

BENEFITS OF INTERNAL AUDITS

Why we carry out Internal Audits

The true success of an organisation lies within its operational management and its ability to keep up with its competition. In such a fast-paced and constantly changing market, improvement is fundamental to the longevity and sustainable growth of a company. The key to this is to manage any internal risks effectively – more effectively than the competitors and at the expected level of stakeholder demand to ensure efficient and effective operational performance. Consequently, an internal audit is a key pillar to ensure this takes place and is a valuable core advisory tool to manage internal risks effectively.

Here are five major benefits of regular internal audits and why they are necessary for overall success of internal controls:

The 4Es: efficiency, effectiveness, economy, ethical conduct

Effective internal audit activity is a valuable resource for management, the board, or its equivalent audit committee. The audit works right across the organization and can highlight: the current and actual state of operations; what the state of operations should be; and the ways in which the operations can be improved. This can largely contribute to improving the 4Es and reaching optimal conduct of business activities. Through measuring the current operations against the company's policies and procedures, any internal controls gaps will be identified followed by recommendations on how to mitigate these gaps and implementation of recommendations.



Three core values: assurance, insight, objectivity

An internal audit proposes significant value to the organisation by improving the operations and assisting the company in accomplishing its objectives. The purpose of the internal audit is to objectively pinpoint any issues and evaluate the progress in accordance with the company's timeline of objectives. The internal auditors can provide clear and independent insight of non-compliance and non-conformance to both the internal policies and law, e.g. with statutory rights and tax, to offer support and ensure that the management is doing what they should be.



External audit liaison

Whilst internal audits are primarily focused on internal controls, policies and compliance, it also proves useful to external auditors. As a general principle, external audits use findings from internal audits to informatively assist in identifying and assessing the risks of materials. The support from the internal audits can benefit your company and assist in the liaison between the external and internal assessments.

Minimise fraudulent risk

It is part of internal auditors' objectives to check that the designed controls for fraud risk are in place and operating effectively. With the risk of fraud becoming seemingly more evident, it is significantly useful to assess the company's internal controls and tighten them, if necessary, to protect the interests of stakeholders. Internal audit procedures involve the use of data analysis to identify trends and patterns that might suggest fraud or abuse. This can guide in recommending suitable anti-fraud response plans to incorporate within key policies and methodologies.

Regularity & follow-ups

An audit, review or evaluation will always highlight the improvement actions to be implemented by management. The advantage of performing these audits regularly is particularly useful in terms of accountability and following up on previous audits to assess if remedial action has taken place and been effectively implemented. Carrying out regular internal audits can be pivotal towards monitoring and tracking that action points are acted on and successfully implemented in a timely fashion for optimal performance and long-term growth.

Additionally, regular internal audits ensure that controls and policies are being followed correctly. With strong measures in place, financial reliability is much more likely and can boost stakeholder demand.

Collaboration with management

The value of an internal audit is to bridge the gap between the performing staff and the management of the company. Outsourcing the internal audit team can provide independent and unbiased assessments of operations; all the way from HR to Governance; and act as a catalyst for improvement and betterment of internal controls. Advising the management with a realistic and reliable view of the actual progress of the company is pivotal to ensuring that its work is constantly aligned to the organisation's strategic objectives.

How can we help you?

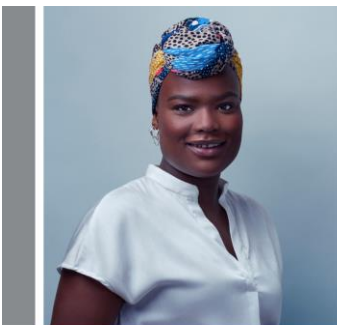
Do you feel that your internal controls need an independent review? Do you have an internal audit function for your business?

Here at RSM, we undertake a detailed risk-based internal audit to provide clear-cut insight of the company's internal controls operations in accordance with the strategic objectives and company's policy. Reporting and informing the necessary action points and necessary recommendations to management on the identified internal controls gaps is what is most important in this engagement and ensuring that previous action points have been fulfilled.



Caveat

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