

Regional Reflections: Africa

GLOBAL
PERSPECTIVE



Fast Fact



Executive Summary

Regional Reflections: Africa is a customized research report that provides an African perspective on the findings from CBOK 2015, the largest ongoing study of internal audit professionals in the world. Building on the 10 imperatives for internal audit that were presented at The IIA's 2015 International Conference, this report highlights unique concerns for Africa and provides insights from internal audit leaders in the region.

Ongoing changes in African economies and governance systems have created notable differences between regions within Africa, which will be described throughout this report. See appendix A for key demographic information about each of the regions analyzed.

South Africa clearly leads the way in building a strong foundation in corporate governance, risk management, and internal audit processes. One of the key drivers is the King Report on Corporate Governance (King III), which has encouraged organizations to strengthen their boards

and helped push the relevance and importance of internal audit up the agenda. These reforms have had a ripple effect across much of the continent. Good governance is now often seen as key to strengthening the competitive performance of African business and a crucial tool in the fight against corruption in some government departments and in the private sector.

Africa's internal auditors are well placed to support better governance and are playing a leading role within their organizations. They generally have good reporting lines to the board and involve their stakeholders in the audit process—crucially seeking feedback about their activities against agreed objectives to maintain the relevance of internal audit's work.

But many improvements are a work in progress. Risk management systems, for example, are not always formalized and reporting lines can be confused or not independent from executive management in some organizations. That has put too many chief audit executives (CAEs) under pressure from their chief executives to alter

audit findings. These issues echo concerns shared by auditors in other parts of the globe.

Africa’s CAEs are making the case for extra resources but need to continue to secure significant increases in expenditure on automated auditing tools. CAEs need to be seen playing a lead role in their organizations—and in their ambition for their departments, its skills, and training. But every auditor can join the fight. Investing in training and development—particularly those crucial, intangible communication and leadership skills, and technology-related skills—is going to be key if the region’s auditors are to fulfill their potential.

Section 1: Play a Leading Role

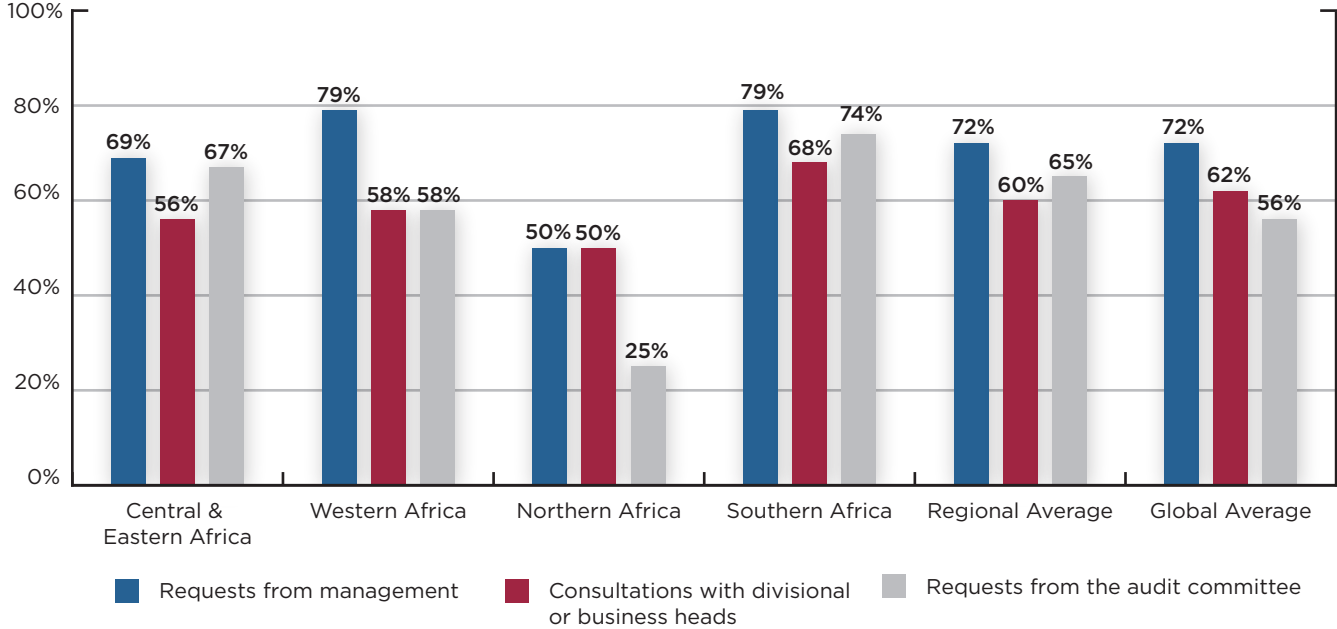
1. Anticipate the Needs of Stakeholders.

Africa’s internal auditors are well placed to play a leading role in the success of their organizations. To serve stakeholders well, auditors must understand and, where

possible, anticipate their needs. That entails communicating effectively and regularly with the board, management, and other internal audit users in the preparation of audit plans. And, just as importantly, seeking and receiving timely feedback on the relevance and quality of internal audit’s work

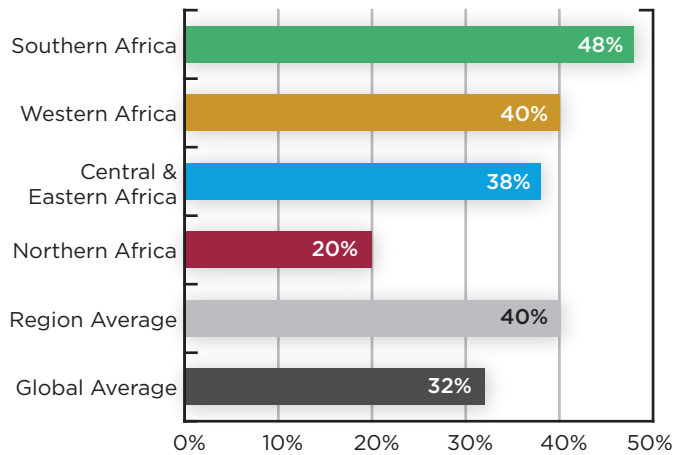
With the exception of Northern Africa, internal auditors in all of the continent’s regions score above the global average in the range of stakeholders they consult with during audit planning and from whom they seek evaluation (see **exhibit 1** and **exhibit 2**). Southern Africa was particularly well engaged with stakeholders. “The advent of King III—the corporate governance framework—was widely embraced,” says Shirley Machaba, Africa internal audit leader and public sector industry leader, PwC, Pretoria, South Africa. “In the public sector, and more generally, there has been tremendous buy-in by stakeholders, including management, the board, and others, in the role and importance of internal audit.”

Exhibit 1 Resources Used to Establish the Audit Plan



Note: Q48: What resources do you use to establish your audit plan? (Choose all that apply.) CAEs only. n = 241 for Africa. n = 3,052 for global average.

Exhibit 2 Performance Measured Against Stakeholder Expectations



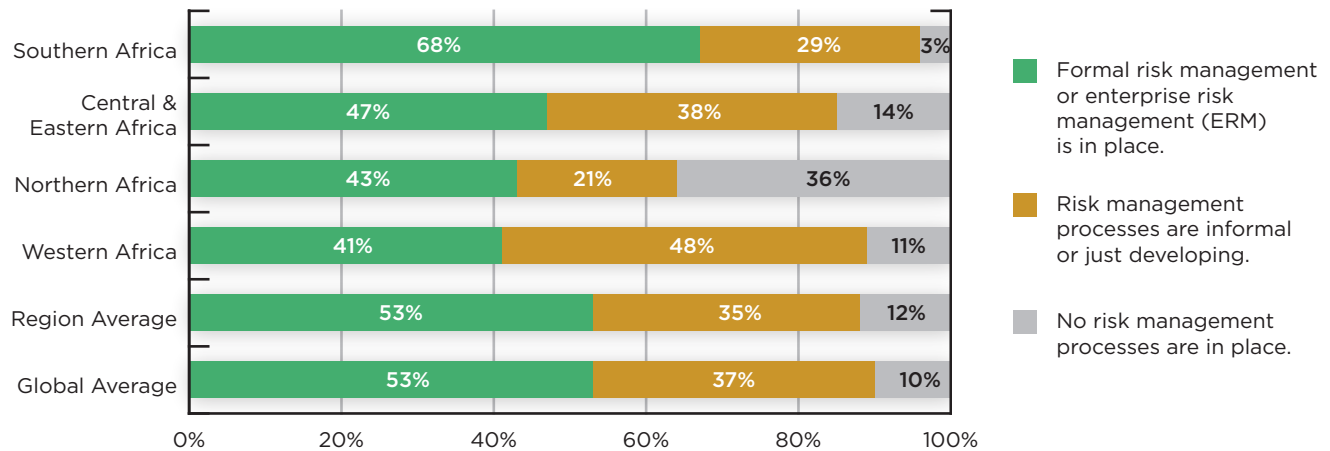
Note: Q90: What specific measures does your organization use to evaluate the performance of its internal audit activity? (Choose all that apply.) CAEs only. *n* = 200 for Africa. *n* = 2,637 for global average.

2. Develop Forward-Looking Risk Management Practices.

Despite the fact that Africa scores well in communicating with its stakeholders, risk management procedures at many of the continent’s organizations are often informal, in the early stages of development, or not in place (see **exhibit 3**).

“The majority of internal auditors may lack the ability to identify and assess risks for the purpose of risk-based auditing in absence of a formalized, organizational process,” Parity Twinomujuni, president of AFIIA and chief executive officer, National Housing and Construction Co, Kampala, Uganda, says. He says internal auditors need to first educate management about risk management, advise (or help to put in place) a framework for risk management, and then be prepared to help with the initial assessment and monitoring of the process until it matures.

Exhibit 3 Level of Development for Risk Management Processes



Note: Q58: What is your organization’s level of development for its risk management processes? CAEs only. Due to rounding, some totals may not equal 100%. *n* = 206 for Africa. *n* = 2,709 for global average.

ACTION POINTS: RISK MANAGEMENT

1. Review the understanding of risk with the audit committee (or board) and line managers.
2. Help to educate the organization to see risks as opportunities, not just threats.
3. Understand the strategic planning process and align the internal audit plan with the strategic plan. Share this information with management to win sponsorship for a risk-based approach.
4. Think strategically. Try meeting with external auditors to share the internal audit strategy and trade key information (e.g., general information technology [IT] controls) to relay strategy. Allocate time to run some control tests on their behalf.
5. Understand the macro process and sub-processes to be audited, and identify the key risk and control activities that impact the subject area. Make sure the process owners respond to the control self-assessment.

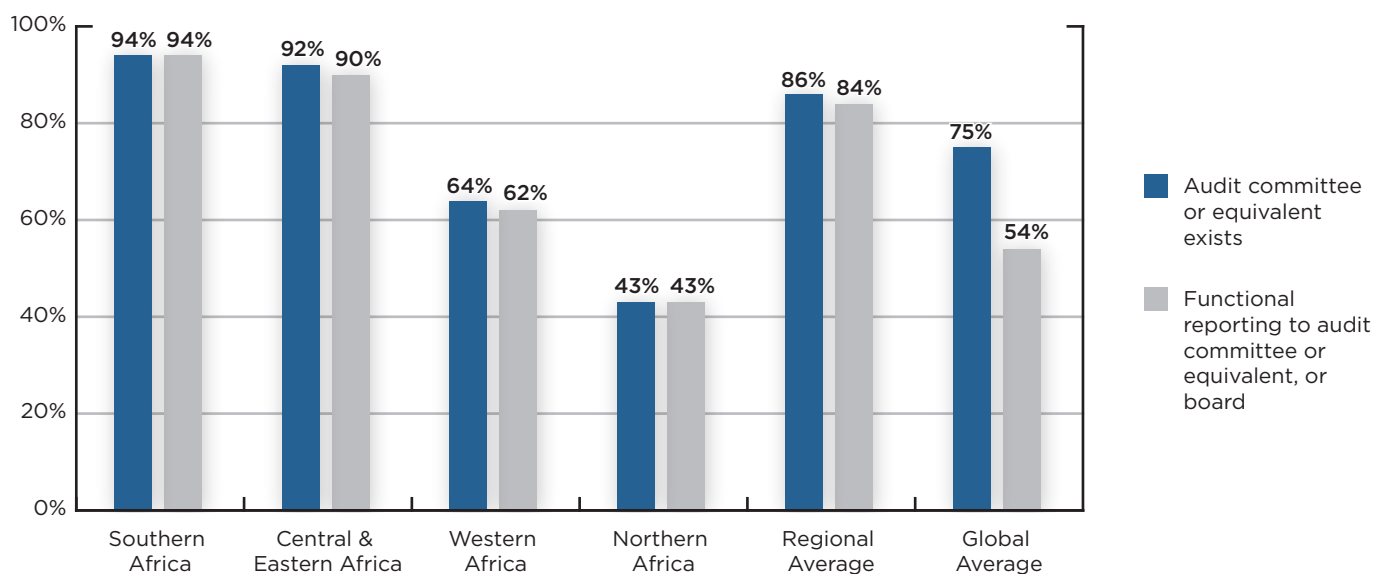
3. Continually Advise the Board and Audit Committee.

Many of Africa's CAEs are in an excellent position to educate and inform the board and the audit committee on their organization's risks and to provide advice and assurance. In Southern, Central, and Eastern Africa, more than 90% of CAEs say that they have an audit committee or equivalent. Out of these, nearly all say they report functionally to the audit committee (see **exhibit 4**). Both of these statistics are substantially higher than the global average, showing that it is relatively easy for many CAEs in Africa to communicate directly with the audit committee or board. However, not all parts of Africa report having equal access. In Western Africa, only 62% report functionally to the audit committee or board, and Northern Africa is even lower at 43%, which is well below the global average. In addition, not all boards comprise independent members, particularly in the public sector, making internal audit's role as educator vital.

4. Be Courageous.

Almost 1 out of 3 respondents (31%) say they have had pressure put on them to modify or suppress legitimate

Exhibit 4 Functional Reporting to Audit Committees



Note: Q78: Is there an audit committee or equivalent in your organization? CAEs only. Compared to Q74: What is the primary functional reporting line for the chief audit executive (CAE) or equivalent in your organization? CAEs only. *n* = 201 for Africa. *n* = 2,634 for global average.

audit findings during their careers. The real figure could be higher, as 9% of respondents in the region say they would prefer not to answer the question (see **exhibit 5**). For CAEs, the pressure comes mostly from the chief executive officer (CEO) (52%) or the chief financial officer (CFO) (25%) (Q77b, *n* = 223). “It is a difficult job to be a CAE, and one of the foremost qualities to have is courage,” says Pritila Gayan, chief internal auditor, Lux Resorts and Hotels, Floréal, Mauritius. “No CAE should allow himself to be pressurized or bullied into changing a finding he believes is correct.”

That can be easier said than done, though, especially if reporting lines are not clear or where the audit committee is made up of management team members. Gayan says that even if the functional reporting line to the audit committee is present, in practice, the CAE mostly deals with the CEO, CFO, and senior management. “Whether you want to or not, you need to maintain good relationships with these people, otherwise you cannot audit anything,” she says. Meeting regularly with the board and audit committee is crucial in the effectiveness of reporting lines to ensure the independence is maintained, she adds.

ACTION POINTS: BE COURAGEOUS

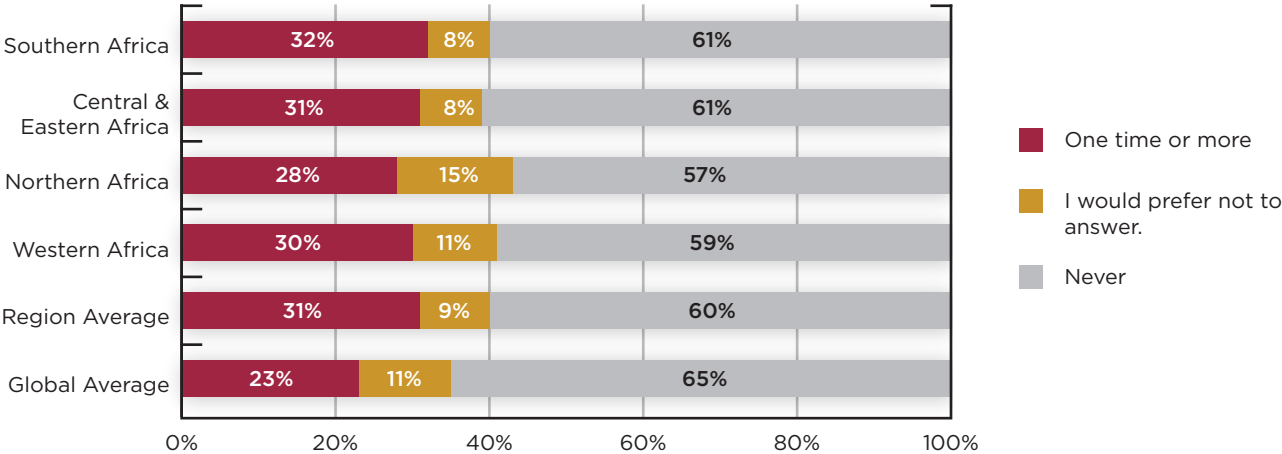
1. Set out a process for resolving important differences of opinion in the audit charter.
2. Ensure the procedure is clearly communicated to the audit team and management.
3. Have the courage to escalate business critical findings to the highest level.
4. Obtain the support of the board and executive management by building a strong and trusting relationship.

Section 2: Beat the Expectations Gap

5. Support the Business’s Objectives.

Almost 7 out of 10 CAEs in Africa say their audit departments are fully aligned or almost fully aligned with the strategic plans of their organizations—compared to about 6 out of 10 globally (Q57, *n* = 2,756). However, in many of the region’s organizations, risk management processes are informal or just starting to develop, which means that auditors need to ensure that they are able to provide the

Exhibit 5 Pressure to Change Findings



Note: Q77: During your internal audit career, have you experienced a situation where you were directed to suppress, or significantly modify, a valid internal audit finding or report? Due to rounding, some totals may not equal 100%. *n* = 729 for Africa. *n* = 11,055 for global average.

kind of risk-based auditing that supports the organization's objectives (see **exhibit 3**) by assisting and facilitating the formalization of the risk management policy and processes.

6. Identify, Monitor, and Deal with Emerging Technology Risks.

Globally, internal audit departments are planning big shifts in emphasis toward auditing their organizations' technology-related capabilities, and the region is no exception. A top priority worldwide is cybersecurity.

TECHNOLOGY'S TOP 10 RISKS

1. Cybersecurity
2. Information Security
3. IT Systems Development Projects
4. IT Governance
5. Outsourced IT Services
6. Social Media Use
7. Mobile Computing
8. IT Skills Among Internal Auditors
9. Emerging Technologies
10. Board and Audit Committee Technology Awareness

Source: *Navigating Technology's Top 10 Risks: Internal Audit's Role* by Philip E. Flora and Sajay Rai, a CBOK 2015 Practitioner Study report available at www.theiia.org/goto/CBOK.

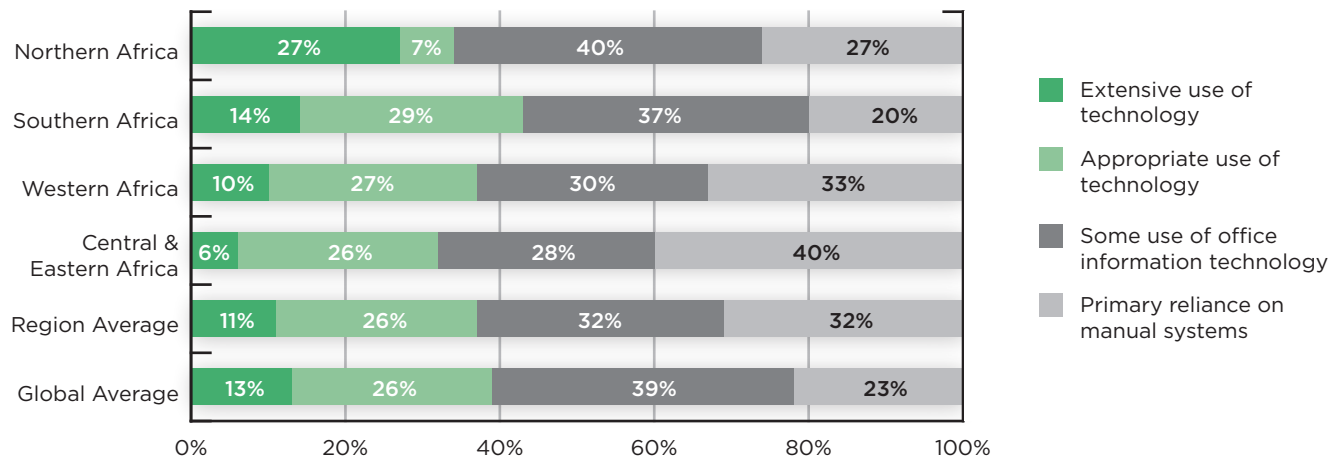
7. Enhance Audit Findings Through Greater Use of Data Analytics.

When it comes to auditors in Africa making extensive use of technology for internal audit processes, it is a story of the haves and have nots. Audit departments in Northern Africa say they make extensive use of such techniques, while Central, Eastern, and Western African countries report lower percentages. Better use of IT could help auditors to work smarter (see **exhibit 6**).

Ruth Doreen Mutebe, head of internal audit at Finance Trust Bank, Kampala, Uganda, says that while audit departments understand the need to use technology audit tools, they are often constrained by budgets. "This arises from either a perception of what value management expects to get out of the technology, the attitude of management toward internal audit, or just resource constraints in the organization as a whole," she says. She also says that auditors in Uganda usually have accounting backgrounds and are often averse to using technology until they receive adequate training. They also often see IT as an operational or support tool rather than one of strategic importance. This is reflected in the survey results showing 6% for Central & Eastern Africa.

"CAEs need to create and continue discussions promoting the benefits of using IT and the strategic and

Exhibit 6 Use of Technology for Internal Audit Processes



Note: Q44: How would you describe the use of technology to support internal audit processes at your organization? CAEs only. Due to rounding, some totals may not equal 100%. n = 233 for Africa. n = 3,002 for global average.

competitive advantages that come with it,” she says. Those conversations should take place with internal audit staff, executive management, and the board through the audit committee. “It doesn’t hurt to live by example, either—trying out freely available IT tools and demonstrating the results and value that comes from them,” she adds.

8. Go Beyond The IIA’s Standards.

There are wide regional variations concerning auditors who say they are using all of The IIA’s *International Standards for the Professional Practice of Internal Auditing (Standards)*, with Southern Africa leading the way at 79%, which is well above the global average. Elsewhere in Africa, percentages are below the global average for use of all of the *Standards*, but nearly all respondents indicate at least partial use (see **exhibit 7**). Conformance with IIA *Standards* increases the relevance and profile of both the audit department and team, provides auditors with resources and tools to better serve their organizations, and helps educate the board on good governance and control procedures.

“Every internal audit department implements some bits and pieces of the IPPF [International Professional Practices Framework],” says Twinomujuni. “For example, we have used QAIP [Quality Assurance and Improvement

Program] results, but not many organizations have gone through an external assurance. The easier-to-implement standards are generally complied with; for example, standards related to positioning of the department, reporting relationships, etc. The more difficult to implement standards like workpaper-related, QAIP, and risk assessment is where you find selective application of the *Standards*.” (See **exhibit 8**.)

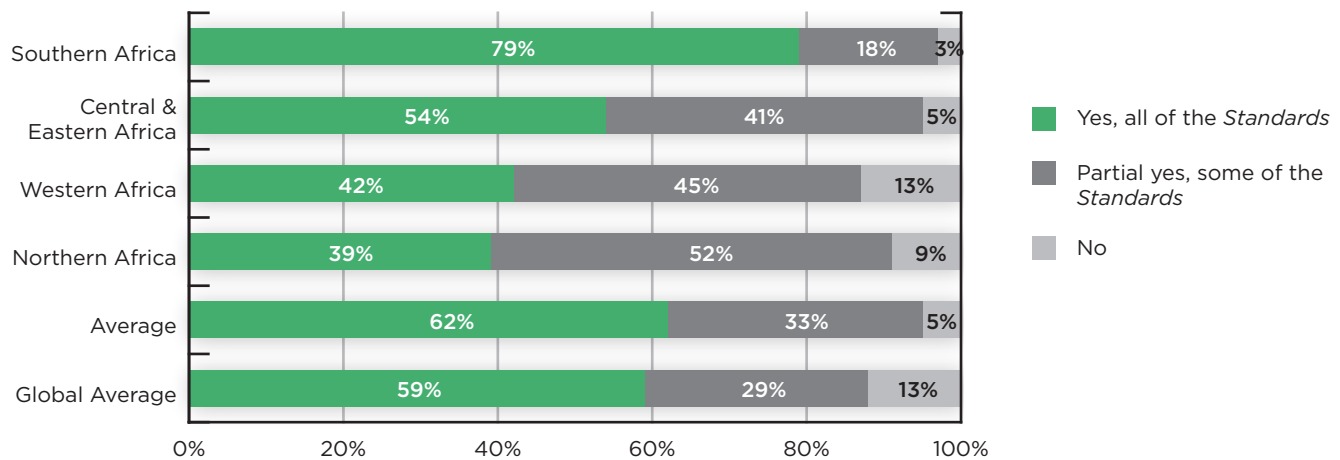
Section 3: Invest in Excellence

9. Invest in Yourself.

Only 1 out of 4 internal auditors in Africa hold an internal audit qualification. It is vital for internal auditors to invest in these critical certifications to have fulfilling careers and contribute effectively to their organizations. More than 1 in 3 internal auditors spend more than 40 hours a year in formal training, including in those countries where few currently hold IIA certifications. In a dynamic business environment, though, internal auditors need to supplement the training provided by their organizations with personal investment if they are to get ahead.

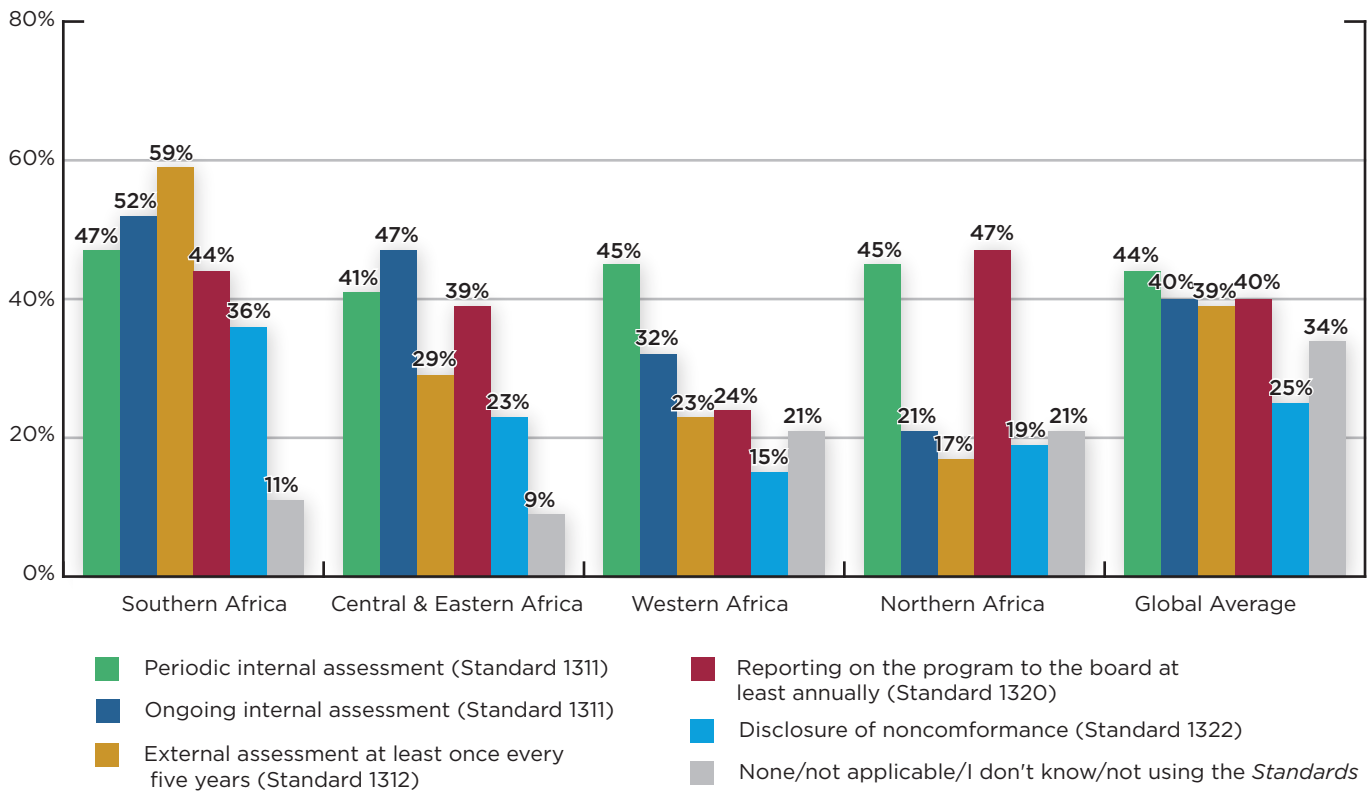
Technical competence, which builds confidence among stakeholders, is only part of the story. “In the

Exhibit 7 Standards Use



Note: Q98: Does your organization use the *International Standards for the Professional Practice of Internal Auditing (Standards)*? Due to rounding, some totals may not equal 100%. n = 680 for Africa. n = 9,385 for global average.

Exhibit 8 Assurance and Improvement Components in Place



Note: Q100: What components of a Quality Assurance and Improvement Program (QAIP) have been implemented in your internal audit department? (Choose all that apply.) n = 284 for Southern Africa. n = 271 for Central & Eastern Africa. n = 87 for Western Africa. n = 45 for Northern Africa.

workplace, technical proficiency is a given,” says Ruth Doreen Mutebe. “It’s the soft skills that matter. The ability to manage people, communicate, make effective presentations, and manage important relationships seriously impacts the success or failure of an internal auditor.”

She also advises people coming up in the profession to spend plenty of time understanding the business they are auditing and the industry in which it operates. “Appreciation of the context of the business puts the auditor in a better position to give appropriate support and advice to management effectively,” she adds.

Auditors can use The IIA’s Career Map tool to understand where they need to build the skills and competencies to be able to move to the next stage in their careers. It is free for IIA members at <https://na.theiia.org/careermap/Pages/Career-Map.aspx>

10. Recruit, Motivate, and Retain Great Team Members.

Internal audit departments in African countries often struggle to attract the right calibre of people. Salaries can be low and auditing is not well-understood outside the profession. In small departments, the career path can be limited unless the incumbent managers and CAE leave. But having the right people is essential if internal audit is to fulfill its potential.

The CAE has to advocate for the department and the budget to obtain the required skills. “Continuous design and deployment of high impact and low cost training on soft skills, industry specific, and risk management is very important,” says Mutebe.

ACTION POINTS: DEVELOPING THE TEAM

1. Develop training programs based on The IIA's global standards for quality assessment, including a QAIP.
2. Use co-sourcing with other assurance providers to develop knowledge transfer into the audit department.
3. Introduce rotation for managers to improve diversity and business knowledge in the function.
4. Consider flexibility in work arrangements, such as telecommuting and flexible schedules, among others. Employees who have flexible schedules work harder, stay longer, have less stress, and are healthier.
5. Exploit The IIA's website as a daily source for quick training tools: TV channels; periodic publications such as Smart Brief; webinars; and independent tools.

10 IMPERATIVES FOR INTERNAL AUDIT

Play a Leading Role

1. Anticipate the needs of stakeholders.
2. Develop forward-looking risk management practices.
3. Continually advise the board and audit committee.
4. Be courageous.

Beat the Expectations Gap

5. Support the business's objectives.
6. Identify, monitor, and deal with emerging technology risks.
7. Enhance audit findings through greater use of data analytics.
8. Go beyond The IIA's *Standards*.

Invest in Excellence

9. Invest in yourself.
10. Recruit, motivate, and retain great team members.

About the Author

Arthur Piper, PhD, is an award-winning writer and editor with more than 20 years' experience specializing in internal auditing, risk management, corporate governance, and emerging technologies. He has been managing director of the editorial services company, Smith de Wint, since 1996. He has been Associate Research Fellow at the University of Nottingham (UK) in the Department of Culture, Film, and Media since 2006, and specializes in the critical understanding of emerging technologies.

About the Project Team

Report Review Committee

Jenitha John (South Africa)
Augustino Mbogella (Tanzania)
Irene Nwankwo (Nigeria)
Amour Souiden (Tunisia)

Content Advisers

Parity Twinomujuni, President AFIIA (Uganda)
Kafaso Millinga, AFIIA (Tanzania)

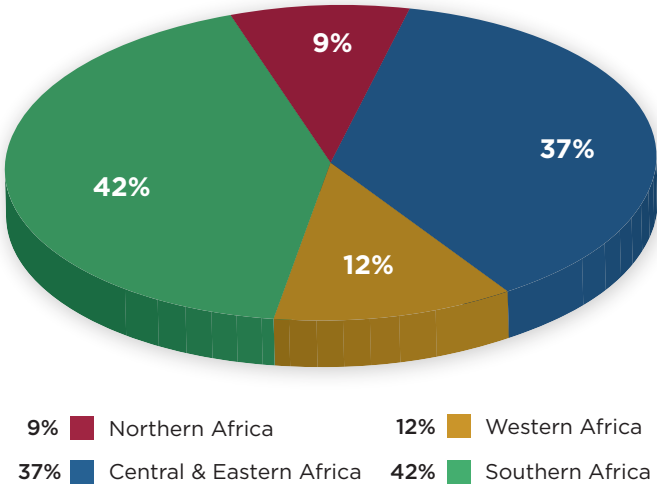
Acknowledgments

The IIA Research Foundation thanks the African Federation of Institutes of Internal Auditors (AFIIA) for its support in developing the content of this report.

Appendix A

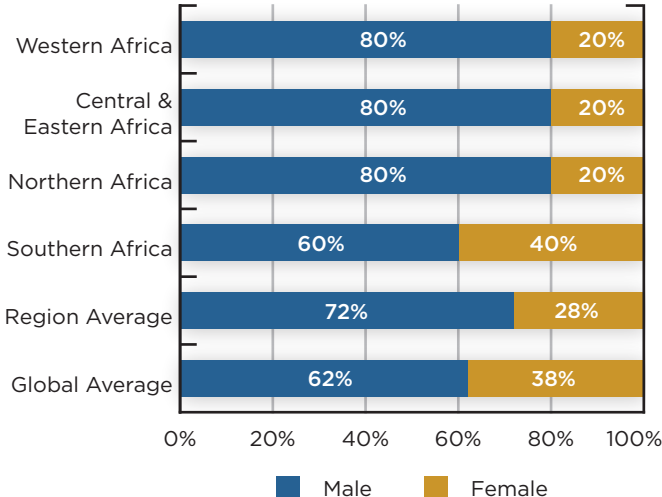
Internal Audit in Africa

Exhibit A1 Geographic Distribution of African Respondents



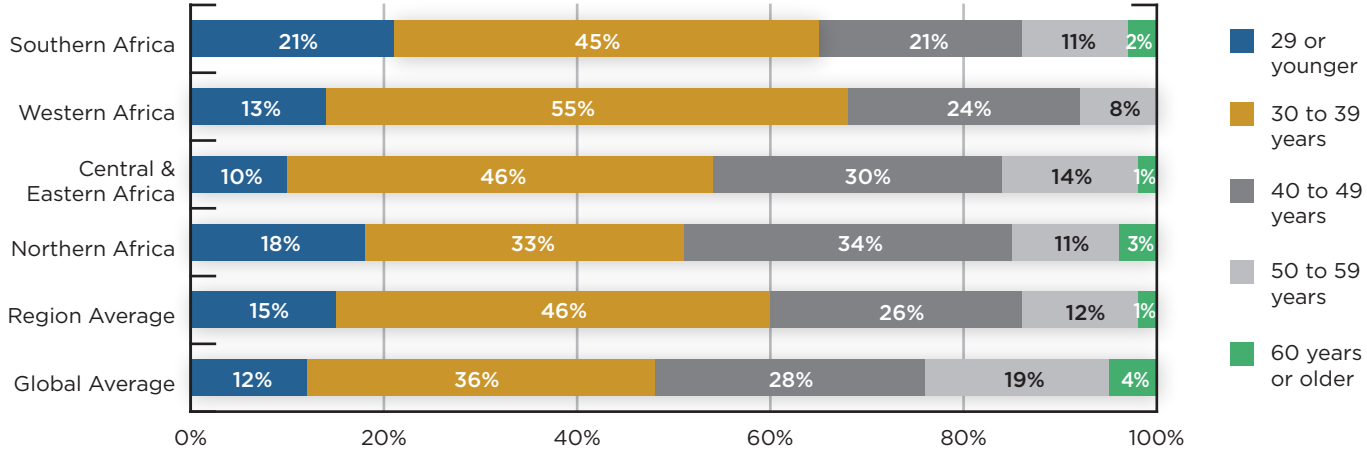
Note: Q6: In what region are you based or primarily work? n = 1,016.

Exhibit A2 Ratio of Men to Women



Note: Q4: What is your gender? n = 1,013 for Africa. n = 12,579 for global average.

Exhibit A3 Respondent Age (in Categories)



Note: Q3: What is your age? (optional) Due to rounding, some totals may not equal 100%. n = 936 for Africa. n = 12,780 for global average.

Internal Audit in Africa

Exhibit A4 Responses Per Country

	Count	% of Region
Southern Africa		
Botswana	17	1.7%
Lesotho	5	0.5%
Namibia	19	1.9%
South Africa	370	36.4%
Swaziland	14	1.4%
Subtotal	425	41.8%

Western Africa		
Benin	4	0.4%
Burkina Faso	2	0.2%
Cape Verde	0	0.0%
Cote d'Ivoire (Ivory Coast)	16	1.6%
Gambia	1	0.1%
Ghana	8	0.8%
Guinea	4	0.4%
Guinea-Bissau	0	0.0%
Liberia	1	0.1%
Mali	8	0.8%
Mauritania	0	0.0%
Niger	1	0.1%
Nigeria	49	4.8%
Saint Helena	0	0.0%
Senegal	5	0.5%
Sierra Leone	1	0.1%
Togo	22	2.2%
Subtotal	122	12.0%

Northern Africa		
Algeria	37	3.6%
Egypt	22	2.2%
Libyan Arab Jamahiriya	2	0.2%
Morocco	16	1.6%
Tunisia	16	1.6%
Western Sahara	0	0.0%
Subtotal	93	9.2%

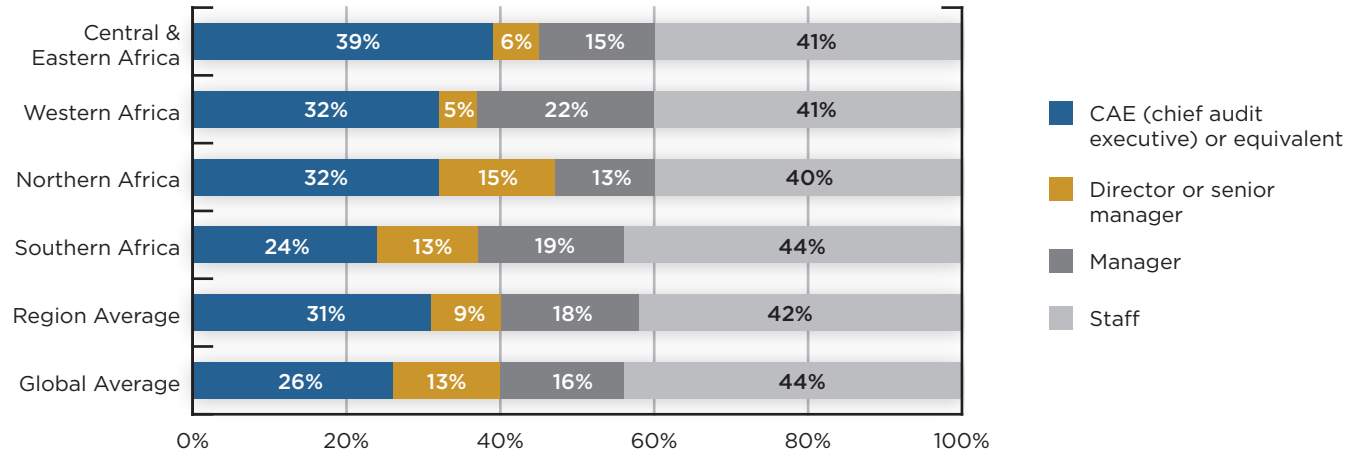
	Count	% of Region
Central & Eastern Africa		
Angola	1	0.1%
Burundi	0	0.0%
Cameroon	11	1.1%
Central African Republic	0	0.0%
Chad	0	0.0%
Comoros	0	0.0%
Congo, Democratic Republic of the	9	0.9%
Djibouti	0	0.0%
Eastern Africa	1	0.1%
Equatorial Guinea	0	0.0%
Eritrea	0	0.0%
Ethiopia	6	0.6%
Gabon	1	0.1%
Kenya	24	2.4%
Madagascar	2	0.2%
Malawi	14	1.4%
Mauritius	34	3.3%
Mayotte	0	0.0%
Mozambique	3	0.3%
Reunion	2	0.2%
Rwanda	4	0.4%
Sao Tome and Principe	0	0.0%
Seychelles	0	0.0%
Somalia	0	0.0%
South Sudan	3	0.3%
Tanzania, United Republic of	135	13.3%
Uganda	50	4.9%
Zambia	13	1.3%
Zimbabwe	63	6.2%
Subtotal	376	37.0%

Total (from Africa)	1,016	100%
----------------------------	--------------	-------------

Note: Q6: In which region are you based or primarily worked?
n = 1,016.

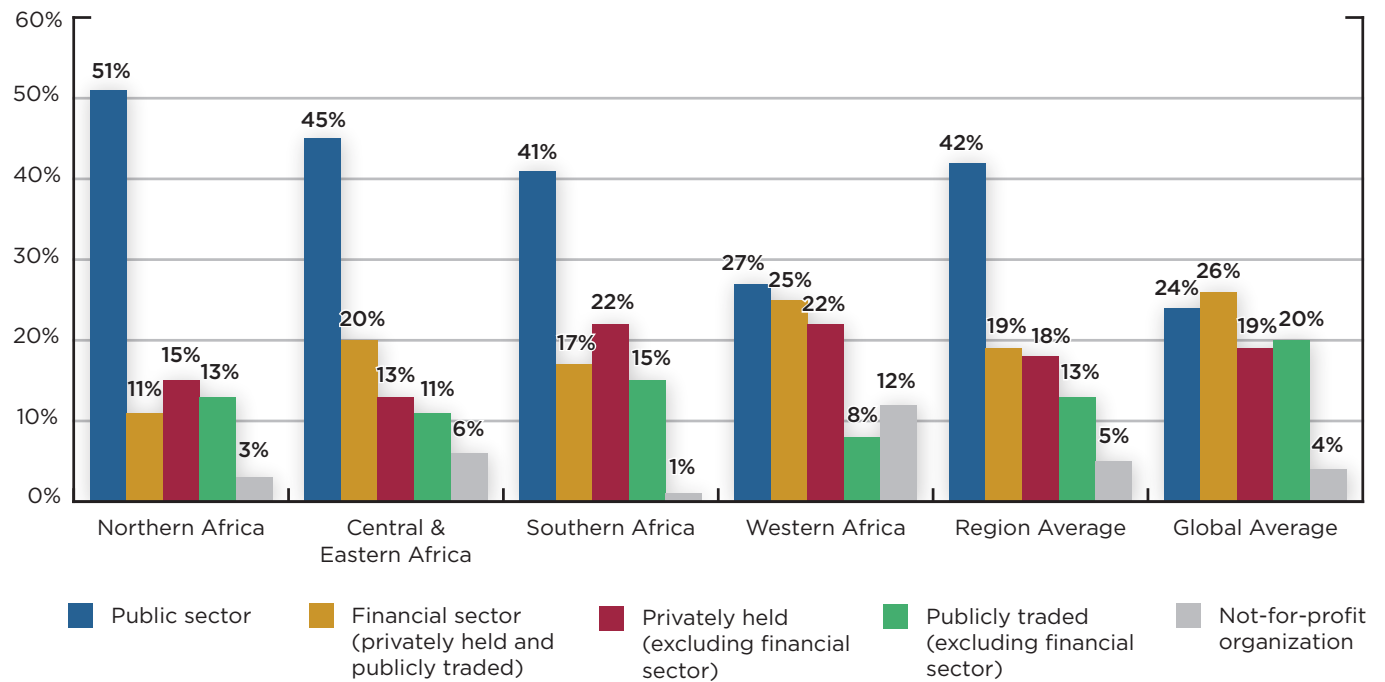
Internal Audit in Africa

Exhibit A5 Employee Levels



Note: Q9: What is your position as an internal auditor in the organization? *n* = 865 for Africa. *n* = 12,716 for global average.

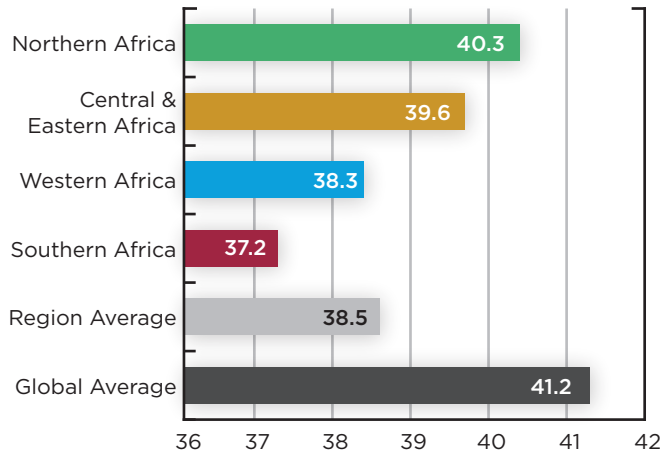
Exhibit A6 Organization Types



Note: Q15: What is the type of organization for which you currently work? and Q18: What is the primary industry classification of the organization for which you work (or your primary client if you are a service provider)? *n* = 888 for Africa. *n* = 13,032 for global average.

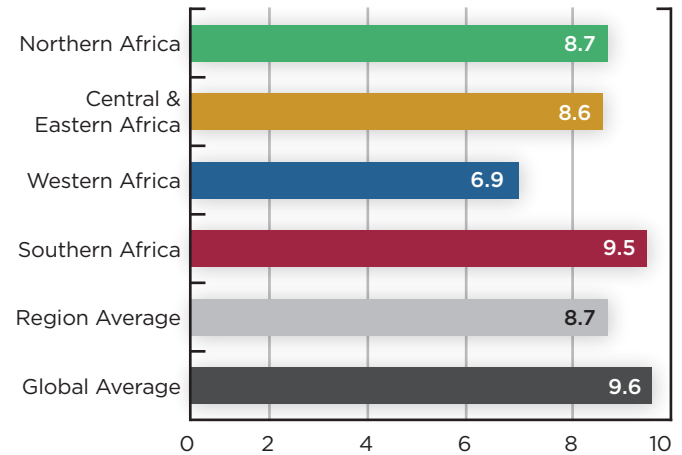
Internal Audit in Africa

Exhibit A7 Average Age in Years



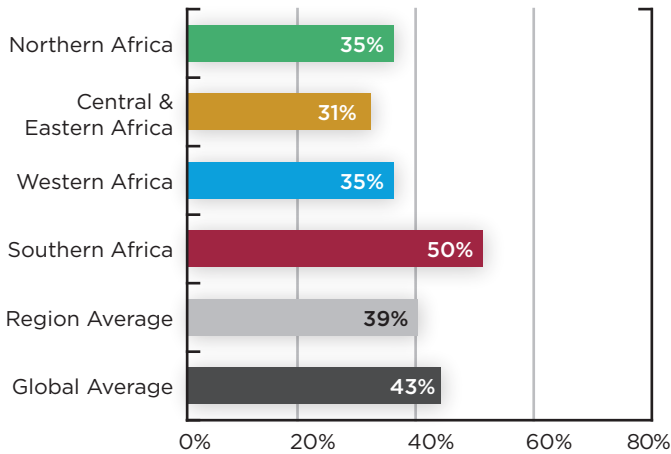
Note: Q3: What is your age? (optional). *n* = 936 for Africa. *n* = 12,780 for global average.

Exhibit A8 Years of Internal Audit Experience



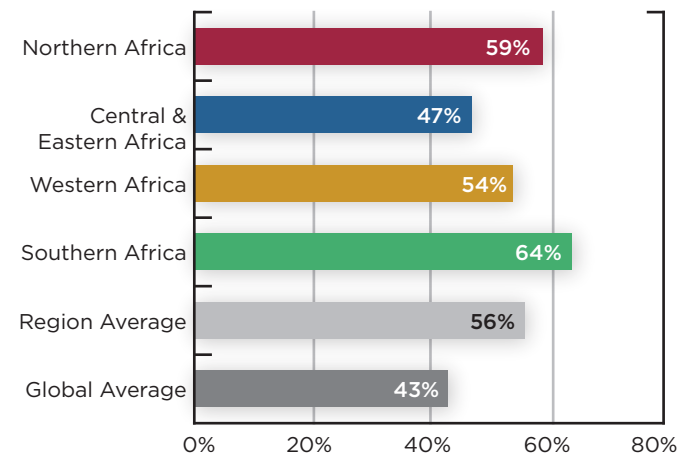
Note: Q10: Approximately how many years of professional experience do you have as an internal auditor? *n* = 900 for Africa. *n* = 12,699 for global average.

Exhibit A9 Respondents with Internal Audit Certifications



Note: Q12: Which professional certifications and/or qualifications do you have related to internal auditing? (Choose all that apply.) *n* = 899 for Africa. *n* = 13,142 for global average.

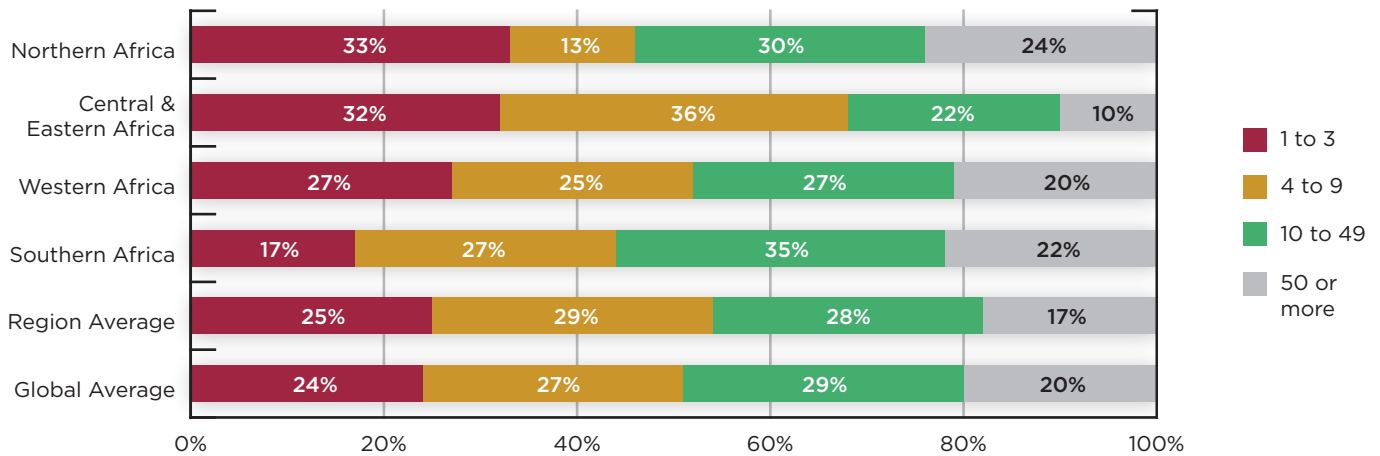
Exhibit A10 Internal Audit Higher Education



Note: Q5a: What were your academic major(s) or your most significant fields of study? (Choose all that apply.) *n* = 991 for Africa. *n* = 12,462 for global average.

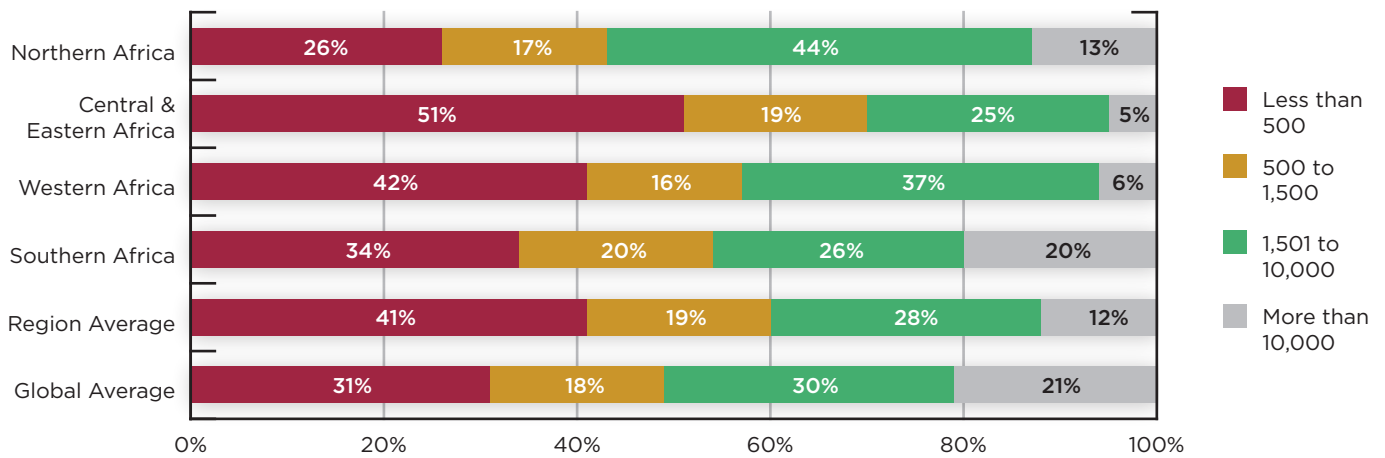
Internal Audit in Africa

Exhibit A11 Number of Employees in the Internal Audit Department



Note: Q24: Approximately how many full-time equivalent employees make up your internal audit department? *n* = 838 for Africa. *n* = 11,761 for global average.

Exhibit A12 Number of Employees in the Organization



Note: Q19: For the entire organization in which you work, what was the approximate total number of fulltime equivalent employees as of the end of the last fiscal year? *n* = 884 for Africa. *n* = 13,014 for global average.

About CBOK

SURVEY FACTS

Respondents	14,518*
Countries	166
Languages	23

EMPLOYEE LEVELS

Chief audit executive (CAE)	26%
Director	13%
Manager	17%
Staff	44%

*Response rates vary per question.

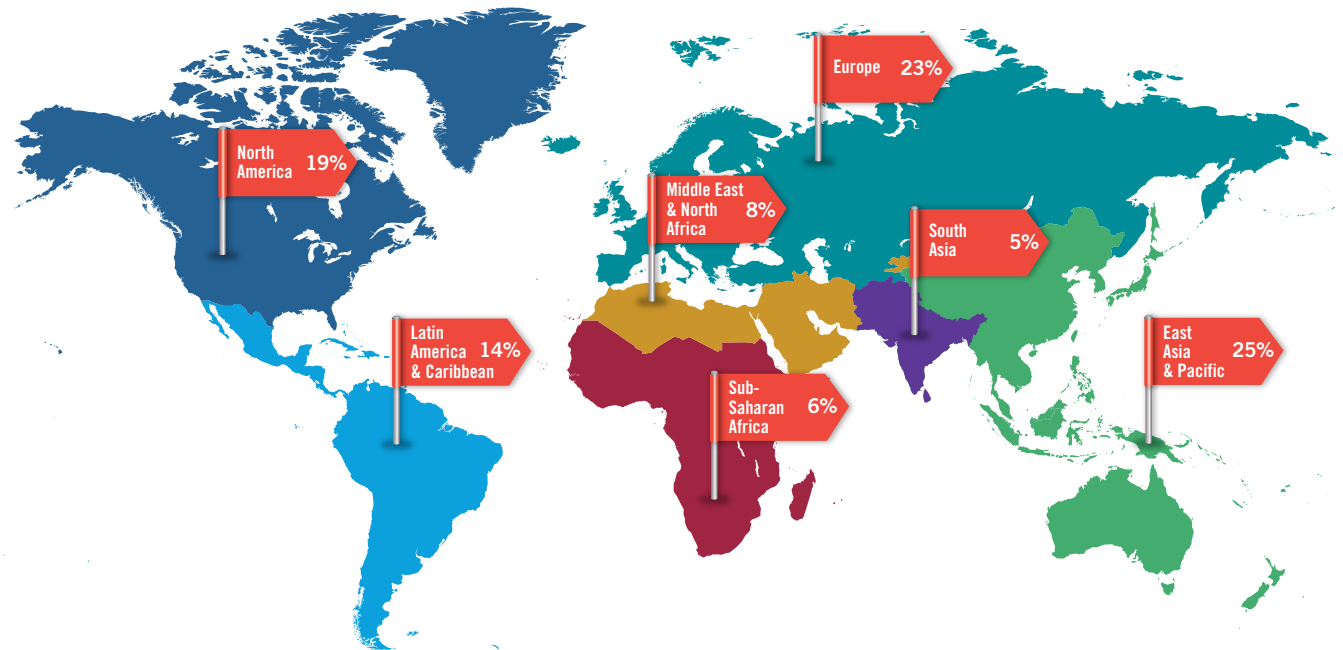
The Global Internal Audit Common Body of Knowledge (CBOK) is the world's largest ongoing study of the internal audit profession. It includes two major components: the internal audit practitioner study and the internal audit stakeholder study.

The practitioner study focuses on the CBOK 2015 Global Practitioner Survey, which provides a comprehensive look at internal audit activities and characteristics. This project builds on two previous global practitioner surveys conducted in 2006 (9,366 responses) and 2010 (13,582 responses).

The stakeholder study analyzes internal audit performance from the stakeholder perspective, using interviews and a global survey conducted for The IIA Research Foundation by Protiviti, a leading global consulting firm. Protiviti collected 1,124 survey responses and completed more than 100 interviews in partnership with 23 IIA institutes.

CBOK reports are released monthly through 2016 and can be downloaded free of charge thanks to the generous contributions and support from individuals, professional organizations, IIA chapters, and IIA institutes. Visit the CBOK Resource Exchange at www.theiia.org/goto/CBOK to download the latest reports as they become available.

CBOK 2015 Practitioner Survey: Participation from Global Regions



Note: Global regions are based on World Bank categories. For Europe, fewer than 1% of respondents were from Central Asia. Survey responses were collected from February 2, 2015, to April 1, 2015. The online survey link was distributed via institute email lists, IIA websites, newsletters, and social media. Partially completed surveys were included in analysis as long as the demographic questions were fully completed. In CBOK 2015 reports, specific questions are referenced as Q1, Q2, and so on. A complete list of survey questions can be downloaded from the CBOK Resource Exchange.

About The IIA Research Foundation

CBOK is administered through The IIA Research Foundation (IIARF), which has provided groundbreaking research for the internal audit profession for the past four decades. Through initiatives that explore current issues, emerging trends, and future needs, The IIARF has been a driving force behind the evolution and advancement of the profession.

CBOK Development Team

CBOK Co-Chairs:

Dick Anderson (United States)

Jean Coroller (France)

Practitioner Survey Subcommittee Chair:

Michael Parkinson (Australia)

IIARF Vice President: Bonnie Ulmer

Primary Data Analyst: Dr. Po-ju Chen

Content Developer: Deborah Poulalion

Project Managers: Selma Kuurstra and

Kayla Manning

Senior Editor: Lee Ann Campbell

Limit of Liability

The IIARF publishes this document for information and educational purposes only. IIARF does not provide legal or accounting advice and makes no warranty as to any legal or accounting results through its publication of this document. When legal or accounting issues arise, professional assistance should be sought and retained.

Copyright © 2016 by The Institute of Internal Auditors Research Foundation (IIARF). All rights reserved. For permission to reproduce or quote, please contact research@theiia.org. ID # 2016-0419.

CBOK Knowledge Tracks

Future



Governance



Risk



Talent



Global
Perspective



Management



Standards &
Certifications



Technology



Your Donation Dollars at Work

CBOK reports are available free to the public thanks to generous contributions from individuals, organizations, IIA chapters, and IIA institutes around the world.

Donate to CBOK

[www.theiia.org/
goto/CBOK](http://www.theiia.org/goto/CBOK)

Contact Us

The Institute of
Internal Auditors
Global Headquarters

247 Maitland Avenue
Altamonte Springs,
Florida 32701-4201,
USA