



MOORE STEPHENS

Credit union internal audit: Building a firm structure

Credit union internal audit: Building a firm structure



Internal audit has emerged as a key infrastructural element of the governance landscape of a modern Irish credit union post CUCORA 2012. The core role of the internal audit function is to provide for independent oversight and to evaluate and improve the effectiveness of the credit union's risk management, internal controls and governance processes, in what is a hugely changed world for credit unions. And a well-designed internal audit function can act as a key support to credit unions as they compete in a challenging and increasingly complex and sensitive environment.

We are strong supporters of the credit union sector. While Irish credit unions face many challenges, it is a time of great opportunity. Internal audit is an exciting part of governance and should result in a positive, rewarding and enlightening process for your credit union and, above all, it should add value for the members' core needs of services, strength and security. We feel we bring genuine energy to every engagement with our credit union clients.

Depth of knowledge

We have a specialised team devoted to providing internal audit services to credit unions, and we have acted for over 40 individual credit unions providing internal audit services since CUCORA 2012.

A structured approach

Our internal audit service is delivered in a structured way to meet not only the legal and regulatory requirements, but to focus on the key risks in a credit union in a robust and structured way that will adapt to the changing environment of a credit union. Firstly, the internal audit charter is drafted. Following a detailed risk assessment, the

internal audit plan is then drafted. This sets out in detail the work that will be completed.



This will be done in a consultative, collaborative and iterative way with the credit union – be it with the audit committee or the Board.

Focus on assets

We note that both the Commission and the Credit Union and Co-operation with Overseas Regulators Act 2012 have placed significant emphasis on the requirement that internal audit must be embedded in safeguarding assets. This of necessity means that focus must be put on the key assets of credit unions:



We have significant experience in asset reviews and as a result, assessing the quality of assets forms a central focus of the work we do for credit unions.

Focus on risk

We focus on risk. Credit unions face risks that could present threats to their success every day. Risk management helps identify and address those risks as well as increasing the likelihood of achieving strategic objectives. Risk management also offers the opportunity of:

- improved decision-making, planning and prioritisation;
- more efficient allocation of capital and resources; and
- greater anticipation of what may go wrong, minimising crisis management or, at worst, preventing a disaster or serious financial loss.

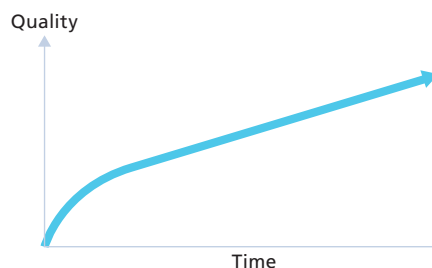
Sophisticated Techniques

The Institute of Internal Auditors has a wide range of practice notes that guides the Internal Audit Profession and we customise international best practice to suit the needs of Irish credit unions. We place special

emphasis on maturity models. Maturity Models are a measurement technique designed to assess the quality of a certain process. They are a form of benchmarking. Processes should evolve as they mature, and processes should be capable of adapting to the environment as the environment changes. A maturity model defines the expectation that a credit union has from a process, and then, the Internal Audit Function measures the current performance against the expected performance. In this way the Internal Audit Function can benchmark the effectiveness of the process, provide assurances on the development of the process, and provide constructive recommendations to make improvements.

What we bring

We feel we add can value by delivering internal audit and bringing the following key aspects to your credit union; professionalism, dedication, unparalleled depth of knowledge, awareness of the regulatory environment, skills, energy, experience and robustness.



Maturity models track, monitor and inspire the improvement in quality

Competitive fees

We believe that we offer quality at a competitive price. All fees are agreed in advance so as to avoid any hidden costs and show full transparency.



Lawrence Sawyer
'Grandfather'
of internal audit

Internal audit: What, where and why?

What is internal audit?

Internal auditors report to the board and evaluate and report on the effectiveness of risk management, internal control and governance processes. Internal audit as a discipline emerged in post WWII USA. The idea was that as companies become larger and more complex, boards of directors need to obtain assurances themselves on the operation of the company (as opposed to external auditors who report to the members).

Where does this fit into the governance landscape of credit unions?

The core role of the board is the control, direction and oversight of the credit union. Therefore, internal audit supports the board's core duty by providing assurances on controls and oversight.

Why do credit unions have internal audit?

Firstly, because the law says so. But internal audit should be more than a response to regulatory and legal pressures. It should add value by helping to strengthen the internal control environment and lead to a more robust credit union which will manifest itself in better security and services for the members.

Moore Stephens domestically

Moore Stephens is a leading Irish owned provider of accountancy and advisory services for smart, commercial ambitious enterprises seeking the highest standards in client service and expertise. We are ranked in the top 10 Irish accountancy practices with 10 partners and over 100 staff. We have offices in Dublin and Cork and have grown steadily in the Irish marketplace since our foundation in 1970.

We provide our clients with access to a range of core and specialist services including audit and tax compliance, business and personal tax planning, corporate finance, insolvency, corporate governance and forensic accounting.

Our success stems from our industry focus, which enables us to provide an innovative and personal service to clients in niche markets.

Specialist sectors include credit unions, healthcare, banking recovery and restructuring, agriculture and education, while maintaining our predominant foothold in the Irish SME sector. We recognise that Irish business will become increasingly export orientated in line with the national recovery plan. To address our clients' need for the highest quality international advice we have joined the Moore Stephens International Network.

Moore Stephens globally

Moore Stephens International is a top ten global accountancy and consulting network, headquartered in London. With fees of over US\$2.66 billion and offices in 106 countries, clients have access to the resources and capabilities to meet their global needs.

By combining local expertise and experience with the breadth of our UK and worldwide networks, clients can be confident that, whatever their requirement, Moore Stephens provides the right solution to their local, national and international needs.

Contact information

If you would like further information on any item within this brochure, or information on our services please contact:



Brian Hayes

Partner

brian.hayes@moorestephens.ie



Johnny Blain

Consultant

johnny.blain@moorestephens.ie



Maria Mongan

Consultant

maria.mongan@moorestephens.ie

Moore Stephens Nathans – Dublin
Ulysses House, Foley Street, Dublin 1
Republic of Ireland
T +353 1 888 1004
F +353 1 888 1005
www.moorestephens.ie

Moore Stephens Nathans – Cork
83 South Mall, Cork
Republic of Ireland
T +353 21 427 5176
F +353 21 427 7305
www.moorestephens.ie

MOORE STEPHENS