

Internal Audit Capability Model (IA-CM) for the Public Sector
Detailed Key Process Areas

Professional Practices
Level 3 – Integrated
Risk-based Audit Plans

Purpose — To systematically assess risks and focus the priorities of the IA activity’s periodic audit and services plan on risk exposures throughout the organization.

Essential Activities

- Conduct a periodic risk assessment by:
 - Updating the audit universe.
 - Identifying the audit entities where exposure to risk is highest.
 - Determining the likelihood that the identified risk could become a significant or pervasive deficiency impacting on the achievement of the audit entity’s objectives.
 - Identifying the risk responses put in place or actions taken by management to address or manage such risks.
 - Identifying the need for additional or different risk responses.
- Include as audit engagements in the periodic audit and services plan those audit entities where risk exposure to the organization is high and/or management risk responses are not considered appropriate.
- Compare the audit and services plan with the organization’s strategic goals and objectives to ensure both are aligned.
- Obtain senior management and/or board approval of the plan.

Outputs

- A periodic internal audit and services plan based on risk exposures throughout the organization.
- Communication of risk and control information to appropriate parties within the organization.

Outcomes

- Understanding the organization’s risks and opportunities and contributing to management’s mitigation of them, thereby improving overall risk management and control systems.

Institutionalizing Practice Examples

- Senior management support for a risk-based audit plan based on the IA activity’s periodic risk assessment.
- Documented procedures for conducting the periodic risk assessment.
- Training on risk-based audit planning.