Audit for value

INTERNAL AUDIT

DICKSON AGABA KAMUKAMA

From compliance to value creation

Businesses are navigating increasingly complex risks: cyber threats, digital fraud. PHOTO/MICHAELKAKUMIRIZI

May is the Internal Audit Awareness month and globally, Internal Auditors pause to reflect. We get an opportunity to celebrate our contribution but also ask difficult questions about our relevance in a rapidly evolving business environment.

One question stands out: Are we helping organisations create and protect value, or are we becoming known merely as relentless critics of non-compliance?

Traditionally, Internal Audit has been about controls, policies, findings, and compliance checks. For many employees (and some executives), the arrival of Internal Audit triggers anxiety rather than collaboration. Auditors are viewed as fault-finders, yet the modern business demands something fundamentally different.

According to the Global Internal Audit Standards, the profession exists to strengthen an organisation's ability to create, protect and sustain value through independent assurance, advice, insight, and foresight. That definition shifts Internal Audit from a backward-looking control function to a forward-looking strategic enabler.

Are Ugandan Internal Audit functions living up to that mandate? Take these two very different audit experiences shared by professionals in the field, for instance;

In the first case, an Internal Audit team conducted a Revenue Assurance Audit and uncovered approximately Shs120 billion in uncollected revenue, with potential exposure rising to nearly Shs500 billion after a deeper review. Management immediately mobilised and established a team to address the issue. That is Internal Audit operating at its highest level; identifying material business risk, influencing executive action, and directly contributing to organisational value.

The second case was technically sound, but strategically less meaningful. An audit finding was raised because physical copies of approvals for cash expenditures were not being maintained in line with company policy. Management had already transitioned to electronic approvals supported by e-signatures and argued that the process didn't increase operational risk. The policy was amended to reflect operational reality.

The auditors were correct from a compliance standpoint. But did the exercise materially improve the organisation? Both audits met professional standards and identified legitimate issues. But only one demonstrably moved the business forward.

That distinction captures the crossroads facing the profession today. Businesses are navigating increasingly complex risks: cyber threats, digital fraud, regulatory pressure, geopolitical uncertainty, Artificial Intelligence, and rapidly changing customer expectations. In such times, Internal Auditors must do more than identify policy breaches. They must anticipate risk, challenge strategic blind spots, and help leadership make better decisions.

Internal Audit plans can no longer be built around routine coverage exercises. The starting point should always be a simple question: What value will this audit create or protect?

Traditional audit areas such as payroll, fixed assets, and accounts payable remain important, but many have matured significantly due to automation and stronger operational controls.

The greater opportunity for Internal Audit lies in emerging areas such as cyber security, third-party risk management, revenue assurance, digital ecosystems, data governance, and financial crime prevention.

Equally important is the ability of internal auditors to continuously assess their own impact.

Recently, I asked each auditor on my team to articulate how they had created or preserved value over the previous year.

In some cases, the impact was difficult to clearly define and I realised that internal audit can easily become busy without necessarily being impactful. That is a risk we must confront honestly.

Another shift involves engagement with leadership. Auditors sometimes maintain excessive distance from management in the name of preserving independence. But independence doesn't mean isolation. Meaningful engagement with management is essential if auditors are to understand strategic priorities, emerging risks, and areas where assurance is most needed.

When disconnected from strategy, internal audit risks becoming irrelevant. This also places greater responsibility on us to continuously deepen our expertise. Organisations currently employ highly specialised professionals across technology, finance, operations, digital platforms, and risk management.

Auditors cannot challenge or advise in areas where they do not fully understand the underlying risks.

Continuous professional development is, therefore, no longer optional and is now fundamental to maintaining credibility and relevance.

The future of Internal Audit will not be determined by how many findings are raised in reports. It will be determined by whether the function helps organisations navigate uncertainty, strengthen resilience, and achieve better outcomes.

The writer is chief internal auditor at Absa Bank.