

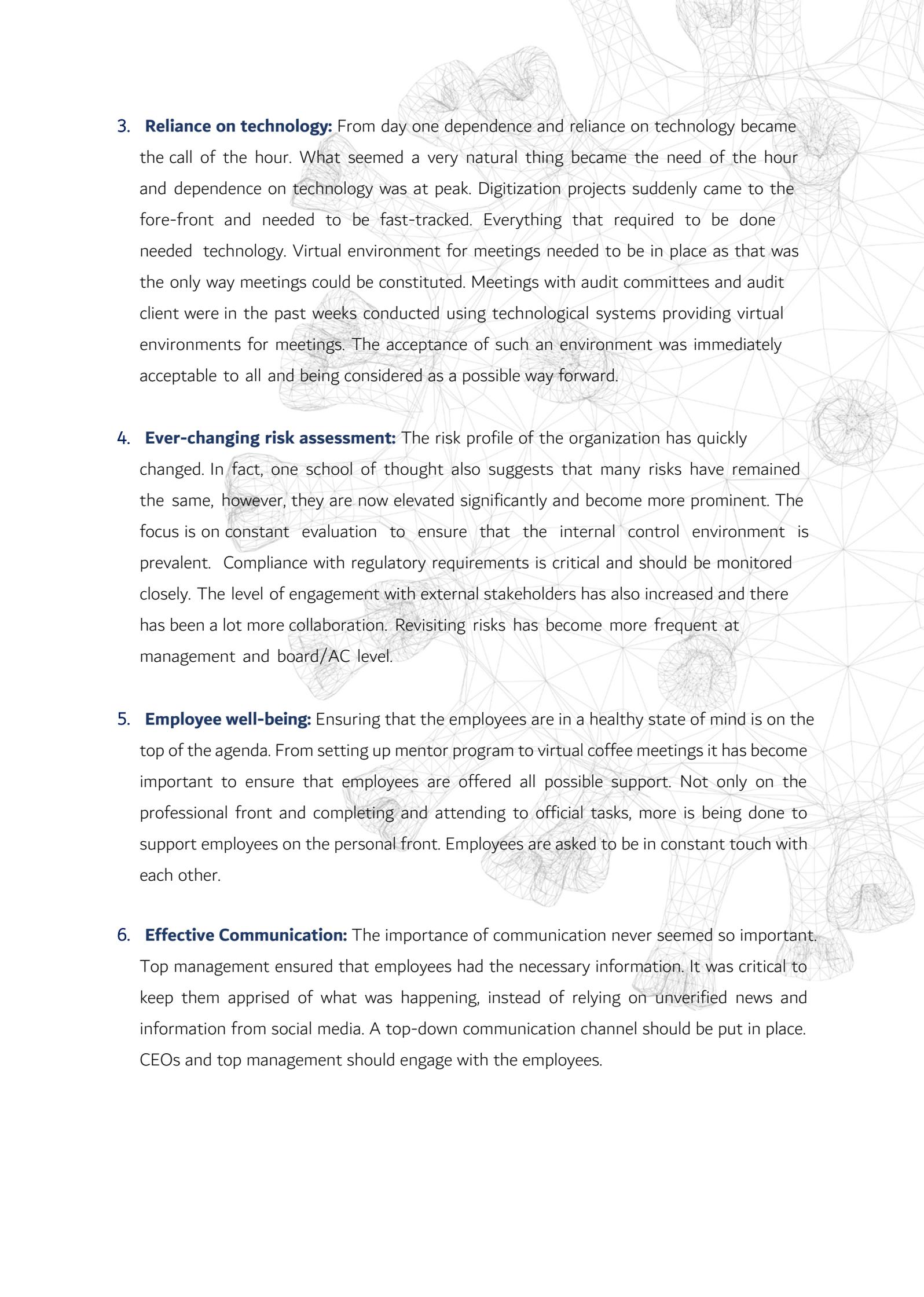


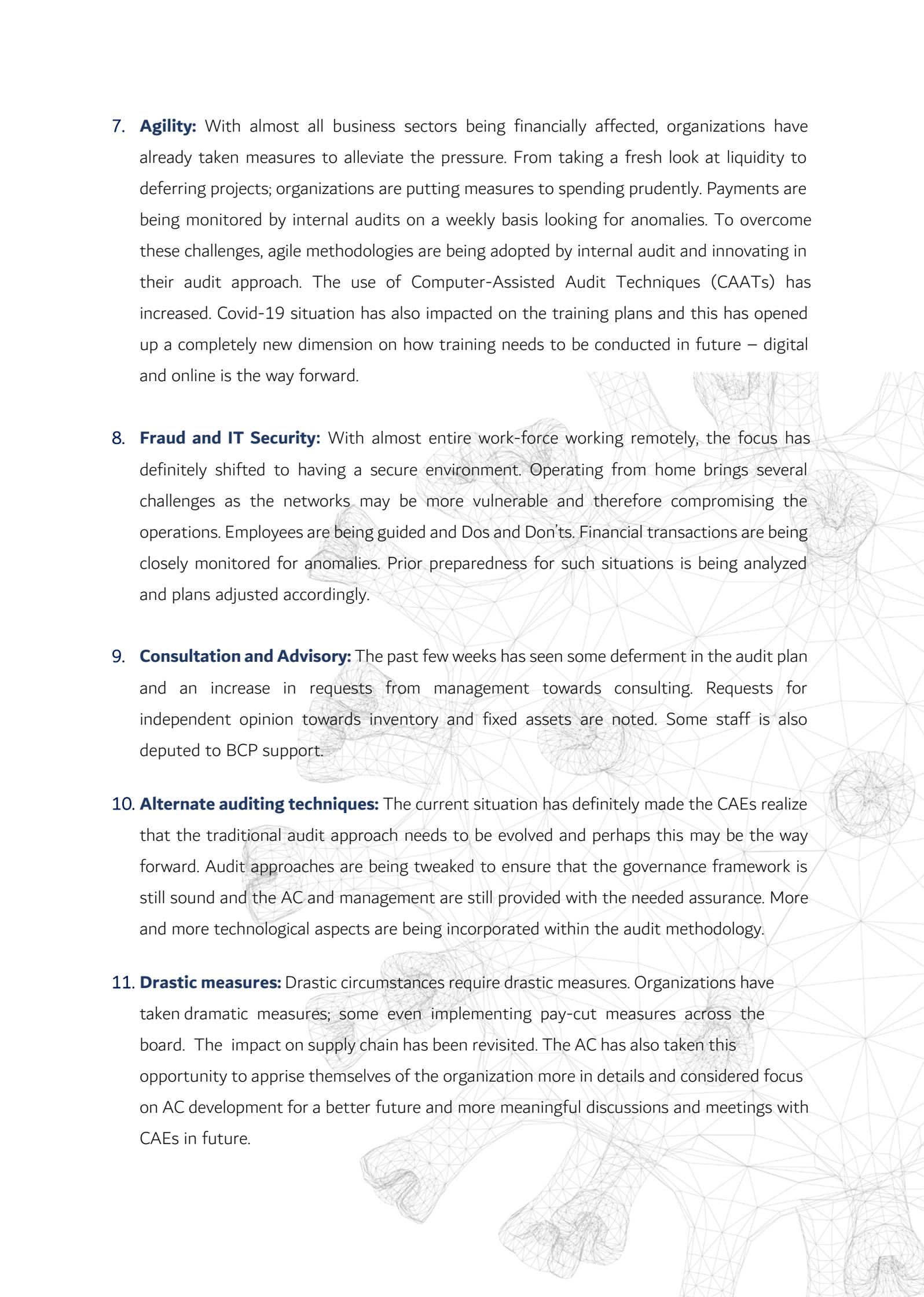
2020; a year that most of us will remember for the rest of our lives for something that changed the way of not only how we worked and did things, but also how our organizations faced one of the most challenging situations. The Corona Pandemic affected the whole world, with lots of lives lost. Every district, every city, every state and every country is working to contain the pandemic from getting worse and becoming a disruption of an unimaginable scale.

Organizations are faced with very serious issues and the one thing on the minds of corporates is how to bounce back once the situation eases and life slowly starts crawling back to normal. More important is how to ensure that their employees stay positive and in the right frame of mind.

To ensure that the problems we are facing are addressed and how internal audit can enable fast-track the solutions, the UAE Internal Auditors Association (UAE IAA) held a virtual meeting of select Chief Audit Executives (CAEs) of organizations from a wide-ranging public, private and government sectors including industry regulators. This paper is intended to provide other CAEs with views of how the internal audit activities of some of the leading companies are managing the challenges and how they are coping with the current situation.

- 1. Business Continuity:** The single most important thing common across all CAEs was to ensure that the organizations business continuity plans were properly deployed and evaluated. This also led to evaluating if the BCP was complete and addressed all of the organization. BCP evaluation and comprehensiveness of all departments has become significantly important and making it to the amended audit plan for 2020/2021.
- 2. Access to personnel/resources:** It became increasingly difficult to access all the resources normally available from within the office premises. Several documents and systems are not accessible putting tremendous strain on the audit staff and IA management. Accessing audit clients became a monstrous task. Delegating IA staff to other demanding areas seemed more important and this was done to address the business needs. Everyone needed to be flexible – not only in terms of availability but also in terms of functional requirements such as audit scope and objectives.

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3. **Reliance on technology:** From day one dependence and reliance on technology became the call of the hour. What seemed a very natural thing became the need of the hour and dependence on technology was at peak. Digitization projects suddenly came to the fore-front and needed to be fast-tracked. Everything that required to be done needed technology. Virtual environment for meetings needed to be in place as that was the only way meetings could be constituted. Meetings with audit committees and audit client were in the past weeks conducted using technological systems providing virtual environments for meetings. The acceptance of such an environment was immediately acceptable to all and being considered as a possible way forward.
 4. **Ever-changing risk assessment:** The risk profile of the organization has quickly changed. In fact, one school of thought also suggests that many risks have remained the same, however, they are now elevated significantly and become more prominent. The focus is on constant evaluation to ensure that the internal control environment is prevalent. Compliance with regulatory requirements is critical and should be monitored closely. The level of engagement with external stakeholders has also increased and there has been a lot more collaboration. Revisiting risks has become more frequent at management and board/AC level.
 5. **Employee well-being:** Ensuring that the employees are in a healthy state of mind is on the top of the agenda. From setting up mentor program to virtual coffee meetings it has become important to ensure that employees are offered all possible support. Not only on the professional front and completing and attending to official tasks, more is being done to support employees on the personal front. Employees are asked to be in constant touch with each other.
 6. **Effective Communication:** The importance of communication never seemed so important. Top management ensured that employees had the necessary information. It was critical to keep them apprised of what was happening, instead of relying on unverified news and information from social media. A top-down communication channel should be put in place. CEOs and top management should engage with the employees.

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7. **Agility:** With almost all business sectors being financially affected, organizations have already taken measures to alleviate the pressure. From taking a fresh look at liquidity to deferring projects; organizations are putting measures to spending prudently. Payments are being monitored by internal audits on a weekly basis looking for anomalies. To overcome these challenges, agile methodologies are being adopted by internal audit and innovating in their audit approach. The use of Computer-Assisted Audit Techniques (CAATs) has increased. Covid-19 situation has also impacted on the training plans and this has opened up a completely new dimension on how training needs to be conducted in future – digital and online is the way forward.
8. **Fraud and IT Security:** With almost entire work-force working remotely, the focus has definitely shifted to having a secure environment. Operating from home brings several challenges as the networks may be more vulnerable and therefore compromising the operations. Employees are being guided and Dos and Don'ts. Financial transactions are being closely monitored for anomalies. Prior preparedness for such situations is being analyzed and plans adjusted accordingly.
9. **Consultation and Advisory:** The past few weeks has seen some deferment in the audit plan and an increase in requests from management towards consulting. Requests for independent opinion towards inventory and fixed assets are noted. Some staff is also deputed to BCP support.
10. **Alternate auditing techniques:** The current situation has definitely made the CAEs realize that the traditional audit approach needs to be evolved and perhaps this may be the way forward. Audit approaches are being tweaked to ensure that the governance framework is still sound and the AC and management are still provided with the needed assurance. More and more technological aspects are being incorporated within the audit methodology.
11. **Drastic measures:** Drastic circumstances require drastic measures. Organizations have taken dramatic measures; some even implementing pay-cut measures across the board. The impact on supply chain has been revisited. The AC has also taken this opportunity to apprise themselves of the organization more in details and considered focus on AC development for a better future and more meaningful discussions and meetings with CAEs in future.

12. The new paradigm: The COVID-19 pandemic has taught us a lot of things from personal lives to professional lives. The future will certainly bring changes and organizations will need to adapt quickly. Internal audit departments will not only have to step up to the challenges but also become enablers of change.

We must come together to not only fight and overcome this situation, but also seize this as an opportunity to evolve our next strategy. We need to evolve from the standard way of doing things to a new flexible way which will give us the power and agility to adapt to the ever-changing demands and needs of the organization. As internal audit, we must be at the forefront and always be future-focused.

Note: This paper is prepared subsequent to a virtual meeting organized by the UAE IAA on April 12, 2020 and chaired by Abdulqader Obaid Ali, Chairman of the Board of UAE IAA. Other participants were Khalid Al Halyan (GIARA), Mohamed Al Harthi (TRA), Karem Obeid (Modon Properties), Alia Marjan Nasib Mubarak (Department of Health, Dubai), Aldrin Sequeira (Dubai Holding), Madian Al-Hajj (Mubadala), Mohamed Dukandar (Etisalat), Nicola Thompson (RAKBank), Sunil Edwards (Bank of Sharjah).

Note: This paper is prepared subsequent to a virtual meeting organized by the UAE IAA on April 22, 2020 and chaired by Abdulqader Obaid Ali, Chairman of the Board of UAE IAA. Other participants were H.E. Yousef Al Balushi (Department of Finance – RAK), Khaled Barqawi (DUCAB), Asma Saeed Lootah (DFM), Maryam Almutawa (Ministry Of Education), Mohamed Ashour (Al Masraf Bank), Rashid Al Suwaidi (Etihad Airways), Ayyoub Almarzooqi (MOHRE), Noora Ayoob Mohammad Hassan (DNRD).