

# **DEVELOPING A RISK BASED INTERNAL AUDIT PLAN**

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## **Agenda**

What is Risk Based Internal Audit Plan and its importance Emerging Risks 2021 Factors that should be considered as inputs How to prepare the Plan What tool is needed to execute Challenges faced and how to overcome them? Emerging technology and gear for future

## What is Risk Based IA Plan and its importance

#### What:

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

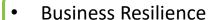
#### Why:

- ✓ Impacting 4 major areas responsible for the emerging risks leading to disruption are Technology, Globalisation, Demography and Environment.
- ✓ For years, the term <u>"disruption"</u> has been used as a term in business plans. Currently, we are experiencing an unprecedented global disruption "Covid 19" in modern history.
- ✓ Comprehensive risk-based planning enables the internal audit activity to properly align and focus its <u>limited</u> <u>resources</u> to produce insightful, proactive, future-focused assurance and advice on the <u>organization's most</u> <u>pressing issues</u>.
- ✓ Hence new ways of working and more complex type of audits will require different approaches, competencies, enablers and stakeholder buy-in.

#### Whom:

✓ Allows internal audit to **provide assurance to the Audit Committee and Board** that risk management processes are managing risks effectively, in relation to the risk appetite to achieve the objectives.

## **Key Risks – 2021**



- Cash Flow and Bad Debt
- Capex and ROI
- Changing Market Structures
- Capital Allocation to Drive
   Value Creation



- Data Protection
- Data Privacy
- Regulatory Requirements
- IT Governance

- Geopolitical Issues
- Climate Change
- Cyber Security
- Poor Management of Stakeholder expectation
- Technology



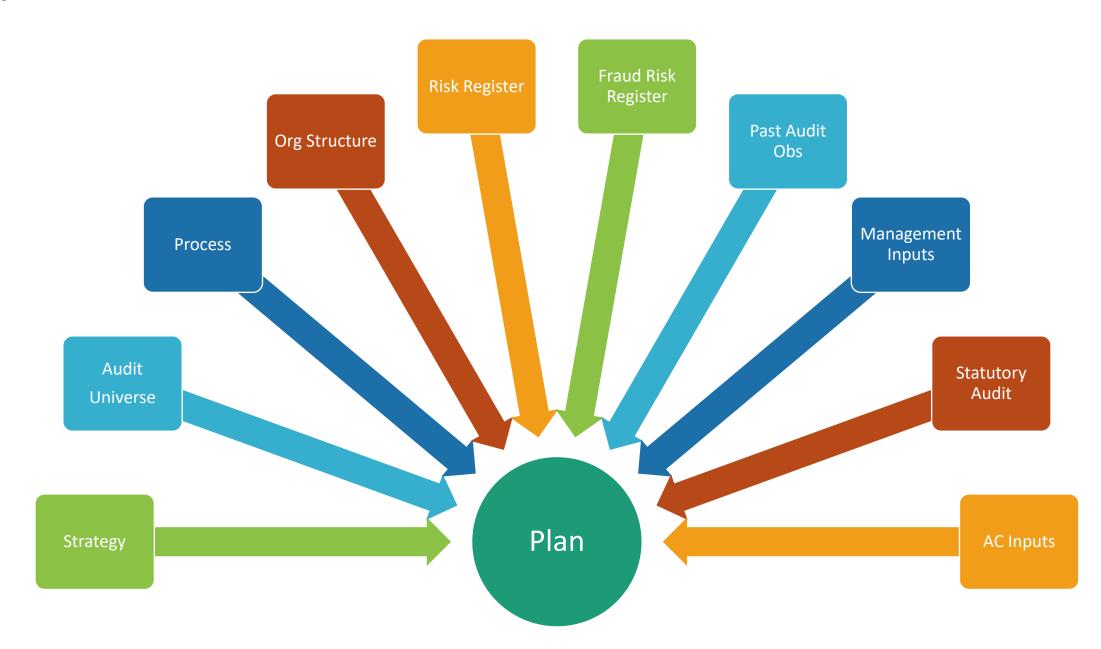


#### **Operational**

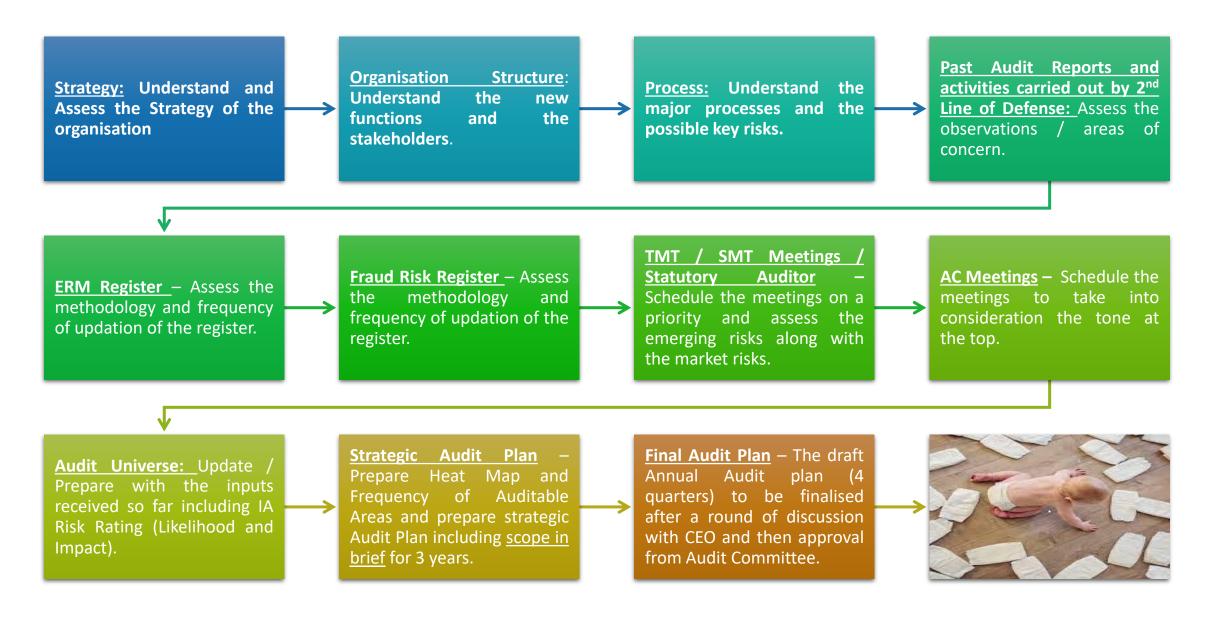


- Staff Well Being
- Fraud Exploitations
- Supply Chain
- Data Management
- Digitalisation
- Automation

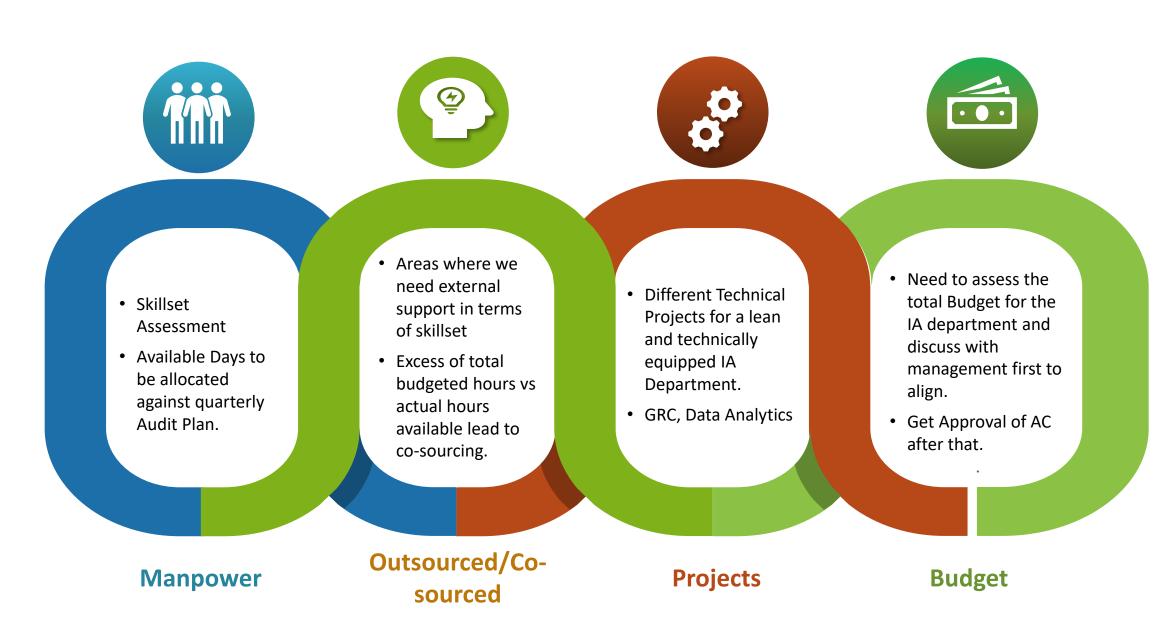
# **Inputs for Risk Based IA Plan**



## **How to Prepare Risk Based IA Plan**



## **Tools for Execution of IA Plan**



## Challenges faced and ways to overcome

#### **Risk Assessment**

- · If no risk register available build the major risks within your organisation based on the inputs mentioned earlier.
- Understand the business and the current state.
- TB analysis, Financial Statements, Cash Flow are critical

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#### **Adequate Time**

- Don't start planning at the last minute.
- Keep updating / understanding and making your own notes throughout the year for Audit Plan next year.
- Send meeting requests to the TMT / AC members at least 15 days earlier and update their PAs.







- Align your plan with them.
- Make sure an approved decision is minuted in the AC Meeting for **Budget and Audit Plan approval** separately

#### **Budget Approval**

- Need to discuss with CFO and CEO.
- Avoid surprises in the AC meeting with them.

#### **Adhoc Project**

- A challenger by itself since its difficult to budget.
- Check if any existing Audits cover that.
- Create a vertical of Forensic Audit, **CCM** and Special Projects.
- Take help of co-sourcing / outsourcing where needed.







- The relationship development is critical throughout the year.
- Listen to them before you speak.
- Try to build technical knowledge and negotiation skills

# **Emerging Technology and Future**



Change through Innovations is the only Constant.

Embrace it: BOTS, Artificial Intelligence,

Blockchain, Data Analytics is the future. Watch
the video.

Future of Audit - Technologies that will change the future of the Audit - YouTube

