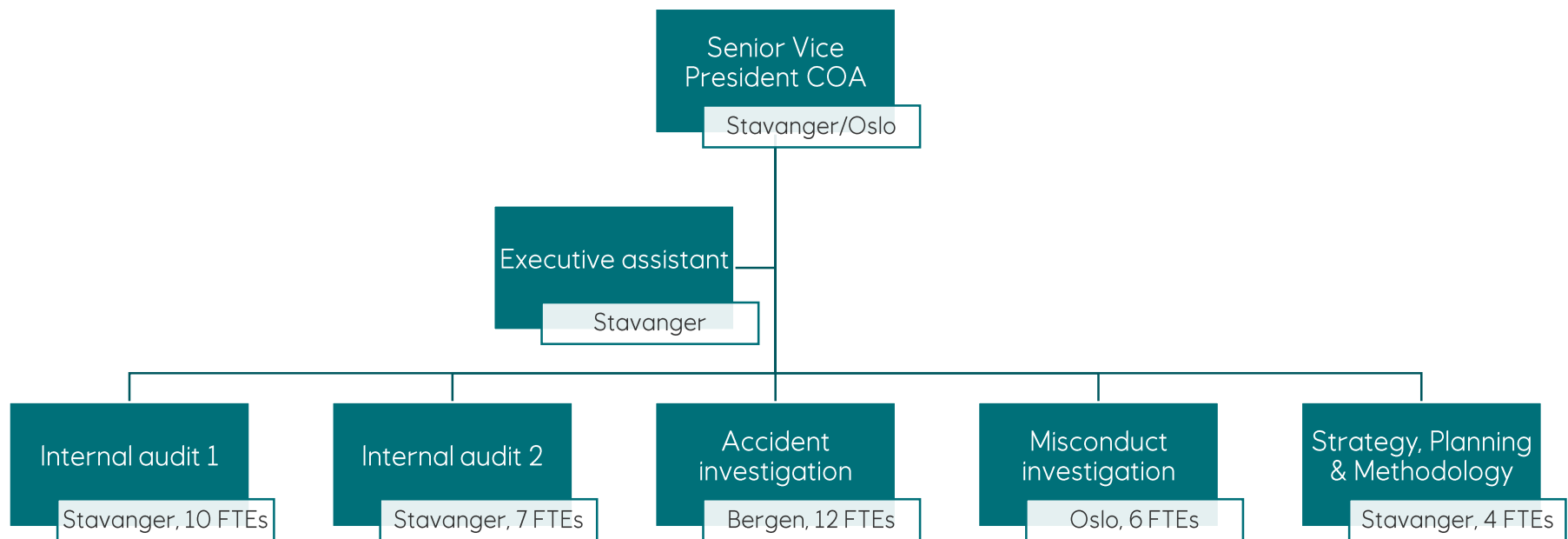




Dynamic audit planning in Equinor

IAs ledernetverk, 17. september 2019
Oslo

Corporate Audit (COA)



COA's mission

- Provide independent assurance to the board
 - Organisational independence => 'second opinion' ('first opinion' from management/administrative reporting)
 - Individual independence – objectivity
- Provide learning opportunities to management
 - 'Learning the smart way' => internal audit (prevent occurrence)
 - 'Learning the hard way' => investigation (avoid recurrence)

The audit planning journey

Where we came from

- Annual planning
- Process from August to December
- Resource intensive / many interviews
- 300 + ideas/proposals to consider
- Varying degree of maturity on proposals
- Difficult for auditors to interpret some audit descriptions

Current situation

- Dynamic planning
- Holistic overview – easier to address gaps and overlaps
- Coverage in 3 dimensions
 - Key risks
 - Over time
 - Across Equinor
- Process throughout the year, monthly status meetings
- Auditors driving process from idea to matured proposal (ownership)
- Investigators' input
- Fewer proposals of higher quality
- Senior management and the Board support new approach

Going forward

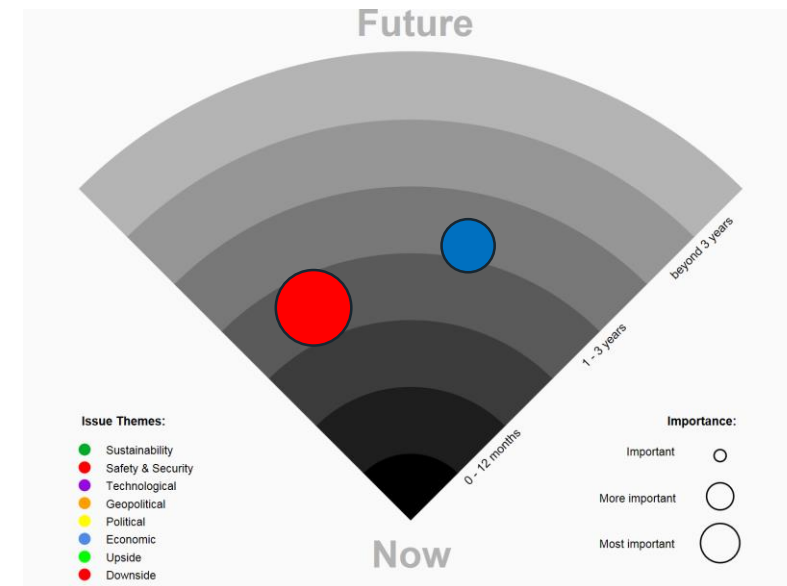
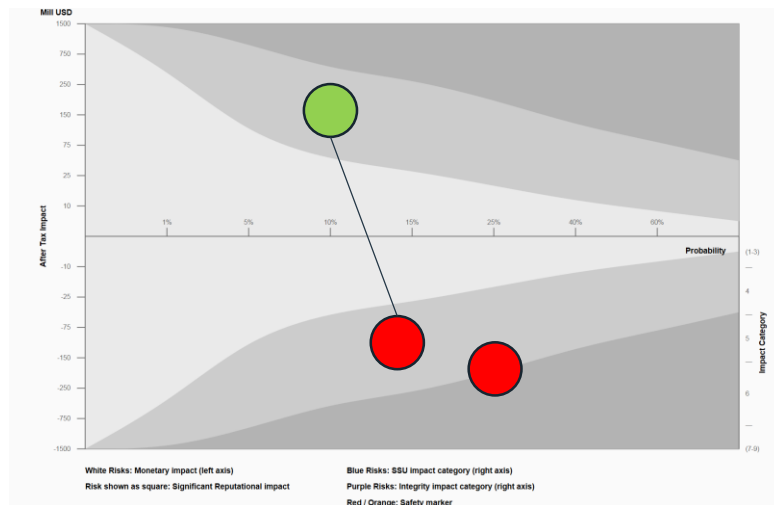
- Further involve investigators
- More «firm» on quality requirements
- More use of data analysis
- Better utilise current stakeholder interaction meetings for input and anchoring
- **Constantly adjust and improve!**

Implementation guide 2010 Planning

- “This *review of the organization’s approach to risk management* may help the CAE decide how to *organize or update the audit universe* (...).”
 - “To ensure that the audit universe covers all of the organization’s key risks (to the extent possible), the internal audit activity typically *independently reviews and corroborates the key risks that were identified by senior management.*”
- **Build on the organization’s risk management process, but make an independent risk assessment.**

Challenges

- Inherent vs residual risk
- Granularity of corporate risk categories



Audit plan – special attention and focus

High-priority audit areas	Equinor’s sharpened strategy		
	Always safe	High value	Low carbon
Safety	✓	✓	
Security	✓	✓	
Misconduct		✓	
Regulatory compliance	✓	✓	✓
Value generation and protection		✓	✓
Internal control environment (GRC)	✓	✓	✓

- These areas:
 - represent high risks that are always present in Equinor («company killers»)
 - are critical to manage in order to realise Equinor’s sharpened strategy
 - will be addressed and audited regularly
 - can be followed over years to visualise trends

Example - coverage per risk area over time

Risk area	Sub area	Past coverage				Planned coverage			
		2016	2017	2018	1H 2019	2H 2019	2020	2021	2022
Safety	Safety in projects, including exploration	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Safety in operations and maintenance	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Safety in HC transportation	For approval	For approval	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Emergency response	For approval	For approval	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Other	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
Security	IT / Cyber security (office)	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	OT / Cyber security (installations, plants)	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Physical security	Completed / ongoing	Completed / ongoing	For approval	Completed / ongoing	For approval	For consideration	For consideration	
	Other	For approval	Completed / ongoing	For approval	Completed / ongoing	For approval	For consideration	For consideration	
Misconduct	Anti-corruption	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For approval	For consideration	For consideration	
	Anti-fraud	Completed / ongoing	Completed / ongoing	For approval	Completed / ongoing	For approval	For consideration	For consideration	
	Other	For approval	Completed / ongoing	For approval	Completed / ongoing	For approval	For consideration	For consideration	
Regulatory compliance	Data privacy / GDPR	For approval	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Financial entities regulations	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Trading	For approval	For approval	For approval	Completed / ongoing	For approval	For consideration	For consideration	
	Sanctions	For approval	Completed / ongoing	Completed / ongoing	For approval	For approval	For consideration	For consideration	
	Internal control over financial reporting (ICFR/SOX)	For approval	Completed / ongoing	For approval	Completed / ongoing	For approval	For consideration	For consideration	
Value generation & protection	Other	Completed / ongoing	For approval	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Cost control in big projects / new assets	Completed / ongoing	Completed / ongoing	For approval	Completed / ongoing	For approval	For consideration	For consideration	
	Efficiency in operations	Completed / ongoing	Completed / ongoing	For approval	Completed / ongoing	For approval	For consideration	For consideration	
	Portfolio optimisation	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
Internal control environment (GRC)	Other	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Country office audits	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Follow-up of externals	For approval	Completed / ongoing	For approval	Completed / ongoing	For approval	For consideration	For consideration	
	Management system & assurance (3LoD)	Completed / ongoing	For approval	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration	
	Sustainability	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For approval	For consideration	For consideration	
Other	Completed / ongoing	Completed / ongoing	Completed / ongoing	Completed / ongoing	For approval	For consideration	For consideration		

- Completed / ongoing
- For approval
- Planning started
- For consideration

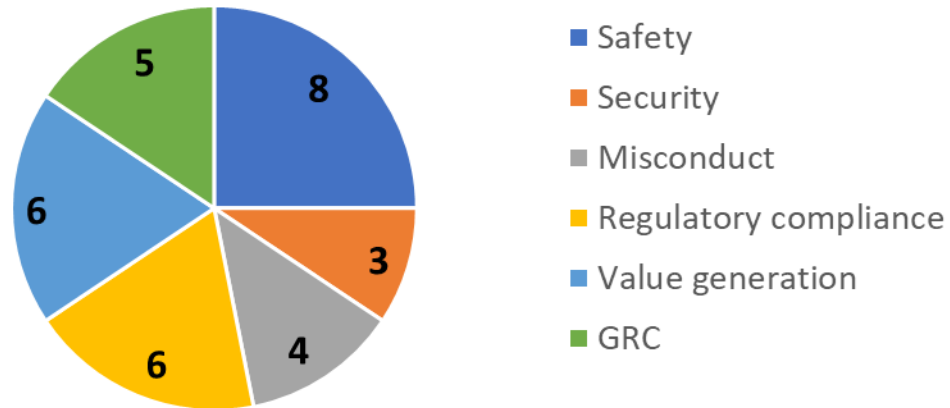
Example - organisational coverage

Risk area	Sub area	Coverage last 3 years + 2019												
		EXP	GSB	TPD	DPN	DPI	DPB	MMP	NES	Corp.				
Safety	Safety in projects, including exploration													
	Safety in operations and maintenance													
	Safety in HC transportation													
	Emergency response													
	Other													
Security	IT / Cyber security (office)													
	OT / Cyber security (installations, plants)													
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	Other													
Internal control environment (GRC)	Country office audits													
	Follow-up of externals													
	Management system & assurance (3LoD)													
	Sustainability													
	Other													

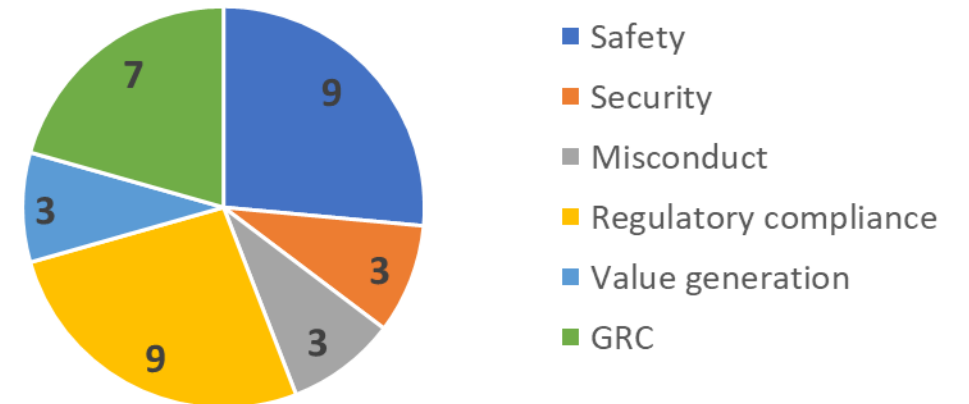
Covered last 3 years

2019

2018



2019



Dynamic audit planning in Equinor

Erik Vatn, chief auditor

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