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IMPROVING THE METHODOLOGY OF RISK-BASED INTERNAL AUDIT PLANNING IN COMMERCIAL BANKS

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Abstract. This article proposes a risk-based methodology for developing annual internal audit plans in commercial banks. The methodology comprises a six-stage algorithm: establishing the audit universe, assessing audit objects according to eight risk factors, calculating an integrated risk score, determining risk categories and audit frequency, preparing an audit-hours budget and an annual audit plan, and conducting dynamic risk monitoring. The scoring framework incorporates financial scale, credit risk, operational risk, compliance and legal risk, information technology dependence and cyber risk, the intensity of change, audit and control history, and the time elapsed since the previous audit. Each factor is supported by predefined assessment criteria and justified weighting coefficients, while the calculation procedure is illustrated using a hypothetical example. The distinctive elements of the methodology include a trigger-monitoring framework for revising the annual audit plan, an automatic escalation mechanism based on the time elapsed since the previous audit, a mandatory-coverage list, and a simplified version adapted to smaller internal audit functions.

Keywords: internal audit, commercial banks, risk-based planning, audit universe, risk scoring, risk factors, audit frequency, audit-hours budget, trigger-monitoring framework, risk profile.

Аннотация. В статье предложена риск-ориентированная методика разработки годовых планов внутреннего аудита в коммерческих банках. Методика включает шестиступенчатый алгоритм: формирование аудиторской вселенной, оценку объектов аудита по восьми факторам риска, расчёт интегральной оценки риска, определение категорий риска и периодичности аудита, составление бюджета аудиторских часов и годового плана аудита, а также проведение динамического мониторинга рисков. Система оценки охватывает финансовую значимость, кредитный и операционный риски, комплаенс- и правовой риски, зависимость от информационных технологий и киберриски, интенсивность изменений, историю аудита и контроля, а также период, прошедший с момента предыдущей аудиторской проверки. Для каждого фактора предусмотрены заранее установленные критерии оценки и обоснованные весовые коэффициенты, а порядок расчёта продемонстрирован на условном примере. Отличительными элементами методики являются система мониторинга триггерных событий для пересмотра годового плана аудита, механизм автоматического повышения оценки с учётом времени, прошедшего с момента предыдущей проверки, перечень объектов обязательного охвата, а также упрощённая версия, адаптированная для небольших подразделений внутреннего аудита.

Ключевые слова: внутренний аудит, коммерческие банки, риск-ориентированное планирование, аудиторская вселенная, балльная оценка риска, факторы риска, периодичность аудита, бюджет аудиторских часов, система мониторинга триггерных событий, профиль риска.

INTRODUCTION

The regulatory requirements governing internal audit in commercial banks stipulate that the annual audit plan should be developed on the basis of the bank's risk profile, with priority given to high-risk areas [2]. This requirement is consistent with international approaches. The Global Internal Audit Standards require the audit plan to be aligned with the organisation's strategy and risks and to be updated when changes occur [5]. Similarly, the Basel Committee on Banking Supervision expects all areas of a bank's activities to fall within the scope of internal audit and audit resources to be allocated in proportion to the level of risk [6].

In practice, the implementation of risk-based planning may remain limited, as audit plans are sometimes prepared primarily on the basis of traditional rotation principles or the periodic coverage of all areas. In addition, the audit universe may not always be maintained comprehensively, and procedures for revising the audit plan during the year may not be applied consistently. One factor contributing to this situation is the limited availability of detailed methodological guidance. Some banks may not yet have access to a sufficiently detailed and readily

applicable methodological framework that translates regulatory requirements into practical procedures and provides reproducible calculations, proper documentation and sufficient flexibility for banks of different sizes.

The purpose of this article is to develop and substantiate a risk-based planning methodology for preparing annual audit plans in commercial banks. The proposed methodology is based on scoring and ranking audit objects using indicators derived from the bank's risk profile and is supplemented by triggers for revising the plan during the year.

To achieve this objective, a six-stage methodological algorithm was developed. An eight-factor scoring system was constructed, with assessment anchors and weighting coefficients assigned to each factor. The study also establishes a formula for calculating an integrated risk score, defines rules for determining audit frequency, demonstrates the calculation procedure using a hypothetical example and proposes a trigger mechanism that enables the annual audit plan to be reviewed and updated in response to changes in the bank's risk profile.

LITERATURE REVIEW

The regulatory and conceptual foundations of risk-based audit planning are established in several international and national sources. The fourth domain of the Global Internal Audit Standards assigns the chief audit executive responsibilities related to strategic planning and resource management. It also requires the audit plan to be based on the results of risk assessments and to be updated regularly in response to changing circumstances [5].

The Basel Committee on Banking Supervision defines the principles of comprehensive audit coverage and the allocation of audit resources in proportion to risk [6]. The COSO conceptual framework assesses risk through two principal dimensions: the likelihood of occurrence and the magnitude of impact. This approach provides the general theoretical foundation for risk-scoring systems [7]. The Three Lines Model, in turn, determines the conditions under which information produced by the second line may be used for audit planning while preserving the independence of internal audit judgements [8].

At the national level, the Regulation on Requirements for Internal Audit in Commercial Banks, approved by Resolution No. 3/2 of the Board of the Central Bank of the Republic of Uzbekistan dated 16 April 2021 and registered by the Ministry of Justice of the Republic of Uzbekistan on 7 May 2021 under No. 3302, requires the annual internal audit plan to be risk-based and to take into account the bank's risk profile [2]. The Regulation on Requirements for the Risk Management System of Banks and Banking Groups, approved by Resolution No. 4/11 of the Board of the Central Bank of the Republic of Uzbekistan dated 7 March 2023 and registered by the Ministry of Justice of the Republic of Uzbekistan on 18 April 2023 under No. 3427, establishes requirements for the formation of the bank's risk profile and the organisation of its risk management system, thereby providing important information inputs for risk-based internal audit planning [4].

In the national economic literature, issues concerning the organisation of internal audit and the improvement of its methodology have been examined in the studies of A.K. Ibragimov [9], N.F. Karimov [10], G'D. Tashmanov [11], To'rayev, A.N. [12], S.U. Mehmanov and N.Sh. Khajimuratov. These studies address the organisational foundations of internal audit and general methodological issues, primarily with reference to international standards.

Nevertheless, existing studies generally discuss risk-based planning at the level of broad principles. A comprehensive, documented and reproducible methodology suitable for national banking practice has not yet been sufficiently developed. In particular, existing approaches do not fully integrate the scoring of audit objects using bank-specific risk factors, the ranking of those objects, the determination of audit frequency, the conversion of risk ratings into an audit-hours budget and the use of triggers for revising the annual audit plan. This article is intended to address that methodological gap.

RESEARCH METHODOLOGY

During the development of the methodology, three principal approaches commonly used in international risk-based audit-planning practice were comparatively assessed.

Under the qualitative approach, audit objects are positioned on an "impact–likelihood" matrix on the basis of expert judgement. This approach is rapid and flexible; however, its results are highly dependent on the individual judgement of the assessor, while the documented basis for the assessment may be insufficient.

Under the pure expert-rating approach, audit priorities are determined primarily on the basis of the chief audit executive's professional experience. In a rapidly transforming banking environment, however, this approach may reproduce planning inertia by perpetuating previously established audit priorities and practices.

Under the formalised scoring approach, the risk associated with each audit object is assessed using predetermined factors, assessment anchors and weighting coefficients. Although this approach requires

greater initial effort, it produces transparent, reproducible and defensible results. It may also be implemented by relatively small internal audit functions using standard spreadsheet software.

For these reasons, the formalised scoring approach was selected. An important methodological qualification should be emphasised: the proposed scoring system is designed as a structured management procedure rather than as a statistical or econometric model. Its purpose is not to measure risk with absolute precision, but to make decisions concerning the allocation of audit resources more consistent, substantiated and verifiable.

The methodology is based on seven principles:

1. Comprehensive coverage — no significant area of the bank's activities should remain outside the risk-assessment process.
2. Risk proportionality — audit resources should be directed primarily towards the areas in which risk is greatest.
3. Transparency — the reason for including each audit object in the annual plan should be demonstrated through clearly documented indicators and calculations.
4. Documentation — each stage of the planning process should leave an appropriate audit trail.
5. Dynamism — the annual audit plan should respond to changes in risk throughout the year.
6. Proportionality and scalability — the full and simplified versions of the methodology should follow the same underlying logic while remaining suitable for banks of different sizes and levels of complexity.
7. Integration — information produced by the second line should be used as an input into the planning process, while internal audit assessments and opinions should remain independent.

The study applies methods of systems analysis, grouping, scoring and ranking, logical modelling and the demonstration of calculations using a hypothetical example. The regulatory foundation of the study consists of the documents cited in sources [2; 4–6].

ANALYSIS AND RESULTS

The general architecture of the proposed methodology consists of a six-stage algorithm:

1. forming and updating the audit universe;
2. assessing audit objects according to eight risk factors;
3. calculating an integrated risk score;
4. determining the risk rating and audit frequency of each object;
5. calculating the audit-hours budget and preparing the annual audit plan;
6. conducting dynamic monitoring and revising the audit plan when necessary.

The algorithm has two principal information inputs. The main input consists of the bank's risk profile and information produced by the second line [4]. The operational input consists of a panel of triggers reflecting significant changes occurring during the year.

The algorithm generates two principal outputs: the annual audit plan approved by the Supervisory Board and the substantiated amendments made to that plan during the year. An important feature of the methodology is that each stage is completed with a documented output. These outputs include the audit-universe register, the scoring protocol, the risk-rating table, the audit-hours budget calculation, the annual audit plan and the register of amendments to the plan.

Formation of the Audit Universe

The first stage, the formation of the audit universe, constitutes the foundation of the entire methodology. The systematic identification and assessment of audit objects help ensure that all significant areas are appropriately considered in annual planning and ongoing internal audit monitoring. Therefore, the audit universe should cover all significant areas of the bank's activities.

The audit universe comprises four categories of objects:

- processes, including lending, deposit operations, payments, treasury operations and financial reporting;
- organisational units, including branches and banking service centres;
- information systems, including the automated banking system, payment gateways and remote banking channels;
- projects and programmes.

A separate profile should be maintained for each audit object. The profile should contain the object's name and type, responsible owner, related information systems, financial-scale indicators, date and results of the most recent audit and information on significant outstanding findings or recommendations.

The level of granularity applied when defining audit objects should reflect a practical balance. An audit object should be sufficiently broad to be covered within a single audit engagement, but sufficiently homogeneous to have a broadly consistent risk profile. For example, treating "lending" as a single audit object may be excessively broad. Dividing it into "corporate lending" and "retail lending" represents a more appropriate level of granularity.

The audit universe should be reviewed at least annually and updated whenever a new product, information system or structural change is introduced. To ensure completeness, the audit universe should be reconciled with the bank's organisational structure, business-process map, information-systems register and product catalogue. This reconciliation makes it possible to identify areas that have not been assigned to a specific audit object.

Risk-Factor Scoring

The second stage, scoring based on risk factors, constitutes the substantive core of the methodology. The system of risk factors should cover the principal components of the bank's risk profile while remaining capable of being assessed using information available in practice. Based on these requirements, eight risk factors were selected, as presented in Table 1.

The first five factors represent the relatively stable components of the audit object's risk profile and indicate the extent to which the object is inherently exposed to risk. The remaining three factors are change-sensitive and indicate the extent to which the object currently requires additional audit attention.

Each factor is assessed on a scale ranging from 1 to 5 using three predefined assessment anchors. The use of anchored descriptions reduces ambiguity and improves the consistency and comparability of assessments performed by different auditors.

The risk-factor system operationalises the COSO-based "impact–likelihood" construct within the context of bank internal auditing. Financial scale primarily reflects the potential magnitude of impact. Operational complexity, information-technology exposure and the intensity of change primarily reflect the likelihood of risk occurrence. Credit and compliance risk factors may be associated with both the likelihood and the potential impact of risk events [7].

Table 1
Risk-Factor Scoring Framework for Audit Objects

Risk factor	Description	Scoring anchors (1, 3 and 5 points)	Weight
1. Financial scale (materiality)	Volume of funds processed by the audit object or the proportion of related assets and liabilities in the bank's balance sheet	1 — immaterial share; 3 — material share; 5 — strategically significant scale for the bank	0.20
2. Exposure to credit risk	Degree to which the audit object affects credit decisions, loan approval, credit classification and provisioning	1 — no material relevance; 3 — indirect influence; 5 — direct involvement in the credit process	0.15
3. Operational risk	Complexity of processes, proportion of manual operations and history of operational incidents	1 — simple and highly automated processes; 3 — mixed processes with occasional incidents; 5 — complex, predominantly manual processes with repeated incidents	0.15
4. Compliance and legal risk	Intensity of regulatory requirements, exposure to sanctions and fines, and volume of customer complaints	1 — limited regulatory requirements; 3 — moderately regulated activities; 5 — heavily regulated activities with a high risk of sanctions or fines	0.10
5. Information technology dependency and cyber risk	Dependence on information systems, data privacy requirements and reliance on remote service channels	1 — minimal IT dependence; 3 — significant reliance on a key information system; 5 — fully digital operations involving multiple external interfaces	0.15
6. Intensity of change	Recent introduction of new products or systems, organisational restructuring or significant process changes	1 — stable environment; 3 — moderate changes; 5 — major transformation or newly introduced activities	0.10
7. Audit and control history	Previous audit and control findings, recurrence of deficiencies and status of outstanding recommendations	1 — no or minor findings; 3 — moderate findings, with recommendations being implemented; 5 — significant or recurring findings and unresolved recommendations	0.10
8. Time elapsed since the previous audit	Period since the audit object was last reviewed	1 — audited within the previous year; 3 — audited one to two years ago; 5 — not audited for three years or never audited	0.05

Source: developed by the author.

The weights were determined on the basis of the composition of the bank's risk profile and the relative discriminatory power of each factor. The highest weight was assigned to financial scale (0.20). Credit risk,

operational risk and information technology risk were each assigned a weight of 0.15, as they represent the principal sources of potential losses in banking activities. Compliance risk, the intensity of change and historical audit results were each assigned a weight of 0.10, while the time elapsed since the previous audit was assigned a weight of 0.05.

The methodology allows the weights to be adjusted to reflect the specific characteristics of an individual bank. However, any such adjustment must be properly justified, documented and agreed with the Audit Committee.

The data source for each factor is determined in advance. Financial scale is assessed using financial and management reporting data; credit risk is evaluated using the loan portfolio database; operational risk is assessed on the basis of the operational-loss event register; compliance risk is evaluated using the registers of regulatory inspections, violations and customer complaints; information technology risk is assessed using cybersecurity and IT-control reports; and historical audit results are evaluated using the register of audit findings and recommendations. Where the required data source is unavailable or incomplete, the methodology treats this as a data-quality gap. The elimination of such a gap should be formalised as a separate organisational recommendation.

CALCULATION OF THE INTEGRATED RISK SCORE

The third stage involves calculating the integrated risk score using a simple and transparent formula:

$$R = 0.20 \cdot b_1 + 0.15 \cdot b_2 + 0.15 \cdot b_3 + 0.10 \cdot b_4 + 0.15 \cdot b_5 + 0.10 \cdot b_6 + 0.10 \cdot b_7 + 0.05 \cdot b_8, (1)$$

where b denotes the score assigned to the relevant risk factor on a scale from 1 to 5.

The scoring protocol is governed by three principal rules. First, each score must be supported by a clearly identified data source. Second, the initial assessment is performed by the internal audit methodology specialist and agreed with the auditors responsible for the relevant functional areas. Any disagreement is resolved by referring to the predefined assessment anchors, and the final decision is documented in the scoring protocol. Third, information produced by the second line is used as an independent input, but internal audit does not automatically replicate or adopt the second line's assessment.

The formula complements professional judgement by providing a structured and consistent basis for its application. Under the documented professional-judgement adjustment rule, an audit object may be assigned to a higher risk category where sufficient justification exists. Both the adjustment and its supporting rationale must be documented in the scoring protocol.

The application of the methodology is illustrated using a hypothetical example presented in Table 2. The figures are illustrative and are intended solely to demonstrate the calculation procedure.

Table 2
Illustrative Calculation of the Integrated Risk Score

Audit object	b_1	b_2	b_3	b_4	b_5	b_6	b_7	b_8	Integrated risk score / category
Corporate lending	5	5	3	3	3	3	4	3	3.80 / High
Retail lending	4	4	4	3	4	5	3	4	3.90 / High
Payment card processing	3	2	5	4	5	4	3	3	3.65 / Medium
Procurement activities	2	1	3	3	2	2	2	4	2.20 / Low

Source: compiled by the author. The scores are hypothetical; the integrated risk scores were calculated using the weights presented in Table 1.

The example also illustrates an important practical situation involving an object located near a category threshold. The payment-card process, with an integrated risk score of ($R = 3.65$), is close to the threshold for the high-risk category, which is set at 3.70. To address such cases, the methodology introduces an additional review procedure for scores close to a category threshold. Where an integrated score falls within ± 0.10 of a category threshold, the risk category is not assigned mechanically. Instead, the internal audit methodology specialist and the auditor responsible for the relevant functional area review the object's factor profile and document the rationale for the final classification in the scoring protocol. For example, high operational-risk and

information-technology-risk scores may provide sufficient grounds for assigning the object to the higher risk category.

The category thresholds of 3.70 and 2.60 were established as initial reference values broadly corresponding to the upper and lower segments of the five-point scale. Following the first complete scoring cycle, the distribution of audit objects across the categories should be analysed, and the thresholds may be refined to reflect the specific composition of the bank's audit universe. Any adjustment must be justified, documented and approved by the Audit Committee.

DETERMINATION OF AUDIT FREQUENCY

At the fourth stage, the integrated risk score is converted into an audit frequency:

- high-risk category ($R \geq 3.70$) — annually;
- medium-risk category ($2.60 \leq R < 3.70$) — at least once every two years;
- low-risk category ($R < 2.60$) — at least once every three years.

In addition, a limited rotational sample of low-risk objects should be included in the annual audit plan each year.

The audit-frequency rule is supplemented by two important mechanisms. The first mechanism automatically increases the relevant time-elapsed score when an audit object has not been reviewed for an extended period, which may ultimately move the object into a higher risk category. Consequently, the methodology helps prevent audit objects from remaining indefinitely outside the annual audit plan and supports comprehensive audit coverage [6].

The second mechanism is a mandatory-coverage list. Audit objects that must be reviewed annually under regulatory requirements or a decision of the Supervisory Board are included in the annual plan regardless of their risk rating. The reason for their mandatory inclusion should be explicitly stated in the plan.

Following the completion of the risk-rating process, the distribution of audit objects across the categories should be analysed. Under normal conditions, the high-risk category would generally be expected to contain no more than approximately one third of all audit objects. If this proportion is substantially exceeded, either the bank's risk profile has genuinely deteriorated or the scoring system may no longer distinguish sufficiently between different levels of risk. However, an excessively narrow definition of the high-risk category may result in some significant risk exposures receiving insufficient audit attention and lead to the under-allocation of audit resources. For this reason, the annual distribution of objects across risk categories should be presented to the Audit Committee as part of the audit-planning package.

LINKING RISK RATINGS TO AUDIT RESOURCES

The fifth stage links the risk rating to the allocation of audit resources. Resource standards, expressed in audit hours, are established for each type of audit engagement. The planned workload is calculated by applying the relevant audit-hour standard to each engagement selected on the basis of its risk rating and aggregating the resulting resource requirements.

A reserve equal to 20–25 per cent of the total available audit capacity should be maintained for unplanned audits, advisory engagements, follow-up monitoring, professional development and other unforeseen assignments.

Where the estimated resource requirement exceeds the available staffing capacity, the resulting shortfall should be presented to the Audit Committee as a formal resource request. The request should specify the additional resources required and identify the high-risk audit objects that would otherwise remain outside the planned audit coverage. This approach makes the consequences of resource constraints explicit and enables the Audit Committee to make an informed decision concerning staffing levels, outsourcing or the prioritisation of audit engagements.

For each engagement, the final annual audit plan should specify the audit object, type of engagement, planned quarter, allocated audit hours and responsible audit manager. The methodological statement, risk-rating table and audit-hours budget calculation should be submitted to the Supervisory Board together with the annual audit plan for approval.

The annual plan should also be integrated into a three-year rolling planning horizon. The rolling plan identifies the expected year of the next audit for each object, monitors compliance with established audit-frequency requirements and anticipates future workload peaks.

New audit objects without an established audit history should be incorporated into the assessment process from the outset. Under the prudence principle, such objects should receive an above-average score for the historical factor, while the change factor should normally be assigned a high score. This treatment brings newly

introduced products, information systems and significant organisational changes to the attention of internal audit during their first year of operation.

DYNAMIC MONITORING AND REVISION OF THE AUDIT PLAN

The sixth stage ensures that the annual audit plan is regularly updated in response to changes in the bank's risk profile. A trigger-monitoring framework, presented in Table 3, operates throughout the year and records significant changes in the bank's risk profile.

When a trigger event occurs, the risk scores of the affected audit objects are recalculated. Where the recalculation results in a change in the risk category or otherwise materially affects audit priorities, a draft amendment to the annual audit plan is prepared and submitted to the Audit Committee for consideration and formal approval.

All amendments should be recorded in the plan-amendment register. The register should specify the date of the amendment, the affected audit object, the trigger event, the revised score and category, the resulting change to the audit plan and the grounds for the decision.

Table 3
Trigger-Monitoring Framework for Dynamic Revision of the Audit Plan

Trigger event	Monitoring source	Response action
Increase in the share of non-performing loans above the specified threshold	Central bank data and internal management reports (monthly)	Reassess the risk scores of audit objects related to lending and loan classification; initiate an early audit where necessary.
Significant expansion of the loan portfolio or deposit base within a single quarter	Financial and management reports (quarterly)	Revise the risk scores assigned to underwriting and high-volume transaction-processing activities.
Major operational or information-security incident	Operational incident database and IT service notifications (continuous monitoring)	Immediately reassess the relevant process or information system and consider conducting an ad hoc audit.
Findings identified during an inspection by the regulatory authority	Regulatory correspondence and inspection reports (upon receipt)	Record the findings in the relevant register and increase the audit-history risk score of the affected audit objects.
Introduction of a new product, information system or business process	Management decisions and project-office documentation (continuous monitoring)	Include the new object in the audit universe and assess its risk profile; where necessary, add the relevant audit engagement to the current annual plan.
Reorganisation, privatisation or integration process	Corporate resolutions and other relevant internal documents (where applicable)	Increase the change-risk score of the affected audit objects and schedule targeted preparatory reviews.

Source: developed by the author.

Quantitative thresholds are essential for the effective operation of the trigger mechanism. Qualitative expressions such as a "sharp increase" should therefore be converted into specific and measurable quantitative thresholds. When setting these thresholds, two opposing risks must be balanced. If a threshold is excessively sensitive, it may generate a large number of unnecessary alerts and ultimately undermine confidence in the mechanism. Conversely, an overly restrictive threshold may fail to identify material changes in a timely manner. A practical solution is to establish initial thresholds on the basis of the historical volatility of the relevant indicators and then recalibrate them using trigger statistics collected during the first year of implementation.

The trigger-event register constitutes an important output of the methodology. It records each activated trigger, the action taken in response and the resulting decision or outcome. The register provides documentary evidence that the audit plan is responsive to changes in the bank's risk profile and may also support internal or external quality assessments.

IMPLEMENTATION OF THE METHODOLOGY

The methodology should be implemented in stages. During the initial pilot stage, the scoring procedure is tested on a selected part of the audit universe, such as credit-related audit objects. The pilot is used to assess the clarity of the scoring anchors, the availability and reliability of data sources and the practical applicability of

the calculation procedures. Following the pilot, identified deficiencies are corrected, after which the methodology is extended to the entire audit universe and approved as an internal methodological document.

The allocation of responsibilities should be clearly defined. The chief audit executive acts as the owner of the planning process; the internal audit methodology specialist administers the methodology and performs or coordinates the calculations; auditors responsible for the relevant functional areas participate in the scoring process; the second line provides the necessary risk information; and the Audit Committee approves the methodology and any material amendments to it.

The principle of proportionality allows a simplified version of the methodology to be applied by smaller internal audit functions. Under this option, the number of risk factors may be reduced to five: financial scale, operational risk, information technology risk, audit history and time elapsed since the previous audit. However, the use of predefined scoring anchors, documented assessments and established audit-frequency rules should be preserved.

The limitations of the methodology should also be recognised explicitly. The first limitation is the possibility that minor numerical differences may be interpreted as more significant than they are in practice. Decisions should be made on the basis of the overall risk category and factor profile rather than by treating minor numerical differences, such as the difference between scores of 3.65 and 3.70, as inherently decisive. The second limitation is dependence on the availability, completeness and reliability of source data. The third is the possibility that assessment behaviour may be influenced by the scoring criteria. To mitigate this possibility, scoring should remain the responsibility of internal audit and should be supported by verifiable source data.

The methodology should be subject to appropriate governance and periodic review. Its factors, assessment criteria, weights and category thresholds should be reviewed at least annually and revised where necessary in light of implementation experience, changes in the bank's risk profile and the results of retrospective analysis.

The position of the methodology within the national regulatory framework is also clearly defined. Regulation No. 3302 establishes what banks are required to do, namely, apply risk-based internal audit planning, whereas the proposed methodology specifies how this requirement may be implemented through risk factors, scoring procedures, category thresholds and audit-frequency rules [2]. The methodology is also consistent with Regulation No. 3427: the bank's risk profile and assessments produced by the second line serve as inputs into the scoring process, while internal audit independently evaluates this information and determines the final audit priorities [4; 8].

CONCLUSIONS AND SUGGESTIONS

The study produced the following principal conclusions.

First, the effective implementation of regulatory requirements for risk-based audit planning depends on the availability of appropriate methodological support. The proposed methodology translates these requirements into an operational procedure covering the full planning cycle, from the formation of the audit universe to the dynamic revision of the annual audit plan. This cycle is supported by documented procedures, transparent calculations and standardised decision rules.

Second, the eight-factor scoring system, comprising financial scale, credit risk, operational risk, compliance risk, information technology risk, the intensity of change, audit history and time elapsed since the previous audit, provides a comprehensive representation of the bank's risk profile through a structure comprising five relatively stable and three change-sensitive risk factors. Predefined scoring anchors, substantiated weights and a formal scoring protocol make the assessment process reproducible and defensible. At the same time, the documented professional-judgement adjustment and threshold-review rules preserve an appropriate balance between numerical consistency and professional judgement.

Third, the integration of audit-frequency rules into the risk rating ensures systematic coverage of the audit universe. High-risk objects are audited annually, medium-risk objects at least once every two years and low-risk objects at least once every three years, with a rotational sample of low-risk objects included in each annual plan. Together with the automatic escalation mechanism based on the time elapsed since the previous audit and the mandatory-coverage list, these rules help prevent audit objects from remaining outside the audit scope indefinitely. The audit-hours budget and formal resource-request mechanism link risk-based planning to resource allocation, while the three-year rolling horizon extends planning decisions beyond a single financial year.

Fourth, the trigger-monitoring framework supplements the traditional annual planning approach with a dynamic mechanism for reviewing and updating audit priorities. A material increase in non-performing loans, rapid portfolio growth, significant operational or cybersecurity incidents, significant control deficiencies, the introduction of new products and major structural changes may provide grounds for a substantiated revision of the annual audit plan. The trigger-event register, in turn, provides documented evidence that the plan is

regularly reviewed and appropriately adjusted in response to changes in the bank's risk profile.

Based on these conclusions, the following recommendations are proposed. Commercial banks should adopt the methodology through an appropriate internal policy or methodological document and introduce it through a pilot implementation. The methodology may also be disseminated within the professional community as reference methodological guidance, thereby promoting greater comparability of risk-based planning practices across banks. Trigger thresholds should be established on the basis of each bank's historical volatility and recalibrated using annual trigger statistics. Smaller banks and internal audit functions should apply the simplified version adapted to their size and operational complexity while preserving the methodology's core principles of transparency, documentation and periodic coverage.

The proposed methodology also provides a basis for further research into the implementation of continuous auditing tools and the development of a performance-evaluation system for internal audit functions.

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