Internal Audit and Compliance Jane Stanton





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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.





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Business continuity management

Why its relevant:

- Real time lessons learned re response
- Capital impacts from multiple simultaneous disruptions:
 - o Credit risk
 - o Market risk
 - o 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

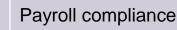
Related compliance obligations:

CPS 234: Information Security

CPG 235: Managing Data Risk



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Why its relevant:

- Increase in processing volumes:
 - o Role changes

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- 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



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Reminder

Questions

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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



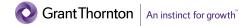
Modern slavery

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



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Program management

Why its relevant:

- Appropriateness of Risk Appetite
- Sustainability of Business Plans
- Prioritisation of projects, including go/no-go decisions
 - o 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

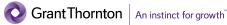
Why its relevant:

- 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



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Thank you

Questions

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



Jane Stanton

Partner, Grant Thornton Consulting – Business Risk

+61 2 8297 2620

jane.stanton@au.gt.com



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