About This Course

Course Description
In today's audit environment there is a lot of discussion around audit functions “adding value.” Audits are time consuming, can be expensive, and often are a source of frustration for the audit client. Why? As auditors, we often hear that the “auditor just doesn’t understand my business.” The business can feel this way as a reaction to the proposed action and remediation plan. If an audit team doesn’t perform effective root cause analysis, then the recommended action often will not solve the root cause of the issue and problems will persist.

To truly add value, an audit must address the root causes of the issues and exceptions identified, not just the symptoms. This course is designed to introduce internal audit staff and management to the various tools and methodologies used for root cause analysis and how to apply them to the audit process. Participants will learn interactively through a combination of lecture, case studies, and exercises.

Course Description
- Explain Root Cause Analysis (RCA).
- Describe the various tools and methodologies that can be utilized for RCA.
- Discuss how RCA can be applied within audits.
- Recognize when to use RCA in internal audit.
- Identify the common challenges when using RCA.
- Apply RCA in practice.
Course Topics

Understanding Root Cause Analysis (RCA)
- What is it?
- A very brief history and background of RCA
- Why should it be done?

RCA in Internal Audit – Why?
- Business responsibility or internal audit?
- Adding value
- When should you conduct an RCA?
- At what point in an audit should the RCA be conducted?
- When to use RCA outside of an audit

Standards and Best Practices
- Overview of current IIA guidance
- IIA Implementation Guide 2320 – Analysis and Evaluation

RCA Methodologies & Techniques Most Common in Audit
- The 5 Whys
- Flowcharting – process flow, system flow, data flow
- Fishbone diagrams
- Pareto
- The 5 Cs

Other RCA Methodologies
- Failure Mode and Effect Analysis
- SIPOC
- Statistical Correlation
- Fault Tree Analysis
- Lean Six Sigma – critical to quality
- Normal Accident Theory

The RCA Process
- Define the issue.
- Diagnose the issue using one of the methodologies.
- Identify potential alternate solutions/recommendations.
- Determine if an interim or permanent solution is viable.
- Ensure appropriate controls for recommended solution.
- Lessons learned
Adding Value – Linking Root Cause to Findings and Objectives

- Link the finding to its root cause.
- Link the finding and root cause to the audit and business objectives.
- Understand the control failure root causes.
- Link control failure root causes to COSO 2013.

Common Challenges and Obstacles

- Environmental obstacles
- Common mistakes
- Biases that impede RCA
- Drawing the wrong conclusion
- Resolutions that don’t resolve the issue
- Communication – interviewing, Q&A, follow up

Communicating Root Causes

- Results
- Including root cause in the audit report
- Action plans
- Difficult situations

Course Information

Course Duration: 2 Days

CPE Hours Available: 16

Knowledge Level: Intermediate

Field of Study: Auditing

Prerequisites: Auditors with at least one year of experience to draw upon their professional audit knowledge

Advance Preparation: None

Delivery Format: On-site Training (Group-Live)