Institute of Internal Auditors Research Foundation Touts the Benefits of Outsourced Internal Audit

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The Institute of Internal Auditors (IIA) recently released a report which examines outsourcing of internal audit activity.

Over 50% of North American companies participating in the survey use third parties to support their internal audit functions. The demands of internal audit have increased the prevalence of using third parties. Key aspects of using third parties include:

- Supplementing staff to address staff shortage or help meet tight deadlines
- Adding specialized skills including certified fraud examiners, IT specialists and data extraction experts
- Handling special projects
- Covering remote locations

IIA clearly states that best practices promote having at least one internal employee handle the oversight of the internal audit function and serve as the liaison with the third party service provider.

At Dean Dorton, we have seen the benefits of working with both private and public companies in a co-sourcing arrangement. Our expertise in a broad range of industries, coupled with our internal audit tools, allows a company to maximize the benefits of an internal audit function. We concur with the IIA's recommendations to:

- Think of the stakeholders and how third parties add value to meet stakeholder interests
- Formalize the arrangement with the third party to establish expectations
- Establish protocol for remediation and follow up steps
- Allow third parties to share best practices including risk assessments

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