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AUDITS DO IMPROVE YOUR BUSINESS

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Welcome to Procurement Talk and this is your host David Byrne. Procurement Talk is for procurement and business professionals, where we provide insights and solutions to your procurement challenges.

Hello and welcome to Procurement Talk. This is your host, David Byrne. It's great to be back for another episode. This episode is titled “Audits Do Improve Your Business”.

All organisations, no matter how big or how small, at some time will undertake an audit. And generally it's those larger type organisations, whether or not it's a public company, a financial institution, medium to large charities or a foreign company, or if there's a shareholder they can request if they've got more than 5% of shares, so audits are fairly common across most organisations.

I worked in aviation for many years and defence as well, and there wouldn't be a month go by where someone wasn't knocking on the door to audit our business, whether or not it was quality or some other regulatory requirement, which required an audit.

And the good thing about an audit is they can really improve your business. They can really give you that leg up. They can shine the light on issues that previously were hidden under the cover that needed to be brought to the fore. And a good auditor can really help your business. They can show you things that are happening and working at other organisations, and lead you down that path so that you can improve your business. Compliance focused or whether or not it's performance focussed, their goal is to verify that the business is being run lawfully and is aligned within policy.

In some sectors, whether or not it's mining or health care, audits often focus on the operational and safety compliance.

While in finance and technical, the emphasis is more on data integrity and regulatory adherence.
So business audits can come from many different views and they look at different focuses on audits the whole of the business.

For example, procurement audits review the tender process, contract management, supplier selection, how you're managing invoicing through your organisation, petty cash, corporate credit cards, all come under the scrutiny in a procurement focus and ensuring that any procurement activity has been justified, has been competitively done and is compliant with your organisation's policies

Whereas the financial audits tend to focus very much on the transactions and the controls within your organisation. That does really go to how you're reporting across your organisation financially and there is transparency in the decision making for all the financial aspects of your business.

From an operational perspective, it's around that operational efficiency and effective risk management. And also that compliance and regulatory aspect as well also comes to the fore when we're talking about operational.

IT audits really do focus on data governance security and control, checking that cybersecurity policy is in place, how data is governed and managed across your organisation. I mean, simple things, like, do you have a data management policy or strategy on how you're actually going to manage data across your organisation?

Yeah. the last thing you want to do is be hacked and not have an appropriate data governance and controls in place. And you can sharpen that lens by having an effective IT audit done within your organisation.

HR is the other aspect. Is everyone being paid correctly? We've had an enormous amount of wage theft in Australia, and that's really come to the fore in the last couple of years where people were not being paid correctly by some large major corporations here in Australia. So making sure that you are paid correctly as per the correct award and that your employees that are contracted to, that they are being paid. These are all uncovered within a effective and good quality audit.

One of the key roles for audit is around fraud detection. Auditors tend to look for red flags around duplicate payments, inflated invoices or unusual vendor patterns. These are clues that uncover deeper issues like collusion or embezzlement within an organisation. And it's really at the forefront of when an auditor is looking and going through your organisation policies, procedures and data. Auditors use those forensic tools and data analytics piece to detect patterns to help shine light on these areas that are really a concern.

But prevention starts with a strong system and ethical leadership. That's how you can really step up and lead your organisation.

Auditors play a critical role within business. They're always going to be here well into the future, and they pay a critical role in organisations stepping up in ensuring that we are delivering, and we have got a good compliance and performance-focused organisation. So an auditor is not a bad thing. They can really do a lot to improve your business and take it to the next level.

So the next time you have an auditor come knocking on your door, please embrace the auditor and embrace what they're going to do for your organisation and think of the ways, work with them so that they can help you improve your business.

This concludes this episode of Procurement Talk. Thank you for listening.

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