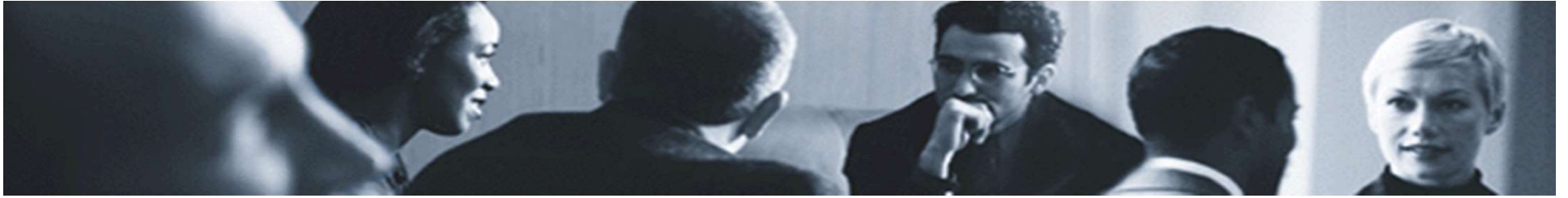




J B NAGAR CPE STUDY CIRCL OF WIRC

Topic - "Value Addition in Internal Audit"

CA Manish Pipalia



ICAI's Definition – Internal Audit

Internal Audit provides independent assurance on the effectiveness of internal controls and risk management processes to enhance governance and achieve organisational objectives.



IIA's Definition – Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.



Effective Internal Audit

Proactive Auditor + Participative Auditee =
Effective Internal Audit



Repositioning Internal Auditing

Major Issues to Address

- Business Risk Management
- Risk, Quality, Control, CSA, Internal Auditing frameworks
- Creating an Accountability environment
- What to audit - priorities, subjects, issues
- Designing the services needed



What is Repositioning?

- Moving from where you are, to where you want/need to be;
- Being a different person/function;
- Changing the way you anticipate/interact with your "conditions and circumstances"
- Taking action, when the opportunities arise;
- Being prepared for the opportunities to arise;
- Recognising opportunities.



Negotiate the Internal Auditing Role, Plan, Project & Results

- Why negotiate?
- What is the role?
- When to contribute the role
- The resources needed for this role
- Negotiating techniques
- The time scale for repositioning



Improving Corporate Performance

- Improving control or improving performance?
- Valuing the contribution
- Finding the key areas to improve
- Before and after measurement



Strategic Alliances With Other Functions

- Which other (assurance) functions? What specialties?
- What form of alliance?
- What is in it for you? For them? For the organisation?
- What strategy?



Business Risk Management

- Dynamic contexts are the source of risk;
- Defining risk sources, consequences, effects, @ risks;
- Control in response to risk;
- Risk in relation to Value
- Risk profiling the organisation
- Risk-based internal auditing



Risk, Quality, Control, Internal Audit, Self Assessment Frameworks

- Risk Management;
- Quality (ISO and Awards) frameworks
- Control frameworks (Philosophies, COSO, CoCo)
- Internal Audit – Functional and Personal Competency
- CSA approaches and methods



Role Reversal for Internal Auditors

FROM Internal Auditor:

- One on one
- Expert analyst
- Making statements
- Judging situations
- Writing the report
- Setting the pace
- Process owner

TO CSA Facilitator:

- One/two with many
- Guiding ‘in-experts’
- Asking questions
- Not judging (openly)
- Collecting client data
- Guiding the pace
- Process manager



What to Audit – Priorities, Subjects, Issues

- Auditing the future – plans, developments, investments;
- Auditing the future – contexts, risks, controls;
- Management’s priorities, subjects, issues
- Risk-Based planning or Service Needs selling?



Designing the Services Needed

- Bundling assurance services;
- Delivering on satisfaction drivers;
- Time to perform, to complete;
- Different services, in a *range* of services



Attributes of Service Quality

- Adding ‘Distinctive’ value which is useful and gains client appreciation;
- Sufficient sources and types of expertise;
- Broad perspectives of the organisation and of risk
- Professionalism and objectivity
- Targeting best practice.



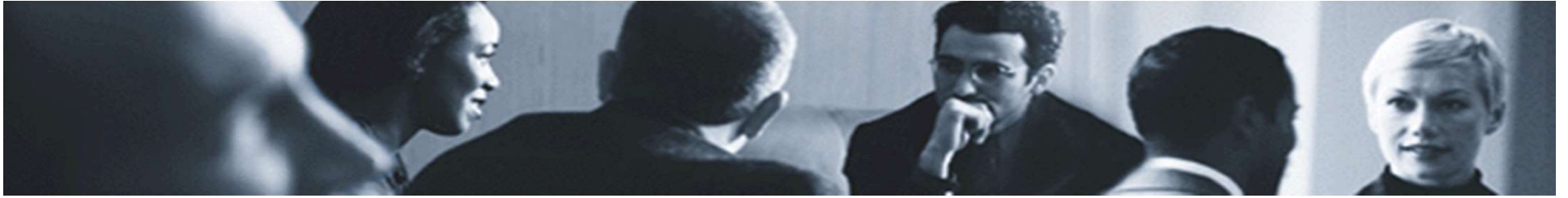
Substantive Service Criteria

- Focus on business and financial risks
- Asset protection and fraud control are part of risk management
- Contribute to understanding risk and control
- Promote understanding about the effect of change on risk and control
- Leading edge risk and control models used



Organisational Suitability Dimension

- Organisational closeness
- Organisational coverage
- Anticipation and proactivity
- Moving with change



Organisational Suitability Criteria

ORGANISATIONAL 'CLOSENESS'

- Focus on 'useful' topics
- Deep understanding of organisation and management needs
- Demonstrated leadership in initiatives with organisation stakeholders



What does it Take?

- A Repositioning Strategy
- Anticipating organisational needs
- Developing understanding of risk and control
- Developing expectations of assurance services.



What does it Really take?

Being the right person
at the right place
at the right time
doing the right things
Competently.