

Dear Q&A

Can internal audit share its final reports with the organisation's 2nd line risk management function? We would like to collaborate with our risk management colleagues and share final reports of previous audits so that internal audit observations can be considered in business unit risk profiles. Does internal audit need to seek a specific approval from each business sponsor to do this?

Answer

Internal audit reports belong to the organisation and should be shared where appropriate unless there are specific reasons for not doing so. These may include such things as confidentiality or privacy issues, or details related to allegations and behaviour of named or identifiable individuals.

It is possible an organisation with a compartmentalised security structure might be reticent about sharing and considerations such as these should be considered before internal audit reports are released to other business areas. But most internal audit reports are about governance structures and control weaknesses, so they tend to be generic in nature.

Failure to share internal audit reports can be detrimental to an organisation because different perspectives on issues can be more than the sum of their parts, and reduction of duplication in reviews clearly saves resources.

The Internal Audit Standards address sharing of internal audit reports outside the organisation which does not apply here. The Internal Audit Standards encourage the sharing of information and reliance – Standard 2050 Co-ordination and Reliance.

The concept of internal audit sharing internal audit results with risk management is an excellent way to update risk registers with the most recent risk information and should be something all Internal Audit functions do.

On the question of whether internal audit should seek approval from a business sponsor (recipient of the internal audit report) before issuing the report to another business area, that may be done as a courtesy but should not be the business owner's decision except in exceptional circumstances.

Sharing internal audit reports containing insights and lessons learned demonstrates a healthy and transparent culture around governance. An organisation that limits sharing of internal audit reports is likely to be secretive or with an unhealthy culture, with the internal audit function likely to be 'old school'.