



DIPLOMA COURSE

In

Internal Audit

Course Contents:

Each paper will carry 100 marks.

Paper-I Nature of Internal Audit:

- I. **Nature of Internal Audit:** Definition of Internal Auditing, Evolution of Internal Audit, Need of Internal Audit, Code of Ethics. The Ethical climate, Investigate and recommend resolution for ethics/compliance complaints, Determine disposition of ethics violations, Foster healthy ethical climate, Maintain and administer business conduct policy, Define Report on compliance, Strategic and operational roles of Internal Auditor. Difference between Systems audit and Risk Based Internal Audit, Internal Auditor Vs Statutory Auditor, Internal Auditor Vs Cost Auditor.
- II. **Internal Controls:** Internal Control Framework, Internal Control techniques, designing the control process and Managerial controls, Control process Hierarchy, Communication Structures in Support of the Control process- Impact of Information Technology on Control Systems, Alternative control frame works. Role of Internal Auditors in implementing internal controls in the organization. COSO Internal Control - Integrated Frame work
- III. **Corporate Governance:** Importance of Corporate Governance, Corporate Governance principles, Different Systems of Corporate Governance, Role of Internal Auditor in Corporate Governance.

- IV. Risk Management:** Risk vocabulary and concepts, Process of identifying different risks in the organization, Financial Risk Management, Risk Financing, Economics of the Risk Financing. Risk Management Techniques, Risk /control implications of different organizational structures, Risk/control implications of different leadership styles. Financial Position of the organization. External factors affecting Risk Financing, COSO Risk Management Frame work. Role of the Internal Auditor in Risk management.
- V. Understand the internal Audit Activity's Role in organizational Governance:** Role of internal auditor in obtaining board approval of audit charter, Organizational Structure of Internal Audit. Report significant audit issues, Communicate key performance indicators to board on a regular basis, Discuss areas of significant risk, and Support board in enterprise-wide risk assessment.

Paper-II: Internal Audit Practice

- I. Planning and Process of the Internal Audit:** Initiate Preliminary communication with engagement client, Conduct a preliminary survey of the area of the engagement. Establishing/ refine engagement objectives and identify/ finalize the scope of engagement. Internal audit planning process. Long term planning vs Short term planning, Internal Audit Engagement planning- planning for staffing and other resources requirements, establishing adequate planning and supervision of the engagement, Preparing the Audit work program
- II. Data Collection and Analysis:** Sources of collection of data, evaluate the relevance, sufficiency and competence of evidence, Analyze and interpret data, Develop working papers, Review of working papers, communicate the interim progress, Draw conclusions
- III. Tools and techniques for conducting the Audit Engagement: Sampling –** Nonstatistical, Statistical, Statistical Analysis. Data gathering tools-Interviewing, questionnaires, checklists. Analytical review techniques- Ratio estimation, variance analysis,
- IV. Frauds and their management:** Determining the need for Fraud Investigation, Common types of Fraud, Fraud risks per engagement Area. Fraud Investigation- Determine parties to be involved with investigation. Establishing facts and extent of fraud. Interrogation/ Investigation Techniques. Uses of computers in

analyzing data. Report out comes to appropriate parties. Process review to improve controls to prevent fraud and recommend changes. Forensic Audit

V. **Other Types of Audits:** Internal Audit of banks- Stock and receivables audit, Concurrent audit. Social Audit, Human Resources Audit, Environment Audit, Cost Audit

VI. **Internal Audit and Information Technology:** Control frameworks Data and network communication/connections-LAN, VAN and WAN. Electronic Fund transfer, e-commerce, Information protection-Virus, Privacy etc. Operating systems, ERP software, hacking.

VII. **Internal Auditing Standards**

Paper-III: Internal Audit Report preparation

I. Skills for Internal Audit Report Preparation

- ❖ Technical skills
- ❖ Soft Skills
- ❖ Information technology skills

II. Internal Audit Report Preparation

- ✓ Purpose and objective of Internal Audit Reporting
- ✓ Internal Audit report standards

III. Presentation of Internal Audit Report.

- ❖ Contents of the internal audit report
- ❖ Presentation of the internal audit report
- ❖ Monitoring recommendation

IV Practices and techniques followed in public sectors and not for-profit organizations

V. Case Study / Project

Project

Every student will be required to complete a project on Internal Audit before or after passing written examinations. The candidate will register his/her project with the Institute and

shall commence working on the same after receiving approval from the Director (Advanced Studies). He/she will submit the project report within six months from the date of the issuance of the approval by the Director (Advanced Studies).

Note: No CEP Credit Hours will be awarded to Members pursuing or completing this course.

Schedule of Webinars for Diploma programme in Internal Audit

| S.No | Topic | No. of Hrs |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Paper: Nature of Internal Audit | | |
| 1. | Nature of Internal Audit: Definition of Internal Auditing, Evolution of Internal Audit, Need of Internal Audit, Code of Ethics. The Ethical climate, Investigate and recommend resolution for ethics/compliance complaints, Determine disposition of ethics violations, Foster healthy ethical climate, Maintain and administer business conduct policy, Define Report on compliance, Strategic and operational roles of Internal Auditor. | 10 hrs |
| 2. | Nature of Internal Audit: Difference between Systems audit and Risk Based Internal Audit, Internal Auditor Vs Statutory Auditor, Internal Auditor Vs Cost Auditor. | 6 hrs |
| 3. | Internal Controls: Internal Control Framework, Internal Control techniques, designing the control process and Managerial controls, Control process Hierarchy, Communication Structures in Support of the Control process- Impact of Information Technology on Control Systems, Alternative control frame works. Role of Internal Auditors in implementing internal controls in the organization. COSO Internal Control - Integrated Frame work | 16 hrs |

| | | |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| | | |
| 4 | Corporate Governance: Importance of Corporate Governance, Corporate Governance principles, Different Systems of Corporate Governance, Role of Internal Auditor in Corporate Governance. | 8 hrs |
| 5 | Risk Management: Risk vocabulary and concepts, Process of identifying different risks in the organization, Financial Risk Management, Risk Financing, Economics of the Risk Financing. Risk Management Techniques, Risk /control implications of different organizational structures, Risk/control implications of different leadership styles. | 12 hrs |
| 6 | Risk Management: Financial Position of the organization. External factors affecting Risk Financing, COSO Risk Management Framework. Role of the Internal Auditor in Risk management. | 8 hrs |
| 7 | Understand the internal Audit Activity's Role in organizational Governance: Role of internal auditor in obtaining board approval of audit charter, Organizational Structure of Internal Audit. | 8 hrs |
| 8 | Understand the internal Audit Activity's Role in organizational Governance: Report significant audit issues, Communicate key performance indicators to board on a regular basis, Discuss areas of significant risk, and Support board in enterprise-wide risk assessment. | 8 hrs |
| Total | | 76 hrs |
| Paper-II :Internal Audit Practice | | |
| 9. | Planning and Process of the Internal Audit: Initiate Preliminary communication with engagement client, Conduct a preliminary | |

| | | |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| | survey of the area of the engagement. Establishing/ refine engagement objectives and identify/ finalize the scope of engagement. | 6 hrs |
| 10. | Planning and Process of the Internal Audit: Internal audit planning process. Long term planning vs Short term planning, Internal Audit Engagement planning- planning for staffing and other resources requirements, establishing adequate planning and supervision of the engagement, Preparing the Audit work program | 6 hrs |
| 11. | Data Collection and Analysis: Sources of collection of data, evaluate the relevance, sufficiency and competence of evidence, Analyze and interpret data, Develop working papers, Review of working papers, communicate the interim progress, Draw conclusions | 8 hrs |
| 12. | Tools and techniques for conducting the Audit Engagement: Sampling – Nonstatistical, Statistical, Statistical Analysis. Data gathering tools-Interviewing, questionnaires, checklists. Analytical review techniques- Ratio estimation, variance analysis, | 10 hrs |
| 13. | Frauds and their management: Determining the need for Fraud Investigation, Common types of Fraud, Fraud risks per engagement Area. Fraud Investigation- Determine parties to be involved with investigation. Establishing facts and extent of fraud. Interrogation/ Investigation Techniques. Uses of computers in analyzing data. Report out comes to appropriate parties. Process review to improve controls to prevent fraud and recommend changes. Forensic Audit | 8 hrs |

| | | |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| | Frauds and their management: Establishing facts and extent of fraud. Interrogation/ Investigation Techniques. Uses of computers in analyzing data. Report out comes to appropriate parties. Process review to improve controls to prevent fraud and recommend changes. Forensic Audit | 8 hrs |
| | Other Types of Audits: Internal Audit of banks- Stock and receivables audit, Concurrent audit.Social Audit, Human Resources Audit, Environment Audit, Cost Audit | 8 hrs |
| | Internal Audit and Information Technology: Control frameworks Data and network communication/connections-LAN, VAN and WAN. Electronic Fund transfer, e-commerce, Information protection-Virus, Privacy etc. Operating systems, ERP software, hacking. | 10 hrs |
| | Internal Auditing Standards | 4 hrs |
| Total | | 68 hrs |
| Paper III: Internal Audit Report Preparation | | |
| | Skills for Internal Audit Report Preparation <ul style="list-style-type: none"> ✓ Technical skills ✓ Soft Skills ✓ Information technology skills | 6 hrs |
| | Internal Audit Report Preparation <ul style="list-style-type: none"> ✓ Purpose and objective of Internal Audit Reporting ✓ Internal Audit report standards | 6 hrs |
| | Presentation of Internal Audit Report. | |

| | | |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| | <ul style="list-style-type: none"> ✓ Contents of the internal audit report ✓ Presentation of the internal audit report ✓ Monitoring recommendation | 8 hrs |
| | Practices and techniques followed in public sectors and not for-profit organizations | 4 hrs |
| Total | | 24 hrs |
| Grand Total | | 168 hrs |

There will be 72 hrs of contact sessions, 6 hrs per month at the places where at least 10 candidates enroll in to the programme.