



Chartered Institute of  
Internal Auditors

# Internal Audit in Lockdown

The impact of the coronavirus pandemic on  
internal audit teams in the UK and Ireland



# Foreword

---

**The coronavirus pandemic has been the most significant disruptive event to impact the global economy for decades and its affects will be felt for years to come. As well as impacting the risk landscape of organisations, the crisis has had a profound impact and disrupted the work of the internal audit profession across all sectors.**

Shortly after lockdown we began hearing reports of internal audit functions being redeployed or put on furlough. To investigate this further, in late May/early June the Chartered Institute of Internal Auditors launched a survey, which over two hundred Chief Audit Executives in the UK and Ireland took part in, to better understand how the coronavirus pandemic has impacted the profession during lockdown. We then conducted 26 follow-up one to one interviews with Chief Audit Executives from larger internal audit functions from a range of sectors to gain more detailed insights on the survey results.

The survey responses and interviews showed that internal audit has proven its ability to respond to a crisis in several different ways, for example by showing considerable agility in reformatting its service and providing real time assurance with regard to new processes at a critical time for the organisation. In fact, over a third of Chief Audit Executives said that the working hours of their team had been increased to meet the demand for independent assurance.

Almost half (46%) of Chief Audit Executives we surveyed indicated that all or part of their internal audit teams have been redeployed to the first or second lines, whilst 15% indicated that all or part of their team have been put on furlough. Where redeployment has occurred, we recognise that this has been driven by urgent business need and that internal auditors have been redeployed to perform critical roles where their skills have been highly valued. We also recognise that furloughing may have been driven by commercial decisions. However, this suggests that there are a significant number of internal audit professionals that have not been carrying out critical internal audit work

during the period of lockdown. This is somewhat concerning at a time when we are seeing a whole range of business-critical risks being exacerbated as a result of the crisis, such as cashflow and liquidity, cybersecurity and fraud risks to name a few.

It is also concerning that over a third (35%) of respondents have said their Audit Committee Chair had not been consulted on the decision to furlough/redeploy/make redundant the internal audit function. This raises concerns from a governance perspective.

Given the bleak economic outlook for the year ahead and possibly beyond, boards should be ensuring they have a robust risk management, governance and internal control framework in place. This should be underpinned by harnessing the skills, talents and resources of internal audit functions to provide independent assurance that risks are being managed and mitigated effectively. In turn this vital assurance work should support long-term success and sustainability of organisations, helping them to weather the economic storm.

Going forwards we would encourage internal auditors to reflect on what lessons can be learnt from the crisis and the results of this research. In particular, how they can pro-actively help promote better understanding of the critical role that internal audit can play in supporting boards to navigate such crises. As well as embracing agile and dynamic ways of working to respond swiftly to the assurance needs of the organisations they serve.

**John Wood**

Interim Chief Executive

## Key Findings

**33%**

A third of respondents have had their working hours increased.

**15%**

indicate all or part of the internal audit function has been put on furlough.

**46%**

say internal auditors have been redeployed to the first and second lines.

**2%**

2% of respondents say internal auditors have been made redundant.

**43%**

Where affected by redeployment furlough, or redundancy, 43% say their Audit Committee Chair has been consulted.

**35%**

of respondents said their Audit Committee Chair has not been consulted on the changed role of internal audit, whilst 22% said they did not know.



**78%**

of internal auditors are in touch with their Audit Committee Chair on either a daily, weekly or monthly basis, with over half (55%) indicating on a monthly basis.

**63%**

advise the coronavirus did not have any impact on regulatory requirements, with 20% saying they were unsure and 17% indicating they were having challenges meeting regulatory requirements.

**61%**

plan a lessons learned audit or specific audit on their organisation's response to coronavirus.

# Introduction

**As the global number of coronavirus cases increased, on 23 March 2020 Prime Minister Boris Johnson told the country that people ‘must’ stay at home and required all but essential businesses to close. This marked the beginning of the lockdown in the UK, followed by Ireland on 27 March. The coronavirus pandemic has had a profound impact on the way people work and live and has forced businesses to take unprecedented measures to stay afloat.**

In this disrupted environment, the Chartered IIA wanted to understand how best to support its members both now and moving forward into a world beyond COVID-19. To do this hearing from CAEs about the impact of the coronavirus pandemic on internal audit functions was essential. At a time when businesses are being exposed to a broader and deeper range of risks not seen since the 2008 global financial crisis, we believe that audit committees, boards and organisations should be turning to well-resourced internal audit functions to get the independent assurance they need that risks are being identified, assessed, managed and mitigated effectively.

Looking at the results of the survey, we notice that there was a sizable amount of internal audit teams who were not doing internal audit work at the time when we carried out the survey. Indeed, we found that 15% of CAEs we surveyed said that all or part of their team had been put on furlough, while almost half (46%) said all or part of their team had been redeployed to support the first and second lines.

If affected by furlough, redeployment or redundancy, 43% of CAEs said their Audit Committee Chair (ACC) had been consulted, but it was surprising that over a third (35%) said their ACC had not been consulted. Given that the ACC should be the CAE’s primary reporting line, one would therefore expect that ACCs would have been consulted on these important decisions.

Although we understand that businesses have had to take tough measures to respond to the crisis, it also highlighted the increased need for agile auditing for internal audit teams to provide assurance on risks when they emerge while working in a disrupted environment.

We were pleased to see that 63% of respondents indicated they were not experiencing challenges meeting specific regulatory requirements. However, potentially the regulatory context could change in the months ahead as regulators once again begin to tighten their approach, as lockdown eases and we enter the new normal. Internal audit functions should remain vigilant with regards to regulatory requirements that may be coming down the track.

## About the research

From 25 May to 5 June 2020 we conducted a survey of 225 Chief Audit Executives (CAEs) across all sectors in the UK and Ireland to understand the impact of the coronavirus pandemic on internal audit teams. In particular whether they have been affected by redeployment, furloughing, and redundancies, and whether they were experiencing any regulatory challenges as a result of the crisis.

We also conducted follow-up interviews with 26 CAEs from larger internal audit teams from a range of different sectors, to gain more insights on the survey responses from this group, as 70% of respondents came from small internal audit teams of 10 or less staff.

# Findings

## The profile of the respondents

### Sectors

Over a third (37%) of the CAEs we surveyed come from the financial services (FS) sector, followed by central and local government (16%).

### In which sector do you operate?

<b>0.4%</b> Agriculture, forestry & fishing	<b>0.4%</b> Food & drink	<b>0.4%</b> Media	<b>0.4%</b> Mining	<b>0.4%</b> Storage	<b>0.9%</b> Administrative & support services	<b>0.9%</b> Real estate
<b>0.9%</b> Transport	<b>0.9%</b> Wholesale	<b>1.8%</b> Leisure	<b>2.6%</b> Manufacturing & engineering	<b>2.7%</b> Health & social work	<b>3.0%</b> Utilities	<b>3.1%</b> Information & communication
<b>3.6%</b> Charities	<b>3.6%</b> Construction	<b>5.2%</b> Retail	<b>6.2%</b> Education	<b>9.1%</b> Other	<b>16%</b> Central & local government	<b>37.3%</b> Financial services

### Types of organisations

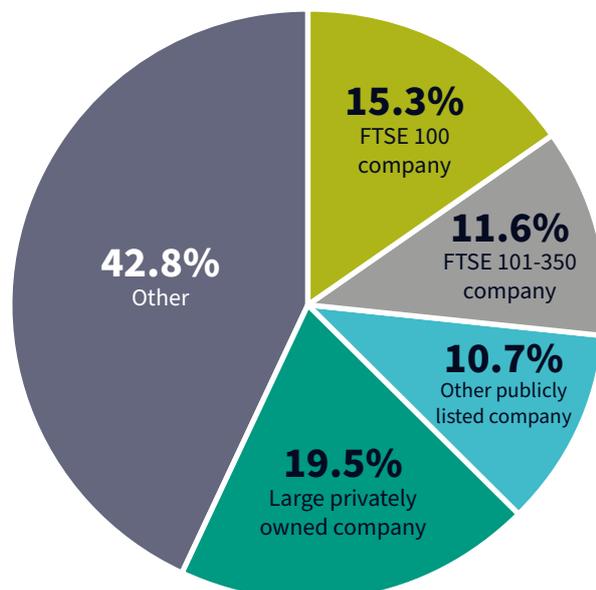
46% of respondents come from FTSE 100, FTSE 101-350, and large private companies, whilst 11% come from other publicly listed companies, and the remainder (43%) are from other types of organisations.

Other organisations include: Small private company, large LLP, parent company of FTSE MIB listed company, UK branch of a US listed bank, local authority/public sector, social enterprise, Fortune 500, trade union, building society, university.

This means that 27% of respondents are covered by the UK Corporate Governance Code and 19% by the Wates Corporate Governance Principles for Large Private Companies.

Internal audit functions in the private and third sectors are also guided by the Chartered IIA's Codes i.e. 'Internal Audit Code of Practice – Guidance on effective internal audit in the private and third sectors' and for financial services our dedicated sectoral code 'Guidance on effective internal audit in the financial services sector'.

### Is your organisation classed as either of the following?



### Size of internal audit function

A large majority (70%) of respondents are from small internal audit teams (1-10 staff), which broadly speaking reflects the Institute’s membership.

### The impact of the coronavirus crisis on internal audit functions

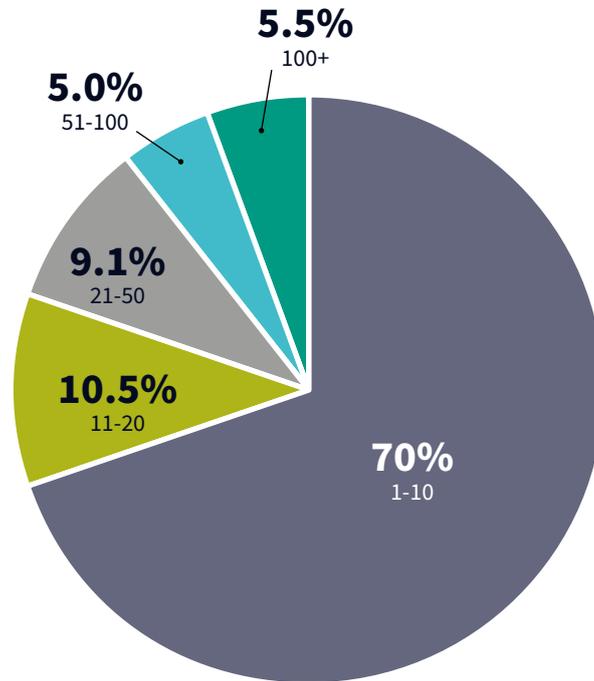
When asked how has the coronavirus crisis impacted their internal audit function, almost a third (29%) of respondents said this question was not applicable, which leads us to assume they were not impacted by the coronavirus, or not in the ways we have listed in the question.

For the others, the main impacts of the pandemic are: variation of working hours, part or all internal auditors redeployed to support the first and second lines and all or part of the internal auditors put on furlough. We note that only 2% of respondents say that internal auditors have been made redundant and this was in the construction and retail sector.

A number of respondents commented that their business has been put on “crisis management mode”, which meant that it was difficult to carry out audits as operational staff weren’t available to devote resources to an audit in this critical time, business survival was the key business priority.

They mentioned that audit plans had been reduced and/or reviewed to provide assurance on high

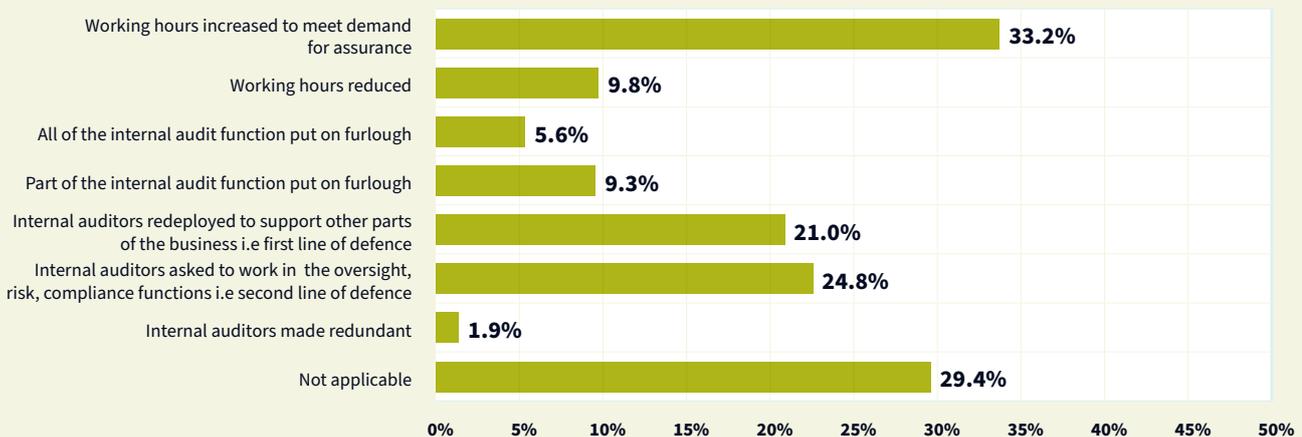
### How many internal auditors are in your team?



priority risks (e.g. IT security, fraud, capital and liquidity, health and wellbeing). Remote working in particular, and the risks associated with it, represents a new area for internal audit to provide assurance on.

Finally, some respondents expressed concerns over recruitment freeze as well as the impact of the coronavirus pandemic on skills: what skills will we need in the new normal (e.g. data analytics skills)?

### Has the coronavirus crisis impacted your internal audit function in any of the following ways?





### Increased/decreased working hours

A third (33%) of respondents said their working hours had increased to meet the demand for assurance, while 10% said their working hours had decreased. Although in some cases reduced working hours can be explained by the fact that some audits couldn't be carried out, a number of respondents also explained that this was to allow staff members to support home schooling for their children or provide care for relatives who were at risk during the pandemic.

We note that the figures vary slightly when we look at the results from respondents in FTSE 100 and FTSE 101-350 – more CAEs from FTSE 100 companies said their working hours have decreased (19%, compared to 10% for all respondents). We would have expected these figures to go down, not up, given that publicly listed firms tend to have more developed corporate governance frameworks, underpinned by the UK Corporate Governance Code.

### All or part of the internal audit team put on furlough

15% of respondents said that all or part of their internal audit teams had been put on furlough. Some of the CAEs we spoke to as part of the follow-up interviews explained the furloughing of staff by the fact that many organisations might have been in a situation where their workload decreased as a result of not being able to carry out certain audits. They also mentioned the need for liquidity and the fact that the commercial reality would have taken precedent in order to keep the organisation afloat.

When looking at respondents from FTSE companies, here again the number increases slightly as 17% said all or part of their team has been put on furlough (compared to 15% for all respondents). However, when looking at the FS sector only, we can see an improvement with 5% of respondents in this sector saying that all or part of their team has been put on furlough. This might be explained by the fact that the FS sector is more regulated (e.g. it is mandatory for regulated FS companies to have an internal audit function) and more mature with regards to the role of internal audit. Underpinned by our Financial Services Code which has now been in place since 2013 and has had over 7 years to embed.

### Internal auditors redeployed to first and second lines

46% of respondents indicated that part or all of the internal audit team have been redeployed to the first and second lines – mainly to help respond to increased customer enquiries or to support colleagues on specific tasks (e.g. grant funding).

It is expected that, in a time of crisis, the internal audit team may be redeployed to support other areas of the business where they are most needed. It, in fact, shows recognition of the quality of the internal audit team and the value it can bring, thanks to the special skills of internal auditors. However, where redeployment takes place, safeguards should be put in place to reduce the risk of conflict of interest and to preserve the independence and objectivity of internal auditors. This should happen in consultation with the Audit Committee Chair and/or Audit Committee and should be documented.

## What do our Codes of practice say?

As stated by the **Internal Audit Code of Practice**:

*“The objectivity of internal audit is strongest if it is neither responsible for, nor part of, the ‘control’ functions and such separation is to be preferred.”*

As stated by the **Financial Services Code**:

*“Because of the regulatory framework that requires complete separation between the 2nd and 3rd lines of defence, the Financial Service Code is even more prescriptive: “Internal audit should be independent of these functions and be neither responsible for, nor part of, them.”*

Most of the CAEs we spoke to during our follow-up interviews confirmed that where redeployment had occurred safeguards had been put in place to protect the independence and objectivity of their team. For example, they highlighted that internal auditors had not been redeployed to a decision-making role but were providing support to colleagues. Also, members of the internal audit team will then not be able to audit areas where they have been redeployed and this would be for a

duration of 12 months or more. What's more, CAEs mentioned that the redeployment of the internal audit team was an opportunity for auditors to better understand the work of the first and second lines, and resulted in a strengthened relationship between the lines.

**Is coronavirus viewed as a new, emerging and systemic risk and how has it impacted on the scope of internal audit?**

## What do our Codes of practice say?

As stated by the **Internal Audit Code of Practice** and the **Financial Services Code**:

*“The primary role of internal audit should be to help the board and executive management to protect the assets, reputation and sustainability of the organisation. It does this by assessing whether all significant risks are identified and appropriately reported by management to the board and executive management; assessing whether they are adequately controlled.”*

The Codes also recommend that:

*“Internal audit’s scope should be unrestricted. There should be no aspect of the organisation which internal audit should be restricted from looking at as it delivers on its mandate.”*

Further, the Codes specifically recommend that:

- *“In setting its scope, internal audit [...] should form an independent view of whether the key risks to the organisation have been identified, including emerging and systemic risks, and assess how effectively these risks are being managed.”*
- *“In setting out its priorities and deciding where to carry out more detailed work, internal audit should focus on the areas where it considers risks to be higher.”*

The Codes also recommend that:

- *“The scope of internal audit’s work should be regularly reviewed to take account of new and emerging risks. Where relevant, internal audit should assess not only the process followed by the organisation’s first and second lines of defence, but also the quality of their work.”*
- *“As a minimum, internal audit should include within its scope the following areas: [...] Key corporate events. Examples of key corporate events include significant business process changes, introduction of new products and services [...] and internal audit will evaluate whether the key risks are being adequately addressed (including by other forms of assurance, e.g. due diligence) and reported.”*

A majority of the CAEs we interviewed agreed that the coronavirus pandemic classifies as a new, emerging and systemic risk and as a key corporate event.

Some CAEs, however, said that the coronavirus pandemic was more a significant crisis risk event (like a natural disaster or terrorist attack) than a key corporate event. Others also mentioned that pandemics had been on their risk register for some time and therefore the coronavirus did not classify as a new emerging risk for them – although they had to increase the level of detailed analysis appropriate to respond to the crisis.

A few CAEs pointed out that the coronavirus pandemic wasn't a standalone risk in the risk universe but rather exacerbated other risks for example around cybersecurity, fraud, capital and liquidity, which are risks that internal audit teams deal with on a daily basis.

A majority of the CAEs we interviewed said that the coronavirus pandemic was now on their risk register.

For many organisations, the pandemic will have resulted in significant business process changes. The CAEs we spoke to mentioned that a number of processes have had to be adapted to support government requirements or to respond to the new

remote working environment. Some said they were essentially working with a new operating model.

Essentially this means that the scope of internal audit has changed, and a majority of CAEs we interviewed said they have reviewed their audit plan, refocusing on the risk profile of their organisation as well as reprioritisation of audits. Most deferred non-priority audits to give assurance on areas where the level of risk was heightened as a result of the crisis such as cybersecurity, liquidity, cost constraints, procurement, health and safety and IT security – all of which increased in significance due to remote working and challenges around segregation of duties, decision making and other key controls. There has also been a greater focus on health and wellbeing, return to work activities, as well as a requirement from the business for an increase in real time assurance.

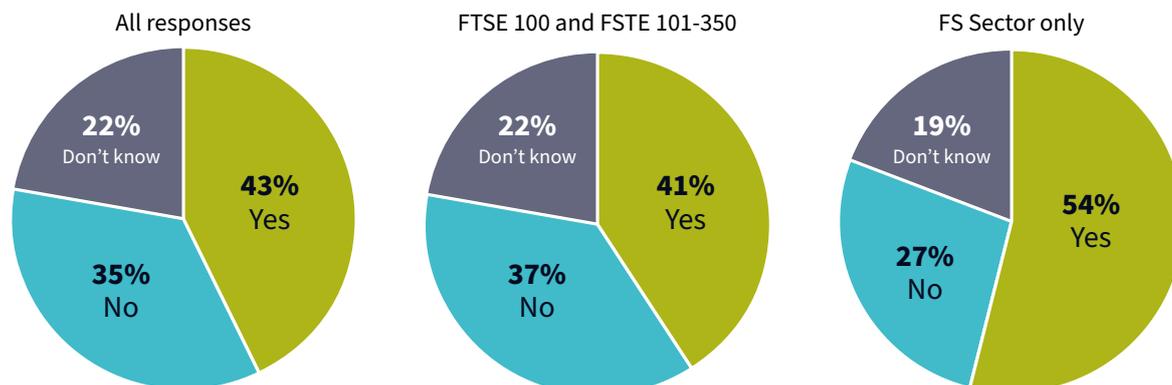
In addition to this, a majority of CAEs said that the scope of their work will include the ongoing impact of the coronavirus pandemic moving forward.

It is therefore clear that, while not all respondents viewed the virus as a new, emerging and systemic risk, their approach still ensured appropriate visibility of the subject and response from the internal audit function.

## Audit Committees and other governance structures

### Audit Committees

**If your internal audit function has been affected by furloughing, redeployment, or redundancy was the Audit Committee Chair or Audit Committee consulted?**



It is concerning to see that over a third (35%) of respondents have said their ACC has not been consulted on the decision to furlough/redeploy/make redundant the internal audit function. What is more, the fact that 22% of respondents said they didn't know whether their ACC was consulted could suggest a lack of communication between the ACC and the CAE.

Additionally, one might expect that the results would have been better coming from CAEs in FTSE

100 and FTSE 101-350, given that these companies tend to have more developed corporate governance frameworks and are subject to higher standards (e.g. UK Corporate Governance Code). However, the results were in fact a little worse.

The results are better for the FS sector, which again might be explained by the fact that the sector is more regulated, internal audit tends to be more mature in this sector and that the Financial Services Code has had a positive impact.

## What do our Codes of practice say?

*The Internal Audit Code of Practice and Financial Services Code say that the primary reporting line for the Chief Internal Auditor should be to the Chair of the Audit Committee and that the Audit Committee should be responsible for appointing the Chief Internal Auditor and removing him/her from post.*

*The Codes also say that the Audit Committee should be responsible for approving the internal audit budget and, as part of the board's governance responsibility, should disclose in the annual report whether it is satisfied that internal audit has the appropriate resources.*

Taking into account that the primary reporting line for the CAE should be to the ACC, and given that the Audit Committee is responsible for the hiring and firing of the Chief Audit Executive along with internal audit's budget, one would expect the ACC and/or Audit Committee to be consulted on the decision to furlough/redeploy/make redundant the internal audit function.

When asked if they could think of any acceptable reasons why the ACC might not have been consulted on these decisions, the CAEs we spoke to mentioned the need for a rapid and decisive response requirement or a primary reporting line to the CFO/CEO. However, most of the CAEs were surprised at the results and thought that ACCs should have been consulted.

Additionally, some of the CAEs representing local government said that ACCs in public sector

organisations were often elected officials and therefore the CAE may consult with the Section 151 Officer (FD/CFO) about changes instead.

In terms of the frequency of contact between the CAE and ACC since lockdown, according to our survey, 78% of respondents are in touch with their ACC on either a daily (1.5%), weekly (21%) or monthly (55%) basis. Given the scale of the crisis, and from a good corporate governance point of view, one would have expected to see more CAEs indicating that they are engaging with their ACC on a more frequent basis. It is also concerning to see that 10% of respondents had no engagement with their ACC at all since the start of the lockdown (23 March 2020). This particular figure, however, is better when looking at FTSE companies (7%) and FS sector (1%).



## What do our Codes of practice say?

As recommended by the Internal Audit Code of Practice and Financial Services Code:

*“The primary reporting line for the chief internal auditor should be to the chair of the audit committee.”*

*“Internal audit plans, and material changes to internal audit plans, should be approved by the audit committee. They should have the flexibility to deal with unplanned events to allow internal audit to prioritise emerging risks. Changes to audit plan should be considered in light of internal audit’s ongoing assessment of risk.”*

Most of the CAEs from larger internal audit functions we spoke to said they had at least monthly meetings with their ACC, if not fortnightly or weekly. They also said that they were now emailing their ACC more frequently than before and that, overall, they had a closer interaction/relationship with their ACC since the start of the crisis.

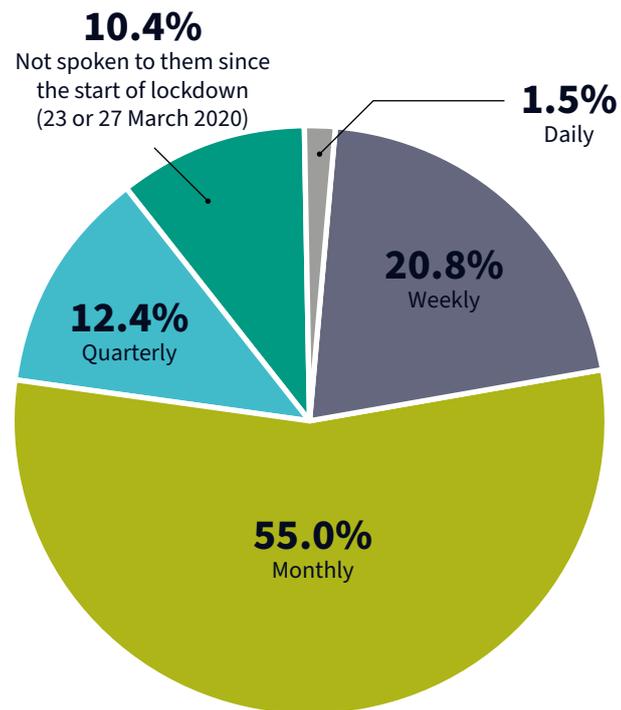
When asked what could be the main barriers or challenges for CAEs to be in touch with their Audit Committee Chair on a more regular basis, they mentioned: the tone at the top – if the board and executive management don’t set an open and constructive dialogue; the availability of Audit Committee Chair; the perceived value of internal audit; CAEs not proactive enough in engaging with their ACC; and the relationship between the CAE and the ACC isn’t strong enough.

Overall, we would have liked the results of the research to have indicated higher levels of engagement between CAEs and ACCs. Indeed crises like these should be used as an opportunity for CAEs to strengthen their relationship with the ACC and other key stakeholders.

### Other governance Committees

With regards to other governance committees such as the remunerations committee and other finance committees, it was reassuring to hear from a majority of the CAEs we interviewed that their governance committees had not been postponed as result of the pandemic. In fact, in some cases, additional meetings have been organised or additional committees created (e.g. cash-flow committee).

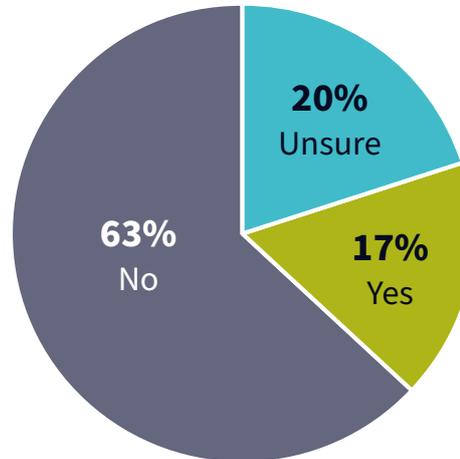
### Since the start of lockdown how frequently have you been in contact with your Audit Committee Chair/Members?



CAEs from local government mentioned, however, that some committees had to be postponed in the short-term as not all councils allowed remote committee meetings. This rule was then changed and most said the committees were now meeting virtually.

## Regulatory requirements challenges

**Are there any specific requirements that your internal audit function undertakes or supports the organisation's compliance with, and where you are now facing challenges in meeting those requirements because of the coronavirus? Specifically any regulatory requirements where you require greater flexibility or dispensation from the regulator?**



63% of respondents indicated the coronavirus did not have any impact on their regulatory requirements, or that there were not any major issues, with 20% unsure.

Out of the 17% of respondents who said they were facing regulatory challenges, not many then cited specific regulations. The comments were more general and not particularly surprising. Some of the challenges raised by the respondents included: internal audit team redeployed to help front line functions; turnaround time for regulatory requirements; difficulty in completing certain audits (sometimes regulatory mandatory audits) as a result of not being able to travel/go on-site. Respondents also said that statements and annual reports had been deferred, and that this had an impact on their annual plan, resources, and budget.

Two compliance requirements that came up more than once: GDPR and Sarbanes-Oxley (although responsibility for Sarbanes-Oxley requirements resides with regulatory authorities outside the UK).

Most of the CAEs we spoke to confirmed that they did not experience any specific regulatory

challenges as they have been able to complete their mandatory audits within deadlines despite the crisis. Others pointed out that the regulators were being flexible and realistic about the situation and allowed deadline extensions, for example with regards to the submission of the financial returns. They said that the key is to have an open dialogue with the regulator.

In the retail sector, some CAEs highlighted that regulatory compliance was a hot topic, especially regarding information security, GDPR and health and safety. The CAE of one large retail organisation said that they had undertaken 40 audits covering these topics since the start of the coronavirus crisis.

In the FS sector, 14% of survey respondents said they were experiencing regulatory challenges mainly due to travel restrictions and the difficulty to obtain evidence when offices are shut down.

## What do our Codes of practice say?

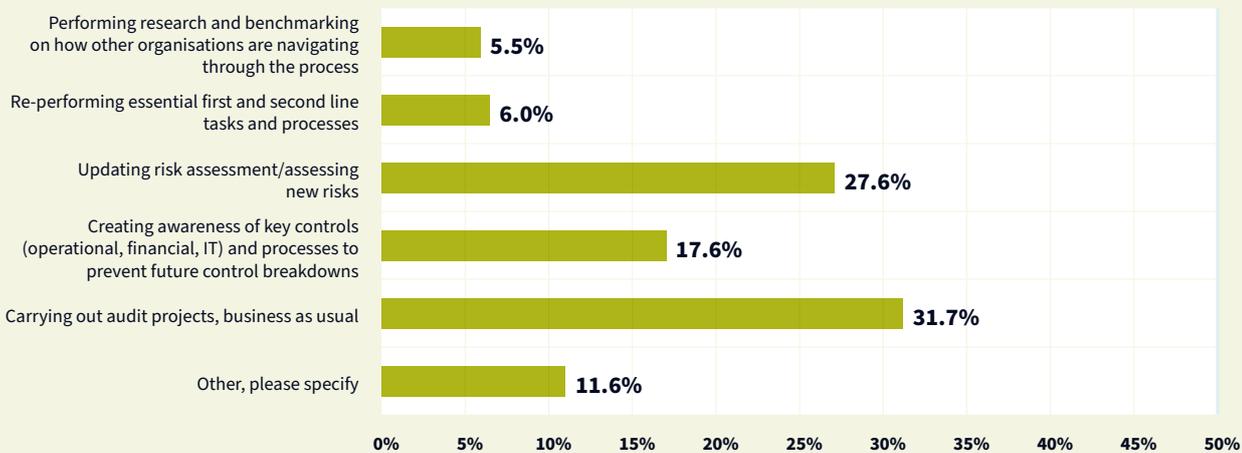
The Internal Audit Code of Practice says:

*“The chief internal auditor should consider the impact of the regulatory environment and have an open, constructive and cooperative relationship with relevant regulators.”*

## The responsibilities of internal audit during the coronavirus crisis

Almost a third (32%) of respondents said they were carrying out audit engagements and business as usual activities. 28% said they were updating risk assessment/assessing new risks.

### Which of the following responsibilities that internal audit has taken on in the past 8 weeks has had the most impact to your organisation?



12% of respondents commented they were engaged in other activities such as: undertaking short pieces of work on key areas of risk; providing advice and consultancy to the Executive Committee and/or the Incident Response team; or reviewing management’s responses in the key areas of the organisation’s response to the pandemic – this includes supply chain, treasury and funding, tax (including furloughing process and other support schemes), human resources, cyber and physical security, fraud prevention, incident management/business continuity, and health and safety compliance.

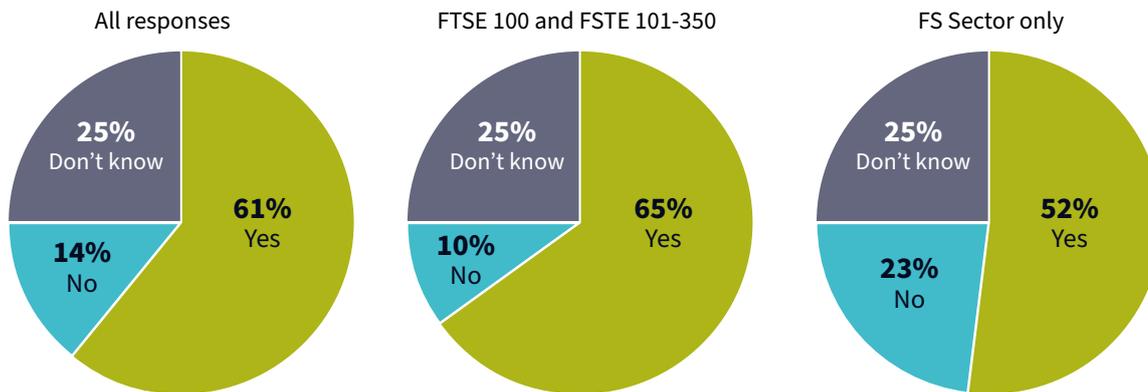
Some also mentioned ad-hoc work which wasn’t on the audit plan to assess the adequacy and

effectiveness of controls which have been modified to accommodate remote working; as well as performing focused audit testing on risks that are unique to, and most impacted by, the coronavirus environment.

All these activities demonstrate internal audit’s flexibility to ensure it is adding maximum value to the organisation. It shows that internal audit’s ability to maintain underlying assurance provision on areas that have been most impacted by the pandemic, while advising the management team on plans for emerging from the crisis.

## Lessons learned audit of the coronavirus pandemic response

Do you plan a lessons learned audit or an audit of the coronavirus pandemic response?



A majority of all respondents (61%) said they were planning a 'lessons learned' audit/audit of the coronavirus pandemic response. The response is slightly higher for FTSE companies with 65% of respondents saying they are planning a 'lessons learned' audit/audit of the coronavirus pandemic response.

Given the significant impact that the coronavirus pandemic has had on organisations then Chief Audit Executives should give serious consideration to a lessons learned audit. Such audits can be vital in helping to support the organisation to respond more effectively to crises in the future.

## What do our Codes of practice say?

The Internal Audit Code of Practice and Financial Services Code recommend that:

*“internal audit’s reporting to the board audit and any other board committees should include: [...] a review of any post-mortem and ‘lessons learned’ analysis if a significant adverse event has occurred at an organisation. A review should assess both the role of the first and second lines of defence and internal audit’s own role.”*

Our Codes recommend such a review following the occurrence of a significant adverse event. What is more, the Codes recommend internal audit should assess both the role of the first and second lines as

well as internal audit’s own role. This is particularly important where internal audit has not performed its role due to furloughing or redeployment.

## Key lessons for internal audit

---

- 1. Remember your role** – internal audit’s mission is to provide an independent, objective assurance and consulting activity designed to add value and improve the organisation’s operations. It is ultimately here to support the organisation’s success and delivery of its strategy, including sustainability. This provides you with clear purpose to your thinking. Remember a significant number of internal auditors are employees of their organisation and so have a particular interest in making sure the organisation overcomes the current difficulties, survives and flourishes – so you need to be adaptable to meet the new demands which will be placed on you, but not lose sight of the value you can add in your unique role.
- 2. Take the Audit Committee Chair with you** – They are one of your key stakeholders and allies, and with a strong and collaborative relationship internal audit will continue to add considerable value even in challenging times. Check that your audit committee is supportive of internal audit’s actions in response to the crisis (e.g. suspending the IA plan, offering auditors to support business functions where necessary, focussing on new and emerging risks in terms of assurance).
- 3. Prioritise** – What is truly important at this time? (e.g. the Head of Internal Audit Annual Opinion, completion of the 2019/2020 IA plan, providing assurance to the audit committee and management around new and emerging risks)? Consider key risks to the organisation now and how these are changing. Is the organisation clear what they are, do key controls mitigate risks?
- 4. Keep your head up** – Perhaps the greatest danger in a crisis is not seeing what may be coming over the horizon. This is frequently the case for management as well: internal audit can provide the prompt for them to raise their own eyes, look forward rather than just focussing on the today and tomorrow, when required.
- 5. Be agile** – Many tried and tested processes and approaches simply do not work so well in a crisis. What is the simplest and quickest route to your objective?
- 6. Be a trusted adviser** – An independent mind without operational responsibility but with the ability to think holistically can be even more valuable at times of crisis when management has their heads down problem solving. Pay particular attention to key risk decisions. Disciplines around risk decisions and risk appetite can weaken considerably in a crisis, and what may seem like good tactical decisions can inadvertently create greater risk than they are attempting to manage.
- 7. Communicate** – News needs to travel very quickly in a crisis, and it still needs to be accurate, complete, constructive and relevant. Findings therefore need to be escalated quickly, with practicable recommendations to resolve any issues. This will also help demonstrate internal audit’s relevance and the impact we are having.
- 8. Keep a diary and document things** – In these exceptional times management is devoting all of its resources to reacting and managing the situation. Internal audit has the opportunity to overview proceedings and take note of the good and the bad as the crisis evolves. There is nothing as powerful as independent insight from a crisis and internal audit can readily provide that and with the independence required. Do the same for your own function. You will learn much for the future from the crisis, don’t forget to record and reflect on lessons learnt within your organisation, your market sector and/or your geographical location.
- 9. CAEs should lead others** – Share your thoughts and approach with the rest of your internal audit team. Be open and look for feedback. You have a role as a manager leading, inspiring and motivating your team at a time when each of them may have personally difficult circumstances to face inside and outside work. This is a time where a well-led team will deliver above and beyond expectations. Plan for a reduction in the internal audit team, the plan/work will evolve and change almost daily.
- 10. Use the Chartered IIA’s Codes and IPPF as a reference point** – There is much within the Chartered IIA Codes and IPPF which can and indeed does apply just as well in a crisis. Use it and it will help you define your route map through the crisis.

# About the Chartered Institute of Internal Auditors

The Chartered Institute of Internal Auditors is the only professional body dedicated exclusively to training, supporting and representing internal auditors in the UK and Ireland. We have 10,000 members in all sectors of the economy.

First established in 1948, we obtained our Royal Charter in 2010. About 2,500 members are Chartered Internal Auditors and have earned the designation CMIIA. Over 1,000 of our members hold the position of head of internal audit and the majority of FTSE 100 companies are represented amongst our membership.

Members are part of a global network of 180,000 members in 170 countries, all working to the same Internal Standards and Code of Ethics.

Stay connected



Chartered Institute of  
Internal Auditors

13 Abbeville Mews  
88 Clapham Park Road  
London SW4 7BX

tel 020 7498 0101  
email [info@iia.org.uk](mailto:info@iia.org.uk)  
[www.iia.org.uk](http://www.iia.org.uk)

Further guidance on this Code and frequently asked questions will be made available on the Institute's website.



Chartered Institute of  
Internal Auditors