



IIA Finland – Audit best practices and the IIA IPPF for 2017

I am very much looking forward to coming to Helsinki again for a workshop in September 2017. We will discuss Audit best practices based on my work for the IIA in Belgium, Bulgaria, France, Norway, Sweden, Switzerland and the UK as well as the new International Professional Practices framework.

Come and learn about innovative auditing practices there that you may find of interest. Here is an example of one topic we will cover: Root Cause Analysis.

I ran Root Cause Analysis (RCA) workshop in London recently, with participants from the Financial services sector, Oil and Gas and Public sector. All those attending agreed that proper RCA was important to get to the heart of issues and to enable Internal Audit to provide insights.

Over the course of the workshop participants learned a range of practical approaches to effective RCA, but the key underlying messages were:

- Finding repeating issues (“Groundhog Day”) is often symptomatic of the need to enhance RCA;
- Just because you have found one remedial action to a problem, you may still not have reached the real root cause(s)
- There is no such thing as a single root cause to a problem – specifically there will be:
 - Why did the issue happen? and
 - Why was the issue missed?
- RCA can often *speed up* audit assignments - which is often the opposite of what people think.

In one exercise during the day participants identified the most common issues that kept recurring in their organizations. Common themes included:

- ✓ Salaries, bonuses and allowances overpaid
- ✓ Policy non-compliance
- ✓ IT security issues
- ✓ User Access issues
- ✓ Overdue receivables
- ✓ Customer due diligence issues
- ✓ Project issues
- ✓ Past audit findings not properly closed

And then participants worked through one of the RCA techniques and came up with the following list of root causes:

Why did it happen	Why wasn't it spotted earlier/stopped?
Targets too ambitious	And.. Unclear KRIs that the targets were going to be missed
Accountability unclear	And.. Importance was not understood
Limited guidance on the proper process	And.. Unclear accountabilities to recognize it was causing operational problems
No robust milestones	And.. Planning not seem to be a priority
Unclear roles and responsibilities	And.. No robust Management Information
Poor understanding of roles	And.. Poorly designed controls
In a rush given time/resource	And.. No KPIs/KRIs in some key areas
No penalty if there were delays	And.. Unclear who was responsible for the delays (roles and responsibilities)
Roles and responsibilities not set at the right level	And.. Unclear process regarding how to deal with resourcing issues

What we can see from this list is *a significant amount of similarity in relation to underlying causes*, despite the fact the surface problems are very different. And what should also be clear is that *one root cause alone will usually never be enough to cause a recurring problem* – it needs at least one “friend” to help it hide and stay unnoticed.

This is just one of the areas we will cover at the workshop, but I hope it will shows how important this technique is in order to enable us to add insights – one of the key requirements from the new International Professional Practices framework.

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