



THE INTERNAL AUDIT MASTERCLASS

(17th May 2021)

SESSION 2: INTERNAL AUDIT HUMAN CAPITAL

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Session Objectives



By the end of the session the participants are expected to appreciate the diverse aspects of Internal Audit Capital outlined below:

1. Proficiency
2. Staffing and skills requirements
3. Continuing skills/professional development
4. Changing skills requirements
5. The IIA Competency Framework

Presentation Agenda



1. Introduction
2. Requirements on Internal Audit (IA) Proficiency
3. Expectation as regards IA Staffing & Skills requirements
4. Continuing skills/professional development
5. Changing skills requirements for IAs
6. Overview of IIA's Internal Audit Competency Framework (2020)
7. Activity
8. Conclusion/Recap

Introduction



What is our Mission : Purpose, what we seek to accomplish as Internal Auditors?

IPPF (2017) - Mission of IA

"To **enhance** and **protect organizational value** by providing risk-based and objective **assurance**, **advice**, and **insight**."

Assurance →



Introduction cont..



Key contributors for effectiveness of Internal Audit Functions:

☐ **People**

☐ **Positioning**

☐ **Policies & Procedures**

Proficiency



Std 1210 – Proficiency

- ❖ *Internal auditors must possess the **knowledge**, **skills**, and other **competencies** needed to perform their individual responsibilities.*
- ❖ *The internal audit activity **collectively must possess or obtain** the knowledge, skills, and other competencies needed to **perform its responsibilities**.*

Proficiency cont..



1210.A1 – CAE ***must obtain competent advice and assistance*** if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1210.A2 – IAs must have sufficient knowledge to ***evaluate the risk of fraud and the manner in which it is managed by the organization***, (not expertise)

Proficiency cont..



1210.A3 – IA must have sufficient knowledge of **key information technology risks and controls** and available technology-based audit techniques to perform their assigned work.

1210.C1 – The CAE must *decline the consulting engagement or obtain competent advice* and assistance if the internal auditors lack the *knowledge, skills, or other competencies* needed to perform all or part of the engagement.

Que: key Knowledge, skills, competencies IAs??

Staffing & Skills requirements



2030 – Resource Management: The CAE must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

Interpretation:

- ❑ *Appropriate* : ***mix of knowledge, skills, and other competencies needed to perform the plan.***
- ❑ *Sufficient* : quantity of resources needed to accomplish the plan.
- ❑ *Effectively*: Optimal usage to achieve approved plan.

Que: How does your respective IA function ensure this is achieved??? Comprehensive coverage as per mandate of Org??

Continuing Professional Development



1230 – *Continuing Professional Development*

Internal auditors must enhance their: knowledge, skills, and other competencies through continuing professional development.

Illustrations for enhancing skills & competencies

General : Communication, Problem identification and solution, *Ability to promote value of internal audit*, *Industry regulatory and standards changes*, Conflict resolution/negotiation skills, etc.

Continuing Professional Development cont..



- ❑ **Behavioral skills**: Facilitation, Influence/ability to persuade, Judgement, Teambuilding, working independently, leadership, Governance & ethics sensitivity (integrity), work-life balance, etc.
- ❑ **Technical skills**: Forecasting, Technology-based audit techniques, Forensic skills/fraud awareness, Project Mgt, Business process analysis, Risk analysis and control assessment techniques etc.

Thought corner: improvements to CPD ??

Changing skills requirements



1. **Critical thinking** when processing information (i.e. gathering, validating, analyzing or evaluating, interpreting data, and finally, deriving a conclusion).
2. **Deductive reasoning** based on logic and the understanding of clearly defined preconditions/Criteria

Changing skills requirements



3. **Inductive reasoning** based on objective interpretation of evidence supplied as well as own experience (i.e. knowledge of best practice).

4. **Resilience** in order to be able to cope with multiple, parallel activities while focusing on key matters and maintaining the connection to the auditees.

5. Enhanced **IT assurance skills**

6. **Others???** *Que: Which skills sets should I/we develop??*

Changing skills requirements



Top 5 IA Skills Sought by Global Recruiters

Analytical and critical thinking (CAE Survey)

Communication skills (57 percent)

IT general skills (49 percent)

Risk management (49 percent)

Business acumen (43 percent)

Changing skills requirements



Areas of growth for most Audit Mgt Team members & IAD Staff

1. Presenting (public speaking)
2. Developing board committee relations (beyond audit committee)
3. Developing outside contacts/networking
4. Persuasion Using/mastering new technology and applications
5. Negotiation Dealing with confrontation (tie)

IA Competency Framework



- The IIA's Internal Audit Competency Framework© (IACF) provides a clear and concise **professional development plan** for internal auditors at every level of their career.
- The IACF defines four knowledge areas focused on various **Standards**



IA Competency Framework



- ❖ The IACF further defines key proficiencies and three distinct competency levels;
- ❖ **General awareness** → **Applied knowledge** → **Expert Practitioner.**

Purpose of IA CF

- ❑ Defines the knowledge and skills necessary to *navigate a successful career in IA* focused on **best practices & practical applications.**
- ❑ Effective **onboarding tool** & **Multi-year training plan** - *continuously identify and fill skill gaps within IA.*

IA Competency Framework

cont..



Brief review of the IA Competency Framework:

<https://na.theiia.org/standards-guidance/Public%20Documents/Internal-Audit-Competency-Framework.pdf>

Session Activity



Participants to develop a tool to be used to implement the IIA's Internal Audit Competency Framework in their respective institutions.

Presentations

IA Competency Framework

cont..



Activity- Illustration

Knowledge area:	Key proficiencies	Attribute	Self-assessment	Supervisor assessment	Strategies for improvement
Professionalism	Mission of internal auditing	Describe the purpose, authority, and responsibility of the internal audit activity; distinguish between assurance and consulting services.			
		Demonstrate ability to conduct both assurance and consulting engagements in conformance with the Standards.			
		Review the internal audit activity's ability to conduct both assurance and consulting activities to add value and improve the			

Conclusion



Attributes of Highly Effective Internal Auditors (*R. Chambers, 2018*):

1. Integrity
2. Relationship-Building
3. Partnering (consulting)
4. Communications
5. Teamwork
6. Diversity (perspectives, skills and experience)
7. Continuous Learning

Ref:<https://global.theiia.org/news/Documents/7%20Attributes%20of%20Highly%20Effective%20Internal%20Auditors>

Recap & Conclusion



Participants take away as regards:

- ☐ Proficiency
- ☐ Staffing and skills requirements
- ☐ Continuing skills/professional development
- ☐ Changing skills requirements
- ☐ The IIA Competency Framework

Q & A



Session

Thank You

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Thank
You

Your logo