# INTERNAL AUDIT HOT TOPICS

Rethinking the
Internal Audit Agenda

Rethink

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**Re*think***

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RETHINKING THE
INTERNAL AUDIT
AGENDA: WELCOME

# THE INTERNAL AUDIT AGENDA
## Welcome

**The role of Internal Audit continues to be recognised as a fundamental part of enabling and embedding good governance. As the risk landscape changes, becomes more complex and integrated, with increasing regulation, many organisations are looking to Internal Audit to provide 'assurance' and advice as 'risk and control' experts.**

This role has evolved over the past five years, increasingly to one in an advisory capacity – both protecting and creating value in the business. As a profession, 2023 will see the publication of the IIA's proposed new International Professional Practices Framework (IPPF) for consultation. Based on its research so far, the Standards Board is proposing a new framework simplified into two major categories, Standards and Guidance which continues to focus on global applicability and flexibility, and also considers new content to enhance the consistency, quality, and relevance of the Standards to the evolving risk landscape, especially with regard to specific audit practices, topics, and sectors. This coupled with the requirements of ISA 315 being in effect, placing further scrutiny on risk and control processes, means that Internal Audit will need to make sure that it understands and robustly assesses the risk landscape.

The world is constantly changing and evolving and so an ever-increasing array of challenges will always be heading our way. So how do internal auditors help their organisations 'realise' their potential?

This document sets out some of the key challenges on the horizon that Internal Audit should be considering when thinking about the wider assurance footprint relevant for their organisations. We've focused in on four of the megatrends this year, which continue to dominate the global landscape. After a year of continued upheaval, challenge and complexity, these interconnected trends impact all organisations to a varying degree and drive an increased need to focus on the associated risk and opportunity, and subsequently the right role for assurance.

This past year has shown that it is no longer about having to predict with certainty the future outcomes but instead to consider how different outcomes might impact your organisations from short term changes such as disrupted supply chains and inflation, through to longer term trends changing how organisations do business such as sustainability and changes to consumer behaviours. Overlaying these megatrends is the interconnectivity of risk, Internal Audit can play a crucial role in challenging the business on their understanding and assessment of how actions taken to mitigate risk in one area may impact another. Our role is to consider the wider implications of risk and make recommendations, suggest solutions and provide advice that considers this interconnectivity and seeks to address multiple risks.
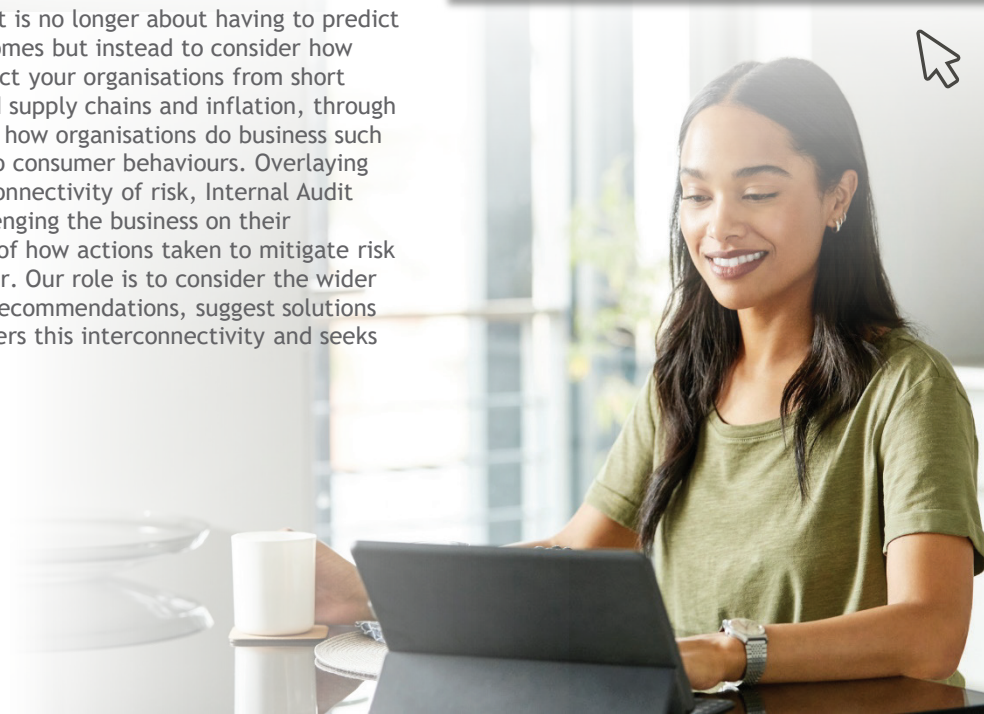
**CHANGING DEMOGRAPHICS**

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# 02

## EMERGING TRENDS

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# CHANGING DEMOGRAPHICS

▶ Social and workforce change affecting how we work and how we consume

▶ People are changing – the way they want to work, the way they want to be rewarded and the way they want to spend their money

▶ The biggest barrier to growth still remains access to skilled labour and the virtual working method could make attracting skills easier. Building morale and reducing staff attrition is critical. Although directly relating to retail and B2C products and services, the reality is that our personal buying behaviours often infiltrate wider corporate behaviours

▶ The future of behaviour is upon us. Many businesses fail to rethink the skills and behaviours they need for the future and add to existing structures rather than fundamentally transform.

# RESOURCE RESILIENCE

- Climate change and resource scarcity/supply chain

- Following COVID-19, the Ukraine situation, super-ships stuck in the Suez Canal and growing global uncertainty, it is clear that our understanding of supply chains is disrupted. Aligned to the move to purpose led culture and synonymous with ESG, this recognises that we live in a world of finite resource whether that is people or the environment we live in

- The sustainability issue also leads to displacement of suppliers to seek the right value chain from source to customer. This leads to a complex environment with shifts to near-shore or on-shore delivery models, growing pressures for disaster recovery through the whole supply chain and a need to find substitutes and alternative business models.

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# TECHNOLOGY TRANSFORMATION

▶ Transforming to improve efficiency, value or innovation

▶ Technology is profoundly changing how we think. The digital revolution has no boundaries or borders. Breakthrough innovation is necessary to address large-scale challenges (e.g. ageing economies, climate change), while new solutions are also targeting relatively minor problems (e.g. payments, streaming). This backdrop has created a fertile ground for disruptive innovation

▶ This is changing behaviour and expectations as much as the tools used to deliver new services and experiences. Delivering digital change is a complex proposition. It creates significant challenges for not only us as individuals, but for companies and governments in terms of how they interact with customers, employees and citizens.

# SHIFTING GLOBAL ECONOMICS

▶ Changing economics/funding and inflation

▶ The stresses created by COVID-19 and Brexit have led to supply chain disorder and the rethinking of globalisation. There isn't an easy fix though; reimagining domestic supply chains and economies is a long-term task

▶ Combining current economic vulnerabilities with demand spikes, skills shortages and weather events have created massive shortages of goods and components, raised consumer prices and increased inflation. Globalization has recovered from severe setbacks in the past and remains at historically high levels. But whilst global digital connectivity helped many businesses survive COVID, it opened a digital divide, where poorer, less connected countries have fallen behind.

# 03

HOT TOPICS

# EMPLOYEE WELLBEING

**Attracting, retaining and developing the right people, and deploying them effectively, is critical to the success of any organisation. With overall talent shortages and specific sectoral skill deficits, workforce resilience is one of the critical risks on the CEO's agenda. An organisation's people proposition and approach to employ wellbeing all factor into the decision making of talented people about which organisation they want to work for. Best-formulated strategies can fail on a lack of quality and quality of the workforce.**

Like preventive maintenance in technical asset critical industries (aviation, mining, energy), knowledge-intensive sectors need to think preventive. This is why even mid-sized firms must proactively address employee health and well-being issues. The latter includes psychological safety, often seen as a critical driver of innovation and sustainability.

## HOW INTERNAL AUDIT CAN SUPPORT

Internal audit can also provide scrutiny of the planning and achievement of diversity and inclusion objectives and over the data used to report on inclusion and diversity targets.

▶ Quantifying people-related risk factors – e.g. business critical talent flight risk and providing assurance over the organisation's succession planning arrangements

▶ Creating channels and mechanisms for risk mitigation idea-collection, evaluation, and implementation monitoring

▶ Define preventive employee well-being frameworks, policies and actions aligned with risk and cost implications

▶ Support management in defining measurement and visualisation schemes, providing a simple management oversight tool on employee wellbeing.

# CULTURE

**Corporate culture refers to the beliefs and behaviours that determine how a company's employees and management interact and handle outside business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires.**

Understanding the true culture of an organisation can get to the heart of what helps or hinders an organisation, and can help detect early warning signs of broader organisational issues.

Culture has been on the risk agenda for quite some time now as a growth factor. However, the unprecedented mix of post-pandemic hybrid work, multi-generational workplaces and economic climate put its resilience under stress test.

Traditional culture approaches implied an IA focus on preventing a toxic culture from developing. This is no longer enough! The risk of not catching the wave in terms of opportunities, bringing new elements of culture into scopes, such as resilience, client focus and invocation to balance the foundational approach on integrity, respect, and accountability.

## HOW INTERNAL AUDIT CAN SUPPORT

From risk avoidance-focused culture to the whole culture views, internal audit can support the organisation in:

▶ Defining critical elements of culture – setting the right priorities

▶ Providing metrics and aligning them to the broad ESG agenda

▶ Strengthening governance with more focus on cross-functional collaboration

▶ Breaking down values into observable norms and behaviours

▶ Establish personal leadership accountabilities on enforcing essential norms and leading by example on behaviours

▶ Consider behaviours and norms across all internal audits performed to build a cross-organisational view of culture.

# LEADERSHIP MISALIGNMENT

**The alignment of any leadership team has long been considered the best indication of strategy executing success. Like in professional sports, it is more critical to how aligned you are and how well you work together rather than focusing on individual skills only.**

In times of drastic external environment changes, there are two powerful ways the leadership team can react. Either they see the time of disruption as a perfect trigger to rethink internal collaboration values and mechanisms, or they see it as an excuse to postpone or procrastinate. There is clear evidence that, in VUCA words, the former gives you a clear edge.

## HOW INTERNAL AUDIT CAN SUPPORT

▶ Create the business case for top teams (Board, Executive mgt, or other top teams) to invest time and personal effort into rethinking how the team works

▶ Diagnosing and benchmarking current levels of alignment on critical dimensions, like strategy, culture, risk and change appetite

▶ Defining priorities with the most significant impact and formulating measurable objectives and key results (outcomes) using the leading OKR methodology.

# SUPPLY CHAIN

**'Shop local' is a retail movement that has gained real traction in recent years, as organisations attempt to encourage consumers to buy produce, clothing and day-today items from local, independent businesses, rather than large retailers. Given the turmoil and upheaval experienced in the last two years, the same is happening in the world of supply chain management, as the trend of 'localisation' picks up pace. It is not surprising, as all sectors have been severely hampered by availability issues during the COVID-19 pandemic, the ongoing effects of Brexit and the Russian invasion of Ukraine, amongst many other things. This disruption has forced many businesses to rethink processes and procedures and take stock of how operations are currently run in an economic environment that continues to pack a punch.**

BDO's latest Global Risk Report, A Global Risk Landscape 2022, highlights this move away from worldwide supply chains to a more streamlined and locally focused strategy. In fact, 52% of companies agreed that the risks of a large complex supply chain now outweigh the benefits, with an overwhelming 89% admitting that the disruption of the last 18 months has revealed weaknesses in their supply chain. When you consider that nearly half of respondents stated that supply chains have been severely impacted since early 2020, it is clearly time to rethink how we manage, enable visibility, warehouse and transport goods around the world.

So how can businesses build resilience into their supply chain? Localisation for shorter transit times that are less affected by global issues, running multiple smaller manufacturing plants rather than one large site, and using more than one supplier, are three major steps that can be taken to boost resilience. However, implementing these measures can be expensive – actions that are not wholly offset by reduced shipping costs, thus increasing the total cost to serve throughout the supply chain and for consumers, which ultimately drives up inflation.

It is important, therefore, to demonstrate agility when responding to supply chain challenges, such as the need to decouple from existing suppliers, build in a bigger safety stock buffer, identify new and alternative transport routes for suppliers, and find alternative channels to market.

Developing alternative supply chains against growing global tensions has become increasingly important. Trends, such as nationalism and protectionism – along with consumer pressure for greener, low-mileage supply chains – also create a favourable political and social climate for localising routes to market, and it is really starting to hit home. According to the BDO Global Risk report, 50% of respondents have regionalised their supply chain and nearshored production.

The key is to assess supply chain risks in terms of dependency, quality, environmental and social impact, while importantly risk assessing for 'abnormal events' by looking at alternative sourcing, shortening supply chains where possible, and monitoring risk indicators.

## HOW INTERNAL AUDIT CAN SUPPORT

- ▶ Assess maturity of SC Management and SC Resilience
- ▶ Advise on managing supply chain risks, supplier risk and associated continuity management
- ▶ Advise on suitability of the SC operating model
- ▶ Advise on component functions of SC Management including procurement, supplier management, contract management, inventory management, logistics planning and management
- ▶ Advise on creating a more resilient supply chain
- ▶ Assess risk management of risks created by suppliers
- ▶ Internal Audit should consider whether the business has:
  - Reviewed the operating model and built a business case to go local
  - Developed 'Digital Twin' technology to model scenarios and plan for 'never events'
  - Implemented and digitalised your supply chain risk register and built plans to mitigate risk
  - Considered the latest AI software to give visibility throughout the Supply Chain
  - Optimised the logistics footprint and transportation routes
  - Rethought the procurement strategy to build resilience throughout the supplier base.

# PRIVACY

**All organisations are exposed to the processing of personal data, as part of routine operations and sometimes as part of core business. When the General Data Protection Regulation (GDPR) was enshrined into UK law (UK Data Protection Act 2018) in May 2018 (now known as the UK GDPR, after Brexit), it fundamentally overhauled how organisations manage and safeguard personal data.**

Data protection and privacy in the UAE is governed by the Federal Law No. 2 of 2019 on the Protection of Personal Data (the "Data Protection Law" or "PPD"). For free Zones in the UAE, the DIFC has its own Data Protection Law, DIFC Law No. 5 of 2020 and ADGM also has its own Data Protection Regulations 2021

Similar to EU GDPR, the PPD Law defines the scope of the law - it applies to all natural and legal persons that process personal data, whether they are located inside or outside the UAE, as long as the data relates to an identified or identifiable natural person who is present in the UAE.

Personal data is a valuable asset and in the last five years, an increasing number of jurisdictions across the globe have enacted legislation resembling aspects of the GDPR, which have quickly become the expected global standard. As individuals are increasingly aware of their rights in relation to their personal data, and this can influence the companies they engage with and but from, organisations must be seen to be doing the right thing in ensuring the protection of personal data. From a risk perspective, the financial penalties for organisations in the event of non-compliance with data protection legislation can be significant. Organisations should also be aware of the associated reputational damage arising from non-compliance and the associated negative public perception.

## HOW INTERNAL AUDIT CAN SUPPORT

▶ Internal audit is an invaluable tool to provide audit and risk committee visibility and support organisations with understanding and meeting their data protection obligations, by determining whether controls are effective, policies and procedures are fit for purpose, as well as outlining recommendations for improvement

▶ Data protection internal audits provide an independent view of current levels of compliance, and an opportunity to benefit from the knowledge and experience of specialist data protection subject matter experts

▶ Internal audit is also a useful tool to determine whether resourcing arrangements are appropriate, to meet on-going compliance requirements.

# RISK MANAGEMENT

**Your business faces a multitude of complex risks. Digital disruption of your markets, macro-economic downturns, as well as geo-political instability, climate change, pandemics and social movements can all threaten the sustainability of your business. An increasingly globalised economy means that a single event on the other side of the world can change things that you took for granted. You cannot control these events or the associated risks but you can prepare for them effectively.**

By managing risk through effective internal control and governance, your businesses can do a lot more than survive. It can drive more effective strategies and operations. It can take full advantage of opportunities, using risk as a driver for change and success. When done well, risk management not only future-proofs your organisation, it helps you navigate stormy waters and unexpected headwinds.

Organisations are experiencing unprecedented change and require to take agile decisions. A strong risk management framework will help ensure that these decisions are taken in a robust, controlled manner which maximises the likelihood of objectives being achieved.

The world has experienced fundamental change in the wake of multiple global events, benefiting from the accelerated demand for omnichannel capabilities and facing into unprecedented disruptions of its supply chains. Digital disruption and inflation, whilst not new risks, have also challenged a business-as-usual approach and have forced a reimagining of services of the future.

At the heart of a successful response to these challenges lies the understanding and management of uncertainties – or risks. The COVID-19 pandemic showed that businesses can adapt and be agile even when facing extraordinary new contexts. To meet the dual challenge of the necessary agility and resilience, businesses must have a robust understanding of their risk landscape and how to manage it to both protect and improve its brand, reputation and commercial footprint.

Internal auditors can support the creation of robust and pragmatic risk management solutions which support strategic objectives and promote a strong organisational culture. Successful risk management extends beyond the expected design and implementation of risk frameworks, operating models, policies and procedures – it is about embedding the tools and methodologies into the DNA of the business itself.

## HOW INTERNAL AUDIT CAN SUPPORT

Internal audit can support in embedding risk management through providing workshops to raise awareness of the policy and identify and assess risks and can provide assurance that:

▶ An effective risk culture has been embedded and everyone understands and plays their part in risk management, with the risk management framework consistently applied, where governance structures drive risk ownership

▶ Risk appetite statements align to and support business strategy, and are communicated and understood across the business

▶ The organisation has an effective methodology for identifying emerging risks, performing risk scenario analysis and considers the interdependence of risk

▶ Risk management is a part of all operations and systems, integrated with performance management, accountability and decision-making structures

▶ Risks are identified, analysed and evaluated in line with policy and risk appetite

▶ Mitigating actions and reactions are planned and taken in a timely way with clear accountability

▶ Risks, relating controls and further actions.

# SUPPORTING SUCCESSFUL TRANSFORMATION AND CHANGE

**With organisations being impacted by so many significant global and local challenges, such as supply chain disruption, socio-political events, resourcing and the recruitment marketplace, AI and the continuing advancement of technology, the need to respond to these challenges and deliver successful change is higher than ever. In response, leaders must look to identify ways to adapt/improve/transform, whether it is based on a desire to grow or a need to survive.**

The drivers behind change and the associated change objectives are, of course, specific to every organisation and establishing clarity of these from the outset will lay the foundations for driving lasting change. Setting up for success at the outset is of course only the start and ensuring that business objectives remain at the heart of any transformation throughout is pivotal. This can only be achieved by establishing the right balance of pragmatism and project control – which means creating an environment which retains the agility and flexibility to adapt to changing circumstances, whilst establishing the necessary project governance and controls to build and give confidence.

From selecting and prioritising the right projects to add to your change portfolio through to ensuring those projects are successfully delivered, all the different elements need to come together and be aligned to support the delivery of your overall strategic goals.

## HOW INTERNAL AUDIT CAN SUPPORT

Internal Audit has a great opportunity to be integral to the delivery of successful change but needs to challenge itself on how it adds value in supporting an organisation's change initiatives. In our experience the value comes from the IA team focusing on the following:

▶ Being involved early and undertaking short, focused and forward-looking reviews, aiming to answer the question – is this programme set up to succeed?

▶ Tailoring reviews to focus on what is the risk at that specific time – whether it's the governance and controls across the programme or deep dives into business cases, development approaches, test strategies, go-live readiness or the design of the end Target Operating Models

▶ Working inflight and instep with the programme – providing independent assurance to the Audit Committee whilst giving fast turnaround feedback to the programme team

▶ Identifying the root cause of challenges and making recommendations pragmatic and realistic.

# DIGITAL SYSTEM ASSURANCE

Less than 30% of technology-based projects succeed. What happens when a business strategy and IT strategy don't align? Effective assurance is a critical component in ensuring the success of any complex system implementation. Bridging the gap with a strong technical understanding of the adopted technology, supporting infrastructure and business requirements, is a key success factor for risk centric and time sensitive delivery.

Leveraging value and efficiency from core systems has become an accelerated priority in a high inflation and cost constrained operating environment.

System implementations have a reputation for not delivering on time, within budget or complementing a pre-existing IT strategy and with digital transformation at the heart of the Board Agenda, competitive advantage and cost efficiency from a new system is considered pivotal to success.

## HOW INTERNAL AUDIT CAN SUPPORT:

▶ Deliver our proven digital programme health check diagnostic to quickly provide a 'state of the nation' view on project health

▶ Provide continuous assurance 'check and challenge' by integrating into the Programme, attending key meetings and directly highlighting key risks and issues as they emerge

▶ Assure stakeholders (Steerco, Project Board and Weekly Management) with dynamic dashboard reporting to provide an independent perspective on the risk profile of a Programme or portfolio on a real-time basis

▶ Perform technical deep dives across key areas of risk of the Programme, for example data cleanse and migration, function and non-functional testing and enterprise-wide system integration.

# IT RISK AND CONTROLS

Organisations are under pressure to drive efficiencies through systems and technology. This pressure can introduce risk to privileged access management, change governance and IT operations impacting business controls and financial reporting integrity. In a world where IT outsourcing and third-party delivery is common practice, it is hard to understand where risk exists and who is responsible for managing it.

Digital audits are dominating internal audit plans but determining which area to prioritise can become a complex exercise. Having a strong evidence-based assessment of your IT Risk landscape is crucial in determining the scope and sequencing of your targeted audits over areas such as cyber security, disaster recovery, data security and cloud governance.

## HOW INTERNAL AUDIT CAN SUPPORT:

▶ Provide an objective assessment of IT Risk in periods of change such as external audit rotation, new system implementation and transitioning to cloud-based infrastructure

▶ Provide skilled and pragmatic recommendations to address IT Risk depending on budget, risk appetite and technology landscape

▶ Help internal audit drive the agenda for compliance.

Re**think**

# CLOUD GOVERNANCE AND SECURITY

Cloud computing has moved from being a concept to a core strategy for many organisations. A comprehensive assessment of the risks and appropriate measures for safeguarding the interests of organizations, their personnel, and clients during the cloud transition is crucial for realizing the intended benefits. Key questions relating to security, transparency, multi-tenants' model, shared responsibility matrix and organisation readiness need to be answered. Whilst cloud hosting arrangements are outsourced, organisations retain responsibility and accountability for data security and privacy.

Transitioning to cloud presents an opportunity for significant cost reduction. It is important to have strong cloud governance and management controls in place that are fully aligned with organisation goals and objectives, supportive at all levels of the cloud journey and in-sync with enterprise-wide frameworks, methodologies, and ISO standards.

**HOW INTERNAL AUDIT CAN SUPPORT:**

▶ Perform cloud security assessments on current state of your cloud environments leveraging our Cloud Governance Controls Framework (CGCF)

▶ Identify vendor management control concerns that could affect the reliability, accuracy and security of your technology estate

▶ Assess the efficiency of your cloud arrangements in the context of license consumption and capacity

▶ Review and assess the due diligence performed by the business in securing a cloud service provider to identify residual risk that could expose the organisation if unaddressed.

# CYBER RISK

## HOW INTERNAL AUDIT CAN SUPPORT:

▶ Identify and assess weaknesses in cyber security controls and identify issues relating to compliance with the latest regulations and industry security standards

▶ Review of controls performed by third party service providers

▶ Utilise 'best in class' cyber technologies to remediate issues and improve cyber resilience

▶ Advise on appropriate protection levels around critical assets

▶ Advise on the design or review appropriate cyber response strategies

▶ Provide incident simulations to test organisation readiness to respond to a cyber incident.

Cyber security remains a corporate priority as businesses depend more and more on digital technology to operate efficiently, remain competitive and deliver for their customers. Cyber criminals are continuously evolving their methods and their use of technology. Remote working remained a reality for most organisations as the workforce slowly adopted to the post Covid era. For many organisations this has intensified the need to modernise technology and accelerate digital strategies.

Over the last 12-18 months cyber-attacks have continued to evolve and cause significant impact to businesses across the world. A leading company in cybersecurity solutions, recorded a significant increase in the number of cyber-attacks in the year 2022 compared to 2021. The threat from ransomware was ever present and remains a major challenge for the businesses and public sector in the world. Russia' invasion of the Ukraine brought the cyber threat into focus for the Government and there were increased threats to the global supply chain from attackers accessing victim organisations through third party networks. The log4J vulnerability highlighted the challenges that organisation face where weaknesses in the IT systems can be successfully exploited by attackers.

# ESG

Environmental, social and governance (ESG) topics and the sustainability agenda continue to move up the Board agenda and are becoming ever increasingly important to a wide variety of stakeholders, including investors, lenders and employees. Whilst specific requirements continue to be confusing for many, the regulatory environment is evolving and starting to set out more clearly what this may look like through the International Sustainability Standards Board (ISSB) draft guidance on disclosures, with the final guidance due to be launched in June 2023. This has led to increased expectations for companies to provide robust and transparent disclosures which not only meet regulatory requirements but that also demonstrate the link between ESG topics and the actions being taken by companies in terms of response to the associated risks and development of a strategy to create long term value and success. Demand and expectations around enhanced reporting will continue to grow over the years to come. Alongside this organisations need to consider which regulations will be applicable to them  (e.g. the IFRS Sustainability Disclosure Standards or the EU Corporate Sustainability Reporting Directive (finalised November 2022)) and factor in any localised reporting requirements. The UK has announced it will endorse the IFRS Sustainability Disclosure Standards as a baseline, but additional reporting requirements are expected.

## How internal audit can support

▶ Provide valuable assurance around the environmental framework in place to measure and monitor achievement of carbon commitments

▶ Provide assurance on the environmental considerations built in to purchasing decisions and key projects, for example, capital builds or transport contracts

▶ Facilitation of an assessment of climate risk and opportunity

▶ Validate the transparency and completeness of reporting, and the assumptions, calculations, data sets and evidence used in climate change reporting.

# CHANGING CORPORATE GOVERNANCE LANDSCAPE

Born out of high profile corporate failures and heightened media and public interest, various proposals and positions papers have been issued in recent times (such as the FRC position paper restoring trust in audit and corporate governance (July 2022), the BEIS Consultation and the FRC consultation launched in November 22 on Audit Committee standards and the Revised ISA 315 for 2022 audits) all have implications for the governance, risk management and internal control structures of organisations. The proposed changes cover a broad spectrum of governance arrangements.

**It may be beneficial for internal auditors to review their governance structures and provide assurance over whether:**

- ▶ All governance arrangements clearly documented so that employees could outline the relevant reporting lines if questioned

- ▶ The suite of governance documentation, including organisational charts, management responsibility maps, role and responsibilities descriptions and committee/ board terms of reference reflect the current allocation of responsibilities and approval processes currently in practice

- ▶ Any potential conflicts of interest or 'bottlenecks' within the current governance structure have been identified and action plans developed to address these (for example, a lack of independent challenge in key areas such as risk and compliance, remuneration and incentive arrangements or strategic business decisions)

- ▶ There are any 'key man risks' where adequate succession planning has not been accounted for

- ▶ Board adequately comprised and diverse with regards to experience and background (including, key metrics such as gender, ethnicity, and social mobility)

- ▶ The Board reflective of the workforce it oversees and customers it serves

- ▶ There evidence of robust challenge and discussion from all members or whether there a tendency for one individual to lead and dominate the conversation

- ▶ The balance of the Board is right and if there is benefit in the appointment of non-executive directors or independent non-executive directors

- ▶ Boards and committees currently receive the information and reports that they need to properly assess issues within their jurisdiction and oversight

- ▶ There are appropriate feedback mechanisms for engagement with employees.

More specifically in relation to the revised ISA 315, which requires external auditors to perform a more robust and consistent risk identification and assessment, internal auditors have a key role in engaging more closely with external auditors. As Internal auditors we have a unique and deep insight into the organisational risk and control environment and associated documentation to support the assessment.

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