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# " INNOVATIVE INSIGHTS, INVALUABLE IMPACT: THE MAGIC OF INTERNAL AUDITS "

COMPANIES MUST   that why internal audit is important for them considering the 7 C's



## Compliance and Legal Requirements:

Internal audits ensure that the organization is compliant with relevant laws, regulations, and industry standards. Audits help identify any non-compliance issues and provide an opportunity to rectify them. This helps protect the business from legal and regulatory penalties and maintains its reputation and integrity. For instance, considering recent constant changes in UAE legal landscape, it becomes very critical for the companies to cope up with the changes in the law.

## Contingency and Risk planning:

Internal audits help identify and assess risks within an organization. By conducting regular audits, businesses can evaluate the effectiveness of their internal controls, identify potential vulnerabilities, and develop strategies to mitigate risks. This proactive approach allows the business to take necessary actions to prevent or minimize risks before they escalate.



# Cost Optimization and Capacity Utilization

Internal audits assess the efficiency and effectiveness of an organization's operations, processes, and procedures. By reviewing internal controls, workflows, and resource allocation, audits can identify areas for improvement, optimize processes, and enhance overall operational efficiency. This can result in cost savings, increased productivity, and improved performance. We have seen a drastic shift in the resource utilization pattern after the covid so its necessary for the companies to ensure that proper KPI's are designed after detailed analysis to gauge the utilization of resources.



## Credible Financial Information:

Internal audits play a critical role in ensuring the accuracy and reliability of financial information. By examining financial records, transactions, and controls, audits help detect errors, irregularities, or fraud. They also provide assurance to stakeholders, including shareholders, investors, and lenders, regarding the integrity of the financial reporting process. For instance, in UAE now the Corporate Tax is applicable from June 2023 onward which requires true and fair view of the books of accounts by way of detailed audit.

## Control Evaluation:

Internal audits evaluate the effectiveness of an organization's internal control system. They help identify weaknesses or gaps in controls, provide recommendations for strengthening controls, and improve the reliability of financial reporting. This helps safeguard company assets, prevent fraud, and ensure compliance with internal policies and procedures. For instance, most of the medium size companies in the region try to keep finance function staff at lower levels which compromise the segregation of duties and could lead to fraudulent activities. So, it's advisable to put in place effective internal control to strength the process.

## Continuous Improvement:

Internal audits provide valuable insights and feedback that can be used to drive continuous improvement initiatives within the organization. By identifying areas for enhancement and recommending best practices, audits contribute to the development of better processes, policies, and strategies. As UAE market is growing rapidly so companies need to leverage every possible opportunity to stay competitive, so a fresh pair of eyes from the auditor knowing the market can help the company identify the options, plan the same and strategies the way forward.



## Confidence by Stakeholder:

Conducting internal audits demonstrates the organization's commitment to transparency, accountability, and good governance. It instills confidence in stakeholders, including management, board members, employees, and external parties, by assuring them that the business is being monitored and controlled effectively.

# "Reach out and let's connect!"

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