Over the last several weeks, the COVID-19 pandemic has had a disruptive and devastating effect on people across the globe. It has impacted the capital markets, travel and our collective psyche.

How should internal audit respond?
We are currently in unprecedented times, and organizations are facing tough decisions every day to manage through the pandemic. In these times, there are a number of different things to consider, and we have pulled together a few ways internal audit can help provide assurance and insights to Senior Management and the Board.

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<th>Key actions</th>
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| Risk assessment               | ➢ During these times, many organizations are facing new risks and challenges. Organizational changes as a result of this pandemic create an opportunity to refine and enhance risk management processes to better protect the organization.  
                               | ➢ Look at risks in the current environment. How are they mitigated and are there any remaining gaps?  
                               | ➢ Is the organization venturing into new products and services as a result of COVID-19? What new risks apply?                                                                                                                                                                                                                     |
| Fraud risk                    | ➢ As processes are changed or adapted to accommodate remote working or other operational changes, review key processes for fraud risk, and identify any unmitigated gaps.                                                                                                                                                                              |
| Annual plan reassessment      | ➢ Take time to scrutinize your plans and reprioritize any upcoming audits based on their significance, regulatory requirements and the ability to execute them in a potentially disrupted environment.  
                               | ➢ Review your annual internal audit plan and assess what changes are required. Reschedule or adapt audits to accommodate remote working and barriers to obtaining information.                                                                                                                        |
| Risk analytics and benchmarking | ➢ As the situation evolves and travel restrictions change, consider how to complete audits without physical access to corporate locations. Careful consideration should be given to performing data analysis utilizing centralized source systems to execute internal audits without the need for a traditional site visit. For example, the use of analytics may involve evaluating locations or processes that exhibit a more mature control environment based on historical performance compared to those which present more risk to the organization. |
| Optimizing labour             | ➢ Strategize how best to use the team’s time. Challenge your team to work and think differently.  
                               | ➢ Reach out to key business leaders and offer their team’s assistance. For example, your organization may be diverting critical facility operations to another location or creating redundancies in its supply chain for scale. There may be additional risk factors in these operational changes that need to be considered.  
<pre><code>                           | ➢ Internal audit resources may need to be redeployed to support the business’ internal controls over financial reporting programs and testing.                                                                                                           |
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| Remote working              | ➢ Evaluate your organization’s plans to mobilize a remote workforce, consider key risks and the impact to systems and technologies. Assess IT security and system access risk as roles change due to redeployment.  
➢ It is important to maintain clear and consistent lines of communication with audit teams and provide reminders to carry out the necessary actions to protect themselves and their families.  
➢ If an internal audit team can not physically visit a site, think of creative ways to still gain risk coverage. For example, if production plants have video surveillance, would internal audit be able to use those feeds to check whether critical physical controls are still working?  
➢ Consider the impact of remote working on the organization’s culture risk. Plan virtual team-building and socializing. Set aside time to catch up on each other’s personal lives. Create an open format where people enjoy sharing recent experiences that allows for that sense of belonging to feel like part of the team. |
| Business continuity planning (BCP) | ➢ Internal audit should support the business as it implements business continuity, pandemic or crisis management plans.  
➢ Internal audit should be represented on any crisis management teams. The experience, tools and views of the internal audit department may be invaluable in developing such plans. |
| Cyber security              | ➢ Companies may face potential increased vulnerability to cyber-attacks due to remote work environments, such as greater susceptibility to phishing and malware. Does this impact your risk and audit plans?  
➢ As more transactions move online, consider the impact to data security risk. |
| Supply chain                | ➢ Evaluate processes in place to maintain and manage key supplier relationships and identify supply chain risks. |
| Major project changes       | ➢ Internal audit should support the business as the organization embarks on new major projects or postpones existing projects. |
| Third party risk            | ➢ Reassess the organization’s third and fourth party risk and consider the impact on the organization’s overall risk assessment. |
| Post-crisis review          | ➢ Look back on how the organization responded, opportunities for improvement and overall enhancements to crisis management. |

How KPMG can help
We have highlighted some of the areas where KPMG can provide support:
1. **Sounding board:** Provide advice on reviewing and assessing your internal audit plan, and best practices as you transition and adapt to the new circumstances.
2. **Risk assessment updates, including fraud risk assessment:** Review and assess changes within the organization and advise on changes to your risk assessment process and your annual internal audit plan.
3. **Update documentation:** Including risk registers, risk and control matrices, internal audit plan and internal audit schedule to reflect changes to the organization and the control environment.
4. **Execution of internal audit plan:** Provide resources to support you in executing and completing your internal audit plan.
5. **Changes to approach:** Provide advice and recommendations to your planned audit procedures, including how data and analytics can be used as alternatives to traditional testing.

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