



Preparing a Risk - Based Internal Audit Plan

PUNE ICAI – INTERNAL AUDIT REFRESHER COURSE

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AGENDA

Why do we need Audit Plans at all ?

Funneling the Audit Universe

Aligning audit with organization objectives

Identifying, assessing and prioritizing risks

Getting the right team in place

Obtaining management buy-in

Continuous monitoring through agility

Success stories – Indian Corporates

WHY DO WE NEED AN AUDIT PLAN AT ALL?



To identify and manage risks: By conducting audits of high-risk areas, organizations can identify potential problems before they become major issues and take steps to mitigate them.



To provide assurance to stakeholders: An effective risk-based audit plan provides assurance to stakeholders that the organization's risks are being effectively managed. This can help to build trust and confidence among stakeholders, such as investors, customers, and regulators.



To improve operational efficiency: A risk-based audit plan can help to improve operational efficiency by identifying inefficiencies and areas for improvement. By addressing these issues, organizations can reduce costs, increase productivity, and enhance overall performance.

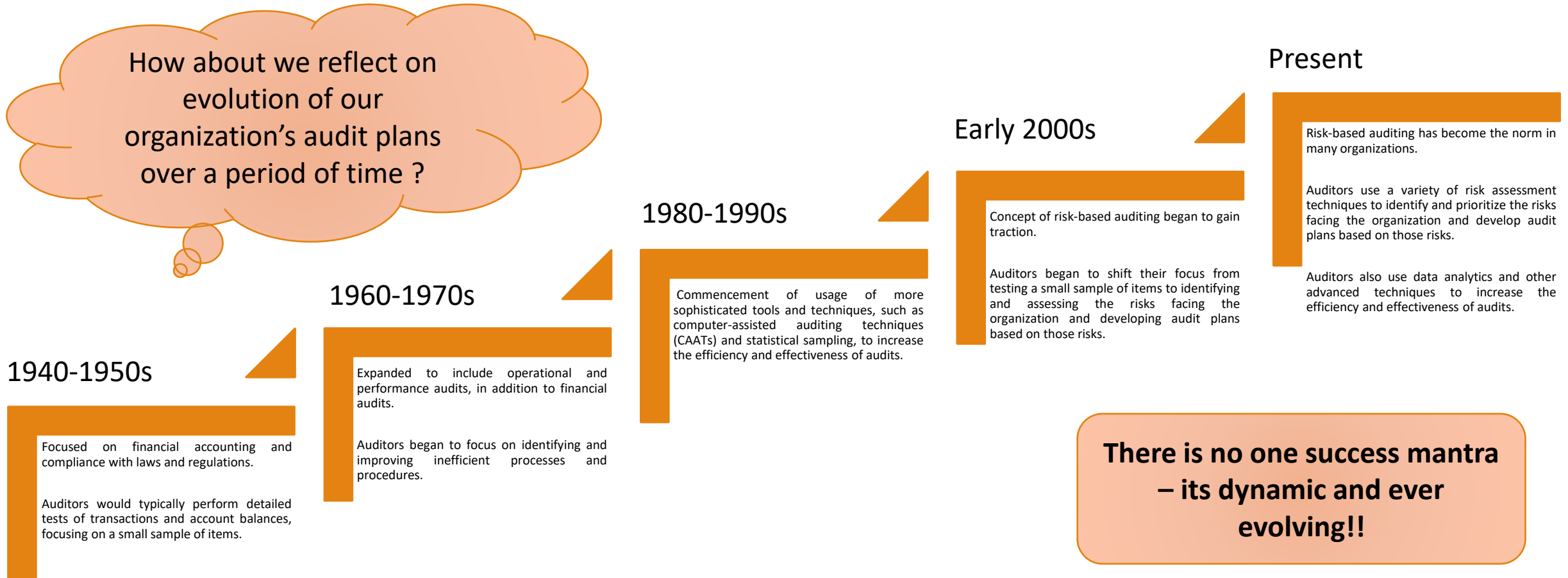


To comply with regulations and standards: Many industries are subject to regulations and standards that require organizations to have effective risk management processes in place. A risk-based audit plan can help organizations to comply with these requirements and avoid penalties or fines.

Funnel approach for the Audit Universe



Evolution of Risk Based Audit Plan



Organization Objectives



Organization Goal



Organization Audit Strategy



Design an audit strategy and procedure that aligns with organization objectives & Goals

Aligning RBIA with Organization Objectives

Identify key risks: By understanding the organization's objectives, internal auditors can identify the risks that could prevent the organization from achieving its objectives



Prioritize audits: Once the key risks are identified, internal auditors can prioritize audits based on the level of risk and potential impact on the organization's objectives.



Provide assurance: By focusing on the risks that are most significant to the organization's objectives, internal auditors can provide management with assurance that the organization is on track to achieve its goals.



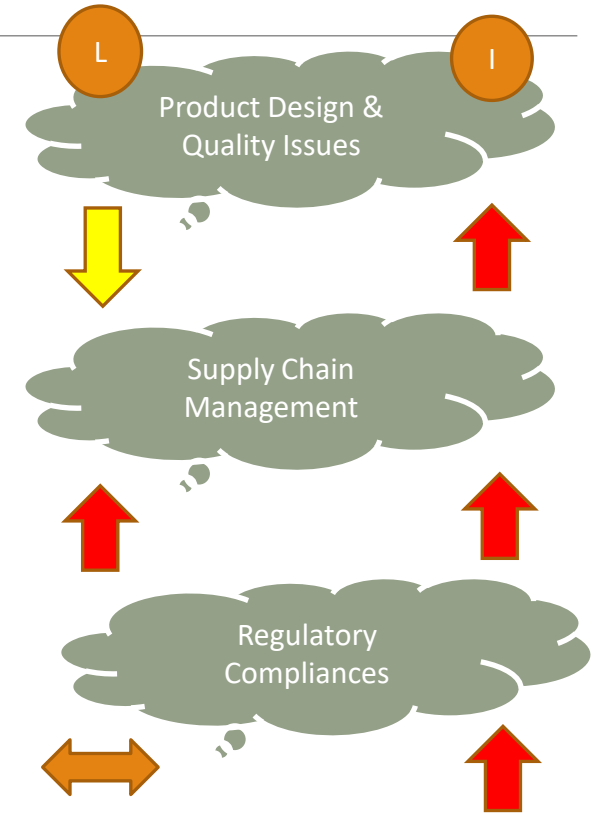
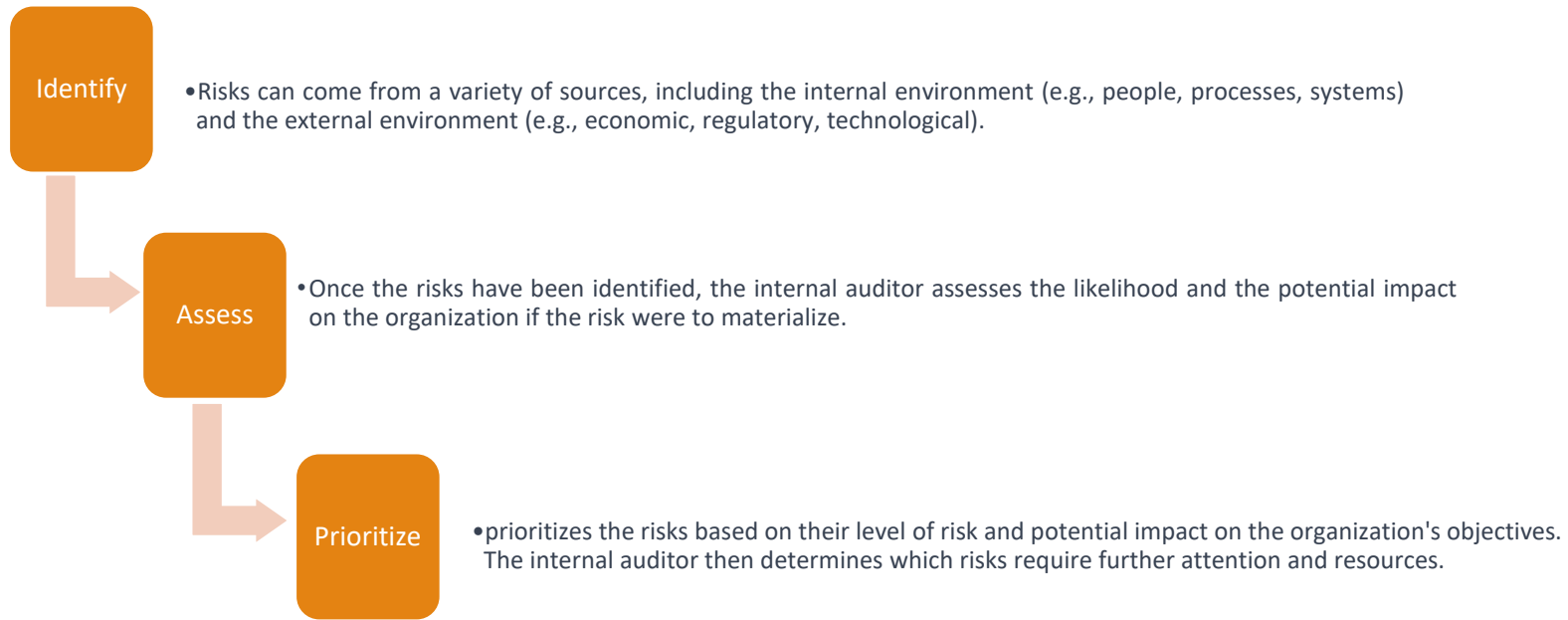
Add value: By aligning the audit plan with the organization's objectives, internal auditors can add value by identifying opportunities to improve processes and procedures that could help the organization achieve its objectives more efficiently or effectively.

If an organization's objective is to increase revenue, internal auditors would identify risks related to sales, marketing, and pricing that could impact the organization's ability to achieve this objective.

If the risk of fraud in the sales process is identified as a high-risk area that could impact the organization's revenue objective, the internal auditor would prioritize auditing this area.

If the organization's objective is to improve customer satisfaction, the internal auditor may identify opportunities to improve the complaint handling process or customer service training.

Identify, assess and prioritize risks



MITIGATE

Putting together a right team for result-oriented audit execution



People ready to stir curious conversations and think Outside the box



People who are subject matter experts – technical expertise



People who understand the business and industry nuances



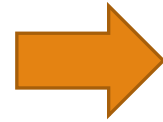
People who bring outside in perspective – industry best practices



The real benefit of RBIA – management buy-in



Preserving Shareholders Value



Growing Shareholders Value

Cybersecurity

Supply Chain
Disruptions

Climate Change

Attrition and
lay-offs

Business Opportunity

Collaboration
Exploring new markets

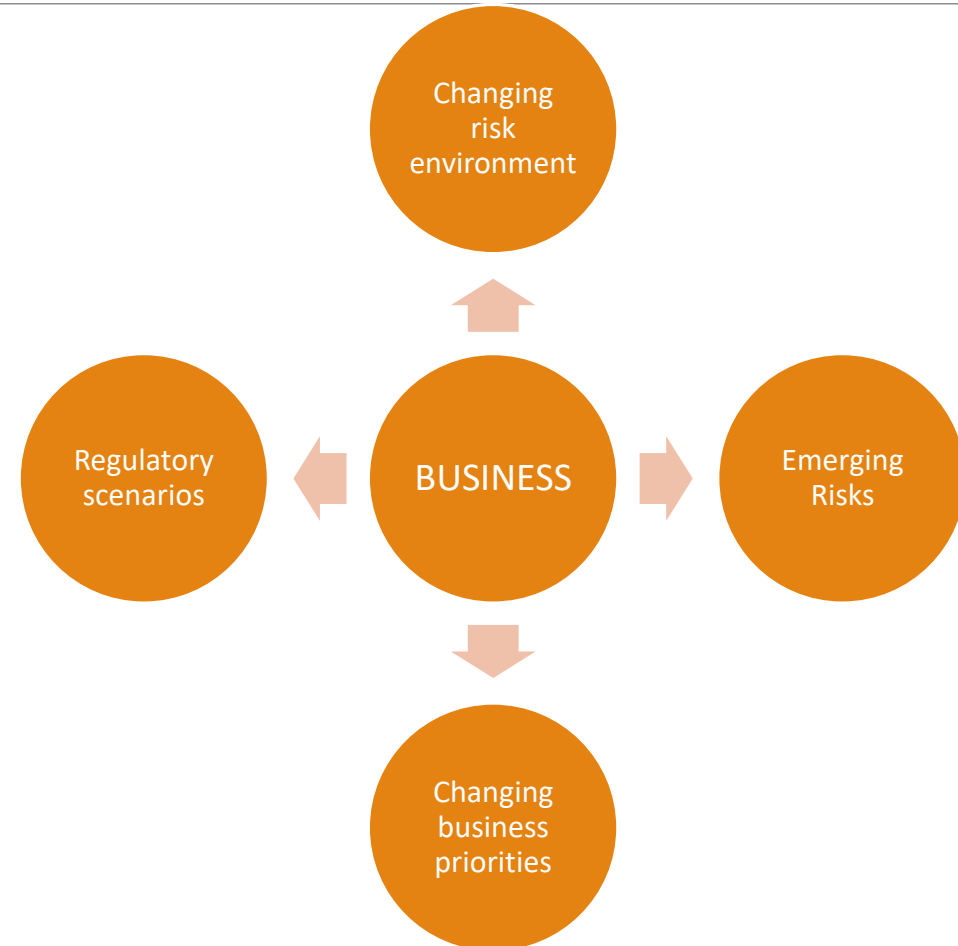
Sustainable Living
Reducing Carbon Footprints

Exploring Tier 2 cities' talent pool
Business restructuring

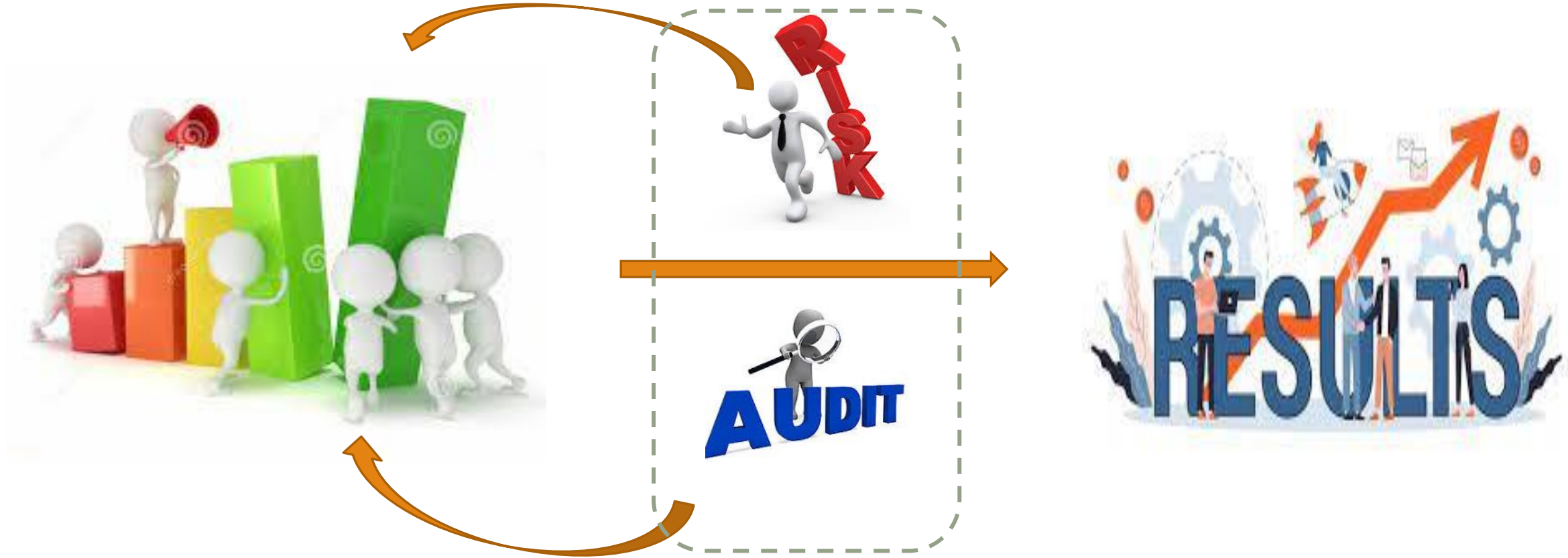
Embracing agility through RBIA

To achieve agility in a risk-based audit plan, it's important to have-

1. A robust and on-going risk assessment process
2. Regular communication and collaboration with key stakeholders
3. A flexible approach to resource allocation
4. Data Analytics – to indicate future trends and stay prepared as against post-mortem reporting
5. A change of approach from fault finding to business partnering



Business – Risk – Audit – The close connection



Examples of successful implementation of RBIA in Indian Corporates



TATA Steel risk profiling program at plant – ground force in action – bottom-up approach

[cs-tata-steel.pdf \(consultdss.com\)](https://www.consultdss.com/cs-tata-steel.pdf)

HDFC Bank's stress testing approach to Risk - stress testing based on topical themes driven by prevailing geo-political, macro-economic and sectoral trends



We understand your world

[HDFC Bank - Integrated Annual Report 2021-22](https://www.hdfcbank.com/annual-report-2021-22)

Examples of successful implementation of RBIA in Indian Corporates

The logo for Infosys, featuring the word "Infosys" in a blue, sans-serif font.

Infosys implemented a risk-based audit plan that focused on identifying and mitigating risks in their IT services and business operations.

[White paper on Infosys Enterprise Risk Management](#)

The logo for Reliance Industries Limited, featuring a stylized orange flame icon above the word "Reliance" in a large, black, serif font, with "Industries Limited" in a smaller, black, sans-serif font below it.

Reliance's integrated risk management aims at effective management of risks and also to capture opportunities

[RIL-IR2022-RiskAndGovernance.pdf](#)



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*Thank
you*

