

Prasenna Balachandran
Chief Risk and Control Officer
Hemas Holdings

Internal Audit during Pandemic times

Syon Niyogi
Corporate Services Director,
International Water Management Institute

The Institute of Internal Auditors | CIA Certified Internal Auditor | ACADEMY OF FINANCE The Gurus of Financial Wisdom

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Introduction- Kapila Dodamgoda



Founder/Managing Director - Academy of Finance
Regional Director – ICMA Australia (Sri Lanka)
Director – NERD Centre
Former Finance Director of MAS Investments

MA Economics
FCMA, CGMA
Fellow CMA(Australia)
B Sc Engineering, AMIESL
MCIM, MSLIM



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The Gurus of Financial Wisdom



Founded twelve years ago with the vision of

- Providing development opportunities and higher qualifications for finance professionals and
- Training and enriching non-finance professionals to become finance savvy








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Moderator - Ashane Jayasekera

Deputy Managing Partner – BDO Sri Lanka
Member Governing Council – CA Sri Lanka

Heads the Cyber Security and Fraud & Forensic Service Practice in the firm with over 17 years of experience in overseeing corporate governance reviews, risk assessment & compliance

FCA, MBA, BSc (Hons) Information Systems
CIA (USA), CFE (USA), CISA (USA)



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Internal Audit During Pandemic Times



- IIA the global leader in internal audit professionals
- What is the Impact of the pandemic on businesses
- How pandemic is affecting internal auditors
- What are the best practices for internal auditors recommended by IIA
- How Sri Lankan internal auditors are reacting to the situation

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Syon Niyogi



International Water Management Institute

Corporate Services Director



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Contents



- COVID 19 – What is different?
- Were “WE” ready for a Global Pandemic?
- Internal Audit in the last Ten months
- What is different for the Internal Auditors now?
- Audit Committee – Lessons and Challenges in a COVID World
- The Future of Internal Audit in this NEW VIRTUAL WORLD

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COVID 19 – What is different?

(Context of this presentation)

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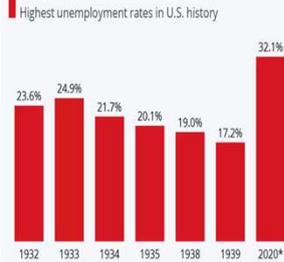


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Predicted Unemployment Higher Than Great Depression

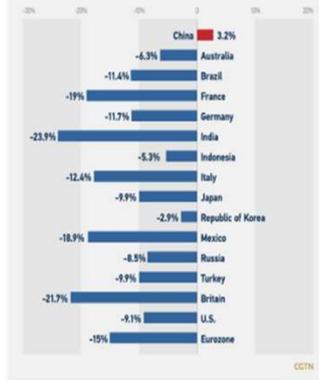
Highest unemployment rates in U.S. history



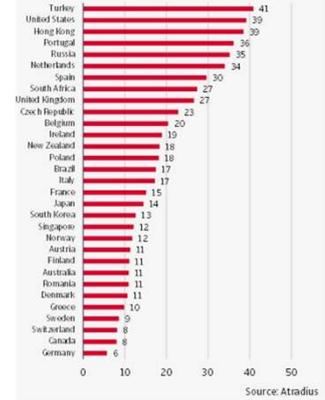
* Projected unemployment rate as of March 2020
Sources: CNBC, The Balance



Some G20 Members' Year-Over-Year GDP Growth Rate in Q2



2 Insolvency growth forecasts 2020, % y-o-y



Source: Atradius

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Planning for COVID-19 must contemplate the effects on employees and customers. The following are considerations for any organization:

1. Implement guidelines to modify the frequency and type of face-to-face contact among employees and customers.
2. Encourage and track annual influenza vaccinations for employees and evaluate access to availability of healthcare.
3. Identify employees and key customers with special needs and incorporate their requirements into the preparedness plan

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Source: EHS planning for covid 19 and beyond





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Were “WE” ready for a Global Pandemic?
(Past Journals, Risk Matrix analysis....)

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A number of organizations had Pandemic as part of their risk plan. However, when you read these plans they were largely epidemic plans in one country rather than global pandemic plans.

Avian Flu, SARS and other epidemics over the last 20 years have not been factored in most companies' risk plans.

The risk mitigation measures were largely academic as they had never been tested

However, what would have happened if we had a similar situation 20 years back?

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Internal Audit in the last Ten months

(How was Audit conducted over the COVID period)

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Chief audit executives must establish a risk-based plan to determine the priorities to audit. This plan must remain consistent with the organization's goals

The chief audit executive must review and adjust the plan, as necessary, to respond to changes in the organization's business, risks, operations, programs, systems, and control

*Source: Auditing in a World Challenged by COVID-19-UAE
internal auditors association IIA global affiliate*

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Remote working is expected to be a major feature of organizations for foreseeable future. Remotely running, auditors will access remote processes and submit their reports via virtual meetings to audit committees.

To optimize these experiences, committees should take advantage of technical solutions, but they also have to work hard to establish transparent and confident relationships. Technology is a great enabler of versatility and access and can be used smartly to improve productivity and efficacy

*Source: Auditing in a World Challenged by COVID-19-UAE
internal auditors association IIA global affiliate*

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Develop appropriate mitigation strategies and identify emerging risks related to the pandemic that threaten the organization's top strategies

Provide advisory services to the Management with an audit angle.

Audit cash management practices to get assurance that there is a cash reserve policy and minimum cash holding limit for unexpected crisis.

Provide immediate Internal Audit services to Risks identified by Management due to the Pandemic.

Have post pandemic plans ready.

Source : Factsheet: Internal Audit and Pandemics- Institute of internal auditors-Australia

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Audit Teams should remain flexible to utilize available resource because It difficult to access the same level of resources normally available

*Source : Auditing in a World Challenged by COVID-19-UAE
internal auditors association IIA global affiliate*

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Training and testing is important to an organization. Auditors need to be proactive and have understanding of the processes required to assist organizational development.

Internal audit needs to assist the management by reviewing and reporting on the organizational efforts during the crisis.

*Source GLOBAL PERSPECTIVES AND INSIGHTS:
Crisis Resilience-Institute of internal auditors.*

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Planning for COVID-19 must contemplate the effects on employees and customers. The following are considerations for any organization:

1. Implement guidelines to modify the frequency and type of face-to-face contact among employees and between employees and customers.
2. Encourage and track annual influenza vaccinations for employees and evaluate access to availability of healthcare.
3. Identify employees and key customers with special needs and incorporate their requirements into the preparedness plan

Source : EHS planning for covid-19 and beyond

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It is necessary for some or all internal audit staff to be isolated from the rest of the workforce. This may be to prevent them from being affected by the disease, to help them recover from the illness, to aid their family members, or to reduce spread

Source : Factsheet: Internal Audit and Pandemics

Ensuring the employee healthy state of mind should be the top of the agenda

Source : Auditing in a World Challenged by COVID-19- UAE internal auditors association-IIA global affiliate

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What is different for the Internal Auditors now?

(What should Internal auditors do personally)

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Re- Training for a new Internal Audit World.

Technical competence is absolutely necessary

Understanding Cybersecurity is absolutely essential.

INTERNAL AUDIT is not changing – but HOW we do IT is changing.

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Audit Committee – Lessons and Challenges in a COVID World

(Governance in a digital setup)

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Due to COVID-19, audit committees need to be alert about an expanding spectrum of issues and review their agendas and priorities. They should ensure that they remain concentrated on their core obligations regarding the regulation of financial statements and internal controls. The current working environment increases Fraud Risk.

(Source: Implications for Audit Committees Arising from COVID-19)

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Audit committees can encourage senior management and the governing body to seek continuous improvement by presenting opportunities identified through audit. Innovations encourage change to address vulnerabilities and to build resilience, strengthening the pursuit of value creation and reduce the costs of the organization

(Source : Six recommendations for audit committees operating in the “new normal”)

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Organizational communication should plan to eliminate anticipate employee fear and anxiety, rumors and misinformation. Develop and disseminate programs and materials covering pandemic fundamentals (e.g., signs and symptoms of influenza, modes of transmission), personal and family protection, and response strategies (e.g., hand hygiene, coughing/sneezing etiquette, contingency plans).

It is essential to develop platforms (e.g., hotlines, dedicated websites) for communicating pandemic status and actions to employees, vendors, suppliers, and customers in a consistent and timely way. Communication should include redundancies in the emergency contact system

Source : EHS planning for covid-19 and beyond

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Communication is always critical, and even more when facing a crisis.

A top down communication channel should be put in place to communicate along with other forms of communication.

Source : Auditing in a World Challenged by COVID-19-UAE Internal Auditors Association IIA Global Affiliate

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The Future of Internal Audit in this NEW VIRTUAL WORLD

(Internal Audit future)

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- Focus on organizational success
- Find ways to contribute, learn, and grow
- Show leadership
- Exercise your relevance
- Demonstrate that you are indispensable

(Global Knowledge Brief - INTERNAL AUDIT IN THE COVID-19 ERA A global glance at responses to the pandemic)

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Prasenna Balachandran



Chief Risk & Control Officer
Hemas Holdings

Governor - IIA Sri Lanka



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Response to Pandemic



What we have been doing?

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Definition of Internal Auditing



Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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More weight on.. Advisor



- Internal audit teams engaged in developing COVID compliance frameworks
- **Rolling out COVID compliance framework across the operations**
- **Being a compliance manager to monitor COVID compliance**
- **Becoming COVID compliance auditors**

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New type of assurance provider...



- Change in audit priorities
 - Financial fraud prevention and detection
 - Focus on going concern indicators
 - Assurance over compliance
 - Assurance over IT controls

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Reorganizing internal audit functions



- Analytics based audits
- Reliance on digital documents
- Platform based internal audits

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Questions and Answers

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The Institute of Internal Auditors

- Established in 1941, the IIA is an international professional association with global headquarters in Lake Mary, Florida, USA.
- The IIA is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator.
- Members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security.

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The Institute of Internal Auditors

The mission of The Institute of Internal Auditors is to provide dynamic leadership for the global profession of internal auditing. Activities in support of this mission will include, but will not be limited to:

- Advocating and promoting the value internal audit professionals add to their organizations.
- Providing comprehensive professional educational and development opportunities, standards and other professional practice guidance, and certification programs.

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The Institute of Internal Auditors

- Researching, disseminating, and promoting knowledge concerning internal auditing and its appropriate role in control, risk management, and governance to practitioners and stakeholders.
- Educating practitioners and other relevant audiences on best practices in internal auditing.
- Bringing together internal auditors from all countries to share information and experiences.

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The Institute of Internal Auditors – Sri Lanka

- Founded on 14th June 2005 by leading Internal Audit Practitioners of the island
- Affiliated to Global IIA
- The objective of the IIASL is to uplift the standards of the internal audit profession in Sri Lanka and to train internal audit professionals.

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Certified Internal Auditor (CIA)

- Training and enriching non-finance professionals to become finance savvy and,
- Providing development opportunities and higher qualifications for finance professionals.

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Those who are interested about Joining CIA



Those who are already registered

- Complete the academy of finance registration form
- Collect your study package
- Get access to the Academy e-learning portal
- Start the journey !

Those who are planning to register

- Please get in touch with your contact person for registration

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Thank You!



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The Globally Accepted Qualification for Internal Auditors

Be Smarter than the Rest

The Certified Internal Auditor (CIA) designation offered by the Institute of Internal Auditors (USA) is the only globally accepted certification for internal auditors and remains the standard by which individuals demonstrate their competency and professionalism in internal auditing.

Complete part one and become Internal Audit Practitioner in 06 Months

Best things in life are the hardest to achieve. There may be more Bugatti's in Sri Lanka than Certified Internal Auditors

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