

Internal Audit

Maintaining trust through COVID-19
disruption

Internal Audit (IA) - Maintaining trust through COVID-19 disruption

COVID-19 business context

- ▶ The rapidly developing COVID-19 outbreak poses **health risks** to employees as well as financial and **operational risks** to all companies and their stakeholders. All of this translates into significant challenges for society as a whole.
- ▶ This outbreak is only the latest in an increasing number of **complex and unexpected disruptions** that are impacting business performance - and it will not be the last.
- ▶ Companies are employing alternative methods to maintain business operations. This has resulted in a shift in the risk landscape as certain risks become more critical than ever before.
- ▶ As governments and companies attempt to contain COVID-19 by restricting travel, public gatherings and mandating work from home, audits planned through site visits or in-person interactions cannot be executed as planned. However, Internal Audit (IA) must stay-the-course to address the risks that matter most even if the path is adjusted.

IA is adapting to uncertainty...

We are hearing from clients that they are quickly adapting to the uncertainty by:

- ▶ Conducting dynamic risk assessments and reprioritizing audit activities
- ▶ Introducing flexibility into audit procedures through collaboration tools and remote working
- ▶ Increasing reliance on technology by converting field audits to desktop, analytics-based reviews
- ▶ Leveraging third parties to provide technology support, in-country resources in affected areas and subject matter resources for emerging risk areas
- ▶ Acting in an advisory capacity on initiatives such as business continuity activation and crisis response committees
- ▶ Redeploying audit team members to support critical business continuity efforts
- ▶ Leveraging location-based company resources to provide evidence (e.g. photos by warehouse personnel) in lieu of on-site audit procedures

Can IA enable business continuity?

IA has a real opportunity to collaborate with the business and enable continuity:

- ▶ Considering the knowledge that IA resources have of the business, have you considered repurposing your resources for a period to enhance crisis response procedures?
- ▶ Do you have a seat at the table and the expertise to provide real-time risk advice through crisis management?
- ▶ Are you helping your organization assess exposure to emerging risks, such as, customer and employee safety, cyber security, supply chain, business continuity, working capital and internal controls over financial reporting (ICFR) stress?
- ▶ Have you revisited your risk assessment and planned audit procedures? Where audits have been deferred, do you have plans to maintain risk coverage?
- ▶ Do you have the technology infrastructure and tools to support remote audit activities?
- ▶ How do you plan to supplement your resources to address new ways of working and evolving risks?
- ▶ Are you leveraging any downtime to enhance the IA function (e.g. online training and developing analytics)?



COVID 19 - Now, Next and Beyond for IA

Now

Repurpose IA resources to directly support the business in identifying vulnerabilities and provide real-time risk advisory services to crisis response

- ▶ Crisis management
- ▶ Business continuity planning
- ▶ Work from home capability
- ▶ Cyber
- ▶ Technology effectiveness
- ▶ Employee well-being
- ▶ Customer safety
- ▶ Supply chain effectiveness
- ▶ Working capital management
- ▶ Brand protection

Next

Continue IA work with some focus on cost recovery and the least disruption to the business, through remote auditing and performing analytics based procedures

- ▶ Cash management
- ▶ Vendor audits
- ▶ Capital expenditure and projects
- ▶ SOX walkthroughs and testing
- ▶ Procure to pay
- ▶ Order to cash
- ▶ Payroll
- ▶ FCPA
- ▶ T & E

Beyond

Operate a new normal - a transformed IA function focused on the risks that matter, better enabled by technology and resources with deeper business skills

- ▶ Updated risk assessment
- ▶ Dynamic audit approach
- ▶ Data driven, technology enabled audits
- ▶ IA as a business advisor
- ▶ Higher impact audits



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