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RSM

*Nina*

One of the  
RSM team



Outsourced internal audit  
delivery methodology



# Foreword

In a world of rapid technological change fuelled by innovation and automation, internal audit is a strategic asset. An effective internal audit function accelerates success by giving stakeholders confidence in their ability to meet objectives – and stay in control – no matter where the organisation's future path leads.

Our outsourced internal audit services are designed to ensure you receive an efficient and effective service with minimal disruption to your business. RSM has the experience, tools and dedicated full-time resources to help you succeed. We take the time to understand your unique business so that we can help you develop and implement a strategy that aligns with your goals and growth objectives.

Under the oversight of your appointed company executive, RSM will perform all the activities necessary to support your internal audit function. We have an agile methodology embedded in our day-to-day way of working, to enable us to move quickly and easily to meet and exceed your expectations. Our methodology allows us to integrate our tools and provides a platform for providing practical and pragmatic recommendations and **collaborate with management**, taking into consideration **“fit-for-purpose”**.

We established and delivered outsourced internal audit services consistent with the following:

- **Risk-Based Internal Audit Delivery Methodology** – forms the foundation for the delivery of services ensuring compliance with the Institute of Internal Auditors (“IIA”) and International Professional Practices Framework (“IPPF”). Our methodology is agile to accommodate the changing needs and priorities, and dynamic to evolve based on continuous feedback.
- **Our People** – our team have the capabilities and proven experience to meet your internal audit needs. Furthermore, this includes technical specialists with specific expertise that we will bring into the core internal audit team where required.
- **Client Service** – we work with you in the spirit of collaboration. We have the mechanisms in place to monitor level of client satisfaction and ensure that all feedback is responded to immediately.
- **Innovation and Technology** – we embrace the use of technology and innovation in the delivery of services to our clients too ensure that we maximise the value add provided to our clients.



**Jacob Elkhishin**

Partner  
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Senior Manager  
Internal Audit



# Our outsourced internal audit delivery methodology

It is essential that the new internal audit function is set up quickly and effectively and there is clarity about the respective roles, responsibilities and the expectations of you, as the client. We will:

## Methodology

1

Transition In

2

Development of the Internal Audit Plan

3

Agreed Annual Audit Plan

4

Scope of Internal Audit Plan

5

Executing internal Audit Fieldwork

6

Reporting / Outputs



# 1 Transition in

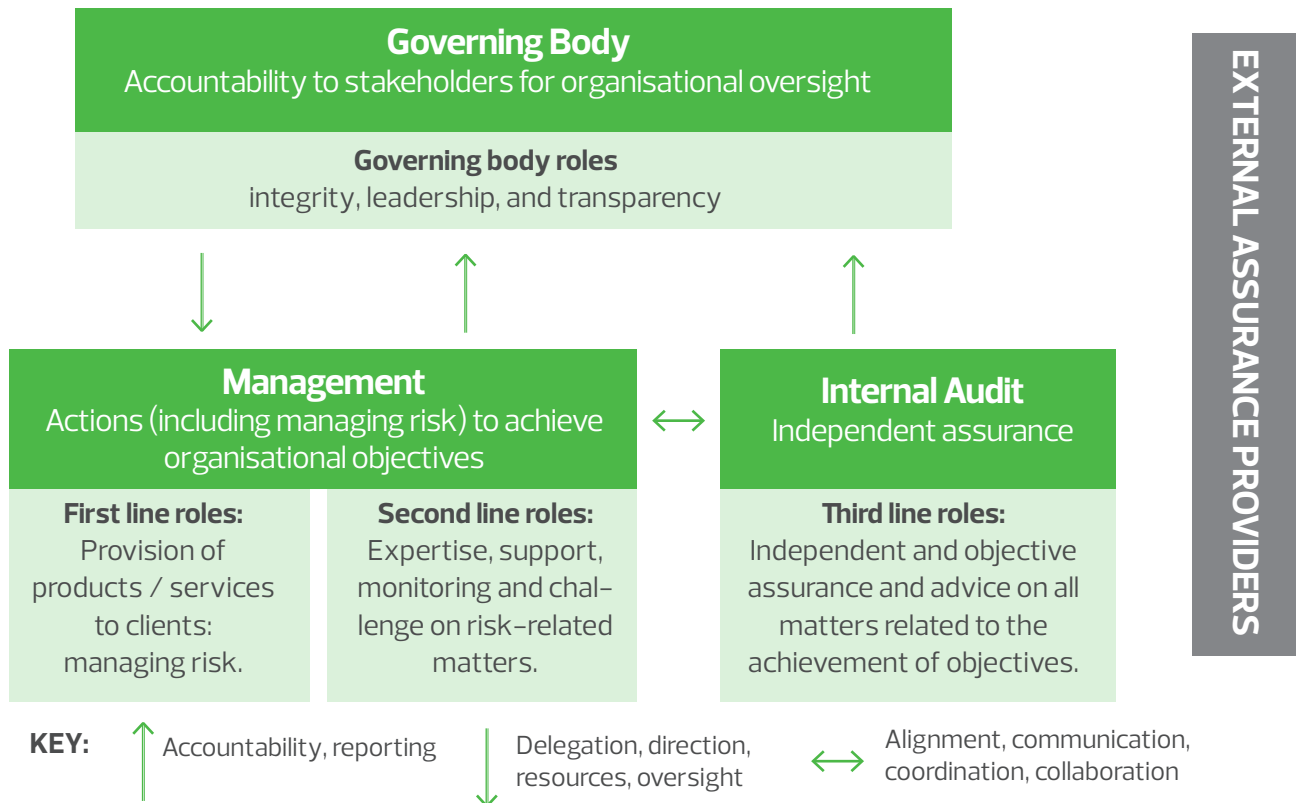
- Develop a formal structured "transition in" plan with you;
- Prepare formal Internal Audit Charter;
- Agree on timeframes;
- Agree on reporting formats and communication protocols within the organisation;
- Develop a Service Delivery Plan including documented roles, responsibilities and expectations;
- Arrange a group a meeting, where RSM is introduced to the Audit and Risk Committee ("ARC"), Executive Leadership Team and Senior Management Team.



# 2 Development of the Internal Audit Plan (rolling three year internal audit plan)

We will partner with you to develop your three year Strategic Internal Audit Plan ("SIAP"). The first step will be to conduct an assurance mapping exercise involving the Executive Leadership Team and Senior Management Team.

Our assurance mapping methodology utilises the Three Lines of Defence model (updated by the Institute of Internal Auditors in July 2020) where each risk is mapped to the assurance provided by each line of defence.



Source: Institute of Internal Auditors - Three Lines of Defence Model



For each key risk, we will capture methods and technologies used to obtain assurance and map assurance sources to each element in accordance with the Three Lines of Defence Model.

Following the assurance mapping exercise, we conduct a bottom-up and top-down assessment of current and any known emerging risks facing your organisation including:

- An assessment of your risks, including reviewing relevant business and risk documentation such as: risk registers, frameworks and publicly available information.
- A top-down assessment with consideration of key strategic and business risks, including meeting with key stakeholders across the organisation to provide an overview of the objectives, initiatives and related risks;
- Supporting you in achieving your strategic objectives and priorities through timely assurance over key initiatives and activities;
- Balancing operational and compliance activities with process / performance improvement focused projects. Internal audit types could include the following:
  - Health Check / Diagnostic
  - Standard Internal Audit
  - Compliance Audits
  - Project / Program Audits; and
  - Deep Dive Audits
- Mapping to the risk register to ensure that the assurance proposed to be gained over the period is consistent with the focus and objectives of the organisation and the ARC;
- Focus on your enablers of success including corporate and business systems, governance arrangements, planning and risk management arrangements; and
- The SIAP will then be submitted to the ARC for consideration for review and approval.

### 3 Agreed annual audit plan

Once the SIAP has been approved, an Annual Audit Plan will be derived from the SIAP and will:

- Be updated annually through discussions with the ARC, Executive Leadership Team and Senior Management Team;
- Reflect changes in priorities;
- Consider emerging issues and changes to risk profile;
- Consider organisational changes.

## 4 Scope of internal audit projects

- Planning is the most important phase. We will:
- Arrange to meet with Business Process owners (that will be subjected to the internal audit) to develop an internal audit scope;
- Prepare the internal audit scope based on scoping meetings and our experience of conducting similar reviews for other organisations. The internal audit scope will include the objectives, scope approach, team details and deliverables;
- Consider the incorporation of data analytics into the internal audit – we will integrate data analytics to deliver proactive and efficient assurance, continually looking to add value to your business by not only identifying risks and exceptions, but also inefficiencies in business processes and data quality issues that may be holding you back;
- Obtain formal sign-off and agreement from the Business Process owners prior to scheduling fieldwork.

## 5 Executing internal audit fieldwork

- Invite the Business Process owner and other key stakeholders to the "Entry" meeting;
- Internal audit fieldwork will involve information gathering, meetings with key stakeholders, documenting systems, processes and key controls, designing and performing detailed testing and identifying 'value add' opportunities;
- During the course of fieldwork, we will escalate significant issues as they arise, to keep you aware of preliminary findings adopting our "no surprises approach";
- Prepare an Exit Meeting agenda detailing preliminary findings which will be provided prior to scheduling the exit meeting;
- With user access to Auditor Assistant (RSM's Audit Management Tool), you will have the ability to review all working papers directly in the system prior to the exit meeting, to ensure the level of detailed work as per expectations has been achieved; and
- Invitation to the internal audit project exit meeting to be held with the Business Process owner and other key stakeholders (to attend when available) to close-off the internal audit project fieldwork and confirm the factual accuracy of our preliminary findings.

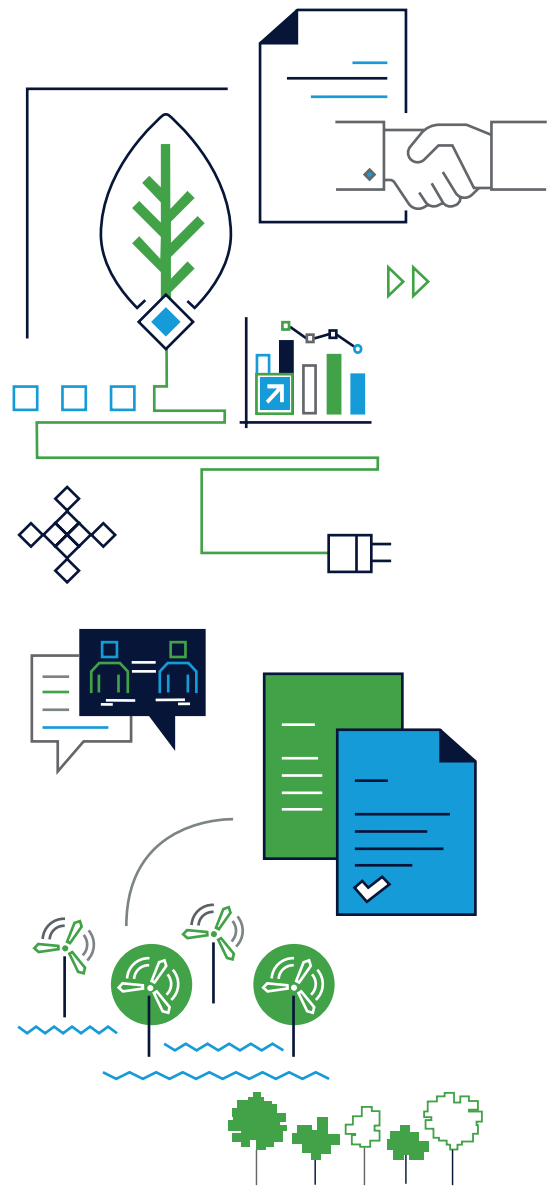
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## 6 Reporting/outputs

- Prepare Draft Internal Audit Report highlighting efficiencies (or otherwise) in the design of controls and effectiveness of operation to those key controls;
- Draft Internal Audit Report issued for consideration, suggested additions and amendments, including obtaining management comments;
- Finalise Internal Audit Report, which includes management comments, agreed actions, the responsible action officer and a timeframe for implementation of agreed remedial action;
- Ensure Internal Audit Reports are provided prior to each agenda deadline for the ARC quarterly meetings;
- Maintenance of Internal Audit Action Tracker (if required). The Tracker include details such as information on the finding, agreed management actions, responsible person for actions, agreed timelines for implementation of actions and status.
- We will develop customised ARC Update Papers and Dashboard Reports (if required) providing overview and progress of internal audit activity against the Annual Internal Audit Plan, as well as insights on risk themes and cultural indicators;
- RSM Engagement Partner to present at ARC quarterly meetings (if required) and address any questions.





## Our Expertise

RSM is uniquely placed in the Australian Accounting Profession as a national partnership with over 220 Partners and Directors and over 1,800 staff operating out of 32 offices throughout Australia. This includes representation in all of Australia's major capital cities. RSM is an award winning professional services firm. Throughout our history, we have strived to deliver highly personalised service to each and every client – a principle which pioneered our success over +100 years ago.

RSM is the 6th largest global audit, tax and consulting network including the world's top 40 major business centres – to help guide clients through business challenges, both locally and seamlessly across borders.

We provide a full range of services, including:

- Internal Audit Services
- Enterprise Risk Management and Corporate Governance;
- Business Continuity Management and Disaster Recovery Consulting;
- Project Assurance;
- Cyber security, IT architecture, general controls and application controls reviews;
- Fraud & Forensic Services including forensic accounting, system reviews, fraud investigations, fraud and corruption risk assessments;
- Probity Advice and Audit;
- Data Analytics and Digital Transformation;
- Health Safety Compliance;
- Environmental Consulting;
- Corporate Finance and Valuations;
- Compliance Management and Assurance; and
- Crisis and Emergency Management Consulting.



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