

HOW INTERNAL AUDIT CAN HELP TO IMPROVE EBIDTA

CA Shashank Sah

KEY RISKS OF INTERNAL AUDIT IN 2021

Introduction

Internal audit continues to play a pivotal role in overall management of the organisations. The role of internal audit has significantly increased and undergone major changes in 2020 due global pandemic.

However, the year 2021 poses new set of risk which needs to be mitigated by the companies. Internal Audit shall play an important role in tackling the risks.

Some of the key risks to be managed in 2021 include the following.

1. Crisis Management and Business Continuity

Internal Audit shall require to assess the preparedness of the organisation to tackle a probable second wave of the pandemic or occurrence of other pandemic which might challenge the survival of the entity.

2. Fraud Risk

The Risk of Fraud has increased significantly after the pandemic as a result of decreased head counts on field and increased remote working.

Internal Audit shall identify potential areas of fraud risk and verify the efficiency and effectiveness of the controls defined by the management.

3. Risk of Climate Change

Climate Change is one of the most critical risk that shall be faced by the company in years to come.

Internal Auditor shall ensure that the business policies are designed to manage the risks posed by climate changes and sustainability.

4. Supply chain management and solvency

Third party risk and solvency of vendors, suppliers and other supply chain partners have increased significantly after the pandemic.

Internal Auditor shall evaluate the solvency of supply chain partners to ensure that the business process are carried on continuous basis.

5. Cybersecurity and data privacy

The pandemic has shifted the working environment from offices to employees home. It has resulted in access of database from virtually everywhere. It has also increased the risk of cybersecurity and data privacy.

Internal auditor shall ensure that the company has installed data protection tools and measures to increase cybersecurity and avoid data leakage.

Conclusion

The pandemic has resulted in increased risk for business, which shall be further increased in 2021. Internal audit shall need to ensure that the business processes are in line to mitigate the increased risk.