Organizational trust is woven through every layer and corner of your company. It reverberates across the multiple disciplines in which your business operates. It’s simultaneously data aware, people focused and forward looking.

Organizational trust is the foundation for trusted interactions with regulators, third parties, investors and customers. But to achieve organizational trust, companies will need to seize two critical opportunities. They must reimagine the Internal Audit (IA) function, and they must embrace the future of work.

Reimagining IA

As globalization and technology have increased the complexity of enterprise functions, stakeholders (audit committees, executive management and others) have been asking more of IA. Unfortunately, even as IA made incremental technical improvements during the last 20 years, the function’s fundamental methodology remains unchanged.

That approach focuses on downside risks, those that represent a negative outcome and must be eliminated, avoided, mitigated or transferred. This downside-only perspective is a narrow one. Without a lens on upside and outside risk, IA has little to no harmonization with the business at large.

To be sure, controls and compliance are part of the picture, but IA can add additional value in more strategic ways. By introducing automation into controls and compliance, for instance, IA professionals can build tighter alignment with other aspects of the business and thus achieve a more holistic view of enterprise risk.

The growing emphasis from the boardroom on workplace culture is another opportunity. With a strategic mindset, IA can help identify key people-related risks across the organization and deliver tangible value at the C-level.

These types of proactive, forward-looking activities will be hallmarks of the reimagined IA function. It’s a perspective that will enable IA to be a partner with the business at large.

The future of work

Tied to legacy processes and thinking, few companies are prepared for the future of work – the ways work will get done, where it will happen and who will do it. The lack of preparation is not surprising given the magnitude of disruptive forces reshaping the workplace, including high real estate costs, industry convergence, the rise of gig work and the countless effects of digital.

Key strategic goals for employers should include:

- Hiring the right people with the right strategic skills
- Building workforce adaptability and agility
- Mitigating new people risks related to compliance
- Managing and measuring performance with fairness and transparency
- Enabling a purpose-led culture people

Related to the last goal above, the “why” of work – for the employee – is also changing. Companies must understand their people more deeply and develop workplace strategies that engage and inspire them.

This growing emphasis on closer engagement between an organization and its people can manifest in many forms, including flexible working arrangements, an empathetic approach to career development and a sense that an employer values the employee’s overall well-being.

Employees also increasingly expect companies to prioritize ethical action over maximizing profit. And as it turns out, that mindset is also good for business. It helps firms attract and retain the best talent, who are more likely to make outsized contributions to the company’s success.

80% of business leaders believe employee engagement increases if purpose goes beyond profit. Source: EY Knowledge Research and Analysis.
Five steps toward organizational trust

1. Transform the Internal Audit function

Internal Audit (IA) must shift its activities to address the bigger business picture. Reactive compliance is still necessary but far from sufficient. The transformed IA function will monitor upside and outside risks, in addition to downside ones.

In the policy area, that means becoming an agile, dynamic monitor. IA should anticipate how business models are changing and get ahead of that curve by delivering insights on risks and controls related to new policies.

The reimagined IA function will embrace the role of business advisor, one that is keenly focused on industry trends and closely involved in mitigating their impact. IA should be actively engaged in strategic discussions, advocating for and initiating change as the business evolves.

2. Build a people-centric, purpose-led business

The future of work will dramatically affect operating models and operating environments. From a management perspective, changes will span the entire talent life cycle recruitment, onboarding, development, retention, recognition and retirement. The focus will be on the whole employee, building their skill sets and measuring their mindsets through upskilling programs and employee experience assessments.

From an employee perspective, socially minded organizations have become magnets for talent but that’s only one facet of purpose. An emphasis on diversity and inclusiveness will continue to drive value in the recruitment process, as will business strategies that focus on delivering long-term value.

3. Master the possibilities of data and technology

Digital plays a critical role in every stage of the journey to organizational trust. It’s the ecosystem in which your organization functions. Leveraging its opportunities and managing its disruption will greatly enhance an organization’s ability to thrive.

The right technology will also help IA fulfill its strategic role. As IA becomes a business partner, it will need to determine which new controls, policies and procedures are needed and how they interplay with the business. Analytics, robotic process automation, process mining and other tools will also enable IA to broadly monitor downside risks, freeing up mindshare to focus on upside and outside risks.

Digital is also changing the way work gets done, influencing roles, skills and career paths and requiring greater overall workforce agility. Technology will also increasingly be used to predict workforce needs and create individual, persona-based experiences that boost employee engagement and productivity.

4. Manage special challenges

As technology accelerates the pace of change for every organization, creating a “change-capable” workplace culture is top of mind for many business leaders. Digital can play a crucial role here by carefully analyzing human resources and talent functions so the company can flourish and its people can thrive.

In many cases, mergers, IPOs and other corporate-level reorganizations are ideal opportunities to revitalize the company structure by embedding new processes around the future of work. This type of purpose-led transformation is a path to success for the new entity and its employees.

5. Consider co-sourcing or outsourcing

As waves of technological and cultural disruption roll across the business landscape, many firms are struggling to adapt. Some are unable to shake off an outdated IA mindset. Others find it difficult to connect effectively across the four (or even five) generations of employees that might work side by side at a company.

The stakes are high, and the competition for talent and business is too fierce to just muddle through. A strong co-sourcing or outsourcing partner can help you coordinate your efforts to bridge the gaps.

Co-sourcing or outsourcing enables cost efficiencies and brings best practices to bear on your unique market challenges. Rather than relinquishing control, you gain the freedom to focus on core business strengths and strategic activities.

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