Audit Insights   High impact areas of focus – 2020 (Deloitte, 2019) Supply chain – 2020 Audit plan hotspots follow up, First quarter (Gartner 2020)

# Making it easy for the Audit Committee



prepare the Audit Committee for change  
certainty of activity but as at a point in time

# Being flexible

## changing the audit plan

how do you know if you need to change ?

what gaps are there in the plan ?

when is the change made ?

## emerging risks assessed against audit activity example

Emerging Risk	Consideration
Cyber risk	<p>The volume and sophistication of malicious cyber activity has increased substantially, and there are growing concerns regarding the security of proprietary corporate data and critical industrial control systems. Cloud computing poses elevated risks due to increased concentration and accumulations.</p> <p>2019-20 audit topics</p> <ul style="list-style-type: none"><li>• Cloud computing</li></ul>

# Being flexible



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## emerging risks for broader awareness example

Emerging Risk	Consideration
<b>The dividing of standardisation</b>	The global technology sector is being affected by the “great decoupling” between the US and China over leadership and standard setting in areas like semi-conductors, cloud computing and 5G, affecting supply chain resilience and investment flows. Competing technology regulations and governance are damaging the economic potential of next generation technologies and also raise cyber security risks.
<b>Edge computing</b>	Edge computing complements cloud services by transferring the processing power from cloud platforms to where the data is created and consumed. Edge computing is playing a pivotal role in innovating and maintaining digital ecosystems across manufacturing, utilities, robotics and all other spheres demanding low-latency, a development in which 5G is likely to play an increasing role. Poor implementation can expose system vulnerabilities, and the decentralised nature of edge computing is less likely to benefit from strong security monitoring.

# Being flexible

building flexibility into individual audits  
clarifying that the initial outline may change

# Being flexible

## audit notification example

### Next Steps

Audit fieldwork is scheduled to start around 1 June 2020 and we will be engaging with you leading up to the start date to formulate the Terms of Reference including the audit objectives and scope.



# Being flexible

building flexibility into individual audits

planning to understand what we need to audit



define the audit by questions to be answered

enable testing to be changed to respond to what you find

## audit terms of reference example

### Why are we doing the audit?

We are performing the audit to confirm that established controls for financial processes, including segregation of duties and supervisory controls, continue to work as intended from a “working from home” environment to ensure accuracy and completeness of transactions, and to minimise the risk for fraud.

### Questions to be answered

The audit will answer the following questions:

- Are key controls for financial processes such as credit cards, treasury, payroll and accounts payable operating as intended to maintain segregation of duties and supervisory controls within the working from home environment?
- Are records being kept to provide the evidence and audit trail, and are these records stored securely and easily retrievable?

The audit will cover the period from 1 March 2020 with processes being assessed as at the time of the audit.

# Resourcing with subject matter experts

be realistic about what you need and what you have

how do you use an SME ?

stand alone SME work or touchpoint support of your team

defining expectations – your level of involvement – oversight

internal or external SME ?

# Leveraging data analytics



what do the analytics need to achieve ?

do you need to do the analytics yourself ?




# data analytics within an audit

is the data what you think it is ?

when are analytics done ?

 don't neglect the “lived experience”

# Key takeaways

-  audit planning briefing paper to CEO
-  define the audit through questions that will be answered
-  don't neglect the “lived experience” when using data analytics

# Questions



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