

GLOBAL INTERNAL AUDIT SERVICES

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit (IA) has evolved and gained more importance as an independent assurance and consulting function designed to add value and improve efficiency of an organization's operations. Maximizing value and effectiveness requires a deep understanding of the organization's objectives, risks and controls, regulatory environment and the diverse expectations of stakeholders



Our Value in Internal Audit

“Objective assessment of the health of internal controls with a sharp focus on risks, cost efficiency and transformational insights”.



Global Internal Auditing Key Challenges

- Lack of process to align Internal Audit function's work plan and development objectives with strategic goals
- Lack of learning curve across globe
- Lack of qualified staff
- Absence of sharing best practices across globe
- Ineffective manual processes to document the work done and report the issues identified in standardize manner
- Inadequate reporting structures impairing independence
- Output not aligned to scope and expectations
- Unimplemented recommendations

GLOBAL INTERNAL AUDIT SERVICES

Global Internal Auditing Key Benefits

- Improved health of internal controls, corporate governance and risk management procedures across countries
- Enhanced stakeholder confidence and trust
- Standardize report across countries
- Sharing of best practices across glob
- Increased transparency, effectiveness and efficiency of business operations
- Increased reliability of financial and operational information
- Enhanced business ethics and staff morale
- Cost efficiency and lean processes

Internal Audit Approach

Establishing / Improving the Internal Audit Function

- The Set-Up Phase:
- Understanding governance framework
 - Arrange stakeholder interviews
 - Develop internal audit charter and other governance documents
 - Agree terms of reference for internal audit function
 - Develop risk model and risk universe
Develop audit plan for approval
 - Agree timing of internal audit and format of reporting

Outsourcing and Co-Sourcing of Internal Audit

- Provide the management with the full outsourcing of internal audit services
- Partial Outsourcing (co-sourcing): This will enable your internal audit team to utilize our knowledge base, additional capacity and modern methodology
- Provide expertise in IT/IS, forensic services, Risk management experts, Data analytics, etc., based on the specific requirements and agreed upon scope of work

Internal Audit Effectiveness and Quality Assessment

- Conducting an independent performance review of your company's internal audit function
- Interviews with members of the board of directors, the audit committee & other supervisory board, management and the internal audit team, and analysing audit documentation and reports
- Assessing and comparing the current state of the internal audit function with industry best practice, the experience of our professionals, and with the expectations of your company's management and members of the statutory and supervisory bodies
- Measuring IA effectiveness: Savings & Cost Reduction from IA, Support of key business initiatives, Process Improvements, etc.

INTERNAL AUDIT BEST PRACTICES

SN	Internal Audit Leading Practices
1	<u>Surprise Audits:</u> Surprises audits for areas like inventories, cash balances, payroll, scrap items, etc.
2	<u>Flexible audit approach:</u> Audit plan should be flexible. The focus should shift from a traditional audit process to Partnering with Management to Enhance Stakeholder Value
3	<u>Continuous auditing capability and CAAT (Computer Aided Auditing Tools):</u> Standard scripts are used to discover exceptions and reviewed as a part of internal audit program.
4	<u>Control Self Assessment (CSA) strategy:</u> CSA program is deployed as part of Internal Audit Plan and strategy for providing assurance on Internal Controls Effectiveness. CFO and CEO certification is based on the detailed self-assessment programs for Internal Controls in addition to the regular internal audit program.
5	<u>Usage of Technology based Audit Workflow system:</u> Audit reporting system (ARS) is deployed which is an internal audit workflow system implemented to standardize internal audit planning, risk assessment and outcomes.
6	<u>Subject Matter Experts (SME):</u> Internal Audit has subject matter experts for specific areas such as review of Tax compliances, Information Technology General Controls and Application Controls, Reviewing Mergers and Acquisitions programs, Supply Chain activities, Treasury & Foreign exchange reviews, hedging transactions.
7	<u>Change Management:</u> Internal audit should have continues interaction with the Senior Management and should facilitate management in implementation of new ideas.
8	<u>Control Advocacy:</u> Internal Audit advocates and educates the business process owners on areas such as internal controls effectiveness, spreading awareness in the areas such as risk and control matrices, fraud risks, Enterprise Risk Management solutions etc. Appropriate workshops and internal controls event are conducted to achieve this end.
9	<u>Benchmarking:</u> Internal Audit should conduct benchmarking of all the units/divisions/ business segments based on the audit findings and ratings of the business processes.
10	<u>Formal Risk Assessment prior to setting up the annual audit plan:</u> Since IA resources are finite and businesses have a vey low risk appetite for control violations formal risk assessments are carried out prior to the commencement of the annual internal audit activity.
11	<u>Quarterly interactions with external auditors:</u> The frequency of interactions and exchange of information is enhanced with external auditors.
12	<u>Inclusion of Fraud detection procedures in IA work programs:</u> The Internal Audit function introduces specific checks to unearth fraud in vulnerable areas such as procurement, cash, payroll, etc
13	<u>Quick Theme Audits:</u> Introduce theme audits depending on the economic environment and market volatility for example review of currency exposure position, variable payout audits, etc



India Offices

India Corporate Office (Mumbai)
441, Kiran Kunj, S.V. Road, Malad (W), Mumbai 400 064
T: +91 22 2864 5500 | F: +91 22 2864 5400

India Branch Office (Ahmedabad)
16 Siddhi Banglows, Near 200 FT SP Ringroad Jxn, Bopal, Ahmedabad 58.
T: +919619961986

India Branch Office (Vadodara)
B-84, Bhagyodaya, Refinery Road, Gorwa, Vadodara 16
T: +91 99202 88031

UAE Liaison Office

P.O. Box 128235, M-04, Bil Badi Building, Madinet Zayed, Abu Dhabi,
United Arab Emirates

Oman Liaison Office

P.O. Box 385, Jibroo, P.C. 114, Sultanate of Oman

Learn more about Verita : www.verita.co.in

Request for Information : contactus@verita.co.in

This document is private and confidential. It is available on request . Please do not circulate the document without prior consent of VERITA.