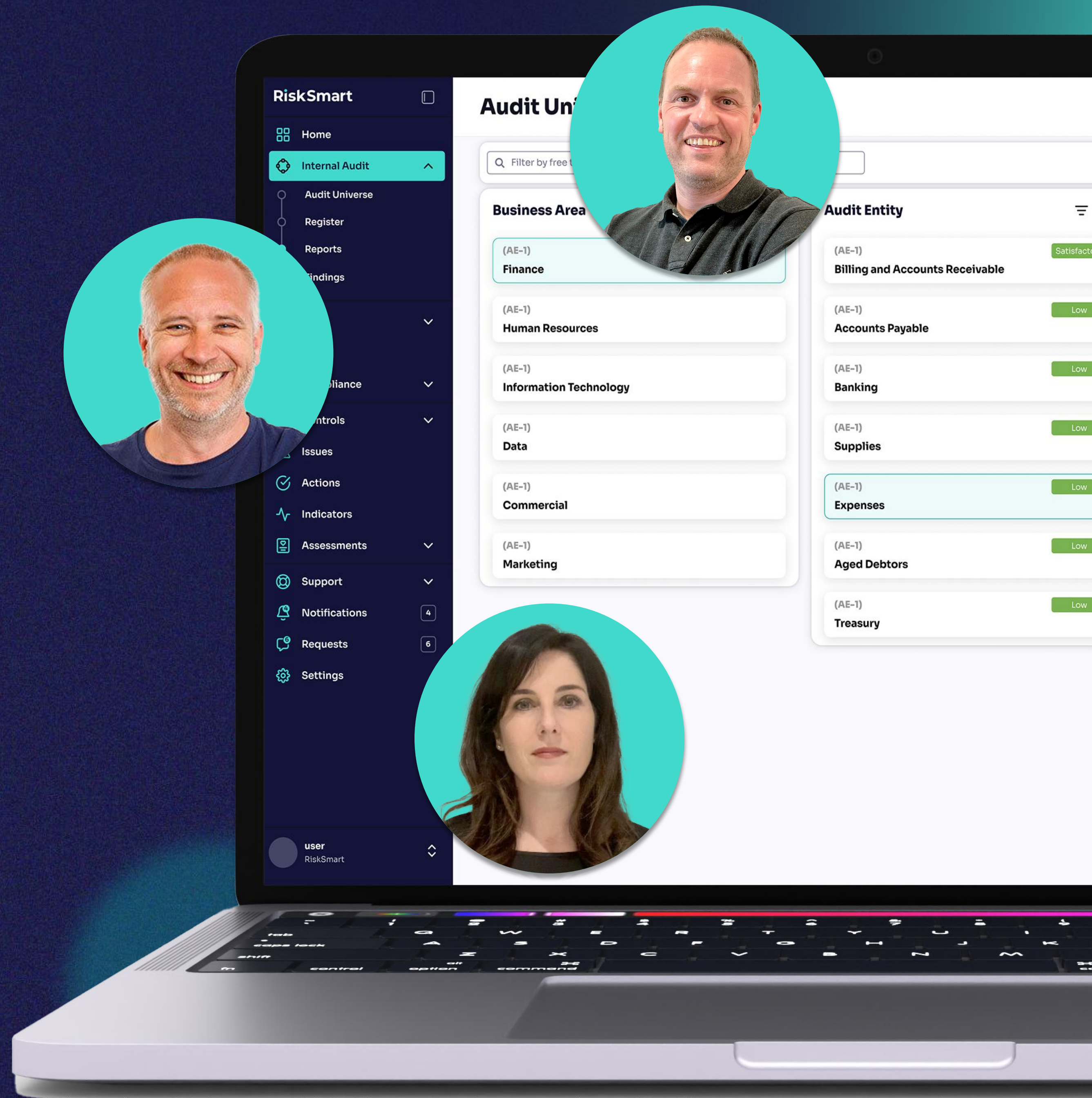


RiskSmart

How to ace new challenges faced by Internal Audit teams.

(and how to look good doing it)



A guide for Internal Audit, Risk and Compliance teams and professionals.
Written by Ryan Swann, Jennifer Geary, and Andrew Varty.

Turning the spotlight on Internal Audit

Audit is the third line of defence in risk management, working alongside management (the first line) and risk functions (the second line) to provide a framework of risk management, oversight, and control for well-functioning organisations.

It's a critical tool for management and for the Board.

Despite this, risk, compliance and Internal Audit experts often face an uphill battle when combining risk management efforts across the three lines of defence, not to mention with their external assurance providers.

That's why RiskSmart gathered its council of experts to develop a guide that shares our collective wisdom and gives you some practical advice on how to ace some of the newest challenges and trends popping up on the radars of Internal Audit teams everywhere.

And as a bonus, we'll tell you how to look good doing it!

Our guide offers practical advice you can start implementing today, as well as some long-term recommendations and helpful benchmarking data.

Skip straight to the good stuff

To learn more about how RiskSmart can help you improve your Internal Audit function, you can easily get in touch with our team of RiskTech experts.

[Learn more](#)

Here's what we'll cover:

Challenge 1

"Using Internal Audit to lead - and create more leaders."

Challenge 2

"Focusing on diversity and inclusion (for the right reasons)."

Challenge 3

"Becoming a master of co-ordination with Integrated Assurance."

The screenshot displays the RiskSmart Audit Universe interface. On the left is a dark sidebar menu with options like Home, Internal Audit, Audit Universe, Register, Reports, Findings, Risk, Policy, Compliance, Controls, Issues, Actions, Indicators, Assessments, Support, Notifications, Requests, and Settings. The main area is titled 'Audit Universe' and features a search bar, an 'Export data' button, and three columns: Business Area, Audit Entity, and Business Risks. The Business Area column lists Finance, Human Resources, Information Technology, Data, Commercial, and Marketing. The Audit Entity column lists Billing and Accounts Receivable (Satisfactory), Accounts Payable (Low), Banking (Low), Supplies (Low), Expenses (Low), Aged Debtors (Low), and Treasury (Low). The Business Risks column lists five 'Example Risk' items with status indicators (Low, Moderate, High). At the bottom, a table shows incident details:

Incident Type	Start Date	End Date	Status	Assigned To
People	None	None	Not started	Myles Lewis-Skelly
Corporate kidnapping	25/03/2024	26/03/2024	Not started	Myles Lewis-Skelly
Technology	25/03/2024	None	Not started	Leah Williamson
	25/03/2024	26/03/2024	Not started	Myles Lewis-Skelly
Epidemics	25/03/2024	26/03/2024	Not started	Myles Lewis-Skelly
Disengagement	25/03/2024	26/03/2024	Not started	Myles Lewis-Skelly
Disengagement	25/03/2024	26/03/2024	Not started	Myles Lewis-Skelly

Days since incident
13

Challenge 1

Using Internal Audit to lead – and create more leaders

By [Jennifer Geary](#), Author and C-Suite executive across multiple industries.

Setting the scene

Internal Audit findings, activity, data, and recommendations can be incredibly useful to help boards make informed decisions.

It can be used by your external auditors when signing off the accounts.

And it's a highly useful "canary in the coalmine," sometimes able to identify early issues before they escalate, so they can be addressed in a timely manner.

Despite all these benefits, the role of the auditor, and the relationship between audit and the rest of the organisation is not always what it should be. And, with **a new code of practice on the way**, and ever-higher expectations being set for auditors, this is not a relationship you want to get wrong.

This chapter covers how Internal Audit's efforts can be used as a guiding light to build a solid foundation for the future of your company, and how you can make sure the efforts and achievements of your Internal Audit function shine as brightly as they should.

Central challenges

- When working in Internal Audit, it can be hard to prioritise and to make scarce resources stretch to cover all the ground you need.
- Creating an audit schedule that is truly matched to the risk profile of the organisation and that covers all the key functions, while keeping your stakeholders happy.
- Navigating the risk of being perceived as the “boy who cried wolf” (pointing out potentially irrelevant issues, or not understanding the real workings of the organisation and where the genuine issues lie).
- Despite hard work, Internal Audit teams experience not being heard, not having their recommendations taken seriously and having to chase up actions that management previously agreed to but didn't complete.

Consequences if challenges are left unresolved

These challenges pose a real risk to organisations if left unchecked.

- It makes audit a less-than-ideal working environment. These challenges are putting an unfair amount of pressure on audit teams to always get things right. This might lead to high turnover in the very team that's meant to keep you safe, compliant and know the ins and outs of the business like the back of their hand.
- If the third line isn't operating optimally, management and boards are missing a key element of the framework that provides them with insight and keeps them safe.
- If audit agendas are set incorrectly, or poorly executed, it's a waste of everybody's time, or worse, a potential distraction from where the real issues lie.

The solution

Internal Audit leaders want to be heard and respected.

- They want to understand their organisations better and to feel strong and confident in their audit plans. They want to feel that their teams are in shape and fit for purpose.
- They want to have access to and leverage the tools they need. Having access to the same information that their business leaders see whilst easily capturing assurance work.
- They want to leverage AI in a safe and accountable manner to free up more time to focus on more important tasks. Yet the **Global Internal Audit Study** released by PwC in 2023 shows companies are falling behind with this. In the past 12 months, respondents reported that only 27% of Internal Audit functions have invested in Robotic Process Automation (RPA) or Artificial Intelligence (AI) for use inside the function.

On the other hand, business leaders would presumably like to glean some useful insights from their Internal Audit function.

- They should want to leverage Internal Audit as a tool to help, rather than feeling like it's a visit to the dentist for a root canal treatment. According to the same PwC report quoted before, executives agree that stronger governance and risk awareness (42%), and more robust and efficient internal controls (with fewer failures) (39%), are outcomes that result from high-performing Internal Audit functions.

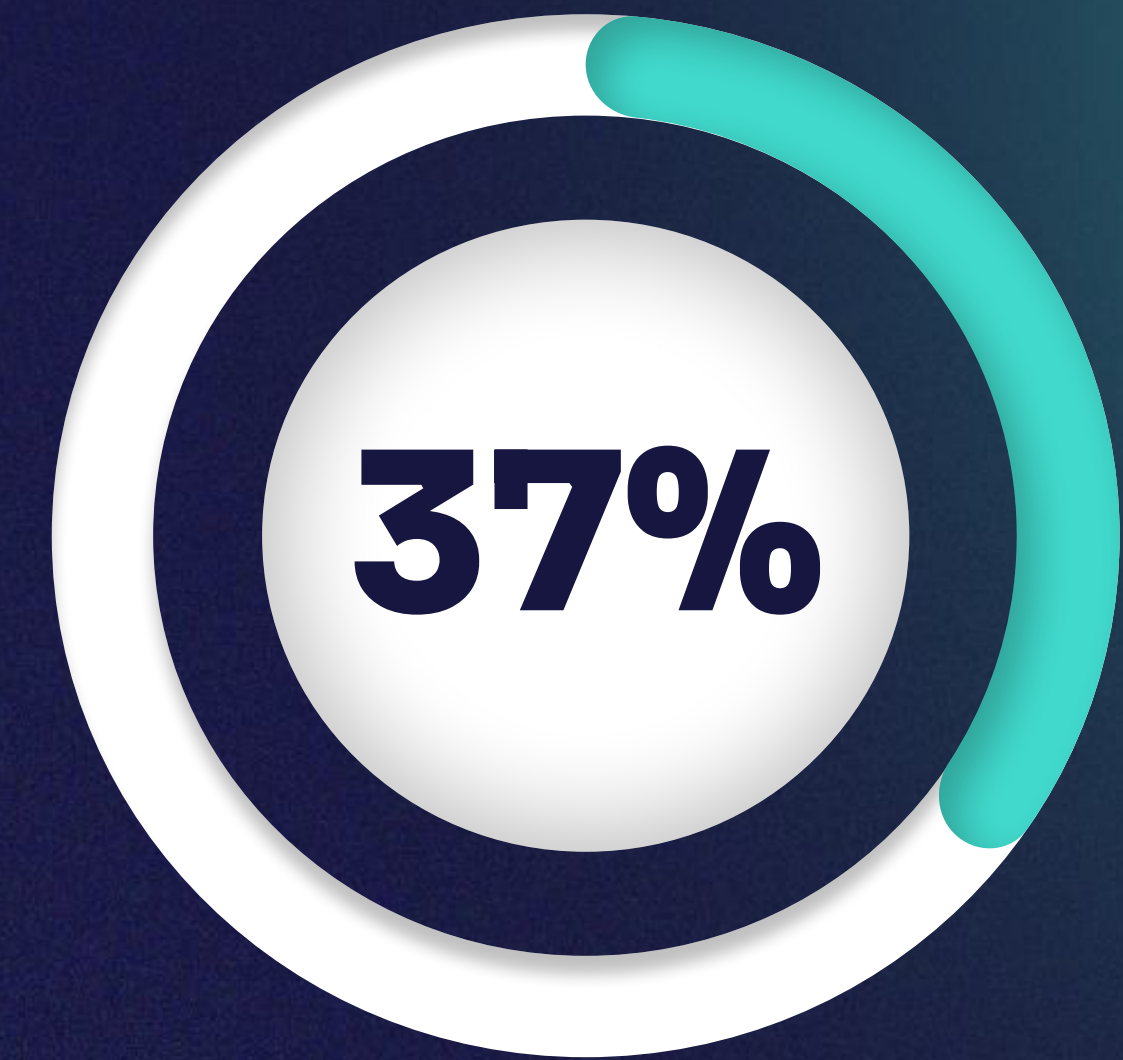
So, what can be done to make Internal Audit a better place to work, a happier experience for management, and a genuine asset to lead the company in the right direction?

How to get started

Overhauling an Internal Audit team can sound like a mammoth task, but teams can also implement small, step-by-step changes that make a huge difference.

Below are some practical tips to take away that you can start implementing today:

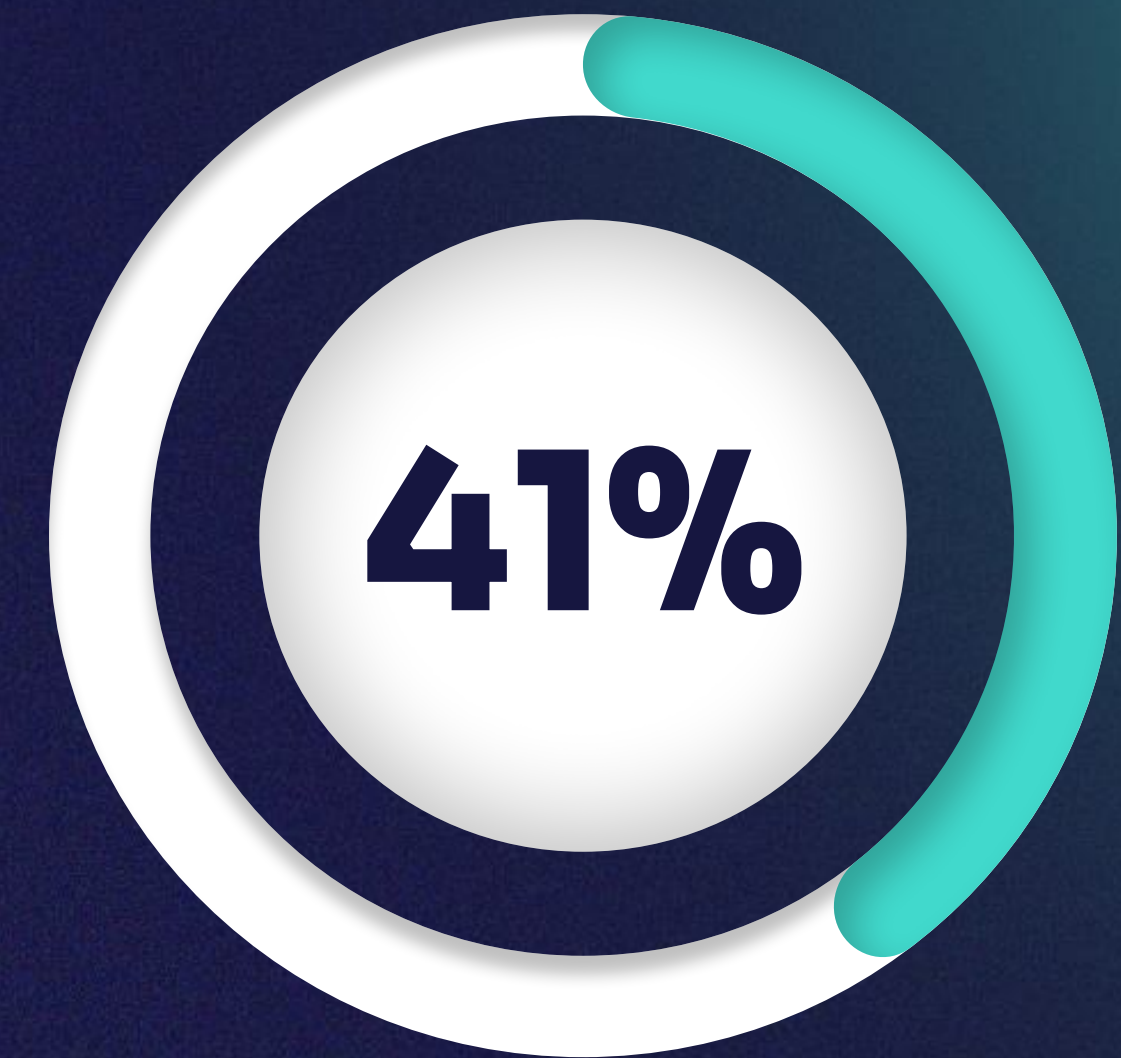
- **Focus on having a mix of diverse, internally developed, and external talent.** This is critical to providing perspective and experience from across, or even outside, your sector. It will help you make your department a more desirable place to work, and to attract talented and motivated staff with a breadth of experience.



of organisations are planning to increase staff to meet the heightened demand for technology skills within cybersecurity, data analytics, IT audit, and Generative AI - the first significant increase in Internal Audit departments planning to expand their teams since 2020.

Source: [Jefferson Wells Internal Audit Report 2024](#)

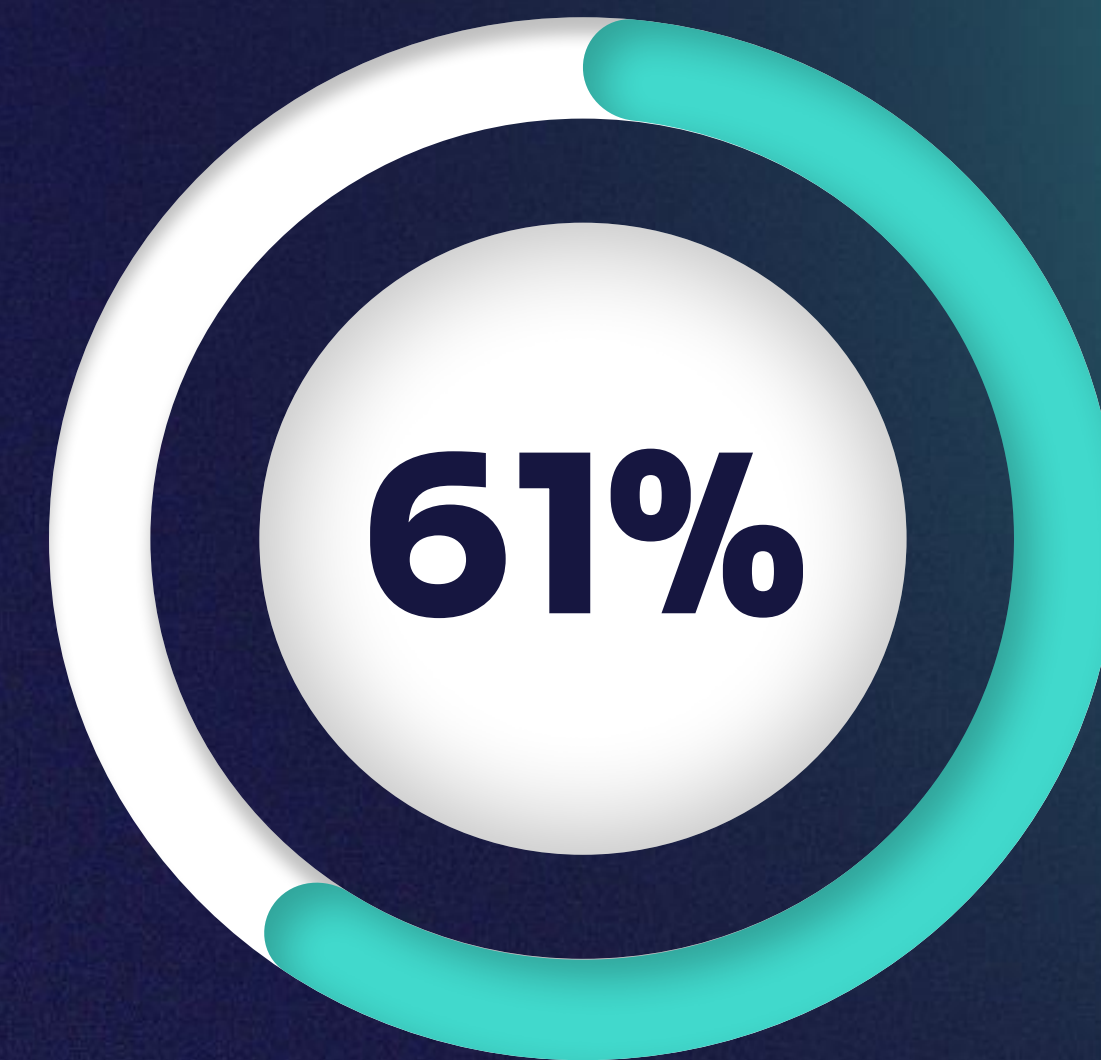
- **Arrange outward and inward secondments for your audit team as a source of experience and talent.** This will help you ensure that you and your team really understand your organisation – its strategy, its key products, services, processes, how it adds value, where it differentiates. This will build confidence within your team, credibility outside it and fantastic connections within the business.



of respondents said a governance structure that supports collaboration between distinct functions is key to improving collaboration across the business.

Source: [KPMG's Future of Risk Report 2024](#)

- **Speak at the town halls of your business colleagues.** And invite business leaders to your own meetings and presentations. Help the organisation understand your agenda and help your team understand the organisation better.
- **Match your audit schedule to the risk profile of the organisation and keep dynamically matching it.** As the strategy evolves, as new products and services are added, as teams change and new technology is adopted, as regulation changes, so should your audit schedule.



of executives surveyed inside and outside the risk function expect to see a significant increase in the level of risk they will be responsible for in the next three to five years — notably in operational risk, regulatory and compliance risk, and strategic risk.

Source: [KPMG's Future of Risk Report 2024](#)

- **Prioritise the audits that really matter – and stand by your proposals.** If there are not enough resources to cover the necessary coastline, then say so.

According to the Chartered Institute of Internal Auditors Risk in Focus 2024 report, they found large anomalies in how Internal Audit teams spend their time versus how they would rate the importance of different areas. The areas with high importance that are often neglected include macroeconomic and geopolitical uncertainty as well as market changes, competition, and changing consumer behaviour.

Source: [Chartered Institute of Internal Auditors Risk in Focus 2024 Report](#)

- Ensure your audit points, and the associated actions you're recommending are agreed to (no, I mean really agreed to) by management. Often, these can be waved through, or begrudgingly accepted, only for management to neglect the work needed later down the line. The time for unfiltered debate about audit points and actions is the time the audit report is being issued – not twelve months down the line.
- Provide your team with tools to work effectively; to assess risks, to plan, to collaborate, to report and to track. A great way to start would be to assess if your current solutions are cutting it, or if you've outgrown your current tools. Bonus for finding a tool that uses meaningful and time-saving AI functions.

Need help with this? Get in touch with RiskSmart for an assessment of your risk maturity level, or for more advice around risk management tools.

[**Get in touch with RiskSmart**](#)

And finally: how to look good doing it

Once you've done the above - stand up for yourself and for your team. Be confident in your audit plan, support your team's findings - and hold the line on those management actions.

Companies get the risk professionals and the Internal Audit staff they deserve. A thriving and respected Internal Audit function, staffed with bright and skilled professionals is an asset to your organisation.

Make sure yours feels that way.

Who is Jennifer Geary?



Jennifer is an MD, COO and CRO with over 25 years of experience in operations, technology, and risk, across diverse industries from financial services to not-for-profit. She's served as Managing Director, EMEA for a Nasdaq-quoted software company, and as COO and CRO at several fintechs in the UK and US. You may also know her from her bestselling business books that specifically focus on leadership roles, such as; How to be a Chief Operating Officer, How to be a Chief Risk Officer and How to be a Chief People Officer. It's rumoured she has even more masterpieces in the pipeline.

[LEARN MORE ABOUT JENNIFER](#)

Challenge 2

Focusing on diversity and inclusion (for the right reasons).

By [Andrew Varty](#), Director - Finance and Audit Recruitment at MERJE Ltd

Setting the scene

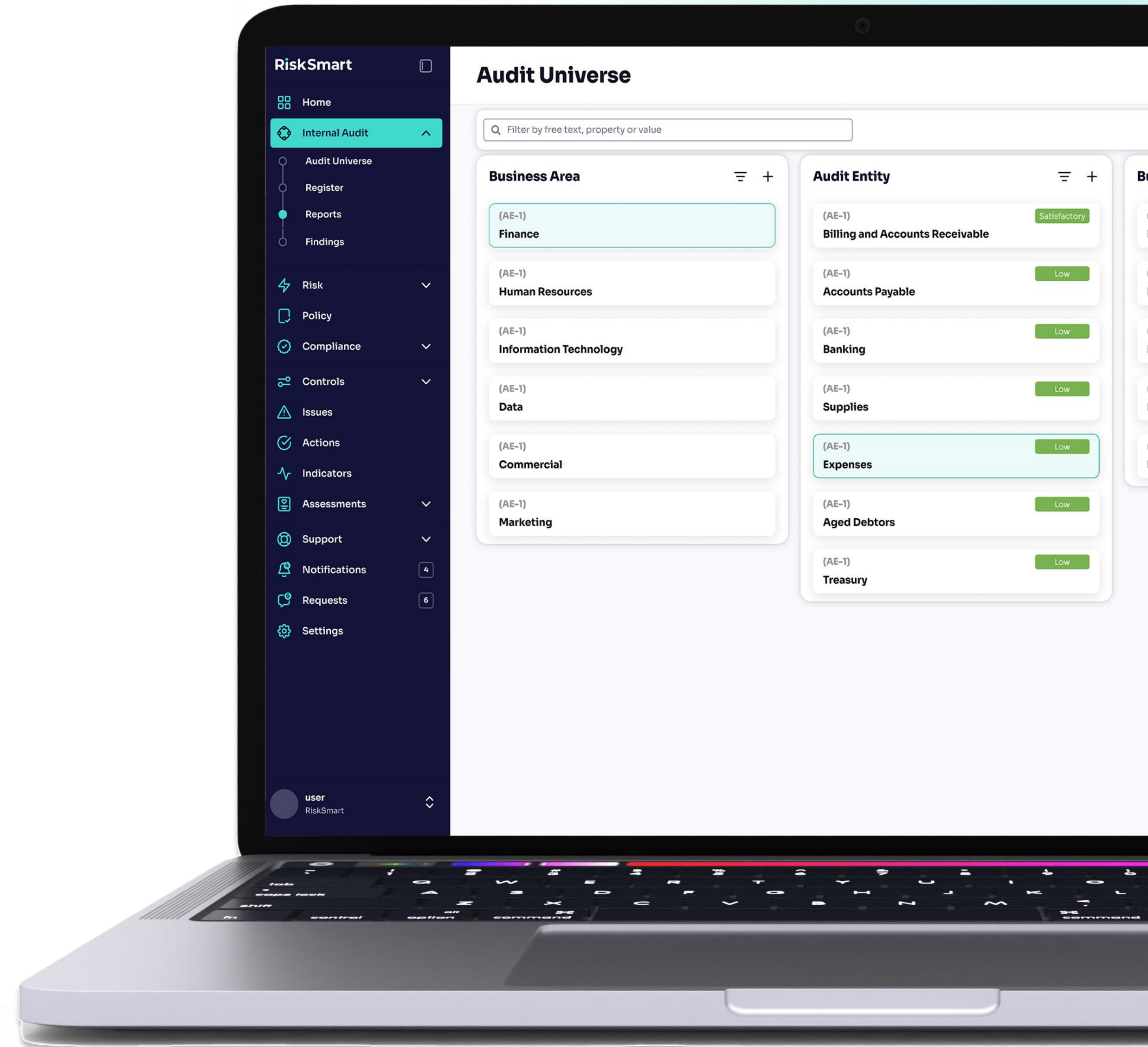
A challenge that has become more central in the GRC (Governance, Risk & Compliance) world is talent management, and particularly diversity, equity & inclusion (DEI). In fact, the **Risk in Focus** report by the ECIIA tells us 58% of respondents put it in their top five risks this year. Here at MERJE, we're thrilled to see that DEI is finally being discussed with the weight and sensitivity the subject deserves from an Internal Audit angle.

The business case for DEI is compelling to say the least, from boosting productivity to appealing to a more socially motivated generation in the workforce. While DEI is generally not yet a steadfast part of audit plans, this requires change, and no doubt increased regulatory requirements in future will encourage progress even further.

As the view of DEI in business shifts from merely beneficial to an essential organisational component, we're exploring how your Internal Audit function can enable, if not spearhead, your company's DEI journey, where improvements can be made in your recruitment and talent management processes, and why you should embrace the evolution for the right reasons.

Central challenges

- **Approaching with care.** D&I can be a sensitive topic and is often steered away from due to the fear of avoiding criticism or simply not knowing how to approach the subject. It's also easy to fall into the trap of tokenistic policies and tick-box exercises as opposed to strategies that will have a real impact.
- **Sourcing diverse talent.** Societal and socio-economic shortcomings mean that diverse talent isn't as readily available in many areas. For example, it's well known that there tends to be **less women in STEM fields**, making it even more difficult to hire with competition higher than normal.
- **Monitoring progress.** Your DEI status and improvements can be difficult to measure, or benchmarking this can easily become intrusive.
- **Staff retention.** Hiring diverse people is one thing but keeping them is a whole other story. Sometimes companies need to look under the hood and ask tough questions around if they're building an environment where everyone feels welcome and can truly thrive.



The solution

More Internal Audit teams have been paving the way when it comes to diversity, inclusion, and equity. In addition to the traditional areas auditors usually want to improve, Internal Audit skills are having an increasingly positive impact on intangible things like company culture, and DEI is no exclusion.

We have started to see an evolution in the Internal Audit remit within our clients in recent times - it's becoming more common for social responsibility principles like D&I and ESG to be included in the audit framework.

“Internal Auditors in many organisations have demonstrated their ability to add value by bringing their insights and expertise to the evaluation of corporate culture,” Sarah Fedele, a principal with Deloitte Risk & Financial Advisory, Deloitte & Touche LLP.

Source: [WSJ, Internal Audit's role in driving Diversity, Inclusion.](#)

Consequences if challenges are left unresolved

Falling behind with D&I poses a real risk to your company and your employees.

In recent times, the spotlight on corporate social responsibility has shone stronger than ever, with many professionals solely seeking out employers who are committed to having a positive impact.

This means if you're behind the curve on DEI, you're likely missing out on skilled candidates who would have a lot to offer your business.

The data around **how much value diversity can bring to a company** is undeniable, so risking that your company is an unattractive place to work for diverse talent isn't a good look.

Not to mention **new laws around equality** which are constantly being instated. Not meeting legal or regulatory requirements for diversity could become a very real possibility for companies that neglect to focus on this.

Lawsuits and strained relations with employees have had more attention in media in recent days. An example of a high-profile case on this was the **Students for Fair Admissions v. Harvard University** case in the US Supreme Court last year, where the court ruled the famous University's admission practices violate the Equal Protection Clause of the Fourteenth Amendment. The bottom line is that good people don't want to work for a company that doesn't facilitate for everybody anymore. Your company reputation and your ability to attract talent can be highly damaged by not giving all aspects of DEI the time and attention they need.

Most importantly, regardless of the commercial benefits that a robust DEI stance can have for your business, fostering inclusivity and ensuring equal opportunities across the spectrum of your team should be a priority because it's the right thing to do.

How to get started

DEI can seem like a daunting thing to try and improve, and with all the stats on underrepresentation, it can feel like an uphill battle. At MERJE, we help people change their perception of diversity, what it means to be fully inclusive when hiring, and how to build a better and truly inclusive work environment.

Here are some tips on areas that might be a good starting point for Internal Audit teams:

- **Leverage existing methodologies.** Internal Audit can deliver an objective and independent viewpoint when it comes to evaluating your company culture. With working practises and skills already in place which can consider DEI program risks and create effective remediation plans, your Internal Audit team is well placed to kickstart your organisation's DEI journey.
- **Ensure your recruitment function have the connections, tools, and know-how to look outside their usual talent pools.** There are plenty of organisations and foundations that nurture STEM and business talent in under-represented demographics.



of leaders surveyed in a [Deloitte report 'Unlocking performance potential'](#) are trying to change their organisation's culture in response to scrutiny by regulators, shifting talent markets, and other challenges.

- **Get comfortable with involving intangibles.** Although Internal Audit traditionally deals with financial risk and controls, evolving your department to measure and deal with more abstract concepts like cultural risk, is becoming increasingly important. Ensure D&I is a part of your company's basic risk management framework.
- Working with your recruitment partner or your internal recruitment function, there are many actions you can take to make an immediate impact on your DEI stance:
 - Ensure staff are trained to screen candidates following D&I principles.
 - Avoid discrimination in your recruitment process by using anonymous CVs, gender-neutral language in job adverts, and only requesting information that is necessary to assess candidates for the job vacancy.
 - Set up your recruitment process to ensure it accommodates neurodivergence and disabilities, such as allowing extra time or sending interview questions in advance.
 - When using AI, ensure you know the data sources and quality to minimise the risk of unintended discrimination.
- Track diversity and inclusion initiatives and recommendations from your audits to monitor progress and identify further opportunities for improvement.
- Encourage the use of correct language and terminology both in everyday situations, and when hiring. This could involve including pronouns on email signatures, avoiding gendered terms, and sharing information about inclusive language.
- **Review data collection.** Look at your workforce data and analyse what you collect, how you collect it, and why. You might not need every detail or information on every protected characteristic to make the changes you need.

According to an article on [The Internal Auditor](#), US companies that disclose Equal Employment Opportunity Commission (EEO-1) or equivalent data outperformed other companies by 7.9% over the one-year period ending in 2022.

How to look good doing it

Keep having the hard conversations. Talking about diversity and inclusion is the first step you can take to start in the ongoing journey of corporate DEI.

Ultimately, taking the easy road when it comes to D&I won't get you anywhere, but constantly looking for improvements and holding yourself and other people accountable will.

Who is MERJE?



MERJE excels in Governance, Finance, Operations, and Insurance recruitment, delivering tailored solutions and fostering long-term relationships across the Financial Services industry.

Andrew Varty has over 20 years' experience recruiting senior qualified finance and audit professionals, with extensive experience across multiple sectors offering both interim and permanent solutions to clients. He has successfully developed long-standing relationships with numerous organisations, ranging from SMEs to FTSE 100 firms, both in the UK and internationally.

[**LEARN MORE ABOUT MERJE**](#)

Challenge 3

Becoming a master of coordination – streamline the lines of defence with Integrated Assurance

by [Ryan Swann](#), Co-Founder of RiskSmart

Setting the scene

Very simply put: Integrated Assurance is all about coordinating the work you do across risk, compliance, and Internal Audit. It involves weaving together processes and data for a more rounded and efficient view of the risks and control effectiveness within the business.

Sounds easy, right?

Although this more modern approach to assurance can revolutionise how Internal Audit teams make their work more valuable, visible and widely used, we still see a lot of companies struggling to co-ordinate their efforts. This chapter will teach you how to overcome the silos and how to streamline your integrated assurance efforts to set you up for success.

Central challenges

- **Risk, compliance and Internal Audit teams are often working in silos.** Despite all of them having the same goals and wanting to achieve the same things for their business, their views of risk are often disjointed and inconsistent.
- **Teams are often using poor systems and single input tools like spreadsheets.** These tools are known to often contain errors, or to have outdated data and access issues.
- **The Internal Audit team has no overarching view or single source of truth.** As the old saying goes, you can't manage what you can't measure. This leads to teams having to scrape the bottom of the barrel for audit data, and often estimating.

Consequences if challenges are left unresolved

Combined, these challenges can trigger a whole array of negative outcomes for your company. These would of course vary from business to business, but the most common concerns we see are higher fines because of non-compliance and putting your business reputation at risk with customers or consumers.

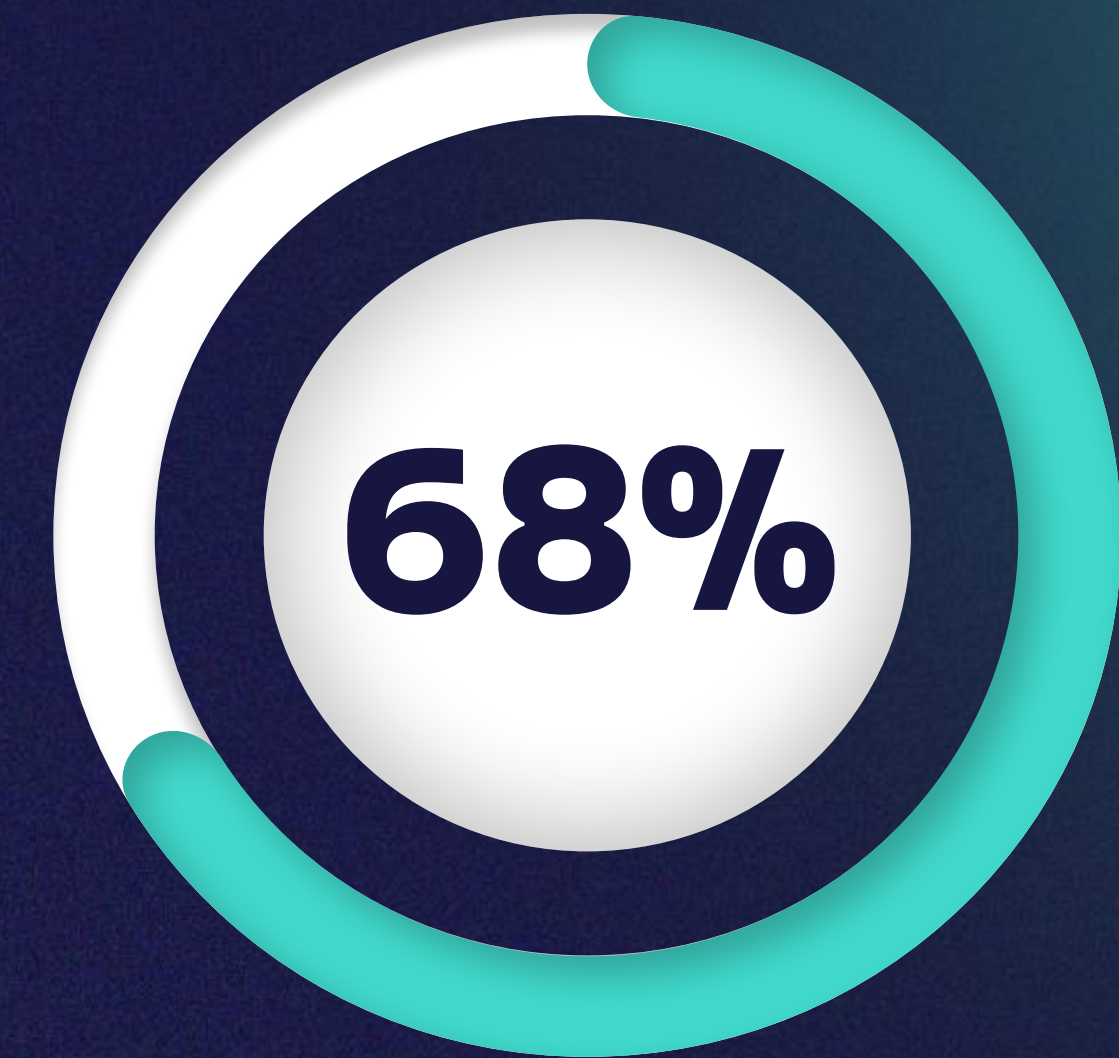
The screenshot displays the RiskSmart Audit Universe interface. On the left is a dark navigation sidebar with the following menu items: Home, Internal Audit (highlighted), Audit Universe, Register, Reports, Findings, Risk, Policy, Compliance, Controls, Issues, Actions, Indicators, Assessments, Support, Notifications (4), Requests (6), and Settings. The main content area is titled 'Audit Universe' and features a search bar with the placeholder 'Filter by free text, property or value'. An 'Export data' button is located at the top right. The dashboard is organized into three columns: 'Business Area' (listing Finance, Human Resources, Information Technology, Data, Commercial, and Marketing), 'Audit Entity' (listing Billing and Accounts Receivable, Accounts Payable, Banking, Supplies, Expenses, Aged Debtors, and Treasury), and 'Business Risks' (listing multiple 'Example Risk' items). Each item in the Audit Entity column includes a status indicator (e.g., Satisfactory, Low).

The solution

- In an ideal world, companies would see better consistency of messaging to their governing body through a common language and coordinated reporting.
- Internal Audit teams would be able to eliminate gaps in coverage of risks and controls.
- Lower the cost of control monitoring and diminished drag on the first line.
- Improve the image and brand of Internal Audit and other assurance functions to be something that benefits and is vital for the health of the company, rather than something that prevents business.

How to get started

- Review your risk management solution and tech. Call us biased, but giving your team the right tools to work with is often the first step to integrating your assurance. Finding a risk management system that can scale with your company, that allows you to onboard central people across departments and acts like one source of truth for every department is the key to success.



of respondents in the [Risk in Focus](#) report believe that integration and interconnection of risk management systems, domains and processes had a significant enhancement to effectiveness over risk-related decision-making.

- **Give Integrated Assurance a makeover. It doesn't have to be boring.** You can weave the fabric of the business brand into the integrated assurance model. We've seen lots of colourful matrices in non-standard risk colours across the RiskSmart platform.
- **Use meaningful and ethical AI.** It's important to understand the source and have a high level of transparency around the AI you use. When applied correctly it's a powerful tool for Internal Audit.

According to the [Future of Risk Report 2024 report by KPMG](#), the second-biggest priority for Internal Auditors is to leverage advanced analytics and AI for risk management.

- **Find ways to reduce reporting time.** An Internal Audit team can only perform as well as their reporting tool. Finding ways and tools that will speed up your reporting capability helps you work faster and keep stakeholders happy.

High-performing Internal Audit functions are driving broader business outcomes and more value than ever before. Executives agree that stronger governance and risk awareness (42%), and more robust and efficient internal controls (with fewer failures) (39%), are outcomes that result from high-performing Internal Audit functions.

Source: [PwC Global internal audit study](#)

- **Make it easy for the areas being audited by showing how controls are working effectively to protect the business.** Without being patronising, consider using clever analogies and imagery to explain complex problems. It helps people understand and remember.

How to look good doing it

Take inspiration from companies who are solving the integrated assurance puzzle creatively. Creativity and thinking outside the box are a hugely underrated skills for auditors, so don't be afraid to learn from others whilst putting your own unique spin on solutions.

What is RiskSmart?



RiskSmart is a Manchester-based startup that is quickly becoming one of the UK's most prominent and trustworthy suppliers of cutting-edge Governance, Risk and Compliance software. Our RiskSmart tool has recently added a new module for Internal Audit to our roster, which will be supporting the existing modules of Risk, Policy, and Compliance.

As an accomplished fintech lawyer and Chief Risk Officer, Ryan's experience with people overcomplicating risk for SMEs in financial services and legal was the catalyst that led to the creation of RiskSmart.

[LEARN MORE ABOUT RiskSmart](#)

How RiskSmart supports Internal Audit teams

RiskSmart is a risk management platform that simplifies governance, risk, and compliance (GRC). The tech was developed by risk managers on a mission to change the approach to managing highly regulated companies.

Our goal is to eliminate familiar challenges caused by clunky systems and spreadsheets by giving risk professionals a highly customisable tool, and in the same breath, a system that is simple enough for everyone across a business to use and understand.

Our customers can wave goodbye to manual processes and say hello to richer insights, powerful reporting, and streamlined workflows. Working in harmony with your team, RiskSmart unlocks the potential of risk management professionals and enables you to spend more time on important tasks.

In addition to our three powerful modules (Risk & Controls, Compliance and Policy), we've launched an Internal Audit module this year. The module gives the Internal Audit functions a complete view of all the data they need to define, plan and track audits and recommendations.

As a quick summary, these are just some of the ways the RiskSmart Internal Audit module can help you:

- Save hundreds of hours on data gathering and creating your audit universe. Everything you need will be at your fingertips.
- Our real-time reporting means you always have the latest regulatory updates available as a benchmark. This ensures your audits meets both regulatory standards, your internal policies and your hopes and dreams.
- RiskSmart's Automated Workflow Management makes it easy to track the progress of audit findings, recommendations and follow ups. Never have a recommendation ignored again!
- We integrate with the tech you already use. Whether it's Slack, Jira, Zapier or Zendesk, we will work seamlessly with the tech your business already trusts.

[**Get in touch for more information**](#)

The future is bright

Phew, these guides can be a lot, we know.

But when it comes to Internal Audit, the future really does look bright. More than ever, we're seeing increased span, focus, tooling options and support for auditors and what they do.

Current global events are constantly being linked back to governance, risk, and compliance issues, meaning departments like Internal Audit have more material than ever to help them advocate for themselves, do more with less and get the rest of the business onboard.

As RiskSmart now offers a groundbreaking new module that help internal auditors save time on data gathering, help increase the visibility across your audit universe and follow up on recommendations and improvements, we'd be happy to show you more of what our platform can do for your team.

[Get in touch to learn more](#)

Companies we already work with.

 **Alicia Bank**

JENSTEN
GROUP LTD

 **DLA PIPER**

A T R I U M

ASOS

 gatehousebank

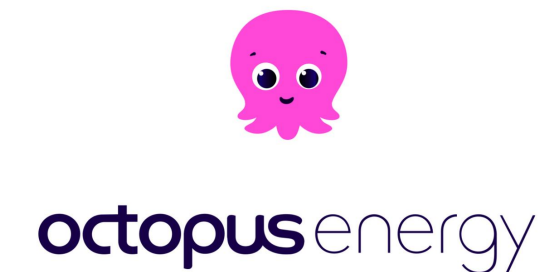
rightmove 

 **peach**
payments

 **RedwoodBank.**

moneycorp 

 **MOUNTSTREET**

 **octopusenergy**

+SIMMONS
SIMMONS

Pension 

 **ocean**

 **KRAKEN**
FLEX

 **Cambridge & Counties Bank**

fgb

 **ecommpay**

 **BLUE LIGHT CARD.**