

Internal Business System Audits: Are you getting true value?

Your internal business system auditing programme should be an independent, objective assurance and consulting activity designed to add true value and improve your organization's operations. The internal audit team should assist the governing and management team in meeting your business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Sometimes internal audit fails to deliver true value. So what goes wrong?

A critical mass is necessary to maintain an effective internal audit group. Variation and complexity in the audit programme will be reduced when the auditor experience and skill mix declines. Many small to medium sized organisations cannot consistently provide all the resources necessary to maintain and evolve a dedicated internal audit team. Internal auditors within small organisations often undertake the role in association with other duties; have limited exposure to auditing due to a low audit volume; and may have little visibility of continually changing external requirements. Many larger organisations do not recognise the auditor role as a significant position within the business, failing to attract and retain appropriately experience personnel, thereby restricting the audit team's ability to recognise and evolve business controls.

Internal politics may pressure the internal audit teams finding. Negative influences, through restricted audit access, incorrect communication structure, limited visibility of work or demands for large broad audits (instead of risk directed audits), may be affecting internal audit independence and integrity; significantly limiting the business governance value provided by internal audit. Workplace bullying is often a major reason for reduced internal audit performance and loss of internal audit resources.

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How do you return value to your internal audit programme?

One method available to organisations of all sizes is to out-source or co-source the internal audit function. Both co-sourcing and out-sourcing improve internal audit independence and integrity; increase the auditor resource experience and skill mix; improve the organisation's visibility of external requirements; and provide increased access to tools and knowledge.

Karza Pty. Ltd. can assist you by: evolving your internal audit programme; managing and assisting your internal audit group through co-sourcing; or by running a fully outsourced internal audit programme for your organisation.

Contact.Us@karza.com.au for more information.