



Thought Leadership

Insight creates value

Hybrid Work Environments and the Road Ahead for Internal Audit

by, James Barr, CIA, CRMA, CPA, Sheila Smigarowski, CIA, CRMA, CPA, Arshad Majeed, CPA, David Helberg, CIA, CRMA, CFE, Janet Hnytka, CIA, CRMA, CPA, Paul Groch, CIA, CPA

January 2023

Deloitte.



The Institute of Internal Auditors
L'Institut des auditeurs internes
Canada

Hybrid Work Environments and the Road Ahead for Internal Audit

James Barr, Sheila Smigarowski, Arshad Majeed, David Helberg, Janet Hnytka, Paul Groch

It's obvious by now that the hybrid work model has outlived the pandemic. For many businesses and public sector organizations, this new way of working has been a boon for employee morale and recruitment efforts — but it has also had its drawbacks, particularly for internal audit teams.

Our thought leadership series has focused on the ways that internal audit has adapted to sudden disruption, and the ways the discipline is evolving. To close out the series, we asked a larger group of internal audit professionals for their thoughts on what's working (and what isn't) in this brave new world of hybrid work, and where they see internal audit going in the next 10 years.

Having the flexibility to balance work responsibilities and personal commitments in a more individualized way reduces stress and increases job satisfaction.

The Good: Hybrid Work Models Yield Tangible Benefits

The perceived advantages and disadvantages of a hybrid work model can vary widely across different organizations, depending on how well set up they are for that shift. Nonetheless, there was broad consensus among these internal audit leaders around the benefits they've seen with a hybrid work model.

Better work-life balance

It isn't surprising that a combination of in-office and remote work is hugely popular with the modern workforce. Having the flexibility to balance work responsibilities and personal commitments in a more individualized way reduces stress and increases job satisfaction. Working from home leaves more time for physical exercise, and also allows employees to design a schedule that accommodates their personal priorities.

Hybrid work models represent a shift in work culture that acknowledges the human side of every employee. This new approach to work also recognizes the importance of employee mental health and normalizes making it a priority.

Higher Productivity and Deeper Focus



The shift to a more flexible work arrangement has resulted in higher productivity for many internal audit organizations. Clearly, employees gain more time for meaningful work when they don't have to spend that time commuting or travelling to client sites. With everyone (auditors and stakeholders alike) adopting a hybrid work model, scheduling meetings, and connecting with colleagues is easier than before.

Internal auditors also have more opportunities to schedule dedicated “heads down” time, with fewer interruptions. In the same vein, meetings and in-person communication have become more intentional and deliberate, to make the most of everyone's time.

Accelerated Adoption of Technology

Remote and hybrid work models are only possible because of digital technology. And although most of the digital tools we now take for granted are not new, the exigent circumstances of the pandemic forced many organizations to be more aggressive in their adoption.

IT departments have put appropriate security protocols in place for remote work, and internal auditors have shifted to digital tools like video conferencing software for interviews and meetings. At the end of the day, internal audit organizations gained confidence and proficiency in doing their work this way and are positioned to leverage technology in evolving the discipline.

The organization's “grapevine” is no longer as vibrant, eliminating an important source of informal data gathering.

The Bad: Remote Work Hampers Relationship-Building

Relationship-building is an essential component of internal audit — and internal audit is a discipline that relies heavily on human-to-human interaction. Remote work makes it more difficult to establish those connections, and internal audit leaders recognized that some intangible — but crucial — elements have been lost in the new world of hybrid work.

Fewer Opportunities for In-Person Engagement

In-person interaction has always been a critical part of internal audit work. It helps auditors build rapport with their colleagues and interviewees and affords the opportunity to observe and interpret the nuance of body language. However, body language is largely lost in a virtual environment, creating a gap in the qualitative information that informs an audit.

The serendipity of in-person contact is also limited in a hybrid work model. The conversations that people have on the way out of meetings or in the cafeteria line have traditionally played a big role in building relationships. The organization's “grapevine” is no longer as vibrant, eliminating an important source of informal data gathering.



Less Effective Onboarding and Mentoring

Bringing new people into a team — and team building in general — requires intentional relationship-building to create a sense of belonging. While remote work allows internal audit organizations to recruit from a larger talent pool, integrating new employees into existing teams is more difficult in a hybrid environment.

Similarly, informal mentoring of junior team members is diminished when employees are fully or partially remote. A hybrid work model reduces the amount of in-person access they have to more experienced team members, whether that be direct one-on-one interactions or simply observing how they conduct themselves in client engagements.

Reduced Cross-team Collaboration

While a hybrid work model does facilitate higher productivity, it also hampers collaboration between teams. The unplanned and serendipitous conversations that happen when co-workers and colleagues simply run into each other are a big part of relationship-building and information-sharing — but they simply don't happen with the same frequency in a hybrid work environment.

Despite best efforts, collaboration and information sharing suffers when more people work from home. One [study](#) found that in organizations that adopted remote work, groups became less connected and more siloed. Communication within teams may still flow, but team members often communicate less with those outside their group, and are slower to bring in new collaborators

The Road Ahead for Internal Audit

As a profession and discipline, internal audit does not stand still. While the past few years have brought disruptive change to existing practices, internal audit will continue to evolve. From tactical changes to more strategic outlooks, internal audit leaders see many opportunities to add value to the organizations they serve over the next 10 years.

Agile Auditing

As the disruption of the pandemic showed, business-as-usual can change overnight. Keeping up with the "speed of risk" is critical for bringing value to client organizations. Internal audit needs to become more agile in order to provide faster feedback and real-time assurance through continuous monitoring.

In practical terms, modernizing internal audit processes and reducing time between audit plan and completion benefits everyone. Eliminating checklist auditing, re-evaluating reporting requirements for shorter reports, moving away from task-based objectives to focus on organizational objectives, even doing away with traditional long-range audit planning — all of these changes would contribute to a more responsive and agile approach

Advice vs Assurance

Internal audit is being pulled more and more to the front-end of business operations and risk assessment. Rather than acting merely as an evaluator of controls, internal audit can partner



with and advise client organizations on appropriate policies and procedures, becoming an important go-to resource for insights.

Internal audit is uniquely positioned to fill such an advisory role. Internal audit groups deal with all parts of an organization and can draw from the experience of previous engagements to suggest new approaches. This overarching view of the organization also allows internal audit to break down silos and facilitate more cohesive conversations and collaboration

Higher Profile with Stakeholders

The perception of internal audit as "fault-finder" or "enforcer" must change. Chief Audit Executives (CAEs) have a huge opportunity to highlight the insight — and foresight — that their internal audit groups have to offer. Rather than being seen as a cost centre for compliance assurance, internal audit groups can champion their expertise and value to the organization.

Similarly, promoting internal audit as a desirable career path — within the business and in partnership with universities — will attract a variety of skilled professionals into the field. Creating CAE rotational opportunities (and instituting CAE term limits) will also facilitate continuous innovation at the leadership level.

The Only Constant is Change

As internal audit groups adjust and adapt to new work models and business contexts, they continue to uncover new opportunities to add value. By embracing change instead of resisting it, internal audit teams can thrive and help shape the path forward for the organizations they serve — strengthening the profession and ensuring its relevance for years to come.



About the Authors

James Barr, CIA, CRMA, CPA, Partner, KPMG

Sheila Smigarowski, CIA, CRMA, CPA, Consultant

Arshad Majeed, CPA, Partner, Deloitte

David Helberg, CIA, CRMA, CFE, Member IIA North America Board

Janet Hnytka, CIA, CRMA, CPA, Chair, Canada Advisory Committee

Paul Groch, CIA, CPA, Partner, Deloitte

