

The importance of internal audit

Modern businesses seek to be cost efficient whilst being effective and customer responsive. Lean internally but providing excellent service in their market place.

The modern world demands high speed response, high speed processes and high speed decision making, but not always in that order!

However, high speed can also mean high risk; high risk of failure, mistakes, fraud and the inevitable brand damage or worse.

All this has to take place against ever increasing regulation both in local and global markets. Regulation now intrudes into more areas of business than ever before and thanks to the fast and easy access to global media that is now enjoyed by anyone with a smart phone any non-compliance or breach of policy can be publicised around the world long before a company's management have heard about it through their own procedures.

So how can a business of any size attempt to meet the need for low cost coupled to speed and depth of response whilst protecting itself against breaches of policy and regulation?

The answer is to instigate a robust programme of internal audit, not just in the financial sphere but all across business activities. Regular, in-depth audits, if conducted properly should spot problems in the making, suggest improvements to processes and provide a defence when problems occur.

The problem of course is how to do this without employees regarding the whole process as a witch hunt of epic proportions by a suspicious management that is inclined to assume failure and judge employees guilty until proven innocent.

Internal audit programmes that become regarded in this way will not succeed in their stated aims and will result in a company culture that is not only risk averse but which also leads employees to go out of their way (wasting time, effort and money along the way) to hide any non-conformances whilst attempting to 'pass the buck' to others in case of discovery.

The management, internal marketing and culture of internal audits need to be handled well, rather than just left to chance; employee involvement as internal auditor team members, training in how to audit, not just what to audit, and conscious image control all play their part as delegates on our audit training courses discover.

It goes without saying that the internal auditors need some knowledge of what they are auditing in order to gain respect from functional employees. They also need the 'soft' skills in abundance (people management, diplomacy, presentation skills etc.).

Internal audit can no longer be seen as a costly and expendable function but one that is essential to the long term well-being of a company in the 21st Century.

Need help?

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