

A buyers' guide

Hints and tips on getting the most out of your external review of internal audit

About this guide

We've put this guide together to help clients through the fairly challenging process of selecting an appropriate partner to perform your internal audit EQA (external quality assessment). We say fairly challenging as there are many potential providers out there but the process they will take you through, and the value you will get, can vary dramatically.

Why an EQA?

There are lots of very good reasons why you might want to have an EQA of your internal audit function. Unfortunately, one of weaker reasons is because it's five years since your last review. This always leads us to suspect that the client is only really looking to tick a box, rather than derive some real value from the process.

So, you need to be clear what you would like out of your EQA. And that means canvassing the views of the key recipients of the work – as a minimum this should include the Audit Committee, CEO and the Head of Internal Audit (HIA).

Be open to suggestions

Many people have a fixed idea of what an EQA should look like. However, things have moved on in recent times. For example, would it be better to have a rolling EQA covering a reduced scope but visiting every year? After all, a lot can happen in five years and being able to include 'hot topics' in your annual EQA scope should pay dividends.

Value the process

In our view, the client, particularly the HIA, should get as much out of the process as they do the final report. It should be both stimulating and challenging, with a final report that hits the mark in terms of recognising what you do well, as much as what might be improved.

What about the 'how'?

All too often we find clients are left with a laundry list of things to do once the consultants have left with no real explanation of how to deliver it.

Our approach is different. We will always offer support to the HIA following completion of our EQA work – be this in the form of a workshop to help the HIA and their senior team to figure out what to do first and how best to do it, or a full IA strategy & transformation project. Either way, you are not on your own.



Why Independent Audit?

There are lots of reasons why you might choose to use Independent Audit for your EQA. Here are just a few key differences:

- We are truly independent, with only a very limited number of services to sell. We don't see performing an EQA as 'paid for marketing'.
- We provide clients with a technically robust, strategic 'board's eye' view of internal audit. If you want a 'drains up' investigation of your most detailed audit procedures, you should probably look elsewhere.
- We don't have a pre-conceived idea of what your internal audit should look like. We take our time to figure out what the business needs from its internal audit function and then see if you are delivering (and suggest how you might improve it).
- All of our work is delivered by our small team of five partners – each with 20 to 30 years of experience. We have no junior staff.
- We leverage our proprietary *Thinking Board* software application to increase engagement efficiency increase coverage whilst providing valuable insights.
- We are probably more expensive than many of our competitors but that's because it's a different service. Think fine-dining rather than fast food.
- You'll probably enjoy the experience!



Running an EQA procurement process

Many clients run their EQA procurement process as though they were buying paperclips. Trust us, it's really not the same.

- Take some time to think about your requirements – what would you really value? Canvass opinions and come up with a reasonable RFP timetable.
- Giving potential providers very tight deadlines for submission of proposals really isn't clever. Some won't respond as a direct result. Others will see it as a sign of things to come and price accordingly.
- Big 4 or boutique? Both have their advantages, but please, be fair. If you want a global team / site visits, make it clear in your RFP.
- Don't tell the providers how the job should be done. Take advantage of their expertise and let them tell you how best to do it.
- Look at those credentials. Impressive aren't they? But just how many of the team in front of you has worked on them? And is this the actual team that would do the work?
- Short-list the proposals you really like. Don't worry about pricing until you're down to the last two or three. When it comes down to it, if a vendor thinks they are in with a shout, pricing can prove more flexible than you might think.
- Get commercial – ask for a best and final offer (BAFO) in the closing stages. Tell the short-listed vendors what your budget expectations are.
- Beware silver-tongued consultants. Would you prefer a salesman do the work or someone who genuinely understands how internal audit functions work and what businesses should expect of them?
- Ask for a list of recent EQA clients from the supplier and then select two or three to talk to (your choice, not theirs). Always be slightly sceptical of supplier-selected names.

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We chose Independent Audit because we didn't want someone who would just compare us to a template of what they thought internal audit should look like.

We wanted someone who would take the time to understand us and provide real value.

Matthew King, former HIA, HSBC

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Want to find out more?

To discuss your EQA requirements and understand how we might be able to help, contact:

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