

Audit Evidence & Professional Judgment: How to Effectively Use Critical Thinking

Course Description

One of the most difficult skills associated with auditing is determining the propriety of audit evidence; does it support the audit objective, is it enough, is it too much and inefficient, and how does professional judgment affect the quality and quantity of auditing procedures. This session will provide you with skills and techniques necessary to identify the appropriate evidence to support the audit conclusion. The tools and techniques shared will also provide you with approaches to guide your use of critical thinking skills to facilitate decision making and gathering of audit evidence. Real life examples of strong and weak evidence will be provided to further the learning process. Finally, the course will be interactive and provide opportunities for you to practice what you learn.

In this training, we will discuss the following important issues:

- Provide an annual risk assessment process example and review the basics of risk-based auditing
- Review the importance of appropriate, competent, sufficient, relevant, useful and persuasive audit evidence
- Discuss the meaning and application of professional judgment
- Identify the types of evidence and discuss methods, techniques and tools to gather information to support audit objectives/results
- Learn why and how auditors can improve professional skepticism
- Provide examples of the link between methodologies and evidence gathered to support audit results
- Identify types of decisions faced by auditors and important differences in the approach
- Provide a sample of the critical thinking process
- Demonstrate how critical thinking helps improve audit evidence and the audit process
- Provide samples of how root cause analysis can be used in the audit process
- Compare and contrast auditor judgment and critical thinking skills
- Review/learn ways to develop critical thinking to enhance the audit process
- Identify how mind mapping can be used to improve the audit process
- Demonstrate how to determine that the evidence gathered is appropriate, competent, sufficient, relevant, useful and persuasive to support audit conclusions

Learning Objectives

- Identify the different types of evidence and how to best use them during the audit process
- Understand the importance and use of evidence during audit engagements
- Learn new methods and approaches to gather evidence
- Obtain the steps of a critical thinking process
- Develop critical thinking skills for future use (including root cause analysis, mind mapping, lateral/reflective thinking, etc.)

- Learn techniques/exercises to strengthen your critical thinking
- Use the tips, tools and techniques to gather audit evidence that is appropriate, competent, sufficient, relevant, useful and persuasive to support audit results

After completing this training, you will be able to

- Gather better evidence to support audit issues, findings and conclusions
- Use risk-based auditing throughout the audit process
- Strengthen your professional judgment and demonstrate better use auditor skepticism
- Consider what is the right amount of evidence and the impact of gathering too much evidence
- Learn the value of using critical thinking throughout the audit process
- Use critical thinking to enhance audit evidence & strengthen decision making
- Understand how professional judgment & critical thinking are alike and similar
- Better identify root causes
- Become more efficient/effective in carrying out audit responsibilities

Who Should Attend

- Internal audit staff and management

Prerequisites:

Auditors with at least 2 years' experience in order to draw upon their professional audit experience.

Level: Intermediate

Field: Auditing

CPE Credits: 16 (800 minutes) 2 - Days

Delivery Method: Live – Group

Course Outline

Audit Evidence

- Why important?
- Different types of evidence
- Methods to gather evidence
- Best types of evidence
- Discuss books of original entry and why understanding that is important
- Review the red flags of fraud
- Determine and review audit evidence that is appropriate, competent, sufficient, relevant, useful and persuasive to support audit conclusions – examples provided

Professional Standards

- Applicable Standards related to evidence
- International Professional Practices Framework (IPPF) that includes the International Standards for the Professional Practice of Internal Auditing - IIA
- Government Audit Standards – GAO
- IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals– ISACA

Professional Judgment

- What is professional judgment?
- How it use it?
- Developing/strengthening professional judgment
- Examples to reinforce use
- Auditor Skepticism
 - ✓ What is auditor skepticism?
 - ✓ How does it impact performance of audit activities?
 - ✓ When and how to use it?
 - ✓ How to strengthen skepticism in audits?

Linking Methodologies and Evidence Gathered

- Review traditional evidence & processes/tips in gathering evidence
- Identify the best & most efficient way to gather needed evidence
- Develop a testing plan/approach
- Share methods & identifying practices/examples to gather appropriate, competent, sufficient, relevant, useful and persuasive evidence
- Link the audit objective and the evidence gathered

Critical Thinking

- What is it?
- Provide key terms/definitions
- Identify how critical thinking strengthens the evidence gathering process
- How to use root cause analysis in the audit process
- Provide the similarities & differences between auditor professional judgment & critical thinking skills
- Review/receive samples of mind maps and learn how to use mind mapping in the internal audit process
- Identify ways to use critical thinking to enhance the audit process
- Provide critical thinking process examples that help reduce auditor bias
- Learn how to use critical thinking in the audit process and everyday life
- Exercises/case studies will be used to reinforce the learning objectives

Strategy/Strategic Thinking

- Why auditors should better understand strategy
- Auditing strategic areas/strategic auditing
- Strategic thinking – What is it & How to develop it?