
Benefits of Risk Management to Internal Audit

**Presentation to IPA Governance Forum by
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**Reduces risk of auditing the
wrong things**

Any Questions !

An Post Assurance Framework

- **Audit and Security Committee**
- **Senior Management**
- **External Audit**
- **Internal Audit**
- **Security Services**
- **Risk Management Activities**
- **Other Compliance Functions**
 - **Financial Regulatory Compliance**
 - **Data Protection**
 - **Anti Money Laundering**

An Post Assurance Framework



An Post Risk Management Process

- **Corporate Level Risk Register**
- **Risk Register reviewed biannually by management coinciding with the strategic planning processes**
- **CEO reports results of Interim and Annual Reviews to Board**
- » **Ensures the Board and management maintain focus on managing key business risks**

Internal Audit & Risk Management

- **Internal Audit to facilitate Risk Management until 2010**
 - **Build on Corporate Risk Register to imbed awareness and formal risk management techniques throughout An Post**
 - **2008 Directorate level risk register encompassing a significant portion of our Financial Operations**
 - **Currently working on risk registers to cover key operational risk areas**
- **Need to manage risk to independence of the Internal Audit function arising from direct role in Risk Management**

Benefits to Internal Audit

- **Strategic Internal Audit Planning**
- **Audit Assignment efficiency and effectiveness**
- **Management of the Internal Audit function**

Strategic Internal Audit Planning

- **Three year rolling Strategic Internal Audit Plan**
- **Applying a risk based approach to our audit universe, plus stakeholder expectations**
- **The Risk Register helps ensure the completeness of our audit universe and informs our assessment of the materiality of items in the universe**
- **Our involvement in the risk management process**
 - **Provides additional sources of information regarding developments within the company**
 - **Enables us to highlight to the Audit Committee areas of risk that will not be covered within our strategic plan**
 - **Bi-annual review of Risk Register allows us adapt our audit plan**

Strategic Internal Audit Planning

- **Risk Management helps the Audit Committee fulfill its corporate governance role**
 - Informs decisions on approval of Internal Audit strategic plans
 - Identify risks where Internal Audit are not best placed to provide assurance
 - Co-ordinates management and assurance activities to cover the key risks to the business
- **Risk Management thereby significantly reduces the risk that we will audit the wrong things and provide assurance that is not required**

Audit Assignment Efficiency & Effectiveness

- **Through senior managers engaging in the risk management process the 'tone at the top' filters down (for better or worse)**
- **Risk management forces line management to evaluate their risks and document their controls**
- **Local Risk Registers identify managements understanding of their key risks and controls**
- **Provides audit teams with a good starting point for their work programmes and an understanding of the control environment within the areas being audited**
- **Areas that review their processes tend to have a better culture of compliance with these processes**
- **All leading to more cost effective and focussed audit assignments**

Management of Internal Audit

- **Applied risk management techniques within unit, findings were shared with stakeholders**
- **Identified risks that were fundamental and required action to mitigate them**
- **Highlighted importance of;**
 - **Providing assurance in the right areas**
 - **Communication with clients**
 - **Staff training and succession planning**
- **A number of communications lines and processes have been improved**
- **An action plan has been agreed with the Audit Committee**

Summary

- **Benefits of risk management to Internal Audit are;**
 - **Strategic Internal Audit Planning**
 - **Audit Assignment efficiency and effectiveness**
 - **Management of the Internal Audit function**
- **The extent of the benefits are dependent on;**
 - **Level of engagement by senior management**
 - **How far down the organisation formal risk management techniques are applied**
 - **How much knowledge Internal Audit has of the risk management process**

Thank You

Any Questions?

