

Meeting: Internal Audit Sector Panel
Location: The Drawing Room, voco St. John's Solihull
Date: 5 June 2024 – 2.00 PM

PRESENT

Lee Glover (Chair), Claire Pretty (Vice Chair), Zara Ambartsumova, Sophie Corbett, Neville de Spretter, Annabel Faulkner, Rebecca Hamilton, Sue Hibbert, Kiryl Katushkin, Si Mathavan, Rahi Rahman, Natalie Schopen, Sonia Shah, John Webb and Shamsul Zaman.

APOLOGIES

Tim Ahlborn, Fadeke Ayoola, Stephanie Hume, Brooke Love and Ifeanyi Okonkwo.

IN ATTENDANCE

Melanie Proffitt (Vice President, ACCA), Jade Ingham-Mulliner (Member Engagement Manager, ACCA UK) and Pat Delbridge (Sectors & Communities Manager, ACCA UK).

1 NOTES OF PREVIOUS MEETING

The notes of the last meeting were agreed.

2 PANEL PURPOSE

The Panel was happy to keep its agreed purposes unchanged:

- Act as advocates for ACCA and share insight into the support that ACCA members working in Internal Audit would benefit from. ACCA will then seek to provide what support it can either with its own resources or in partnership with other organisations or professional bodies.
- As an Internal Audit panel within an accountancy body, this panel is uniquely placed to not only provide information and education to other members working in internal audit, but also members working in other sectors whose knowledge and understanding of Internal Audit may be limited. Discourse on shared experiences of internal auditors and future challenges provide a symbiotic environment to improve good governance and successful businesses.

3 POST OFFICE HORIZON IT ENQUIRY

The Panel had agreed at its last Panel meeting that it was too soon to be producing any content around the Post Office Horizon scandal. Points raised:

- Common sense tells you that there should have been many Internal Audit reviews of Horizon when it was under development, but how much Internal Audit work was done during development, implementation and post-implementation?

- Culture is a huge part of this – perhaps Internal Audit was prohibited from looking at Horizon because it was Fujitsu developing it rather than the Post Office.
- Both within the Post Office and more generally, does the culture encourage or prevent speaking up and acknowledging issues?
- Internal auditors are meant to be independent but unless there is a strong link to the Chair of the Audit Committee, the CEO can override the Internal Audit plan. A strong Audit Committee Chair that sees the value of Internal Audit is vital.
- Reliance on third parties is a challenge – where an organisation outsources any work, Internal Audit should have oversight of that work but it may have been assumed that Fujitsu was a big company and competent to deliver.
- Where the Internal Audit team is in-house, the internal auditors are ultimately employees of the firm so it can be a difficult thing to do to go against the CEO. Where the Internal Audit function is outsourced to an independent firm, that firm has a stronger position from which to hold difficult conversations with the Chair of the Audit Committee. An independent firm tends to be given more respect than in-house teams by the Chair and can exercise more clout by walking away from the client if need be. An in-house internal auditor must consider their livelihood.
- After the banking crisis in 2008, the FCA brought in the Senior Managers regime which meant that as an individual, you are personally accountable in your role and individually liable to prison sentences and fines. Outside of financial services, the Internal Audit profession does not have that protection. In in-house teams in the public sector, senior post holders can only be dismissed with the approval of the Board, but Heads of Internal Audit tend not to have equivalent protection within most organisations. So what protection is there in place of Heads of Internal Audit to give them the confidence to speak out against the CFO, CEO, the Director of IT or whoever is insisting that it is business as usual and Internal Audit is not to look at it?

Many of these issues are not specific to the Post Office – it's around Internal Audit and the culture towards Internal Audit. Too many audit committees have no understanding of what Internal Audit is.

4 SUPPORT FOR INTERNAL AUDITORS

THE INTERNAL AUDITOR LENS PODCAST

Future episodes are planned on AI, cyber, supply chain, auditing culture and sustainability.

LEARN ABOUT INTERNAL AUDIT

To educate ACCA members in other sectors about Internal Audit, a social media campaign promoting our guides to internal audit for beginners, the management team, and the audit committee takes place periodically. The guides currently include references to the IPPF standards but will be updated for the new global IIA standards before they become mandatory in 2025.

E-BULLETIN

The following articles were suggested for the November edition:

- Updates of the 2016 integrated assurance articles on the Internal Audit hub - [Integrated assurance - can IA really place reliance on others? \(2016 article\)](#) and [The trials and tribulations of integrated assurance \(2016 article\)](#)
- Tools & techniques for equipping Internal Audit for the 21st Century
- Countdown to readiness: The new global IIA standards

- The importance of understanding the culture and being prepared to go against it
- Is Internal Audit focusing on the right areas, and how do they focus on the right areas.

WEBINARS

- Artificial Intelligence - covering oversight of the use of AI in a company and assurance.
- What is Internal Audit and what does it do?
- Sustainability webinars looking at the incoming regulations in 2025.

5 CLOSE.