



Critical Thinking in the Audit Process

About This Course

Course Description

In *The IIA's Global Internal Audit Competency Framework*, critical thinking is one of the key required personal skills identified — and most organizations consider it an indispensable skill for their internal auditors. Critical thinking leads to improved decision-making and can result in better organizational performance. In this course, we will examine the various facets and components of this important core competency.

Effective critical thinking involves collecting and analyzing information, drawing compelling conclusions, and providing recommendations. It helps not only drive personal success but also better enables companies to achieve their strategic objectives. Critical thinking is often the central ingredient necessary for providing insights that help management better manage risk and create a sustainable control environment.

This course demonstrates how critical thinking can be weaved throughout key elements of the audit process such as risk assessments, interviewing, testing and analysis, process documentation, and reporting. Critical thinking is disciplined thinking that is clear, rational, open-minded, and informed by evidence, which makes it ideally suited for application in an audit setting. The critical thinking concepts and practices presented are designed to enhance audit effectiveness and deliver measurable value to audit customers that win internal audit a seat at the table for key business decisions.

This course is designed for:

- Chief audit executives who would like to incorporate critical thinking into the internal audit strategy and methodology of the department, in addition to the recruiting, training, and evaluation of audit staff.
- Audit managers interested in learning how to integrate critical thinking throughout the stages of the audit cycle — from risk assessments to reporting.
- Lead auditors who want to employ critical thinking skills in conversations with management and in the development of audit observations.
- Senior and staff auditors seeking an opportunity to enhance their audit interviewing techniques and the quality of their workpapers.



Course Objectives

- Develop an understanding of the art and science of critical thinking along with supporting tools and techniques.
- Practice the application of critical thinking skills, tools, and techniques in various scenarios encountered on internal audit engagements.
- Build the foundation for increasing the effectiveness of your audit strategies and delivering value-added results.
- Learn the purpose, importance, and key terms of critical thinking.
- Explore the relevant IPPF *Standards* and related Implementation Guidance and Practice Guides.
- Understand the importance of embedding critical thinking into the preparation of process and testing documentation.
- Identify opportunities to utilize critical thinking throughout the audit process to enhance the reporting of audit results.
- Learn The IIA's "VALU™ Model for Critical Thinking in the Audit Process."



Course Topics

Critical Thinking Overview

- Critical thinking defined
- Critical thinking as a personal skill identified in *The IIA's Global Internal Audit Competency Framework*
- Purpose and importance of critical thinking
- Relevant IPPF *Standards* and the related Implementation Guidance and Practice Guides
- Eight elements of thinking and intellectual standards
- Critical thinking in relation to the “Pyramid of Internal Audit Maturity”

Biases and Fallacies

- Biases that inhibit critical thinking
- Fallacies that can potentially be employed to avoid critical thinking
- The IIA's “VALU™ Model for Critical Thinking in the Audit Process”

Risk Assessments and Critical Thinking

- Enterprise risk management (ERM) risk model
 - Identifying critical thinking questions for objectives, risk identification, risk measurement, risk prioritization, and risk responses
- Critical thinking to view risk through the lens of “Patterns of Change”
 - Determining where an organization is on the S-curve of risk

Critical Thinking During Interviewing

- Active listening skills
- Neurolinguistic programming
- High-gain questioning
- Business process – Understanding critical thinking questions

Embedding Critical Thinking in Process Documentation

- RACI model, SIPOC diagram, and organizational charts
- Value stream analysis with flowcharting
- Spaghetti diagrams to capture spatial relationships

Using Critical Thinking in Testing and Analysis

- Data analytics
- Root cause analysis tools and techniques
- Fishbone diagram and fault tree analysis vs. 5 Whys for multiple root causes
- Pareto charts
- Critical thinking questions for the testing phase
- Business process improvement – Critical thinking questions



Applying Critical Thinking in Reporting

- Purpose and importance of business intelligence
- Business process – Critical thinking questions for reporting
- The 5 Cs
- Creative problem solving
- Payoff matrix

Course Information

Course Duration: 2 Days

CPE Hours Available: 16

Knowledge Level: Intermediate

Field(s) of Study: Auditing

Prerequisite(s): Participants should have 3–5 years' experience in internal audit.

Advance Preparation: None

Delivery Format(s): On-site Training (Group-Live); Seminar (Group-Live)