



# Periodic Reporting, The Function Of Independent Auditing In Corporate Governance

ESG & Sustainability Transformation

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12/2023

ESG Transformation



## Periodic Reporting, The Function Of Independent Auditing In Corporate Governance

The modern concept of an auditor grew out of financial scandals from earlier centuries.

Early trading companies in the 17th century (perhaps most famously the Dutch East India Company, or VOC) were established for a specific trade voyage or a certain period of time, after which they were required to calculate their performance and distribute the proceeds to their owners before being allowed to renew their mandate for a further period. This procedure sometimes included an expected independent review of the company's accounts. The Industrial Revolution (c. 1760-1840) saw the first large-scale corporations seeking to raise external capital. As many of these companies were expected to have a continuing operating life beyond a certain period, finance providers began to insist that company management account for the use of capital at least annually, resulting in requirements for both annual accounts reporting and review and general meetings (AGMs).

The losses and frauds that followed the British railway boom of the 1840s (an early investment bubble) left minority shareholders with substantial losses. The law was changed in response to the inevitable protests, requiring annual audits of the accounts by an independent party, thus providing shareholders with assurance that the figures presented to them were true and fair.

The concept of auditing has not changed: the auditor's job is to provide an independent set of eyes on the financial statements prepared by the Board of Directors and to ensure that they fairly represent the performance and position of the business. There is no absolute guarantee that the figures are correct, nor is there any certainty that there is no fraud in the business. Auditing is a sampling process, attempting to identify irregularities that can then be traced.

As the UK Court of Appeal ruled in Kingston Cotton Mill (No. 2) in 1896 – after another corporate failure, where the auditors had overstated the management's assertions of stock at face value – auditors should be watchdogs, not bloodhounds. There has been an ongoing debate after every corporate failure since, both about whether watchdogs are asleep at the wheel and whether we should expect a little more bloodhound-like behaviour – or perhaps, to use a more modern, sniffer-dog-like behaviour – from auditors.

### **Review of Financial Statements, Annual Reports and Broader Reporting (including Sustainability Reports)**

Despite the lack of global uniformity in ESG reporting standards, companies are increasingly looking to polish their sustainability credentials by publishing detailed reports that have been independently audited by an auditor.

Independent auditors examine and provide third-party assurance on financial statements, confirming that the detailed information is free of material misstatements and inconsistencies. As a result of an audit, stakeholders can assess and improve the effectiveness of governance, risk management and controls in this regard.

This assurance work can be performed by leading audit firms or by smaller alternative assurance providers that specialize in ESG issues. Investors should read the auditor's report carefully to understand what ESG standards have been achieved in practice and then consider the additional weight they may place on the sustainability report. The goal of sustainability reporting is to encourage organizations to go beyond their basic legal obligations.



Key elements of an ESG audit that investors should consider include scope—business strategy, policies, and operations; a timeline that includes when the assessment is being conducted and what stages are being reviewed; and how the audit is conducted, including information about checks and balances to ensure the highest possible accuracy. While the auditor’s work is often procedural in nature, providing limited substantive assurance, a well-executed ESG audit fosters increased confidence that both current and future investors can place in the ESG data and analysis reported.

### **The Audit Methodology Includes:**

- third-party certification of the data and information contained in the ESG report;
- providing independent assurance that both the data and analysis are reliable and accurate; and
- attesting that management disclosures detailing how activities are transparently reported on ESG issues.

### **Examples of issues that may be assessed in an ESG Audit include:**

- environmental standards and management systems;
- energy efficiency initiatives;
- facilities, water and waste management, including recycling activities;
- product development and manufacturing processes, and efforts to reduce waste across all stages of production;
- plans to monitor carbon emissions and reduce or even eliminate the production of hazardous waste (how a company’s supply chain delivers goods to customers, vehicle emissions and fuel use can be assessed);
- use of hazardous materials in products;
- compensation for community impacts and environmental damage due to the location of facilities;
- corporate transparency;
- social performance related to human rights, diversity, labour standards and working conditions; and
- employee compensation policies.

ESG reporting audits are currently entirely voluntary (as opposed to financial audits) and are not yet based on a widely accepted set of regulatory standards. The E, S, and G data are largely drawn from a number of organizations that have devoted significant resources to developing and establishing comprehensive global standards. These standards focus on identifying and assessing financially material ESG risk factors for companies.

The disclosures and frameworks can be quite detailed, but are not uniform. It is important to distinguish between management system standards and standards that simply provide guidance on reporting on sustainability activities. In the latter case, these standards are not designed for certification purposes or for regulatory or contractual use; therefore, any offer to certify, or claim to certify, would be a misrepresentation of the intent and purpose—and an abuse—of auditing.

### **Auditor Independence and Conflicts of Interest:**



Auditor independence is important. Large audit firms, including the Big Four, often provide non-audit services (mainly management and tax advice) to the companies they audit, despite the obvious risks of conflicts of interest. Because they spend so much time in a business and interact with the finance function, auditors can develop closer relationships with the management of the companies they audit than with the non-executive directors on the audit committee to whom they report, or the shareholders to whom they formally perform their work. Auditor staff will also sometimes be hired later by the companies they audit. Investors often assess potential conflicts of interest by looking at how much an audit firm is paid for audit work versus consulting work and whether a firm has policies in place to limit this risk, although this is not the only sign of a conflict.

Regulators have stepped in to eliminate the most obvious conflicts of interest, which has led to a significant reduction in the range of non-audit services auditors are allowed to provide to their clients in recent years. This trend can be seen in the EU. For example, EU law now not only provides a list of non-audit services that are the only services an audit firm can provide to a client, but also places a monetary limit (calculated relative to audit fees) on their overall value. The UK Competition and Markets Authority has proposed greater separation between audit and non-audit arms of accountancy firms, so that audit is less likely to be influenced by other concerns.

Another important question surrounds behavioural independence. There is a natural tendency for individuals to seek consensus and people want to avoid disagreement or even confrontation with those they spend time with. These natural human behaviours run counter to the auditor's role, which is to question and challenge the information provided by the auditee. Each member of the audit team must work to avoid succumbing to such tendencies, and the audit partner overseeing the entire process needs to ensure that scepticism is maintained throughout. In particular, there must be sufficient time allowed for questions to be fully pursued and sufficient scope to provide additional staff if necessary. These ideas all run counter to the popular belief that an audit firm must be efficient in its work, adhere to the company's time limits, and stay within a budget that allows the company to make a profit. In reality, it is not always easy for investors to be confident that the audit has been performed as thoroughly as they would like.

### **Auditor Rotation**

The concentration of the audit market makes it more difficult to address issues of auditor independence and effectiveness. In the EU, public companies are required to change auditors after a maximum of 20 years (and to tender for audits after 10 years). With the incumbent audit firm barred from competing after 20 years and other audit firms sometimes reluctant to give up lucrative non-audit service contracts, there is a suboptimal level of competition. Before the rule change, it was often argued that auditor rotation could lead to issues being overlooked, either in the final year of a departing auditor or in the first year of a new auditor, but the impact was reported to be positive: companies that changed auditors found new perspectives valuable but challenging.

### **Sampling and Auditing**

The sampling process that underpins audit work has been discussed; however, advances in technology and AI may see this process change. Considerable effort is required to assess the appropriate level of sampling to gain insight into the accuracy of the underlying numbers and also assess the output of that sample. However, it can sometimes seem that the audit budget does more to determine the work being done than the need for explicit assurance. The depth of sampling depends largely on the auditor's assessment of the quality of the company's own financial systems and controls. In this regard, external auditors rely on the company's internal audit (the company's own process for assessing risk and reporting quality, also discussed below), and well-run audit committees coordinate



internal and external audits appropriately so that they can provide the appropriate level of assurance across the company.

Sir Donald Brydon's recent independent review of audit quality and effectiveness recommends that each audit committee produce an annual audit and assurance plan that discloses the committee's expectations for overall assurance of the company's reporting, including both internal and external audit, which would make this coordination clearer and perhaps more effective. Under Sir Donald's proposal, shareholders would be invited to contribute to the development of the plan.

In theory at least, the world of big data technology is changing the approach to sampling, and leading audit firms are exploring ways to use technology to review every transaction rather than just a sample of them. Some independent software companies have developed packages that provide this capability, although these currently appear to be more focused on the small and medium-sized enterprise segment of the enterprise market than on large enterprises. The challenge with any approach to evaluating every transaction is to spot anomalies in this data wall, not just check whether the numbers make sense. This technology has the potential to eliminate the need for sampling, but not the need to intelligently review the information provided. This area remains a work in progress.

### **Enhanced Auditor Reports:**

Shareholders today have more insight into the work of auditors than ever before thanks to new enhanced audit reports. Originating in the UK, enhanced audit reports are now being adopted globally. These reports include three important elements:

**Audit scope:** This refers to how many parts of the company the audit covers and in what depth. Typically, the auditor will apply a full audit to the largest segments (usually geographic areas, but sometimes business segments) and will apply appropriate audit procedures to other segments, but some segments may be completely ignored.

**Materiality:** While materiality is a qualitative concept and should vary depending on the significance of the issue and its circumstances, in practice disclosures tend to focus on a quantitative measure of materiality: the extent to which transactions or valuations are below the level where the auditor spends little time. For the largest companies, this number can be surprisingly large (\$500 million is not unusual). Of greater concern to investors is the level of materiality applied to different segments and—if disclosed—the amount of performance materiality (the level below which the auditor uses materiality in his audit procedures to prevent problems from arising when the analyzed numbers are aggregated). Performance materiality figures indicate the level of confidence in a company's financial systems: 75% of the overall materiality threshold is typical, while anything around 50% to 60% indicates low confidence in the company's financial controls. Such a lower level of performance materiality may indicate a highly decentralized organization or one that perhaps should have its controls strengthened, which can be a useful insight for investors.

**Key audit issues:** The third element concerns some of the key areas of judgment in the accounts. While the areas covered will rarely surprise investors, the way in which these issues are discussed and what the auditor chooses to highlight in their open discussion can reveal interesting and important insights.

The best audit reports not only highlight key areas of judgment but also indicate whether the company's reporting on them is conservative, neutral or aggressive. These so-called graduated audits add real value to investors' understanding of the company's reported performance.

These enhanced audit reports improve on the previous practice, where the only detail was the auditor's opinion on whether the financial statements presented a true and fair view of



the company's performance and position at the end of the financial year. When an annual report is published, it is very quick to find out whether the auditor has issued a negative opinion. Auditors' past reluctance to provide much insight has been driven by their fear of litigation in the event of a company failure. Investors have learned that audit reports are not worth reading – a lesson that now needs to be unlearned. Investors have much to learn from these enhanced audit reports if they can begin to navigate the technical tone and language used in them (or if auditors can begin to make them more accessible to the general public). These reports could be further enhanced if some of the recommendations in the Brydon Review are adopted – indeed, Sir Donald's review suggests that auditors do more to inform investors and the market in general. He emphasized the importance of this role for auditors by using the word "inform" as one of three keywords in the title of his final report: "assess, assure and inform."

### **Auditor Liability**

One reason auditors give for not providing more than they are strictly required to, either in terms of an audit or an auditor's report, is liability. In most markets, auditors have unlimited liability. Indeed, the SEC in the United States has established a rule that any company under its jurisdiction (including many foreign companies listed in the United States in terms of their equity or debt) cannot limit the liability of its auditors in any way. Even though auditing firms enjoy the benefit of what is known as a limited liability partnership (meaning that all partners are no longer at risk if one partner fails), individuals directly responsible for any failure, especially the relevant partner, can face losing everything. This risk is considered significant, in part, because auditors are often among the few players left out of pocket when a company fails, and so they are frequently implicated in lawsuits. However, the extent to which courts will hold individuals and their firms liable is less clear, because most of these cases are settled before they reach judgment. Most of these settlements are handled internally, and so it is unclear whether the liability risk is actually as great as the profession tends to indicate.

### **Case Study**

#### **The Case of Stock Market Manipulation at FLC Group:**

In the conclusion of the investigation into the case of former Chairman of FLC Group Trinh Van Quyet defrauding and appropriating VND 3,620 billion from investors in the Vietnamese stock market, the Investigation Police Agency (C01) of the Ministry of Public Security pointed out the violations of auditors of Hanoi Auditing and Accounting Company Limited and ASC Auditing Company Limited.

At Hanoi Auditing and Accounting Company Limited, defendant Nguyen Ngoc Tinh holds the role of General Director, in charge of general auditing activities, and is legally responsible for the accuracy and completeness of audit results.

When performing the audit contract for the 2014, 2015 and first 3 months of 2016 Financial Reports of Faros Construction Joint Stock Company to prepare the listing application, the Province knew that the financial reports did not have sufficient basis for full acceptance. However, this defendant still signed and issued the Audit Reports; Independent Audit Reports on the audit of the Financial Reports; Audit Reports on the capital contribution of the owners of Faros Construction Company, with the content of full acceptance for the above contents.

When Faros Construction Company submitted the application for recognition as a public company, the Department of Public Supervision under the State Securities Commission discovered that these audit reports were not in accordance with legal regulations because the audit evidence did not have sufficient basis for giving full approval, so it requested to



conduct the audit and reissue the audit report. However, this company did not conduct a re-audit, but signed and issued 3 replacement independent audit reports, but kept the same content as the original audit report, only adding some notes. The investigation agency determined that the act of issuing the above audit report was against regulations and violated Vietnamese auditing standards.

As a result, Trinh Van Quyet and his accomplices used it to prepare documents to request and list shares of Faros Construction Company on the Ho Chi Minh City Stock Exchange (HoSE), thereby committing fraud and appropriating more than 3,620 billion VND from investors in the stock market.

Similarly, Tran Thi Hanh, Deputy General Director of TTP Auditing Company Limited (formerly ASC Auditing Company Limited) was also determined to know that the audit evidence collected was not sufficient to give a fully acceptable audit opinion, but this defendant still, together with auditor Nguyen Thi Thu Huong, issued Audit Reports, fully accepting the content of Faros Construction Company regarding the additional explanation of investment trust sent to HoSE.

The violations of the two auditors Tran Thi Hanh and Nguyen Thi Thu Huong were accused of helping Trinh Van Quyet and his accomplices prepare an explanation file as requested by HoSE so that Faros Construction Company could list its shares (code ROS) on the stock exchange, committing fraud and appropriating investors' money.

At the investigation agency, defendants Nguyen Ngoc Tinh and Le Van Tuan admitted their actions, and said that the signing and issuance of the audit report was against the regulations because FLC Company and the companies in the ecosystem were large, regular customers, so the report was issued according to the wishes of the enterprise to receive payment.

Defendant Tran Thi Hanh also admitted her actions, but did not admit the purpose of fraud and appropriation of assets. Apart from the audit fee, Hanh did not receive any other benefits.

The investigation agency determined that the actions of Tinh, Tuan and Hanh had enough elements to constitute the crime of "Fraudulent appropriation of assets", stipulated in Clause 4, Article 174 of the 2015 Penal Code, as accomplices in the role of assisting Trinh Van Quyet.

Nguyen Thi Thu Huong was determined to have committed the act in a secondary, dependent role, according to the assignment of her superiors, only working for a salary, and not receiving material benefits from her actions. Therefore, the Investigation Agency does not consider handling criminal liability but recommends that the competent authority handle administrative violations.

### **Nam Viet Auditing Company and Hanoi CPA Auditing Company “Conjured” in the Tan Hoang Minh Group Case**

According to the investigation conclusion, during the financial statement audit process, individuals at Nam Viet Auditing Company, the Northern branch and Hanoi CPA Company all directly communicated with Tan Hoang Minh; clearly knew that the Winter Palace, Viet Star and Soleil Companies all belonged to Tan Hoang Minh; clearly knew that the purpose of the audit was to issue bonds, and were “ordered” to give a full acceptance opinion contrary to the provisions of Vietnamese Auditing Standards, in the fastest time to qualify for bond issuance.

At Nam Viet Auditing Company, Northern Branch, instead of working with the Board of Directors, Board of Management of Ngoi Sao Viet Company and Soleil in accordance with



Vietnamese Auditing Standards, Ms. Bui Thi Ngoc Lan (Director of Nam Viet Auditing Company, Northern Branch) directly signed 2 audit contracts with the content of auditing the separate financial statements and consolidated financial statements of 2020 of the above 2 companies.

According to Ms. Lan's testimony at the Investigation Agency, during the audit process, Ms. Lan and the audit team did not check a number of important items, did not collect sufficient audit evidence, did not compare original documents but still signed and issued an independent audit report with an opinion of full acceptance for the financial statements at December 31, 2020 of Ngoi Sao Viet Company and Soleil contrary to Vietnamese Auditing Standards.

Verification at the Hanoi Tax Department shows that: The financial statements for tax payment before the audit of Ngoi Sao Viet and Soleil Company recorded losses of more than 1,003 billion and more than 135 billion VND, respectively.

The similar story took place at Hanoi CPA Company and its Saigon branch. Instead of having to work with the Board of Directors and the Management Board of Winter Palace Company in accordance with the provisions of Vietnamese Accounting Standards, Mr. Le Van Do (General Director of Hanoi CPA Company) agreed and reached an agreement with Tan Hoang Minh to sign a contract to audit the 2020 financial statements of this company.

After that, Mr. Do and his colleagues issued an independent audit report to Winter Palace Company for this company to use to issue 3 illegal bond packages.

In 2021, Mr. Do continued to negotiate with Tan Hoang Minh to audit the financial statements of Winter Palace Company. At the Investigation Agency, Mr. Do admitted that Tan Hoang Minh requested an audit with a fully acceptable opinion, with the purpose of allowing the enterprise to issue bonds in the fastest time. Then, Mr. Do instructed his subordinates to "rest assured to sign and issue the audit report because the Winter Palace Company is not a public company".

The report on the results of the inspection of compliance with the law on independent auditing at CPA Company conducted by the Interdisciplinary Inspection Team (Ministry of Finance, State Securities Commission) showed that: The fully acceptable audit opinion for the Winter Palace Company (in 2020 and 2021) was not in accordance with the requirements of Vietnamese Accounting Standards, because the auditor had not collected sufficient appropriate audit evidence as a basis for issuing the audit opinion.

The auditor seriously violated Vietnamese Auditing Standards in providing financial statement audit services.

**3/4 of the world's leading Big 4 auditing firms such as E&Y, Deloitte, KPMG all committed violations in the Van Thinh Phat ecosystem case, causing losses of about VND 498,000 billion to SCB Bank.**

KPMG Vietnam is also the company that audited SCB's financial statements in 2020 and 2021. However, in the 2020 audit reports and the first 6 months of 2022 review, KPMG only emphasized that SCB is implementing a bank restructuring project associated with bad debt settlement. KPMG's auditors believe that SCB's financial statements have honestly and reasonably reflected, in key aspects, the consolidated financial situation of the bank.

Before KPMG Vietnam, two other reputable auditing firms, Deloitte Vietnam and Ernst & Young Vietnam, have audited SCB's financial statements. Specifically, in the period 2012-2016, Ernst & Young Vietnam audited SCB. In the period 2017-2019, Deloitte Vietnam. From 2020-2022, KPMG Vietnam.





In the 10 years of auditing SCB's financial statements, auditors at the above 3 companies seemed to have found no abnormalities in the bank. Most of the reporting periods were "no problems found", "honestly reflected", in accordance with accounting standards... Only in the 2012 audited financial statements and the 2013 semi-annual review report, Ernst & Young Vietnam only noted a few issues, including mentioning bank liquidity.

Specifically, the auditor noted in note 41.3 on liquidity risk that as of June 30, 2012, the bank had other overdue debts, including: Deposits, loans from credit institutions and other debts. The bank also had an overdue receivable that had not been collected, causing difficulties in liquidity and business operations.

With the 2021 financial report, the auditor of KPMG Vietnam only emphasized and reminded readers of the notes related to debt classification, provisions and accrued interest under the bank restructuring project associated with bad debt settlement in the period of 2019-2020.

Meanwhile, after the Ministry of Public Security's Investigation Police Agency initiated a case of fraud and appropriation of assets at Van Thinh Phat Group, the investigation agency verified and assessed the financial status of SCB.

Specifically, according to the announcement, SCB's financial situation as of June 30, 2017 had a bad debt ratio of 20.92% while compared to SCB's report, it was only 0.61%; individual capital safety ratio CAR was 6.5% while compared to SCB's reported figure, it was 10.06%; real estate loan balance ratio/total outstanding debt ratio was 62.95% while SCB's reported figure was 55% (State Bank regulations allow no more than 55%).

### **KPMG Fined £1.5m Over M&C Saatchi Audit**

KPMG has been fined £1.5m by the UK's accounting regulator for "serious failings" in its audit of M&C Saatchi, one of the UK's best-known advertising agencies. The Financial Reporting Council said on Wednesday that it had imposed the fine on the Big Four firm for failing to meet audit requirements in its review of M&C Saatchi's accounts for the year to December 2018.

"KPMG's audit failed to meet the required quality standards in a number of respects, resulting in serious audit failures and breaches of auditing standards," said Claudia Mortimore, deputy chief executive officer at the FRC. Adrian Wilcox, a partner at KPMG who was in charge of the 2018 audit, was also fined nearly £50,000. The disclosure of accounting errors forced M&C Saatchi to restate reported profits for 2018 and previous years. Trading in the company's shares was suspended for 10 weeks in 2020 as PwC, its new auditor, struggled to establish the group's true financial position following the accounting scandal, which first came to light in 2019. M&C Saatchi has for years been one of the UK's most respected advertising networks - best known for its work for the UK's Conservative Party - but has recently struggled with tougher trading conditions and boardroom battles over its future.

The £1.5m fine marks the 16th fine imposed on KPMG since 2018. Last October, it was fined a record £21m for failing to audit collapsed government contractor Carillion. Partners at KPMG took home an average payout of £746,000 last year, up 4% on the previous 12 months, despite an increase in fines and slowing growth. Among the failures in the M&C Saatchi audit, the FRC said KPMG failed to apply sufficient professional scepticism to client payments, which increased revenue by £1.2m. KPMG also failed to properly audit journal entries on some subsidiaries, the FRC said. KPMG was appointed auditor of M&C Saatchi in 2012 and resigned in September 2019.

**The Enron scandal caused the famous auditing group Arthur Andersen to collapse in 2001, turning the Big 5 into the Big 4:**



The Enron incident caused Arthur Andersen, a famous auditing firm in the Big 5 at that time, to collapse, leaving only the Big 4. Not only was it torn apart by other firms, Arthur Andersen, with 89 years of history and 85,000 experts, by 2007 had less than 200 people left, mainly to appear in court in lawsuits by shareholders in former client companies.

**The biggest scandal in the history of auditing: China investigates PwC's responsibility in the Evergrande fraud of 78 billion USD in revenue, Big 4 is likely to become Big 3:**

Chinese authorities are investigating the responsibility of the famous auditing group PwC in the Evergrande fraud of 78 billion USD in revenue, creating one of the biggest scandals in the history of the world auditing industry. PwC's image will be affected globally, leading to the risk of collapse as well as widespread impact on the entire industry.

Previously, the China Securities Regulatory Commission (CSRC) accused Evergrande's subsidiary Hengda of recording false sales and exaggerating revenue many times over the 2 years until 2020, becoming one of the main reasons for the group's bankruptcy.

Sources close to the matter said Chinese officials are investigating what role PwC played in the incident when the auditing firm made such a huge mistake that caused such serious consequences.

According to the CSRC, in addition to inflating revenue, the subsidiary Hengda also inflated profits by 91.9 billion yuan, equivalent to 12.7 billion USD, accounting for 3/4 of its income in the period from 2019 to 2020. This figure is 20 times higher than the inflated profits in the Enron scandal in 2001. Data shows that PwC has more than 1,600 certified auditors in China with revenue of 7.9 billion yuan in 2022, making it the largest auditing firm among more than 9,000 companies in this market. PwC's global revenue is up to 50.3 billion USD.

In addition to Evergrande, PwC also audited Chinese real estate groups such as Country Garden and Sunac China before they defaulted.

"Basic errors"

"This error is one of the most basic errors in the auditing industry. Therefore, the risk of losing PwC's reputation is not only in China but also around the world," said Richard Murphy, professor of accounting practice at the University of Sheffield, UK.

With the above cases, it will certainly be useful for auditing firms, especially those operating in many different markets, to review their processes and operating mechanisms based on the serious legal responsibilities directly related.

### **Internal Audit**

Internal audit should not be confused with external audit. The latter can be outsourced, but in most cases internal audit is part of the company itself, with a formal reporting process to the executive team (although often with a dotted line to the audit committee). It functions primarily as a risk management tool, used to ensure that the company's expected procedures and behaviours are carried out in practice and to detect misconduct or problematic management.

Internal audit has a very different reality in different businesses, and in some organisations it is completely absent. When implemented most effectively, internal audit is a tool for both the executive team and non-executive directors to gain confidence and comfort in the way the company operates, helping the company to operate more effectively. It can help boards feel closer to the real world – a significant challenge for large, modern multinationals.



There is a major shift underway in internal audit, with the focus on directing work towards helping boards and senior managers protect the assets, reputation and sustainability of their organisations. The Internal Audit Code of Practice, published by the Chartered Institute of Internal Auditors in January 2020, is in fact a pathfinder for the profession to help it fully implement the promised change.

To learn more about ESG and sustainability-related models, please contact [YTT Consulting!](#)

