STANDARD ON INTERNAL AUDIT (SIA) - 360 & 370

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TOPICS FOR DISCUSSION

STANDARD ON INTERNAL AUDIT **(SIA) 360** (COMMUNICATION WITH MANAGEMENT) & **(SIA) 370** (REPORTING RESULTS)

COMMUNICATION WITH MANAGEMENT

Introduction

- The Internal Auditor is required to have an effective two-way communication with the management, both while managing the internal audit function, and also while conducting an internal audit assignment. A continuous dialogue with management, at various stages of the internal audit process, is essential to the achievement of internal audit objectives.

Objectives :

- The objectives of this Standard to ensure the following:
- ✓ There is clarity and consensus between the Internal Auditor and the management regarding the scope, approach, objectives and timing of an internal audit.
- ✓ To help inform, persuade and act on matters important to the conduct of an internal audit by promoting a continuous dialogue and free flow of information between the Internal Auditor and management.
- ✓ To help resolve any conflicts in a timely manner.

Key Concepts :

- The Internal Auditor shall establish a written communication process and protocol with management, which is shared and agreed with them. All communication shall be clear, appropriate and in line with the agreed process and timelines.
- The Internal Auditor shall engage in periodic meetings with (management) to ensure progress is on track and concerns, if any in this regard, are addressed immediately
- The Chief Internal Auditor (or the Engagement Partner, in case of external service provider), shall play an active role in resolving conflicts through timely communication with management.

Key Concepts :

- Where matters required by this SIA to be communicated, are orally communicated, internal auditor shall document them and when and to whom they were communicated. Where matters have been communicated in writing, the auditor shall retain a copy of the communication as part of internal audit documentation.
- The process documentation shall outline the various modes and channels of communication, the periodicity and timelines for communication, and also cover certain essential information required to be communicated. Where essential matters are concerned, any verbal communication should subsequently be confirmed in writing and maintained as audit documentation.

KEY AREAS - AUDIT COMMUNICATION

- Meeting coordination calls

- In-person or face to face meetings

- Status update and Escalations

- Minutes and confirmations

- Protocols for external communications for balance confirmations

- Remote interaction protocols and recording of meetings

- Audit verifications and exchange of factual communications

- Informal interactions

- Committee/ Board interactions and protocols

- Flash and crisis related communication

- Joint audit communications and protocols

- Non- audit related – Essential information communication

SYNOPSIS OF STANDARD ON INTERNAL AUDIT (SIA) 370
REPORTING RESULTS

Introduction :

- This Standard on Internal Audit (SIA) deals with the internal auditor's responsibility to issue only that type of reports, where the Internal Audit Report pertains to specific audit assignments.
- As part of the periodic (e.g. Quarterly) reporting for the whole entity as per the Annual/Quarterly audit plan, the internal auditor may issue periodical reports.

Objectives :

- The Internal Auditor shall issue a clear, well documented Internal Audit Report which includes the following key elements:
  ✓ An overview of the objectives, scope and approach of the audit assignments;
  ✓ The fact that an internal audit has been conducted in accordance the Standards of Internal Audit;
  ✓ An executive summary of key observations covering all important aspects, and specific to the scope of the assignment;
  ✓ A summary of the corrective actions required (or agreed by management) for each observation; and
  ✓ Nature of assurance, if any, which can be derived from the observations. It shall be in line with Standard on Internal Audit (SIA) 110 "Nature of Assurance" as pre- agreed with the auditee at the planning stage.

Key Concepts :

- The content and form of the Internal Audit Report is to be established by the Internal Auditor based on his best professional judgement, in consultation with the auditee and, if necessary with inputs from other key stakeholders.
- No internal audit report shall be issued in final form unless a written draft of the report has previously been shared with the auditee.
- The internal audit report shall be issued within a reasonable time frame from the completion of the internal audit work.

KEY AREAS – REPORTING RESULTS

- Issuance of results in writing only post issuance of drafts

- Appropriate cross referencing of all observations with draft and final audit output

- Management action plans to be counter- signed by authorised personnel for confirmation purposes

- Draw linkages with other SIAs and also provide confirmation on adherence to SIAs

- Overall objective of SIA 370 is to highlight the effectiveness of internal controls and risk management processes to enhance governance in line with the Internal Audit Charter

SUMMARIZE KEY TAKE AWAYS !!!

THANK YOU

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Huzeifa is a persuasive leader who has 24 years of experience as a Chartered Accountant. As a founding & senior partner at JHS, he drives the group strategy, organizational transformation, growth of the practice, and practice innovations efficiently. Overseeing large clients and manages teams of key project executions.

Huzeifa also advises CEOs and sits on the Boards of Start Up Ventures in an advisory capacity. He is currently on the Advisory Board of a eLearning & Development Solutions, a Travel management company and a HR recruitment & advisory company. Huzeifa strongly believes in contributing back to the society and holds the position of Treasurer of a Trust involved in charitable activities.

Huzeifa has experience of handling versatile industries and people with International, large and medium-sized clients. As he has been undertaking professional assignments in Corporate Governance, Business Advisory, Fraud Investigations including Digital Forensics, Internal Audits, IT Advisory, SOX/ ICOFR implementation assistance and, SOC/ SSAE 18 attestations, Enterprise-wide Risk Management for ages. He has assisted state and government agencies in large value fraud investigations and has provided expert testimony as an IT Systems Auditor in a State Vs. Corporate litigation case.

Prior to JHS, he was one of the founder partners of NMAH & Associates LLP and VERITA Management Advisors Pvt. Ltd. And he was Partner & National Leader of Risk Advisory Services practice of BDO, India. There he crafted and led a large team of 250+ people. **He has always been passionate about his work which helped him** achieve the great milestone of being the youngest partner at Haribhakti & Co. There he led Information Systems & Risk Management Division. He was instrumental in setting up the first overseas branch office of the firm in the middle east. Huzeifa led the Business Risk Services division of Grant Thornton at the Mumbai office. He brought stability to the business unit and created a critical client mass in a short span of time.

Additionally, Huzeifa has made several notable contributions at C & AG, IIA, ICAI, BCAS, ISACA, CII, and other public & professional forums as a faculty, author, and research efforts. His contributions include assisting ICAI in updating the Technical Publication on Prevention of Money Laundering and co-authored Enterprise Risk Management Study Material for the CA Final exam. His paper about ROI on information technology is listed as reference material in the CISA study module by ISACA. He has served as an invitee member on the Internal Audit Standards Board of India and is currently serving as an invitee member the Financial & Tax Literacy Committee of ICAI. He has authored surveys and research publications on behalf of the IIA Research Foundation (Bombay Chapter). Huzeifa has been a faculty at the Economic Times Corporate Workshop on Prevention of Corporate Frauds.