



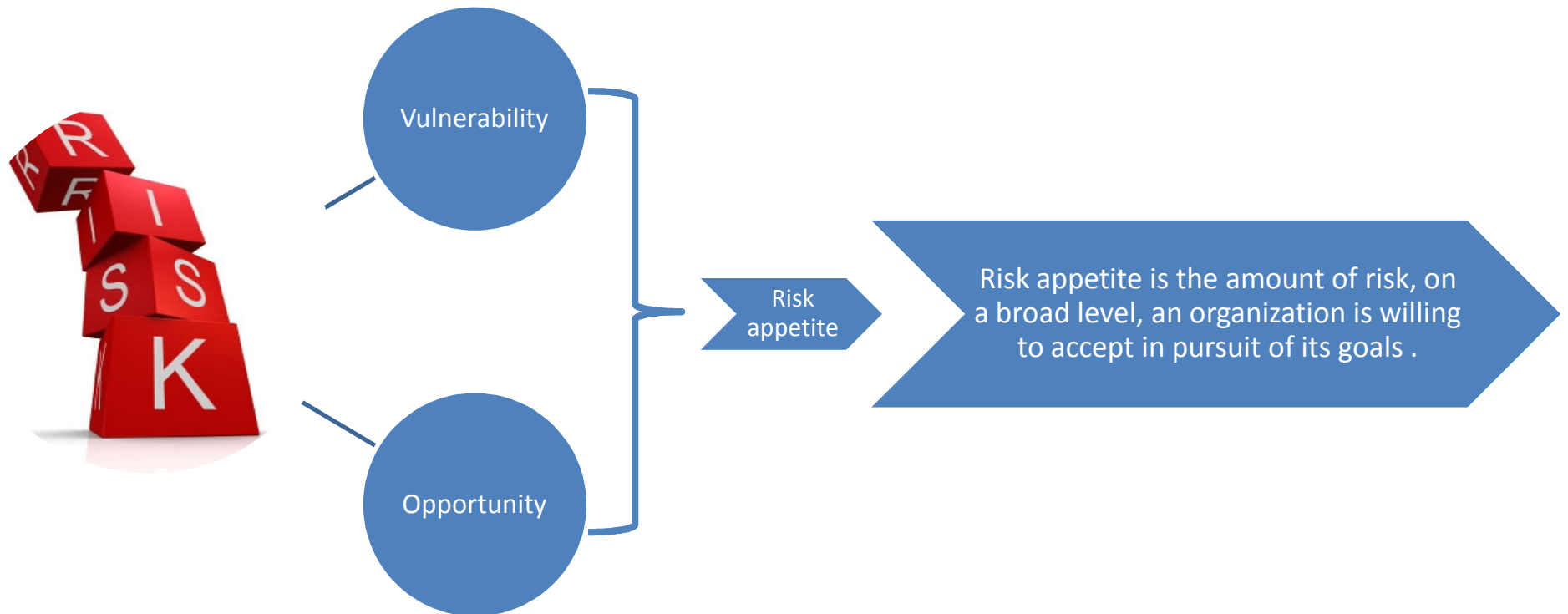
# Risk based internal audit (RBIA)

## Retail Industry



# Risk

- ICAI –
  - Risk is an event which can prevent, hinder, fail to further or otherwise obstruct the enterprise in achieving its objectives
  - Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise.
- ISACA –
  - The potential that a given threat will exploit vulnerabilities of an asset or group of assets to cause loss of / or damage to the asset
  - Its usually measured by a combination of impact and probability of occurrence





# Implementation of risk based audit



## Step 1

- Understanding the business environment



## Step 2

- Preliminary risk assessment



## Step 3

- Developing annual audit plan based on the learnings of past 2 yrs audit reports



## Step 4

- Complete the secondary risk assessment



## Step 5

- Execution of the IA program



## Step 6

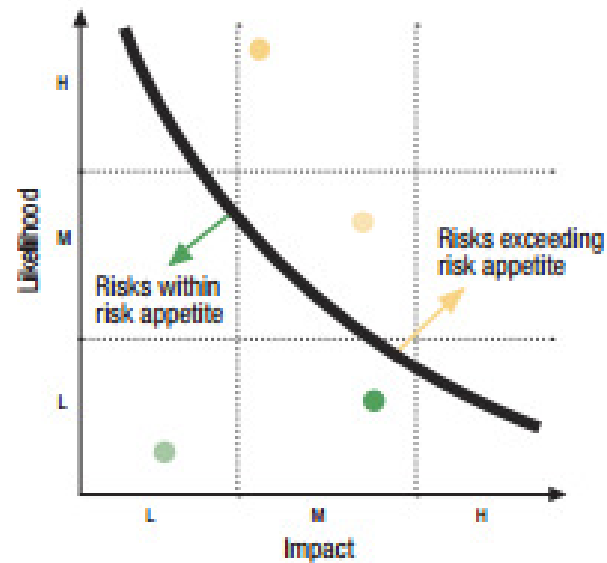
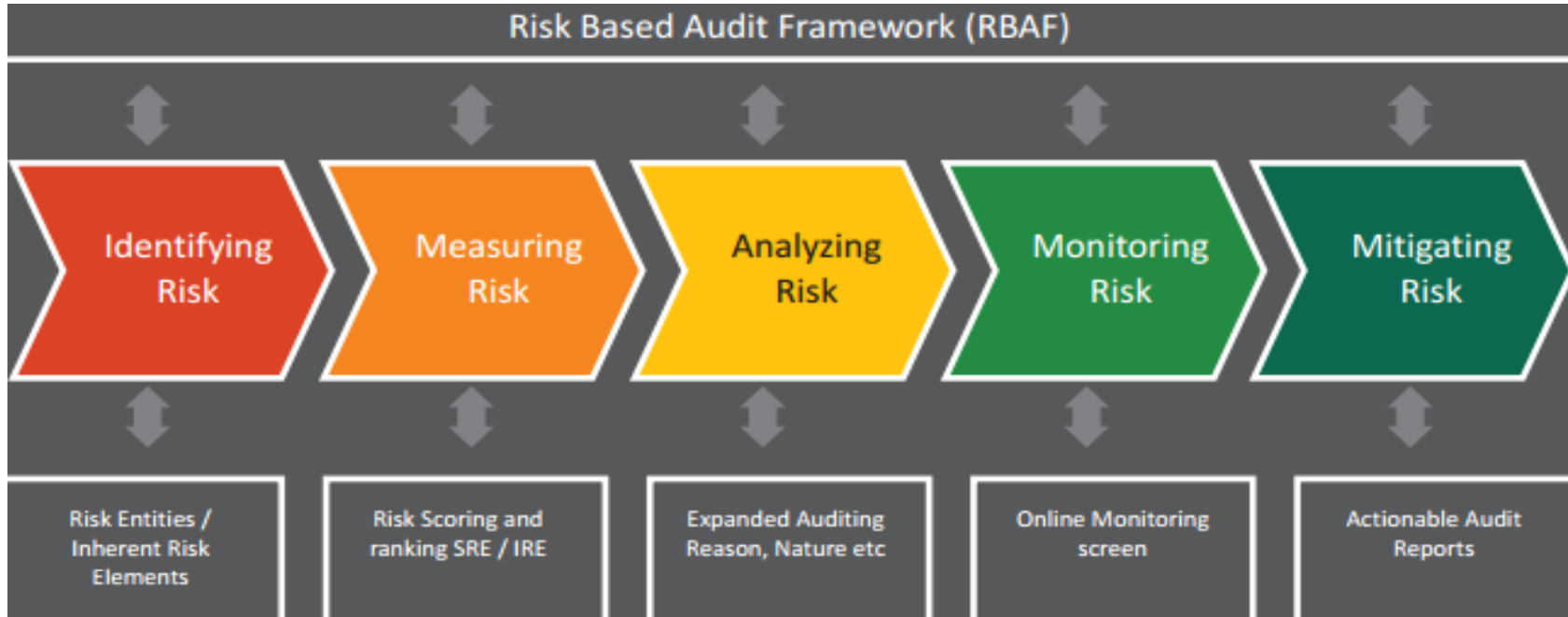
- Reporting and communication



## Step 7

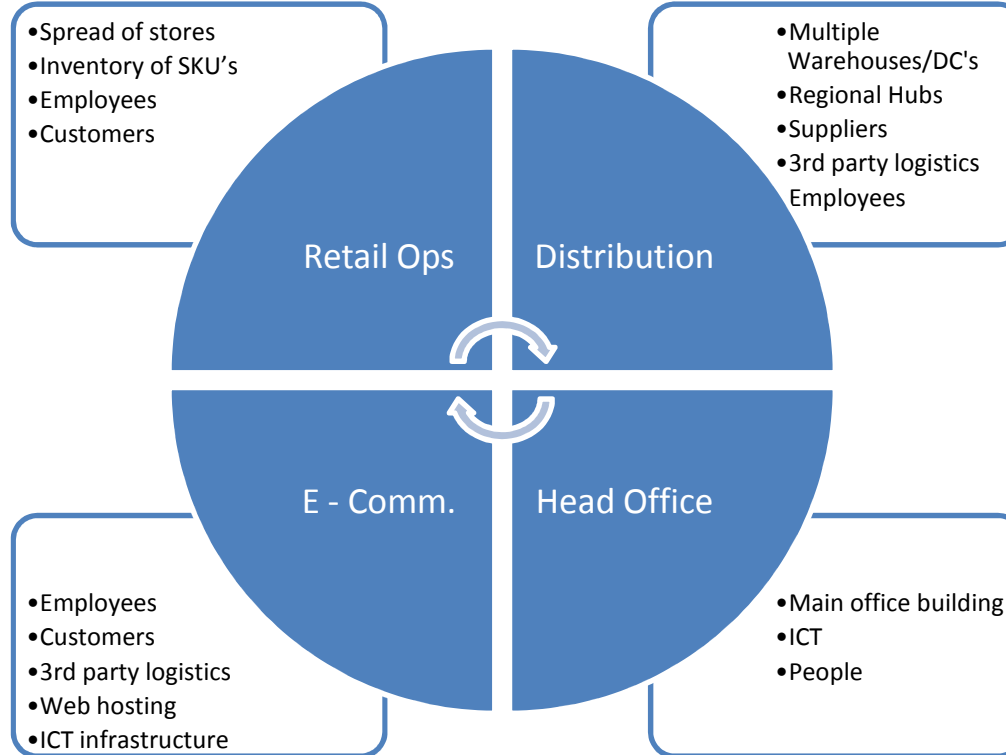
- Risk assessment scoring post implementation of audit recommendations

# Assessment of risk

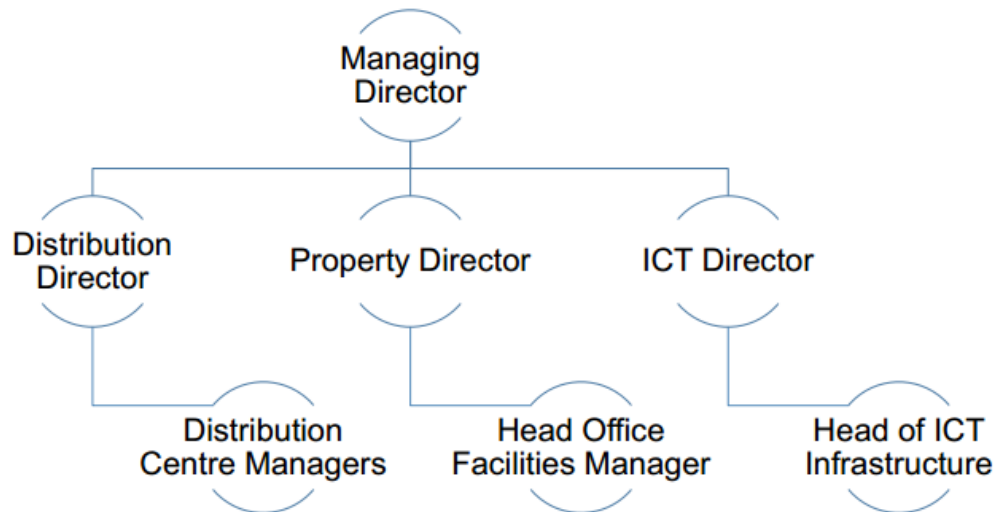


# RBIA in retail

## Major areas of risk in retail



## Who owns the risk?



## The Risk Register

- What is Captured?
  - A Single Business Continuity Risk?
  - Multiple Business Continuity Risks?
  - Are they captured by Division / Brands?
  - Do we know who owns the risk?
  - How do we show how well is it managed?

# What the RBIA audit should challenge in a retail industry



Shrinkage



Social Media



Store retail formats Vs. Online retail formats



Compliances



Supply Chain



Business continuity plan / Disaster recovery / IT related challenges



Fraud



Evolving regulations – GST etc.



Attrition



Property due diligence



Brand logo, banner, perception etc



Space, range, display control in stores

# Advantages of risk based audit

Disciplined analytical approach towards the audit universe

Highlights unknown potential risks

Full audit coverage to high risk areas

Allocates resources where payback is greatest

Tool for management to assess enterprise risk



