Internal Audit From Management’s Perspective

Does Management Understand What the Internal Audit Function Can Do For Them? (WIIFM)

Traditional View of Internal Audit

- IA is Focused Solely on Procedural Compliance
- IA Possesses a Lack of Understanding of Operations
- They Are Just a Bunch of Bean Counters!
- IA is Concerned with Size of Reports Not Importance of Material Communicated
- They Point Out Problems But Not Solutions
What Management Wants

• Advice/Warning on Major Risks
• Heads Up on Important Problems
• Process Improvement Ideas
• Auditor Understanding of Business Cycle and Operations
• Clear, Objective Two-Way Communication

What Management Wants (continued)

• Reasonable Timelines for Responses to Questions, Requests for Documentation, and Findings
• Clear Communication About the Audit Plan, Program, Process, Findings, and Recommendations

Advice/Warnings on Major Risks

• Facilitation/Training in Risk Identification for Management
• Proactive Identification of Major Risks by Program Area
• Realistic, Implementable Advice on Risk Mitigation Strategies
Demonstrating Internal Audit’s Value to Management

• Communication About the Internal Audit Function
  • Risk Assessment
  • Audit Plan
• Gain a Champion – Through an Operational Audit Quick Win
• Gain a Thorough Understanding of Operations and Cycles

Demonstrating Internal Audit’s Value to Management

• On-going Communication Key Factors
  • Report Clearly, Objectively and In Plain Language
  • Report on Important Findings (The Big So What)
  • Demonstrate Auditor Willingness to Reconsider Findings with Additional Facts About Operations
  • Suggest Implementable Recommendations