

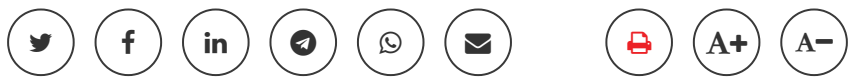
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Internal Audit – the Silent Value Enhancer

Over the years, the Internal Audit (IA) function has evolved to become more strategic and proactive in its approach. From an inspection-oriented role, today it has moved to forging a partnership with the business.

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By:
Sridar Iyengar and Seema Grover

Internal audits help keep a check on the overall health of the company and to ensure that no department oversteps regulatory norms. Over the years, the Internal Audit (IA) function has evolved to become more strategic and proactive in its approach. From an inspection-oriented role, today it has moved to

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In this journey of making and keeping the organisation resilient, one of the most important factors is the relationship between the [Audit Committee](#) (AC) in the Board of the company and the Internal Audit (IA) team. Direct and frequent interactions of the IA Head and team with the AC Chair help in obtaining timely guidance and better understanding the expectations of the Board.

The partnership between the AC and the IA team must help IA be iterative with a constant desire to do better, i.e., to learn by doing, by being flexible to meet new challenges and forward-looking in the use of new digital tools and technology. Based on the partnership between the AC and IA, here we share three learnings based on our journey.

1. Taking an integrated approach:

“ One of the first priorities should be the strengthening of stakeholder relationships with every business within the organisation. This can be best achieved by providing a holistic view of the risk and control environment of the organisation combined with a coordinated and seamless approach with all the other assurance functions in the organisation to provide overall assurance. Evidently then, the IA function needs to cover a lot of ground.

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In our case, this led to the creation of an Integrated Assurance Forum (IAF) consisting of key senior leaders from various assurance functions such as Quality, Safety, Compliance and Information Security along with business heads.

With the Chairman of the Board as its Chair and the CEO as a member, the business-criticality of the forum was clearly established. As the IAF matured with time, its focus also extended to cover strategic assurance activities of the organisation such as Enterprise Risk Management (ERM), and data and application governance.

This also increases the team's agility. Demonstrating agility has become integral to the work of IA and ERM. Taking up varied reviews like assurance by design, identifying emerging risks (for instance, when the current COVID-19 pandemic first came to attention), virtual audits, usage of digital tools all help the team in making its work impactful.

From the point of view of the Audit



Committee, such a holistic approach provides comfort about the depth and focus of management on assurance activities. Discussion at the highest possible management level increasingly improved management response and led to timely remediation



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2. Storytelling:

Summarising the substantial efforts and findings of IA and presenting it to the AC within the time constraints needs an innovative approach. Here, the concept of storytelling appears to be an effective way to inform and assure the Audit Committee that the systems and processes of internal controls were operating as planned.

Realising the power of storytelling in audit, IA teams can use it to increase their impact. Technology can be leveraged to establish the facts, develop insights and present them in a structured, simple, data-rich and visual story format. This enables the AC to focus on systemic rather than transactional issues.

There is a need to emphasise bias for action, cut through the noise, and add value. Storytelling therefore must become an essential part of the IA toolkit. It makes the presenter and the audience think and feel and speak in ways that numbers or data alone cannot.

3. Grooming talent:

Building a strong IA team by increasing team credibility should be a key internal goal of the

team are interdependent and it is imperative to develop a well-functioning working relationship within the team.

Since IA spans the entire organisation, enhanced diversity in the team is a must to increase innovation and problem-solving. Facilitating the induction of interested, talented, and capable resources from across the organisation to work in IA for a limited stint will not only help these resources get an overview on risk, governance, and controls processes, but it will also help IA get cross-functional learning and exposure.

Trainings and refresher courses for continued learning on the job, 'all-hands' meetings to develop team relationship, clear roles and responsibilities, opportunity for role rotations and growth, knowledge-sharing practices internally and through participation in external forums, all contribute to instilling the right team culture along with work competencies to set the team up for successful and impactful work.

The criticality of maintaining robust [corporate governance](#) is undisputed. An open and collaborative relationship between the AC and IA can help build an effective and efficient internal audit activity that provides assurance to the Board of Directors about the organisation's risk management and internal controls.

Eventually, it helps IA become an example of the very values and practices it recommends in its reports, and be viewed as a true value-adding partner to the organisation.

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