



Parama 

ONE SIZE DOES NOT FIT ALL

The Right Amount of Internal Audit for Your Credit Union

THE RIGHT AMOUNT OF AUDIT FOR YOUR CREDIT UNION

When leveraged correctly, Internal Audit can become a powerful tool in your credit union's risk management toolbox. It can be tailored to fit the needs of almost any size credit union. The Internal Audit function can add value well beyond primary internal control and policy compliance. Internal Audit can become the driving force to identify improvements and efficiencies in the organization and provide valuable insight to management.



If leveraged correctly, Internal Audit can be a powerful tool in your risk management toolbox. The Internal Audit function is flexible and does not have to fit the traditional mold.

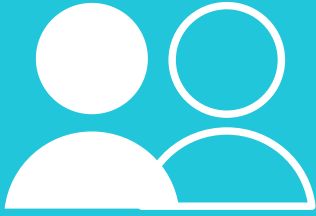
CUSTOMIZING YOUR INTERNAL AUDIT FUNCTION

The possibilities are almost endless for areas where they can provide expertise and insight. For most companies, the Internal Audit function does not have to fit the traditional mold. For starters, the organizational structure can be flexible. In other words, a credit union's size and risk profile may not warrant a full-time audit executive and staff, the cost of which may be an obstacle to establishing an Internal Audit function.

“ These days, Internal Audit is also helping in non-traditional areas, including supporting integration of newly acquired entities' and serving as a conduit to improving processes through risk identification and data analytics.”

Feasible, cost-effective alternatives may exist, however. For instance, specific attributes can be translated from the Attribute and Performance Standards of the Institute of Internal Auditors' (IIA) Professional Practice Framework. These can help a credit union focus on the substance of risk management principles, rather than merely adding headcount to build a traditional Internal Audit department.

Sometimes a one-person audit shop can do the job quite effectively. A smaller shop can be nimble and respond quickly to a changing risk environment. In dynamic operations, the lightning-fast pace of technological innovation and the ever-changing risk landscape are all areas where being quick on one's feet is an advantage.



Even if your credit union's size and risk profile doesn't warrant a full-time Internal Audit department, feasible alternatives do exist.

If an Internal Audit department reacts nimbly while also anticipating issues, it can position itself as an active change agent and thought leader. The function can also serve a broader oversight role and provide knowledge and input regarding technology and other critical specialty areas, such as security and privacy, licensee and royalty auditing, risk assessment, fraud investigations, and others. The areas that can be viewed by a nontraditional audit department are vast. All of the benefits, notwithstanding, there are challenges. For example, a one-person audit shop requires your credit union to hire and retain someone who is experienced enough to know how to perform the Internal Audit function. Beyond that, experienced individuals who are willing to set strategy and execute tactically, day after day, month after month are few and far between.

Another critical challenge in today's dynamic and ever-changing business climate is the number of skill sets required to respond to emerging risks effectively. The diversity necessary to be a "Swiss Army Knife" capable of being able to knowledgeably and effectively audit all areas of a credit union's risk environment is immense.

“ Read our article to learn how scaling Internal Audit can improve risk management throughout your organization and the benefits of strategic sourcing.”

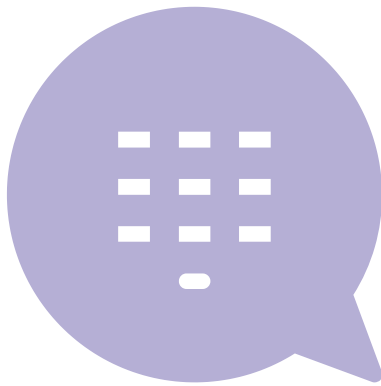
For example, auditing a credit union's operations may require a managerial mindset while auditing a credit union's IT environment requires more of a security / technical mindset. One potential solution that is often utilized by companies, both large and small, is strategic sourcing.

This solution involves partnering with one or more service providers with in-depth Internal Audit, IT, and risk management experience to provide support on an as-needed basis. Strategic sourcing allows an organization to maintain a single internal point of contact to manage the Internal Audit function, possibly even a part-time employee. The sourcing partner provides the experience needed to assess and help set strategies to address risk, design an audit plan and the workforce to execute audits against that plan.

THE BENEFITS OF STRATEGIC SOURCING

Strategic sourcing works best with engaged audit committees, and when the credit union's management has a disciplined approach to maintaining its control environment. Whether technology skills, foreign language capabilities, nuanced business process knowledge, or any of the other myriad of needs that challenge Internal Audit functions, strategic partnering can be a great solution to inject valuable seasoned resources to complement existing resources.

STRATEGIC PARTNERING ALSO HAS OTHER BENEFITS FOR DRIVING DOWN COSTS



Reduced turnover and employee benefit costs.

Elimination of downtime.

Ability to leverage the strategic partner's investments in training, knowledge and thought leadership development, and

Leveraging strategic partnership relationships.

Challenges exist with any of these models when the Internal Audit function is new for an organization and thereby is not afforded a seat table within the credit union. These challenges can be overcome as the Internal Audit function encourages collaboration throughout the organization and receives support from upper management. When the right strategic sourcing partner is working with the organization, the mandate is reinforced, and objectives are met.

GET STARTED

To learn more, please contact us at:

833-372-7262

paramapartners.com

info@paramapartners.com



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833-372-7262



paramapartners.com



info@paramapartners.com