

Internal Audit: Exposure is Disclosure



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“Internal Auditors are an indispensable cornerstone of effective corporate governance, critical component to efficient and effective operations, and an invaluable contributor to an organization's system of internal controls.”

The very elementary question comes in our attention when we discuss about internal audit is "What do Internal Auditors do?" The internal auditor is often defined as the organization's critical friend the independent consultant who can challenge current practice, champion best practice and be a facilitator for improvement, with the objective of safeguarding that the organization as a whole can achieve its strategic objectives.

A successful and competent internal auditor must be composed of Strong leadership skills, Exceptional technical skills, Excellent grasp of Risk and Control, Possesses unquestionable Ethics and Integrity & Must have "Guts". The challenges for internal audits are to balance operational needs with financial constraints, assessing the Effectiveness of the systems of Internal Controls & to prevent fraud and detection programs.

With passage of time and the push for best practices with new dimension in audit it's important to have healthier internal audit functions, the need for strong risk management and internal control monitoring. When designing an internal audit function, strategy must drive tactics, not the inverse.

The internal audit must be composed of the following aspects for better outcomes:

- ✦ Define Stakeholder Expectations
- ✦ Articulate the Mission
- ✦ Develop a Formal Strategic Plan
- ✦ Assess Risks and Develop the Audit Plan
- ✦ Focus on Tactical Execution
- ✦ Launch Fieldwork As Soon As Possible
- ✦ Assess Needed Skill Sets
- ✦ Develop or Acquire Enabling Infrastructure,
- ✦ Methodology and Technologies
- ✦ Establish Communication Protocols
- ✦ Measure Results

Originality, innovation and research are now key's to our professional success. They must be the vision of all internal auditing functions.

What Next Generation Internal Audit Will Require

This evolution will require a fairly large shift in the constitution, skills, and activities of the internal audit team.

- ✦ Focus
- ✦ Timing
- ✦ Risk Universe
- ✦ Risk Assessment
- ✦ Audit Activities
- ✦ Workflow
- ✦ Talent

Internal Audit in Pakistan

According to the State Bank of Pakistan (SBP) The Internal Audit Department was established for the purpose of providing management and the Audit Committee of the State Bank of Pakistan Banking Services Corporation with reasonable assurance that the management control systems throughout the SBP (Bank) are adequate and operating effectively. Internal Audit provides an independent and objective appraisal of activity for management and assuring them that risks are held at bay. The Internal Audit Department is expected to perform the following wide range of audit services including financial audits, compliance audits, operational audits, information technology audits, and consulting services.

Conclusion

Internal auditors often conduct sequences of meetings of senior management to identify potential actions. Changes in people, processes, or systems often generate audit project ideas. Various documents are reviewed, such as strategic plans, financial reports, consulting studies, etc. Further, the results of prior audits and resolution of open issues are considered. Internal audit has a great opportunity to make a superficial career in it. To meet the global standards of internal audit its requisite must be accomplished to follow the principles.

