

**SO WHAT !!!**

I have been an examiner for the IIA Advanced Diploma in Internal Auditing and Management for the last four examination series. As an examiner, it is my responsibility to set topical and relevant questions, provide a suggested answer guide, mark the candidates' scripts and provide comments on the standard of the examination scripts after they have been marked. When setting the questions I do so in the hope that I can challenge candidates' skills, knowledge and capabilities, to see if they can make the step up from the level of the IIA Diploma in Internal Audit Practice.

There is a difference ó in fact a big difference - in making that step up. Whereas the IIA Diploma level will test the more theoretical side of internal auditing and risk management, the IIA Advanced Diploma level really tests the practical application of candidates' skills and knowledge in (sometimes) real life company or business scenarios.

Being a relatively old fogey (well in my children's eyes at least as I'm just over 40 years old!) I see similarities in the experience of taking an IIA Advanced Diploma paper compared to the IIA Diploma papers with that of taking my Ordinary Level (-OøLevel) examinations in school and then Advanced Level (-AøLevel) examinations in college.

For example, I sat an -OøLevel paper in Modern History and wrote all I could about Germany's foreign policy under Bismarck during the last quarter of the 19<sup>th</sup> Century. I did reasonably well in the examination, scoring a very respectable -Bøgrade, which was the second top grade available. When I started to study for the -AøLevel, I was asked during a lesson to answer a similarly worded question to the one set at -OøLevel. Thinking this -AøLevel business was easy (as I had already answered a similar question at the -OøLevel) I was shocked to discover during the lesson feedback session, that I had performed poorly in answering this question. I remember very clearly to this day my tutor's comments:

*"Your answer lacked depth, provided no critical analysis and was too theoretical in your discussion of the issues".*

Basically, I had not taken into consideration the step up in the skills required between -OøLevel and -AøLevel. I took these words of advice to heart and eventually achieved a BA degree in History at university.

Winding forward to the present day, I find myself thinking the same as my 6<sup>th</sup> form tutor when marking some examination scripts.

In fact, I feel a sense of frustration when marking some scripts as I tend to end up writing the same comment - -SO WHAT?ø- against answers. Now, this is not intended to be a disparaging or condescending remark, but when marking the scripts I try and put myself in the position of the end user or reader identified in the question ó usually a Board Member, a Finance Director or an Audit Committee Chair ó and ask myself whether the answers in the examination script would make sense or be meaningful to the end user, in their understanding of the risks facing their organisation. In too many cases the answer is -Noø

As an example, in Question 1 of the M3 June 2009 examination paper relating to the inadequate governance arrangements at a health trust, candidates were asked to identify the risks the trust faced and the associated controls they would test as part of an internal audit. Several candidates presented their answers in the following format:

<u>Risk</u>	<u>Control to be tested</u>
Fraud	Fraud policy

Few marks were awarded on these scripts. In an examiner's mind this risk description raises more questions than answers. For example, why is fraud a risk in relation to the scenario in the question? To what extent is fraud a significant risk to the organisation? What would the impact of actual fraud be on the members of the community served by the trust? In terms of controls to be tested, again this raises more questions than answers. For example, how the policy was endorsed, by whom, when and in which forum? Also, how was the policy communicated to staff and members of the public? How is the policy monitored, by whom and the results of the monitoring reported?

By way of a suggested answer to these questions, this might be along the following lines:

#### Type of risk

Fraud ó As current governance arrangements appear to be weak there is a higher than usual chance of the risk of financial fraud being committed by members of staff within the trust, or by members of the public. This could result in the diversion of funds away from public services and therefore impact upon the trust's ability to be able to provide services to meet the needs of the local community.

#### Controls to be tested

Approval of the policy ó look for evidence of Board approval eg Board minutes show that the policy is reviewed and endorsed at least annually.

Communication of the policy ó look for evidence that the policy has been communicated to staff, the local authority and members of the public eg intranet and internet sites, newsletters, e-mails and public notices.

Monitoring of the policy ó who in the organisation is responsible for monitoring the policy to identify if the policy is being complied with? Look for evidence that results of monitoring are reported to the Board on a regular basis and/or risk management forums eg subcommittee of the Board. Identify what corrective action is being taken, and by whom if there is evidence of non compliance.

It is this sort of depth of answer that is required in order to gain the maximum marks available within the IIA Advanced Diploma paper. Once you have written a statement in answer to the requirements of the question, then ask yourself the following questions:

- Does the statement make sense? ó ask the 'So What?' question
- If it doesn't make sense then review and add linking phrases such as 'which means that' or 'could result in'
- How does the statement relate back to the scenario in the question?
- Would the end user be able to understand what you are trying to convey?
- Think of your answer as an audit assignment report. Would the quality of your answer be acceptable to your organisation's Finance Director, Chair of the Audit Committee or Chief Executive?

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