

Developing and Governing the Internal Audit Function



Degree Level: Undergraduate/baccalaureate or (post) graduate

Prerequisite: Principles of Internal Auditing

Course Description:

This course provides a foundation for the establishment and governance of an internal audit function.

Sample Overall Learning Objectives:

1. Understand the fundamentals of establishing an internal audit department.
2. Explain the importance of the chief audit executive (CAE) role in a risk-diverse organization.
3. Understand how to design and implement an internal audit function strategy that responds to volatility, uncertainty, complexity, and ambiguity (VUCA) and tech environments.

General Topic	Content Recommendations
<i>Establishing the Internal Audit Function</i>	<ul style="list-style-type: none">• Management and board approval of resources (including the budget and staffing)• Internal audit charter contents• Position of the internal audit function within the organizational structure• Reporting structure of the CAE• Independence of the function• Structure of the function (considering in-house, outsourcing, and co-sourcing)
<i>Appointment of Personnel</i>	<ul style="list-style-type: none">• Appointment of the CAE:<ul style="list-style-type: none">◦ Attributes (including skills, knowledge, respect of management and the audit committee, communication skills, objectivity)◦ Due professional care• Appointment of internal audit team (staffing strategy):<ul style="list-style-type: none">◦ Audit team profile (including soft and digital skills)◦ Use of external service providers◦ Rotation of internal auditors
<i>Performing Internal Audit Services</i>	<ul style="list-style-type: none">• Development of policies and procedures• Plan engagements effectively• Conduct engagement work• Engagement results/findings• Follow-up procedures

General Topic	Content Recommendations
Governing the Internal Audit Function	<ul style="list-style-type: none"> • Strategically planning the priorities of the function: <ul style="list-style-type: none"> ◦ Understand governance and risk management ◦ Establish internal audit strategy and methodologies ◦ Internal audit plan • Managing the resources of the function in a VUCA environment: <ul style="list-style-type: none"> ◦ Financial resource management ◦ Human resources management ◦ Technological resources • Quality assurance and improvement program: <ul style="list-style-type: none"> ◦ Types of assessments ◦ Communication of quality assessments ◦ Performance measurement (including compliance with annual plan and staff performance) • Internal audit function benchmarking • Marketing the function's role
Relationships of the Internal Audit Function	<ul style="list-style-type: none"> • The relationship of the function with stakeholders (including board and senior management, risk function, external auditors, and other assurance providers) • The relationship with the audit committee • Attending strategic meetings/serving on strategic committees