

# IA-life cycle Audit

IA role during strategic transactions life cycle.

Insights on governance, risk & compliance.

# IA-life cycle

---

- Throughout the strategic transaction process, IA to act as a business advisor
  - IA to assess & monitor program management activities,
  - Review controls.
  - Provide key insights, while maintaining independence & objectivity.
  - Strategic transactions as mergers & acquisitions (M&A) & divestitures remain the most risk-heavy initiatives that any organization undertakes.
-



# IA role during strategic transactions

---

- IA to ensure that acquiring organization knows sufficiency of rigour in the control environment & that the acquisition / divestment is properly valued.
- IA to ensure that there is no opportunity loss or any costs to be incurred to fix issues missed out.
- IA to provide critical input & strategic value on - Emerging market growth, valuation, control environment complexity & increasing regulatory pressures

-

# Role of IA

---

- Provide increased visibility & transparency to key risks in strategic transaction changes (highlight potential finance, IT, HR or operational risks)
  - Reinforce ownership that risks & controls are responsibility of management
  - Identify gaps in integration or separation of the project management plan
  - Suggest opportunities for additional synergies to boost acquisition's (ROI) or cost savings
-



# Role of Internal Audit

---

- Call out the impact that acquisition or integration, or divestiture, may have on other parts of the business
- Highlight potential gaps in the internal control structure
- Support management's risks prioritization of transition & organizational readiness for effective & efficient resource allocation to address risks & controls.

# Role of internal Auditor

---

## Mergers & acquisition life cycle

- Strategy
- Due diligence
- Deal approval
- Integration and close

## Divestitures life cycle

- Strategy
- Due diligence
- Deal approval
- Separation & close



# IA M&A program management process

- IA to be a part of the program management team to assess & monitor program management activities & provide key insights.
  - IA to audit program management activities to highlight process gaps & areas of future improvements.
- IA to review deal approval process to ensure short- & long-term goals are defined before deal closure.

# IA divestitures program management process

---

- IA embedded as part of program management team & involved throughout divestiture life cycle.

- IA to help mitigate risk of deal value leakage throughout separation life cycle.



# Action

---

- Assess IA function readiness for strategic transaction support & enhance capabilities if necessary.
- Conduct a diagnostic assessment of strategic transaction process & identify areas where value can be added.
- Collaborate with corporate development team to clearly define IA role for (a) audit, advice & consultation & (b) before, during and/or after.