

# Internal Audit and Compliance

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# “Essential 8” Internal Audits for ADIs

## Internal Audit adds value during times of crisis

Internal Audit plans should not be static. Reprioritising audits based upon regularly recurring risk assessments provides the Board and Management with objective insights regarding how the organisation is responding to different levels of operational risk, a dynamic regulatory environment and increasing compliance obligations and customer expectations.

Grant Thornton has identified the “Essential 8” audits that cover a range of topical risks that have increased as a result of the COVID-19 pandemic.

These topics are relevant for ADIs.

	Business continuity management
	Cyber security
	Payroll compliance
	Procure to pay
	Remote working
	Modern slavery
	Program management
	Vendor / outsourcing

# “Essential 8” Internal Audits for ADIs



## Business continuity management

### Why its relevant:

- Real time lessons learned re response
- Capital impacts from multiple simultaneous disruptions:
  - Credit risk
  - Market risk
  - Liquidity risk
  - Operational risk
- Missed opportunities

### Related compliance obligations:

APS 110: Capital adequacy

CPS 232: Business Continuity Management

CPG 233: Pandemic Planning



## Cyber security

### Why its relevant:

- Opportunistic attacks: scams and phishing
- Employees using unsecure personal devices
- Challenges with enforcing policies
- Rapid changes to access levels
- Privacy and customer data

### Related compliance obligations:

CPS 234: Information Security

CPG 235: Managing Data Risk



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## Payroll compliance

### Why its relevant:

- Increase in processing volumes:
  - Role changes
  - Non-standard working conditions
- Oversight and control of dispersed workforce
- Oversight of outsourced payroll suppliers
- Opportunistic internal and external frauds
- Managing leave in periods of economic uncertainty
- Remuneration policies - consequences of downturn



## Procure to pay

### Why its relevant:

- Increase in requests to vary contract terms
- Pressure to amend payment terms
- Supplier insolvency
- Supply disruptions
- Remote oversight and control of purchasing

# Reminder

## Questions

# “Essential 8” Internal Audits for ADIs



## Remote working

### Why its relevant:

- Unsafe workspaces: light, ergonomics, pets
- Mental wellbeing
- Disengagement
- Connection failures and bandwidth issues
- Opportunities to commit fraud

### Related compliance obligations:

CPS 220: Risk Management – Risk Culture

CPS 520: Fit and Proper

BEAR

WH&S legislation



## Modern slavery

### Why its relevant:

- Reporting due on 31 December 2020
- Increased focused due to economic uncertainty

### Related compliance obligations:

CPS 220: Risk Management – Risk Culture

Modern Slavery Act 2018



# “Essential 8” Internal Audits for ADIs



## Program management

### Why its relevant:

- Appropriateness of Risk Appetite
- Sustainability of Business Plans
- Prioritisation of projects, including go/no-go decisions
  - Customer remediation
- Capital modelling, including dividends
- Cash flow modelling
- Board involvement in BAU activities

### Related compliance obligations:

APS 110: Capital Management

CPS 220: Risk Management

CPS 510: Governance



## Vendor / outsourcing

### Why its relevant:

- Oversight of outsource service providers
- Service continuity
- Consideration of political risk
- Relevance of Business Cases

### Related compliance obligations:

CPS 220: Risk Management

CPS 231: Outsourcing



# Thank you

## Questions



# If you would like to find out more, please get in touch.



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