

# AUDIT OF BUSINESS STRATEGIC RISK MANAGEMENT EFFECTIVENESS

Vasily Kudrin, CIA, CFE, CCSA. 16 March 2022 Conference of the Association of Strategic Management Professional "Audit of business strategy effectiveness"

### **SPEAKER**



#### **VASILY KUDRIN**

- HLB Vneshaudit Advisory Practice Partner; audit and risk management and business consulting. Partner and Chief Investment Officer at Lybrion, a digital asset management company.
- Professional in finance and business with over 20 years of experience in real sector, finance and advisory.
- More than 300 professional projects and educational events in process organization, risk management, internal control, transformation of corporate systems.
- Vasily Kudrin has current professional international diplomas: CIA (internal audit, since 2004), CFE (investigation and risks of fraud, since 2007), CCSA (self-assessment of internal control and risks, since 2004).
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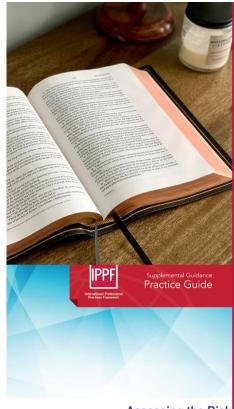


#### **EXPERIENCE**

- Experience in internal audit, corporate governance and internal control in accordance with international and generally recognized standards and recommended practices since 2002 (largest oil company, investment company, retail group, international consulting).
- Participated in the boards and working groups of a number of professional public organizations, such as the Institute of Internal Auditors (IIA), the Association of Certified Fraud Examiners (ACFE).
- Member of organizations in the field of corporate governance and internal control (Association of Corporate Directors (AND), Russian Institute of Directors, RID) and digital investments (RACIB, Crypto Valley), participates in the coordination board of the "Debate Club" that deals with innovations in corporate governance, risk management and control.



### **AUDIT GOALS**



### **STANDARDS AND KNOWLEDGE**



Assessing the Risk Management Process

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### PRACTICAL CASE (TRADITIONAL STRUCTURAL ANALYSIS)

#### **Attributes:**

**Express analysis** 

**Component analysis** 

**Interviews** 

**Expert views** 

#### Coordinate Expectations and Plan ERM Analysis Project

#### Obtain Understanding of ERM

#### Conduct ERM Analysis

#### Review Results and Co-develop of Action Plans

#### Report on Findings and Summary for Management

- Sourcing an appropriate joint Project team
- Conducting a meeting with the senior management of Company to specify the work scope
- Understanding of expectations and documenting them
- Development of a preliminary work program for Project

- Understanding the Company's business environment and elements of Company's ERM
- Identification of the Company's employees with whom interviews will be conducted and coordination of the interview schedule
- Preparation of a final work program

- Conducting interviews and performing other audit procedures designed in the work program
- Summing up the observations identified in Company's ERM Analysis Project
- Identification and agreement of identified deficiencies (discrepancies) with key employees

- Preparing and conducting an interim meeting with the Company's management
   Reviewing the
- results of the analysis individually with managers
- Recommendations aimed at improving the current state of the integrated ERM's elements
- Co-development of action plans and next steps

- Preparation of a preliminary report on the analysis (observations and recommendations) and its distribution to management and / or the audit committee
- Approval of the preliminary report
- Preparing conclusions and submitting them to Company's management

Weeks:

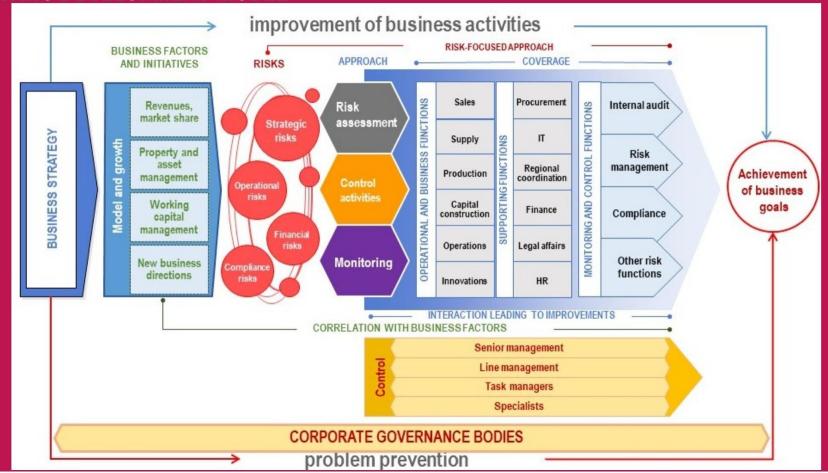
First

Second - Third

Fourth

Fifth

### SUPPORTING DEVELOPMENT MODEL





### **AUDIT PROCESS, APPROACH**

RISK-BASED (-FOCUSED) APPROACH: SUPPORTING BUSINESS DEVELOPMENT

PLAN RISK REVIEW OPPORTUNITY ANALYSIS FIND EXAMPLES COMPLETE

Strategic goals

**Indicators** 

**Common risks** 

General plan

Corporate governance model Organizational structures

risks

Supporting and control processes

Component strategic

Detailed plan

Identification of opportunities

Evaluating the design of risk measures

Effeciency test

Search of opportunites

Finding benchmarks

Comparison procedures

Assessment of achievement of strategic indicators

Analysis of causes of deficiencies

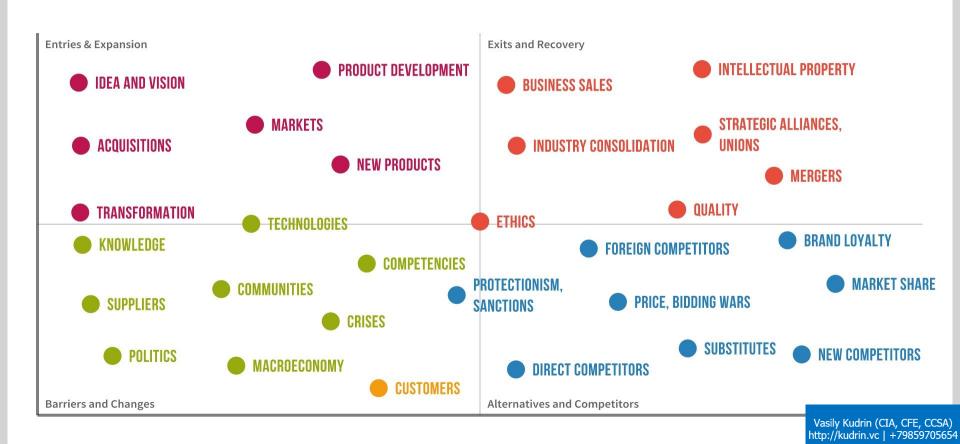
Preparation of conclusions and

Discussion with senior management

recommendations

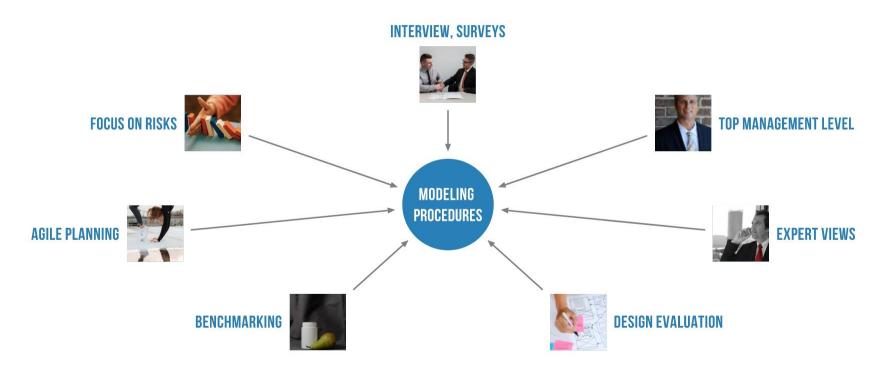
Final report

### **STRATEGIC RISKS**



### **EXECUTION OF PROCEDURES**

Strategic business risk management audit



### COMPLETION, IMPROVEMENT AND MONITORING

Key elements and features of the work scope



#### **COMPLETION**

- 1. Benchmarking
- 2. Understanding development prospects
- 3. High-quality report, discussion with senior management and presentation to Board of Directors

#### **IMPROVEMENT**

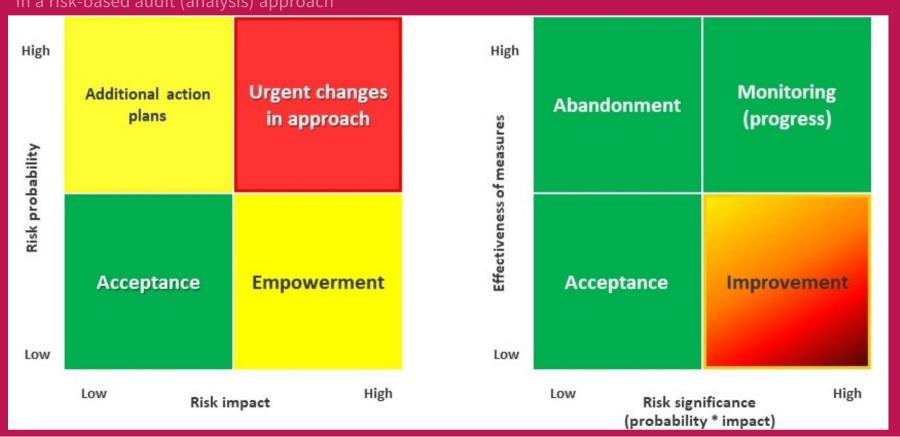
- 1. Special order
- 2. Integration with strategy and long-term planning

#### **MONITORING**

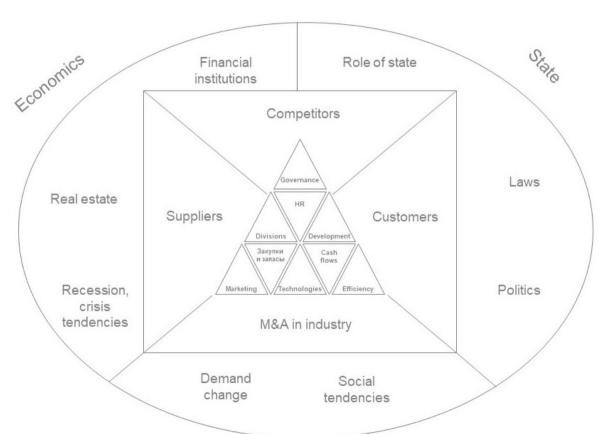
- 1. Applying dashboards
- 2. Monitoring function, involvement of internal audit
- 3. Coordination with control functions (departments)

### MODELING RESPONSES AND IMPROVEMENT PLANS

In a risk-based audit (analysis) approach



### **EXPRESS ANALYSIS IN CRISIS**



#### **FORMAT:**

2-3 days
Strategic group
Risk-focused
approach
Immediate action
plans

### **RECOMMENDATIONS**

In conducting an audit of strategic risk management system



APPLICABILITY OF APPROACH

- Study of standards and guidelines
- Express- and agile approach
- Avoiding bureaucracy
- Risk-focused approach



DEVELOPMENT SUPPORT

- Identifying opportunity areas
- Finding examples
- Focus on performance improvement and business growth



INTEGRATION

- Part of strategy
- Integration with annual planning
- Cross-functional involvement
- Learning integrated in process
- Integration with risk assessment



**CULTURE** 

- Understanding values
- Ethics
- Corporate culture (comparison with examples)

### CONTACTS



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