

2- day Audit Workshop / Seminar on Risk-Based Internal Audit

Overview:

The management of an organisation is responsible for controlling events and seizing opportunities. It is also responsible for identifying, assessing and managing risks. The correct operations of these processes are essential if an organisation is to achieve its objectives. Stakeholders, including investors, as well as other interested bodies now expect confirmation that this risk management framework is operating effectively. Just as external auditors provide confirmation concerning the financial accounts, so internal auditors provide this confirmation concerning the risk management framework and, performing the necessary review of how the various key risks are being managed in an organisation.

What is risk-based auditing or RBA?

RBA is a methodology or audit process that provide assurance that risks are managed to within the level of an organisation's risk-appetite. The audit begins by identifying the inherent risks in the businesses and operations, and then identifying appropriate controls to transform those inherent risks to residual risks that require effective and appropriate management treatments.

Objective of the seminar:

Among the deliverables that this seminar intends to provide for attendees are to:

- Develop audit priorities more effectively using the risk-based auditing approach.
- Know how to identify the key risks in an organisation's business, operations, activities and structure; and being able to highlight in their audit reports issued for the business/operations' owners and management these risks and to suggest or recommend ways to manage and treat those risks by identifying appropriate risk controls and risk mitigants.
- Assure that the process used by management to identify all significant risks are effective.
- Give assurance that risks are correctly assessed, scored by management in order to prioritise them.
- Evaluate risk management process to ensure the response to any risk is appropriate and confirm to his organisation's policies.
- Evaluating the reporting of key risks, by managers to directors.
- Review the management of key risks by managers to ensure controls have been put into operations and are being monitored.

MODU LE	TOPICS OR AREAS COVERED
1	INTRODUCTION TO RISK-BASED AUDITING (RBA) CONCEPTS

i	Understanding risk and risk definition
ii	Risk concepts, characteristics, attributes
iii	What inherent risks and residual risks are, and other common risk nomenclatures, interpretation
iv	The concept of enterprise-wide risk management or ERWM and implementing the 7 building blocks of EWRM
v	Assessing two EWRM building blocks of Risk Mgt Awareness and Risk Mgt Framework
vi	How risks affect organisation's purposes, objectives, goals.
2	VIDEO PRESENTATION
i	Internal auditing.....vital service for government and organisations
ii	Old stereotypes die hard
3	THE VALUE PROPOSITION OF RBA VERSUS OTHER APPROACHES & IMPLICATIONS FOR MANAGING THE IA FUNCTION
i	Risk-based internal audit starts and ends with 'risk' as the focus
ii	Value added and 'internal consultant' in concept
iii	Awareness of the basics or the 4 constant objectives of internal auditing
iv	Risk management and RBA objectives
v	Appreciating other roadmaps or approaches of IA like compliance, investigative/forensic, performance and management audits
vi	Knowing some of today's board and management agendas
vii	How RBA supports those board/ management agendas
viii	How risks influenced audit, audit planning, and audit priority
4	RISK ASSESSMENT APPROACHES & THEIR APPLICATIONS
i	The 6 domains or groupings of risk
ii	Understanding the key or main risk-issues for each domain
iii	Risk assessment from event occurring or the E element
iv	Controls to address risk-likelihoods
v	Risk assessment from the risk impact or RI element
vi	Mitigants to address risk-impacts
5	ENTERPRISE RISK ASSESSMENT AND STRATEGIC INTERNAL AUDIT PLANNING
i	Macro-risk scoping or assessing corporate or organisational-level risks including strategic risk, PEST and SWOT evaluations
ii	Risk assessment of the 3 broad agendas of board and management
iii	Micro-risk mapping or departmental/functional-levels of risks including operational, market/treasury/investment, credit, and systems risks
iv	How the macro and micro levels of risks dictate or influence your audit schedules and annual audit planning

6	OPERATIONAL AND IT/SYSTEMS ENVIRONMENT AND THE APPLICABLE RISK MODELS
i	COSO ERM framework as a risk model for assessing controls and the 3Es in the operational environment
ii	Mapping your organisation's risk model for businesses/operations by evaluating and validating the 8 components of COSO's ERM framework
iii	COBIT risk framework....your risk model for evaluating controls and activities in the IT/Systems set-up or environment
iv	Implement IT risk model by evaluating and validating the 4 areas and 34 issues in an organisation's system or IT infrastructure
7	PROJECT LEVEL RISK ASSESSMENT
i	Review the objectives, deliverables, targets, goals of a project and looking at risks that will prevent positive outcomes of these objectives/targets/goals
ii	Assess the inherent and residual risks in the 4 drivers of the project i.e the people's people, process, systems and environment/events
iii	Evaluate the project risks from the project's audit work scope of products/services, networks/delivery channels, and end-results (users/customers)
8	REPORTING UNDER THE RISK-BASED AUDITING FRAMEWORK
i	RBIA starts and ends with 'risk'
ii	The focus of risk-based internal audit
iii	The purposes/objectives of issuing audit report
iv	Getting the 'buy-in' or acceptance from the customer or auditee
v	Addressees and recipients of the report
vi	Acknowledging internal audit report as a management decision-making tool
vii	Customer-focus or business and management-centered risk-based audit report
9	OTHER APPLICATIONS OF RBA METHODOLOGIES
i	RBA to compliment organisation's holistic EWRM programmes and initiatives
ii	'ERIC' risk reviews and measurement approach
iii	RBA can support board and management issuance of the 4 risk management deliverables and reports namely Risk log or Risk register, Gross and Net risk heat maps, KRIs (key risk indicators), and an organisation's top 10 risks

Who should attend

This seminar is very relevant and tailored for the following:

- Auditors
- Senior Internal Auditors, section heads, audit team leaders.
- Audit Managers/Heads, Chief Auditors and Audit Directors.
- Accounts Managers.

- Company secretaries.
- Admin managers.
- Risk officers/managers.
- Compliance officers/managers.
- Audit committee members.
- Directors and other senior management staff who would like to know more about the roles and functions of audit in supporting their organisations' businesses and operations.
- Operations Managers.
- Lecturers and academicians who want to look at the more practical aspects of audit today.
- Back-office and support function managers.

Method of teaching/presentation:

1. Materials:

Notes, Bullet point presentation. Essays. Articles and newspaper cuttings.
Discussion and group learning, case studies and brainstorming among groups.

2. Delivery:

Power Point. OHP and laptop. Flipchart.

3. Relevant risk management books:

Two books for each participant to be given out as compliments. These books were written by Dr J. E. Ruin. Title of the books are "*Enterprise-wide Risk Management Made Easy*" and "*Guide to Effective Management of Business Organisations*".

Facilitator / speaker:

Dr Joseph Eby Ruin is a knowledgeable, and possess hands-on practicing knowledge of internal audit: He worked for 30 years in 12 different organisations. He retired from full-time employment in April 2007. He is now the Principal and Proprietor of RiskFirst Consultancy & Training Services.

Among his senior management positions in banking were as Executive Vice President/Chief Risk Officer of one Malaysian bank. Before this position he was the General Manager of Operational Risk Management Department & Anti-Money Laundering/Counter-Financing of Terrorism/Compliance Officer of another Malaysian bank.

Dr J. E. Ruin had also held the post of Head of Internal Audit Division/ Secretary of board's Audit Committee in the corporations he joined prior to his career in banking, as follows:

- (i) **Audit Assistant** with a large international audit firm.
- (ii) **Head of Internal Audit Dept/Secretary Board Audit Committee** for a large shipyard company based in Labuan Malaysia.
- (iii) **Deputy General Manager/Chief Auditor/Head of Internal Audit Division/Secretary Board Audit Committee** for a national and corporatised Malaysian postal organisation.
- (iv) **General Manager/Head of Audit Group** for a large local conglomerate in Malaysia.
- (v) **Chief Auditor/Head of Internal Audit** for a Malaysian bank.

Since 1996, Dr Ruin has been invited by Event Management or Conference Organisers to speak and deliver his various corporate governance/audit and risk management papers at public conferences in Kuala Lumpur Malaysia, as well as outside Malaysia like in Mumbai India, Sydney and Melbourne Australia, Beijing and Shanghai China, Bali and Jakarta Indonesia, Seoul Korea, Phnom Penh Cambodia, Bangkok and Khon Kaen Thailand, Mauritius, Brunei, Phnom Penh Cambodia, Manila Philippines, and Singapore.

He has written 19 management books that are on sale at local Malaysian bookshops; focusing mainly on audit, banking/finance, corporate governance, controls, people and customer services, team management, fraud awareness and prevention, and risk management.

He is the Hon Treasurer of FAAM (Fulbright Alumni Association of Malaysia), 2008-2010. He was elected the Regional Director of PRMIA, KL Malaysia Chapter in November 2007. He also served as a Director of The Institute of Internal Auditors Malaysia from 1998 to 1999.

For details of these past local and overseas seminars/conferences, please refer to the website at www.riskfirstconsult.com.my.

For any other enquiry, please contact:

Dr Joseph Eby Ruin.

Mobile phone: (6) 017-3334700.

Faxes: (6) 03-2273 4506.

Email: jeruin@riskfirstconsult.com.my

or at jerwin001@hotmail.com

Mailing address:

No: A-5-7, Menara Pelangi,
8, Lrng Angseng 2 Brickfields,
50470 Kuala Lumpur, Malaysia.

