Risk management practices and the role of internal audit

A UAE perspective on non-financial institutions

Sponsored by MOORE STEPHENS
Information included in this report is general in nature and is not intended to refer to or address any specific entity. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form by any means – electronic, mechanical, photocopying, recording, or otherwise – without prior written permission of the UAE Internal Audit Association. Requests for permission should be sent to Samia Al Yousuf at samia@iiauae.org

Published by the UAE Internal Audit Association
Office 1503, 15th Floor, API Trio Tower
Dubai, United Arab Emirates

About the UAE Internal Audit Association
The UAE Internal Audit Association (UAE-IAA) was set up in July 1995 as a non-profit organization and is the official affiliate of Institute of Internal Auditors (IIA) in the United Arab Emirates. Our vision is to be a leading association that promotes innovation and excellence in internal auditing. Our mission is to provide dynamic leadership to advocate and promote the profession of internal auditing throughout the UAE. The UAE-IAA offers regular training programs, workshops, seminars and an annual conference with the objective of promoting the profession within the business community. In addition, we work with regulators to increase awareness of internal audit and internal audit standards. The UAE-IAA has the support of leading companies and professional services firms in the UAE who actively participate in the UAE-IAA’s efforts to promote the profession of internal auditing.

Project task force
Abdulqader Obaid Ali, CFE, CRMA, QIAL
Farah Araj, CPA, CIA, CFE, QIAL
Ayesha Binlootah, MIB

Authors
Vijesh Ravindran, ACA, CIA, FRM
Hafiz Imtiaz Ahmad, Ph.D.
Partha Mohapatra, Ph.D.
Sohail Choksy, CPA, CA, CIA

Reviewer
Farah Araj, CPA, CIA, CFE, QIAL

About the research report sponsors
Moore Stephens is a global accountancy and advisory network with its headquarters in London. Since Moore Stephens was founded a century ago, it has grown to be one of the largest international accounting and consulting groups worldwide. Today the network comprises 626 offices in 103 countries throughout the world, incorporating 26,290 people and with fees of more than US$2.6 billion. Our internal structure, with a high ratio of partners to staff, enables clients to benefit from quick partner response, with fully briefed back-up partners and senior managers always available in the absence of the main partner contact.
The UAE Internal Audit Association (UAE-IAA) is pleased to release this research report on Risk management practices and the role of internal audit which is based on a survey of non-financial institutions in the UAE. This is the first research report issued by the UAE-IAA and also the first research report on risk management and internal audit exclusively covering the UAE.

This research report would not have been possible without the huge support and contributions of many people.

Firstly, I would like to express my thanks to the report’s authors and in particular to the lead author, Vijesh Ravindran, who worked tirelessly over a period of seven months to deliver this insightful report. Also, my appreciation extends to the project task force, who provided direction to the authors and oversaw the research process.

Most importantly, I would like to thank each of the 90 chief audit executives/heads of internal audit who took time from their busy schedules to anonymously participate in the survey and support the research initiative. Without their participation this research report would not have become a reality. I am also very grateful to the senior executives who participated in the post survey interviews, shared their experience and gave a real world perspective on the survey’s topics. In this regard, I would like to thank the following individuals as well as those who participated in the interviews anonymously:

- Adele Westcott, Director – Internal Audit, Environment Agency – Abu Dhabi
- Ali Al-Shabibi, Founder & Managing Director at Shabibi Partners and Audit Committee Chairman, Al Masar Holding
- Avinash Totade, Senior Vice President – Internal Audit, Emirates Group Aluminium (EGA)
- Harsh Mohan, Senior Vice President – Audit, Compliance and Risk, Etihad Airways
- Javier Garcia, Chief Internal Auditor, Etisalat Group

I would also like to thank Dr. Steven Halliday for his valuable input on the survey questionnaire.

Last but not least, this report would not have been published without the sponsorship and the support of Moore Stephens LLP. On behalf of the UAE-IAA, I extend my sincere thanks to Robert Noye-Allen and Kami Nuttall for stepping forward and offering their support to the project task force and also for providing insights on the survey’s results.

I am really proud of how the members & supporters of the UAE-IAA encouraged us to develop original research. I hope that we can continue to work together to produce UAE specific insights on an annual basis.

AbdulQader Obaid Ali
President
UAE Internal Audit Association
I am delighted to have the opportunity to contribute to this excellent research study undertaken by the UAE IAA. This is another example of how the IAA facilitate important discussions and debate which are essential, not only to their members as internal audit professionals, but also to businesses across the UAE. The high level of respondents to the survey is testament to the status of the UAE IAA in the region and provides for results which are credible and of value to a wide audience.

As we all know, the concept of risk management has been the subject of debate for some time. The early Corporate Governance codes which brought the management of risk to the fore are now more than 20 years old. It is interesting, and to some extent surprising to see that the level of awareness and maturity or risk management processes within organisations is still evolving, particularly bearing in mind recent events, such as the global financial crisis and the various, well documented corporate disasters, many of which have their roots in examples of ineffective risk management. The survey shows that only 30% of entities who responded have a formal risk management program in place. Whilst an additional 47% demonstrate components, they do not currently constitute fully fledged programs. Those entities at the forefront are developing key risk indicators and taking forward the challenge of defining their risk appetite.

In my experience it is frequently the case that internal audit functions adopt the role as the risk management conscience of organisations, encouraging change and improvements to ensure risks are fully identified and evaluated and facilitating the process of embedding risk management within their organisations. This research clearly emphasises the ongoing importance of the role of internal auditors in the risk management process and the direct value this adds to the businesses they are serving. To illustrate this further, the survey suggests that work is still to be done in the area of integration of enterprise risk management processes within key business activities, an area where internal audit can make a valuable contribution.

I commend the UAE IAA and the contributors to the study, on undertaking and contributing to such a valuable research study. The results will provide a robust baseline against which organisations can continue to assess and monitor improvements in risk management in the future. The information included in this report will be of great value, not only to organisations within the UAE, but also globally as businesses strive for improvement. The opportunities for internal audit in demonstrating the value they can add in the area of risk management seem to be greater than ever.

Robert Noye-Allen
Partner
Moore Stephens LLP
Overall, the results of the survey reveal that risk management is receiving attention in the majority of the organizations surveyed.

Overall, the results of the survey reveal that risk management is receiving attention in the majority of the organizations surveyed. However, the risk management practices are still evolving and have not matured. The results also indicate a potential lack of understanding of the importance of risk management. For instance, one of the key challenges facing risk management efforts is the lack of sponsorship/support from boards and executive management, which is most likely attributed to lack of awareness. Further, in the majority of organizations, risk management efforts are limited to risk assessments and only few of the organizations surveyed had established all the critical components and processes that are required to enable an effective risk management program.

One of the distinct and positive messages from the survey is that internal audit functions are a major force driving the risk management process for a majority of the organizations surveyed. Further, the survey results also reveal that the board and executive management are in fact showing eagerness to improve risk management practices and have requested internal audit functions to advise and support them. Given internal audit’s positioning within an organization and its understanding of the business and associated risks, there are significant opportunities to do more than the conventional assurance role with respect to risk management.

Some of the key areas where internal audit functions can contribute to risk management include:

• Continually promote awareness on risks and importance of risk management across the organization. Internal audit functions should take the initiative to educate and train the board and executive management on risk management concepts and principles.
• Internal audit functions should focus more on consulting activities or even extend implementation support to promote risk management processes, while ensuring sufficient safeguards to avoid any impairment to independence and objectivity.
• In organizations without formal risk management and dedicated risk function, internal audit functions should take the lead role in risk management processes. This does not mean that internal audit will be managing risk.
Risk management practices and the role of internal audit

- Provide assurance on the overall risk management framework and process as required by the IIA Standard 2120 – risk management and communicate results to the board and executive management.
- Additionally, internal audit can provide assurance on how organizations are responding to emerging concepts such as auditing risk culture, the adequacy of risk appetite statements, and the integration of risk management efforts across the business.
- Internal audit functions should ensure their activities are coordinated and aligned with other risk functions and assurance providers thereby ensuring a common understanding of risks across the organization.

These results indicate that internal audit capabilities should be enhanced to meet the new demands from risk management related responsibilities. Chief audit executives should develop their skills and ensure they have the right resources with necessary technical skills to make a meaningful contribution towards risk management, be it as lead role to support the implementation of the process, or in an advisory capacity, or as an assurance provider.

Organizations should have risk management in some form regardless of the nature, size and complexity. Establishing a risk program does not always mean investing in dedicated risk department and resources, particularly for smaller organizations. A sustainable risk program should be ‘fit for purpose’ in line with the nature, size, culture, and risk profile of the organization. One alternative to consider when implementing enterprise risk management is to start with a pilot project covering either only the top risks or one or more selected business units critical for the organization. Internal audit functions can play a vital role in leading such efforts.

This research report provides more detailed analysis and interesting insights on the survey results. The report also provides real world perspectives on the topics covered along with practical recommendations where necessary that will help internal audit functions bolster risk management practices across the UAE. Chief audit executives can use this report to engage their key stakeholders when discussing the value that internal audit can deliver.
1. Introduction
Globalization and economic interconnectedness has changed the risk landscape across the globe and at a faster pace. As a result, organizations are increasingly investing in improving their risk management practices to face ever growing uncertainties and challenges.

Successful organizations are managing risks, whether they are aware of it or not, as a part of conducting their business. However it is imperative for organizations in today’s world to have in place robust mechanisms to identify, assess and effectively respond to the risks and the changing risk trends. Such a formalized, focused and entity-wide coordinated approach to risks or commonly referred as enterprise risk management (ERM) will not only enable an organization to control unacceptable risks but also to exploit the right risks to increase its competitive advantage.

Growing demands on risk management also implies there is increasing pressure on internal audit functions to enrich an organization’s risk practices to remain relevant. This also raises questions on the roles internal audit functions can perform on risk management without diluting their independence or assurance role.

The need for this research report
Several studies are undertaken across the globe by academic institutes, professional organizations and consulting firms on risk management practices. However there is very limited information on the state of risk management efforts in the UAE and what internal audit functions in these organizations are doing with respect to risk management.

The UAE-IAA conducted a survey to ascertain and analyze the risk management practices in non-financial institutions in the UAE. As this report does not cover companies in financial sector, any reference to ‘UAE entities’ in this report is intended to exclude financial institutions in the UAE.

Research objectives
The key objective of the research project was to gather information on current practices in risk management in UAE so as to provide a basis for UAE entities to benchmark the practices within their organizations and to identify opportunities for improvement. This report is also intended to help the UAE entities, specifically those in non financial sector, to address some of the commonly asked questions on implementing a risk management process:

• How mature are risk management practices in UAE entities?
• What are the key drivers and challenges in implementing a formal risk management program?
• What are the practices with regard to risk governance, organization and structure?
• What are the components, approach and processes in place for risk management programs?
Specific to the internal audit’s role in risk management, the relevant questions that arise include:

• What are various roles currently performed by internal audit functions in risk management?
• How and to what extent should internal audit functions be involved in implementing or improving risk management processes?
• What should internal audit functions do to make more meaningful contributions to risk management efforts?
• What are the challenges facing internal audit functions that need to be addressed to effectively discharge their responsibilities relating to risk management?

While this report provides analysis of the survey results and insights, the real value is derived from the opportunities for chief audit executives in UAE entities to help improve their role in enhancing risk management to meet the requirements of stakeholders in the midst of changing business and risk dynamics.

Survey Participants
A major portion of the data for this research report came from an online survey administered by the UAE-IAA. This survey was completed by 90 participants from various companies who were either heads of audit or directors/senior executives in the internal audit function (commonly referred to in this report as chief audit executives or CAEs). Appendix A provides detailed demographic analysis of the survey respondents.

Methodology
The survey was conducted by administering an online survey between September and November 2014. After receiving the survey responses, we analyzed the results and held face to face interviews with selected chief audit executives in the UAE to obtain a real world perspective on various topics covered in the survey. Appendix B provides in detail the methodology and procedure adopted for this survey.

While this report provides analysis of the survey results and insights, the real value is derived from the opportunities for chief audit executives in UAE entities to help improve their role in enhancing risk management to meet the requirements of stakeholders in the midst of changing business and risk dynamics.
Overview of the report
The analysis and results are presented in this report under the following sections:

- **Section 2 – State of risk management maturity**
  This section attempts to analyze the overall maturity of risk management in UAE entities, and challenges for adopting a formal approach to risk management. This is based on responses from all the 90 survey’s participants to the survey.

- **Sections 3 to 5 – Risk management framework, organization & processes**
  In these sections, we examine how risk management has been implemented and practiced in the UAE entities. The analysis provided in this section is on the basis of the survey responses from those participants who indicated that they have a full-fledged risk program or have some risk management processes in their organizations. Section 3 covers the overall framework for risk management, section 4 covers risk management organization, and section 5 covers various intricate processes with regard to risk management.

- **Section 6 – Internal audit’s role in risk management**
  This section we explore in detail what internal audit functions in the UAE entities are doing to discharge their risk management related responsibilities and this section also analyzes the key challenges faced by internal audit functions in this regard. The analysis in this section is based on responses from all the survey’s participants.

The report also provides real world perspectives on some of the survey results as gathered from the post survey interviews.
2. The state of risk management in the UAE
Risk maturity is a combination of various factors and is an indicator of how well risks are managed across the business. Organizations with mature risk management processes demonstrate a strong risk culture, effective governance, framework, processes, methodology, tools, and systems.

This section analyzes, at a broad level, the maturity of risk management process at the respondent entities as assessed by the CAEs surveyed. Subsequently we analyze the challenges faced when implementing risk management and dwell into possible ways to address the challenges. The analysis and percentages provided in this section is on the basis of responses provided by all the 90 participants.

**Risk management maturity in UAE entities**

The respondent CAEs were asked to specify their assessment of the status of the risk management program at their respective organizations.

One of the key observations from the survey responses is that a majority of organizations are in fact giving adequate consideration to the importance and the need for risk management. About 77% of the entities covered in the survey have either implemented a risk management program fully or partially. An additional 14% of organizations are considering establishing a formal risk management program in the future although currently they do not have any formal risk management program.

Only in less than one third of the organizations, full-fledged risk management program seems to be in place. Our subsequent analysis of practices within the entities surveyed, surprisingly indicates that many entities who claim they have full-fledged risk program did not have in place certain critical components and processes expected in an effective risk management. These gaps are highlighted in the subsequent sections of this Report.

In about 9% organizations there is no formal program without any plans to implement such a program in future. This category of respondents also included a few companies with over AED 1 billion in revenues and with over 1,000 employees suggesting that even some of the large organizations are ignoring risk management.

**Chart 2.1: How would you describe the status of risk management at your organization?**

- 30% We have implemented some risk management processes but not a full-fledged risk management program.
- 14% Currently risk management activities are adhoc and reactive. Considering implementing a formal risk management program.
- 9% Currently risk management activities are adhoc and reactive.
- 47% No formal program and no plans to implement one.
In summary, it appears that, except in a few cases, risk management is being given importance in UAE companies however it is not mature in majority of the respondent companies and is still evolving. UAE companies should start adopting a more formalized approach towards risk management. Companies who have already started thinking in this regard should take initiatives to implement a formal risk management program.

**Sector wise analysis of risk management maturity**

Although there were limited participants representing different sectors, our sector wise analysis of risk maturity indicates that aviation sector, energy/oil & gas sector and government institutions seems to adopt more formalized approach to risk management.

![Chart 2.2: Sector-wise risk management maturity](image)

One possible reason for this variation between industries, may be the level of risks, and the level of regulatory supervision for different industries. According to Adele Westcott, who is the Director – Internal Audit at Environment Agency – Abu Dhabi:

> "Companies which are highly regulated are bound to have more robust risk management practices."

The results of post-survey interviews validate this view.

**Internal audit maturity vs risk maturity**

Analysis of survey results indicate positive relationship between risk management maturity and the number of years of existence of internal audit function. In case of 62% of companies who have initiated risk management efforts, internal audit has been in existence for over six years. One possible reason could be that when internal audit functions are newly set up the organization may not be matured enough in their governance and risk management practices. The presence of an internal audit function could help the organizations to develop the interest and focus required to improve governance, risk management and controls.
However the survey results should not be construed to interpret that the internal audit function should not give priority to risk management processes in its initial years of establishment. Instead risk management should be one of the key focus areas even for newly set up internal audit functions. The starting point of any risk based internal audit activity should be from risks facing the organizations.

In organizations where a process to identify and track risks is not in place, typically the internal audit function carries out their own entity wide risk assessments to plan their activity. In organizations without a risk management system, internal audit should use their risk assessment as a means to enable the organization to focus on the key risks and to establish risk management processes.

**Organization size vs risk maturity**

No significant relationship could be evidenced between the size of the organization and risk management maturity although 47% of the companies with risk management processes in place seems to have revenues exceeding AED 1 billion. Similarly, about 50% of the companies with over 1,000 employees have either a formal risk management program or some risk management activities.

**Chart 2.3: Analysis of risk management maturity based on organization size in average annual revenue**

“A formal risk management process should be in place for every organization regardless of the size.”

“A formal risk management process should be in place for every organization regardless of the size.”

“...should not be the determining factor whether or not to have an ERM program”;

says Adele Westcott, Director – Internal Audit, at Environment Agency, Abu Dhabi. She adds however that:

“...the nature of the program and the extent of activities will depend on the size of the organization and nature of the business.”
Challenges for risk management

We asked the respondents to indicate the major challenges in implementing risk management. We analyzed the results separately for entities without any formal risk management efforts and for entities who indicated they have implemented some processes or full-fledged risk management.

‘Management perception that they are already managing risks’ has been identified as the top challenge faced by all the entities. This is followed by lack of board or executive sponsorship. Another key challenge is that management do not see the benefits to cost and efforts i.e. value from enterprise risk management.

Overcoming lack of board and executive support

As is evident from the survey results, gaining board and executive management support seems to be a major challenge at UAE entities. Clearly board and executive sponsorship is very critical for the success of any risk initiative, as it is needed to provide oversight, assign ownership, and to allocate budget and resources for the risk management activities. Lack of board/executive support could possibly be due to a lack of awareness, hence they need to be educated on the importance and the need for risk management. CAEs should play an important role in leading the efforts to educate the board and executive management.

The executives interviewed subsequent to the survey unanimously emphasized the need for educating the board and executive management on risk management to gain their support for risk management efforts.

Our post survey interview also identified the possible use of external advisers to gain board/executive support.

“CAEs shall use independent external experts in the governance, risk and compliance space for educating the board on risk management and the board’s responsibilities”,

according to Avinash Totade, Senior Vice President – Internal Audit, EGA.
Ali Al-Shabibi, Partner at Shabibi Partners and Audit Committee Chairman at Al Masar Holding feels that:

“UAE companies should have in place board education programs which include technical updates on various business developments in the governance, risk and compliance space”,

highlighting the need for a continuous and structured board education programs in UAE entities which will also focus on risk management.

**Demonstrating the value of risk management**

In financial sector and for listed companies in developed markets, strict regulatory requirements force organizations to adopt proper risk management practices. However this becomes a challenge for companies which are not subject to regulations and therefore it is vital to demonstrate the value enterprise risk management brings in order to successfully gain top management support.

“CAEs should ensure that the board and executive management understand that a formal approach to risk management not only helps avoid/mitigate downside risks but also helps to identify and take on the risks where it has competitive advantage. Since business is about risk taking, risk management enables proper risk taking thereby contributing to the success and value of the organization”,

remarked Avinash Totade, Senior Vice President – Internal Audit, EGA.

In order to get the ‘buy-in’ from the board and executive management, CAEs can highlight specific risks and instances, if any, of materialized risks which could have been avoided had there been a more focused approach to risks. CAEs as part of their assurance on risk management processes should present findings on existing and potential gaps in risk management and emphasize the need for a formalized approach to addressing risks.

CAEs should hold training programs which demonstrate the core benefits that enterprise risk management such as value protection, improved profitability, business continuity, avoiding surprises and major failures, and improved efficiency.

Al-Shabibi adds in this regard that:

“The CAE, through effective communication with the board, should have the ability to make the case for risk management”,

emphasizing the need for strong communication skills in order for CAEs to sell risk management concepts to the board and executive management.
3. Risk management framework and governance
This section examines key drivers that motivated the respondent entities to introduce risk management and analyzes how risk management programs are structured in UAE entities.

For the purpose analyzing risk management practices in UAE entities, we have classified the respondent entities into the following two categories:

- Entities who indicated they have in place either full-fledged risk management or some risk management process.
- Entities which do not have formal risk management processes including entities where risk management activities are adhoc and reactive.

The analysis and the percentages covered in this section is based on responses received from 69 respondent entities in the first category i.e. ‘Entities that have implemented a risk management process either fully or partially’.

**Key drivers for risk management**

What are the main drivers of risk management? We asked the survey respondents to specify the key contributing factors for implementing risk management in their organizations.

The survey results showed that three factors are critical in driving the need to establish a formal risk management program. These are 1) Senior management support; 2) Internal audit’s efforts to implement risk management; and 3) Board’s understanding and enforcement of risk management.

**Chart 3.1: Key drivers for risk management**

- The board understands the importance of risk management and enforces appropriate risk management practices: 59%
- Senior management understands the importance of risk management and enforces appropriate risk management practices: 67%
- To meet regulatory or credit rating requirements: 10%
- Internal audit’s efforts to implement formal risk management program: 67%
- Financial crisis of 2008-09 has significantly increased the importance of the need for risk management program: 9%
- Others: 3%

Risk management appears to be a major area of focus for boards at companies that have risk management processes in place. This is in contrast to companies without risk management efforts, where lack of board support has been identified as one of the top challenges. This only shows how board sponsorship of risk management can be the determining factor for the success and maturity of risk management.

It is very encouraging to note that internal audit’s efforts to implement a formal risk management program has been one of the contributing factors in around 67% cases.
Internal audit functions in entities without formal risk management should take notice of this fact and should actively promote risk management efforts.

As few industries other than the financial sector is subject to high regulations, the results show that regulation is not the major driving force for risk management. Similarly very few respondents identified the financial crisis as a reason for implementing risk management. While lack of regulations is understandable considering the survey population, overall the results show that external factors are of lesser influence in UAE entities. Risk management is neither considered as a compliance exercise nor is it in reaction to major failures and risk events.

Framework for risk management

Establishing a risk management program can be quite complex. An effective risk program should have a strong foundation and clear definition of the fundamental components such as:

• risk oversight authority;
• risk management framework, policies & procedures;
• risk appetite;
• regular communication by senior management & board; and
• key risk indicators.

We asked the respondents to identify whether the above critical components of risk management program are clearly defined and documented at their respective organization.

About 64% of the entities have formally documented risk policies and procedures.

Only 50% of the entities indicated they have oversight authority defined. According to Kami Nuttall, Moore Stephens LLP:

“An effective framework means that authority over risk oversight is defined. While risk management falls within the domain of the chief executive, the framework and strategic risks are within the remit of the board. Authority needs to be driven from the top, and responsibilities for oversight need to be laid out and clearly understood by all.”

Risk appetite is evolving!

Risk appetite statements are used to articulate what risks the organization will take in pursuit of its objectives; the extent to which such risks will be retained; and the risks that will be avoided. It is clearly one of the prerequisite if the organization is to effectively identify and manage risks within an acceptance level. Yet it is one of the most challenging aspects in risk management.

One of the important points from the survey results is that very few organizations have risk appetite statements defined which is reflective of the difficulty and evolving nature of a risk appetite statement as there are no standards yet in this regard.

According to Kami Nuttall, Moore Stephens LLP:

“Defining risk appetite has the reputation of being a challenging area, and this is supported by the survey results.”
Only 36% of the entities have defined their organization’s risk appetite which clearly suggests that the concept of risk appetite statements is evolving albeit one of the most critical component or risk management.

More efforts is needed in establishing clearly what the risk appetite of the entity is as it will help organizations to take on and retain right level of risks and to prevent blind risk taking. Risk appetite statements should be defined at a strategic level covering strategic and principal risks facing the organization and is less practical to be specified for each risk type i.e. Operational risks. Risk appetite statements may use qualitative definition of risk as well as quantitative definitions to establish risk tolerance levels.

According to Javier Garcia, Chief Internal Auditor at Etisalat Group:

“Risk appetite is a statement of approach to risk; and should not be defined per individual risk; instead, is at a macro and strategic level for the company as a whole; it may be defined in absolute or relative terms. Ultimately it will depend on the board.”

**Building the risk culture**

Building the right risk culture is very essential to the success of risk management. Risk culture relates to the behavior of individuals within the organization and how they react to risks. The effectiveness of risk management ultimately boils down to the organization’s philosophy and approach towards risks.

“Risk management is about the way of thinking and approach to business rather than the processes, and systems”,

according to Adele Westcott, Environment Agency – Abu Dhabi.

As much as it is important, it is equally difficult to put in place and may not be achieved in quick time. A regular communication program will help establish the tone at the top across the organization in order to build the right risk culture.

Only 52% of the companies have process for regular communication of risk management by board and executive management in place. This calls for action from CAEs to advise and guide the management on promoting a sound risk culture. In addition to an effective communication program, other areas to be addressed include ensuring an appropriate risk governance structure, establishing policies on ethics and code of conduct, and regular training for employees.

Internal audit could play an important role in evaluating risk culture and advising management on initiatives to promote appropriate risk culture. However auditing risk culture is an emerging concept in internal auditing and requires considerable efforts from internal audit functions to hone their skills in this regard.

According to Kami Nuttall, Moore Stephens LLP:

“Key risk indicators (KRIs) is an area that is emerging, these organizations with KRIs defined are the forefront of risk management thinking.”
Supporting this view, only 39% of entities have key risk indicators defined which shows that, perhaps, only entities with matured risk practices give attention to this aspect.

- 9% – all of the components covered in the survey question are in place; and
- 54% – at least four out of the five components are in place.

*Chart 3.2: Key components of risk management in place*

In summary it appears that UAE companies have significant scope for formalizing and strengthening the fundamental framework for risk management within their organization.

“Internal audit plays an important role in this respect, ideally positioned to support the organization in different ways, through advocating the introduction and implementation of risk management frameworks, to training audit committees and management on risk and risk management concepts”.

feels Kami Nuttall, Moore Stephens LLP.

Chief audit executives should think about how they can assist senior management in promoting the risk management framework, whether this is through the facilitation of risk management workshops and training for those responsible for performance, or through ensuring that every audit touches on the importance of and evaluates risk management activities.

Kami Nuttall further adds that:

“In entities where any of the components are not in place, chief audit executives need to reflect on what they can do to support their senior management teams, for example, through consulting activities. The role of internal audit is clear, they should be a key driver in the introduction, definition and implementation of risk management frameworks”.

49.30% 63.80% 36.20% 52.20% 39.10%
Risk management oversight

Risk management success depends a lot on the support and level of the oversight authority. We asked the respondents to specify the risk oversight authority in their organization.

Chart 3.3: Risk management oversight body

<table>
<thead>
<tr>
<th>Authority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of directors</td>
<td>22%</td>
</tr>
<tr>
<td>Board risk committee</td>
<td>17%</td>
</tr>
<tr>
<td>Board audit committee</td>
<td>9%</td>
</tr>
<tr>
<td>Management committee</td>
<td>38%</td>
</tr>
<tr>
<td>Others</td>
<td>14%</td>
</tr>
</tbody>
</table>

Clearly in companies that have put in place a risk management program, risk management is receiving strong attention from the board. In about 69% cases, either the board or formal committee of the board acts as the oversight authority for risk management. In 38% of these companies, board audit committee provides risk oversight and board directly oversees risk management in about 22% cases.

The level of involvement of board could range from approving the overall risk framework to participation in assessing key risks. The higher the involvement of the board, the better it is and could have significant positive impact on the effectiveness and maturity of risk practices.

Management level committees oversee risk management in about 17% cases which could work well for organizations with a complex risk profile requiring technical inputs from the oversight authority. Obviously board or board sub committees are expected to be more effective but other levels of oversight authority could also serve the purpose provided it has the right backing from the board.

14% of UAE entities have other risk oversight authorities which may include other forms of management committees, senior management executives or functional heads. In organizations where the oversight authority is not board or a board committee, it is recommended to provide the lead role for risk management with access to the board or board committee (e.g. audit committee) to establish the some level of independence for it to be more effective.

What is the role of the board in risk management

There are growing expectations and increasing importance being placed on the active involvement of boards in risk management. Several regulatory requirements across the globe are increasing their focus on the role of board. According to a recent
(September 2014) publication by the Financial Reporting Council (FRC)* titled Guidance on Risk Management, Internal Control and Related Financial and Business Reporting the board is fully responsible for establishing the risk management program. The publication also explicitly requires the boards to manage principal risks, determine risk appetite, and to monitor the adequacy of the risk management program among others.

While the FRC publication is applicable only for listed companies in the UK, it could be used as a leading reference for boards in the UAE to evolve their responsibilities as they relate to risk management. Accordingly, boards or equivalent governing bodies of UAE companies should be actively involved in, and enforce risk management.

Boards are primarily involved in the review and approval of the risk management framework, establishing risk organization and reporting structure, and for periodic reviews to ensure that the risk program meets the requirements of the organization. Adele Westcott, Director – Internal Audit at the Environment Agency – Abu Dhabi, says:

"the role of the board will be to oversee the risk management program, to set risk appetite, and to review key business risks."

To execute these responsibilities boards should have directors with the right skills, capabilities and a mix of various competencies. Boards should closely engage with executive management to understand the risks, and efforts on risk management.

"Boards may establish and appoint sub committees to assist the board to execute its responsibility for risk while still providing overall oversight."

adds Adele Westcott. This could be through a board risk committee or by assigning risk oversight responsibilities to another board level committee such as a board audit committee or to a management committee or even hybrid committees having representatives from both the board and executive management.

Executive management should support the board to discharge their responsibilities in this regard. Similarly, CAEs have an important responsibility to support the board not only in educating the board, but also to provide an objective assessment of risk management practices with clear recommendations on how to improve the overall risk management program, its components and processes.

Benchmark framework for risk management

Globally accepted methodologies, standards and tools will help the organization to establish robust risk management practices. There are two widely accepted standards for the practice of risk management which are:

• ISO 31000:2009 – Risk Management Principles and Guidelines for Implementation (ISO)
• COSO Enterprise Risk Management – Integrated Framework (COSO)

Both the above standards provide guidelines for designing, implementing, and maintaining a risk management program throughout an organization.

*The Financial Reporting Council is the UK’s independent regulator responsible for promoting high quality corporate governance and reporting. Standards published by the FRC are mandatory for all publicly listed companies in the UK.
Risk management practices and the role of internal audit

As per the survey results there is no one common framework that is followed by UAE companies. This is very understandable as there is no regulatory requirements or perceived acceptance of one common standard to be followed.

Only half of the companies surveyed have adopted either COSO or ISO standard. While around 25% of the companies have adopted COSO, a similar proportion of companies (26%) follow ISO standards. However, a similarly equal proportion (26%) of companies do not follow any specific standard.

While the established standards and benchmark facilitates methodological and structured approach in implementing risk management, these organizations may also pick and choose from both the COSO and ISO standards in implementing risk management to suit their organization. 15% of UAE entities follow such an approach which is a hybrid of COSO and ISO framework.

Whichever approach suits the requirements of the organization may be adopted. The wide differing practice as indicated in the results of the survey also confirms it is the case with UAE entities.
4. Risk management organization
In this section we examine the various approaches adopted by UAE entities that have risk management processes in organizing their risk related activities. The analysis and the percentages covered in this section is based on responses received from 69 respondent entities that have implemented a risk management process either fully or partially.

Lead role for risk management

To successfully roll-out a risk management initiative, organizations require the right level of senior executive leadership to direct the activities and to gain appropriate level of involvement of the risk oversight authority.

One of the common questions facing organizations, particularly in organizations of smaller size, is “Which functional head should take the lead role for risk management efforts?” To assess this, the survey respondents were asked to specify the lead role for risk management in their organization.

Chart 4.1: Lead role for risk management in UAE entities

Chief audit executives lead the risk management efforts in majority of the organizations (in 35% cases) compared to chief risk officers in 25% of companies.

The ideal approach for risk leadership would be to have a dedicated senior executive role such as chief risk officer, rather than someone playing duel role such as a chief audit executive. However, it will also depend on various other factors such as the size of the business as well as the nature and complexity of the risks. 88% of UAE entities with chief risk officers have revenue exceeding AED 1 billion indicating only larger organizations and possibly, organizations with matured risk practices tend to have chief risk officers to lead risk efforts.
While the specific function in charge depends on the organization, the person chosen must, in addition to being strong in risk management fundamentals:

- understand the current economic landscape to quickly react to emerging risks;
- should have the depth to look at systemic risks; and
- have the leadership to promote accountability and transparency at all levels.

According to Javier Garcia, Chief Internal Auditor of Etisalat Group:

“The functional head for enterprise risk management (ERM) depends on maturity of the organization. In a smaller organization CAE’s can start and lead ERM as a functional head of governance, risk and compliance. Initially the internal audit team can take it forward and after a period of time internal audit has to decide on the best approach to hand over the risk management responsibilities.”

Similar views were also shared by Adele Westcott who says that:

“If there is no risk management program in the company then the CAE should take on and lead the risk function to begin with”.

All the executives who participated in post survey interviews unanimously support the CAE’s taking the lead role for risk efforts when there is no formal risk management function and processes within the organization. We further explore this subject in more details in Section 6 on the role of internal audit in risk management.

**Conflict of interest in risk roles**

Risk efforts are lead by the chief financial officer in about 16% of the companies. However it is important to recognize the three lines of defense model here and the potential conflicts of combining a function that own and manages risks and a function that is primarily responsible for overseeing risks.

According to Javier Garcia, Chief Internal Auditor, Etisalat Group:

“It does not make sense to have risk functions lead by functional heads of business units such as CFO and strategic planning, as risk function needs some level of independence to challenge the business where needed be it on the assessment of risks or on the adequacy of risk response plans”.

He also adds that clear distinction should be made between functions acting as first, second and third lines of defense and ideally, the risk management lead role should not be a functional head from the first line of defense.

“Enterprise risk management as second line of defense should have a degree of independence from the business managers although not necessarily as high as the Internal Auditing function.”
The risk lead role should report to an appropriate level of authority that provides adequate independence to facilitate transparent communication on risks. Ideally the lead role for risk efforts should have a functional reporting line to risk oversight authority where board or board subcommittee acts as the risk oversight authority. One of the CAEs interviewed also added that:

“Where the lead role for the risk program is the chief risk officer, he or she should also have access to audit committee or other board level committee to have the required authority and autonomy.”

**Roles for coordinating risk management activities**

There are various models and approaches for the organization of risk management activities and responsibilities. How have UAE entities organized the roles for carrying out various risk management activities? We asked the respondents to indicate the approach followed within their organization to coordinate the risk related activities within their organizations.

Ideally, a dedicated risk department with sufficient and appropriate resources would be needed to deliver the risk activities. However, from the survey results, we could observe that the majority of UAE entities tend to leverage on existing teams and resources to coordinate risk management activities as there is no dedicated risk function in 57% of the companies with risk management processes. In such cases, risk activities are either facilitated by internal audit function/other teams within the organization or risk champions are used within each business units.

**Chart 4.2: Who coordinates risk management efforts in UAE entities?**

- **We have a dedicated risk management function and team to coordinate risk management efforts.**
  - 59.40%

- **Risk management activities are facilitated by internal audit function/other teams within the organization.**
  - 43.50%

- **We have identified risk champions within each business process to coordinate and facilitate risk management activities.**
  - 34.80%

- **We use third party professional service providers for risk management activities.**
  - 4.30%
Dedicated risk functions are in place in 43% cases in total and 80% of the companies with a dedicated risk function have revenues exceeding AED 1 billion indicating that larger companies tend to have separate risk functions.

“The need for a separate function will depend on the size and maturity of the business, and the Board has to determine the need.”

Javier Garcia, Chief Internal Auditor, Etisalat Group

In some cases regulations/ISO/compliance functions will take care of risk management activities. There may be other second line of defense functions such as compliance, quality assurance, ISO and project management which may also perform risk roles. However large organizations with complex risk profiles are better off having independent risk teams which is also reflected in the survey results. Another factor that could determine the need for dedicated risk function includes the corporate structure i.e. public vs. private company, industry practices as in the case of the banking sector and regulatory requirements.

Another model for rolling out risk activities is to have dedicated risk champions within each business unit to facilitate, support and coordinate risk activities relevant to their respective units. This approach can be adopted whether separate risk department exists or not. In about 35% of UAE companies seems to have embraced the risk champions model. This is a very practical and pragmatic approach particularly for smaller organizations or organizations in the early stages of implementation, where there are budgetary constraints with limited resource availability within risk or internal audit teams.

The results also reveals internal audit’s active role on supporting risk management activities in UAE entities as this is the case in about 59% of the organizations with risk management processes. This also includes 10% cases where internal audit works jointly along with risk team.

Only in very few cases 4% organizations use the services of third party service providers for risk management activities and predominantly third party services are used to support the existing teams that coordinate the risk management activities.

What should be the role of the risk function?
Risk management is everyone’s responsibility in the organization. The IIA Position Paper (January 2013) on The Three Lines of Defense in Effective risk management and Control clearly specifies that, as the first level of defense, line management, are responsible to own and manage risks. Risk management function support and oversee line management in managing the risks effectively.
According to a chief audit executive at a regional conglomerate:

“The role of the risk management function should be proactive and should not be limited to collating, aggregating, and reporting on risks. Risk function should play an active role to challenge the business as needed and to advise them in addressing the risks, however they should not own or be solely responsible to manage the risks.”

Risk function plays a facilitator role to the business; it will not own the risk; it will also advise the management in managing the risks.

“One of the common mistakes is to assume that ERM owns the risks; ERM, as a second line of defense, should not make decisions rather than advise, help and raise flags when risks are not acceptable or beyond organizations’ risk appetite.”

Javier Garcia of Etisalat Group.

The role of the risk management function aim should also be to create awareness and understanding of the risks within the business. In the words of Javier Garcia:

“The role of risk management should be to create awareness and understanding of the risks by the management and the board. The focus of the risk management function should be to make the business managers understand the risks, provide them with necessary tools, challenge them and help them in managing the risks.”
5. Risk management implementation practices
In this section we dwell into the processes and activities that takes place in UAE entities in rolling out the risk management efforts. The analysis and the percentages covered in this section is based on responses received from 69 respondent entities that have implemented a risk management process either fully or partially.

**Risk management processes**

Risk management processes imply a combination of various steps and activities undertaken by the organizations to identify, assess, mitigate, and periodically report on risks. The respondents were asked to specify the activities that are implemented from among the following that are expected to form part of an effective risk program:

- Risk identification, assessment and prioritization.
- Risk treatment.
- Escalation of risk acceptances to the oversight authority.
- Periodic reporting on risks to risk oversight authority.
- Ongoing update of risks assessment.

**Chart 5.1: Risk management processes**

<table>
<thead>
<tr>
<th>Process</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a process for ongoing update of risks assessment</td>
<td>49.30%</td>
</tr>
<tr>
<td>Periodic reporting on risks to risk oversight authority is in place</td>
<td>56.50%</td>
</tr>
<tr>
<td>Risk acceptances are escalated and formally notified to the oversight authority</td>
<td>27.50%</td>
</tr>
<tr>
<td>Risk treatment plans are developed to mitigate risks</td>
<td>55.10%</td>
</tr>
<tr>
<td>Process for risk identification, assessment and prioritization is in place</td>
<td>79.70%</td>
</tr>
</tbody>
</table>

Overall it appears that UAE companies have a long way to progress when it comes to implementing all the relevant risk management processes. While process for identifying and assessing risks are in place at 80% of UAE entities other critical activities of risk treatment, risk escalation and risk reporting is not in place at many organizations.

Only in about 20% of organization are all key processes are in place. In the case of five companies who had indicated they have a full-fledged risk program, risk assessment or risk reporting is the only process in place while other processes were not in place.

The results indicate that in most of the companies, risk management activities are limited to risk assessments. However risk management does not stop with a risk assessment. Risk assessment is only the beginning and the objectives won’t be achieved if it is not backed up with risk treatment plans, escalation of risk acceptances, and periodic reporting on the risks.

In companies where none of the relevant procedures are in place, CAEs should make efforts to recommend and support implementing such processes. Internal audit functions should
also take a lead role for highlighting risks that are not adequately controlled and should enforce development of risk response plans. Any risk acceptances should be escalated to the board/audit committee or the risk oversight authority. For this purpose, risks may be identified either from a risk assessment for internal audit planning or from the audit assignments. Risk assessments for planning may carried out by internal audit or the results of risks assessment carried out by risk or similar functions may be used.

**Frequency of risk assessments**

Effective risk management calls for robust process to identify, assess, and prioritize risks. Risk assessment should be regularly updated to reflect new risks, and changing risk profile of the organization.

In this context we wanted to assess what should be the ideal frequency for updating the risk assessment and asked the respondents to specify the practice followed in this regard in their organization.

![Chart 5.2: Frequency in which risk assessment is carried out](image)

Majority of respondents (30%) indicated that the risk assessment is updated only on an annual basis. However, there is encouraging news as 25% companies do it on a quarterly basis and 18% of companies update their risk assessments on a monthly or more frequent basis.

While frequency of risk assessment may need to determined based on the organization’s need, it could well be argued that annual risk assessment may not capture changes in risk profile in the considering that new risks and vulnerabilities could potentially emerge.

A continuous process of update of risk assessment implies updating the risks to reflect increased vulnerability to risks or identified major control failures or emergence of new risks or other factors.

“Risk assessment should be updated continually as and when new risk arises on account of changes in internal or external factors for example emerging risks. Reporting of the risks can depend on what the board needs.”

Javier Garcia of Etisalat Group
However ultimately the frequency of risk assessment may need to be determined after considering the risk profile and how dynamically or frequently the risk profile is expected to change, feels Avinash Totade, Senior Vice President – Internal Audit at EGA who remarked that:

“Risk assessments should be frequent enough to deal with change in the risk profile”.

Risk assessment criteria

The risk assessment involves an assessment of the impact and likelihood of the risks identified. The criteria used for assessing the impact and likelihood are very critical as it impacts the rating of the risk, its prioritization and ultimately to what extent it is mitigated. The criteria could be:

- purely qualitative which is subjective;
- pure quantitative which implies quantifying the risks in dollar terms using appropriate risk measurement models; or
- a combination of qualitative and quantitative where qualitative criteria are extended by with quantitative model to assign scores and to derive at the rating scales.

Chart 5.3: Criteria used for risk assessment

As per the responses received from the survey, most of the companies (84%) use a mix of qualitative and quantitative criteria which is a very practical approach as pure quantitative criteria will be difficult to implement and pure qualitative criteria may result in subjectivity.

Another point to note with regard to risk assessment is that it is not just about assessing impact and likelihood of occurrence of risks. It should also take into account organization’s vulnerability to risks, correlation across various risks, lead time for risk occurrence and the organization’s preparedness.

Risk reporting

Risk reporting is a key component of entity wide risk management efforts. Risk reporting process shall cover various levels including the line management and executive management, however reporting to oversight authority is the most critical part. Transparent and insightful risk reporting to the risk oversight authority will enable effective oversight on how well the risks are managed.
In UAE entities, the most commonly used way of reporting of risks is through risk registers highlighting top risks as 74% of the companies follow this method of reporting. Additionally 48% companies also use risk heat maps/dashboards showing portfolio view of risks and 35% also report on major risk events and control failures.

Key risk indicators are used by around 29% companies and aggregated quantitative risk exposures are reported in very few companies which is expected as risk measurement and quantifying risk is very challenging for companies in non financial sector.

Determining the methods of reporting and information to be reported is of paramount importance. Reports should appraise on the key risks and should contain sufficient information to make decisions on risks along with key actions that require the attention/involvement of the oversight body. Brevity of reports is essential as information which lack in context, and very granular level details, may be too overwhelming for boards.

Understanding the board’s expectations on risk reports is vital and at the same time challenging in designing the reporting process. The internal audit function, through its interactions with board or audit/risk committee could be in a better position to understand the board’s expectation and to help develop an appropriate risk reporting mechanism.

Organizations may start with risk registers containing top risks and may subsequently enhance the risk reporting systems to include risk heat maps, major risk failures, and quantified risks where practical.

**Use of external service providers**

In spite of growing importance for risk management and the requirements for skills and expertise in this space, most of the companies in UAE (60%) do not use external service providers for their risk management efforts. The reluctance to use external third party service providers could be attributed to the use of in-house teams and budgetary constraints. In cases where third party service providers are used, the key areas where external support is obtained seems to be for designing risk program and for the risk assessment.
Risk management integration

The results of risk management integration efforts are not very encouraging as not many entities have integrated risk activities into relevant business processes such as strategic planning (45%), performance measurement and reward (14%), critical decision making (38%), and project and change management (39%). Only in three companies risk management is embedded in all these critical business areas while in about 28% of companies risk management activities are not integrated in any of the four areas.

According to Robert Noye-Allen, Moore Stephens LLP:

“The survey results suggest many struggles to integrate the activity with other key performance activities”. He adds that, “Risk management is very much a forward thinking process. A fully fledged, matured and successful risk program integrates risk activities in all the core areas of business rather than acting in silos as separate activities distinct from business activities.”

Strategic planning sets the tone for organization’s risk-taking activities and is closely related to risk management. The uncertainties around the firm’s strategies should be evaluated to assess the downside risks in the firm’s plan so that these are clearly understood by the top
management. Robust risk management systems facilitate the identification and assessment of key risks at strategic as well as operational levels.

Decisions on new business initiatives such as introduction of new products, expanding into new markets, and capacity expansion may have major effect on the organization’s risk profile. Such critical decisions made by management should go through formal assessment of risk which should consider the likelihood and impact of risks occurring as well as potential emergence of new risks.

It is well known that projects and change management activities fail to achieve objectives because risks were not identified and managed, so projects should be supported by active risk identification, evaluation, action, monitoring and reporting.

Very few companies reflect effectiveness of risk management in performance measurement and reward. There is significant scope for improvement in this area for UAE companies as this will create more ownership and acts as motivation for giving adequate attention to risk management.

“Accountability for risk taking behavior should be linked to performance measurement and reward packages” feels Robert Noye-Allen, Moore Stephens LLP.

Overall risk management integration efforts are only evolving. The results of the survey suggest that there is a lot of work to be done in the area of integration of enterprise risk management processes within key business activities.

**Use of technology in risk management**

Technology is an important tool in enhancing the capabilities of risk management. The benefits a risk management system offers include consolidated portfolio view of multitude of risks, centralized framework to implement risk management processes, and coordinating the efforts of risk management, compliance, and internal audit functions. Systems also provide powerful capabilities for analysis, reporting, and monitoring of risks in addition to improving efficiency. We asked the survey respondents to indicate the type of technology used in risk management activities within their organization.

*Chart 5.7: Use of IT systems in risk management*

- **25%** We use IT application which is fully integrated with our ERP/business system(s) e.g. SAP GRC
- **7%** We use IT application but is NOT integrated with our ERP/business system(s)
- **11%** We do not use any IT system for risk management other than spreadsheets and other Office applications
- **57%** Others
The survey results indicate that majority of the company (57%) do not use dedicated IT systems for their risk management activities. However, 25% of the companies do use IT system in their risk management efforts but only in 7% companies use risk management systems integrated with their ERP platforms.

However it is important to note that information technology is only a tool and enabler for risk management. It cannot be, on its own, a substitute for risk management program and would be only as effective as the framework or the process that are in place. More importantly an IT system is not a pre-requisite for implementing risk management and is only desirable after the company has designed and implemented its processes to automate and improve on their existing process.

“Although use of technology is not the most important priority in implementing risk management, it enables aligning people, processes, and technology for effective risk management as well as implementing continuous risk management”, feels a chief audit executive at a regional conglomerate.

**Fraud risks**

Fraud risk is an important area that requires special attention and focus in risk management. In order to assess how well risk programs tackle fraud risks and the efforts and approach adopted in this regard, we asked the survey respondents to specify the measures implemented for fraud risk management.

**Chart 5.8: Fraud risk management practices in UAE entities**

<table>
<thead>
<tr>
<th>Measures</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics and code of conduct policies are established</td>
<td>72%</td>
</tr>
<tr>
<td>We have anonymous reporting procedures (whistle blower) in place</td>
<td>59%</td>
</tr>
<tr>
<td>Fraud risk assessments are carried out</td>
<td>45%</td>
</tr>
<tr>
<td>Formal trainings are conducted to create fraud risk awareness and ethical culture</td>
<td>39%</td>
</tr>
<tr>
<td>No formal initiatives for fraud risk management</td>
<td>17%</td>
</tr>
<tr>
<td>Others</td>
<td>1%</td>
</tr>
</tbody>
</table>

Ethics and code of conduct and anonymous reporting procedures are in place for majority of the companies with 72% companies having the former and 59% companies have the latter. Further in 45% of these UAE entities, fraud risk assessments are carried out.

Overall the results are not very disappointing except that in about 17% companies no formal initiatives for fraud risk management is in place. These entities should make establish formal approach for fraud risk management and should put in place adequate measures to manage fraud risks as part of their overall risk management program. Companies should ensure that their fraud risk management measures are robust by implementing all the key components that are relevant depending of what fits the organization.
6. Role of internal audit in risk management
Traditionally, internal audit’s role in risk management was limited to assurance on the entity wide risk management process as well as how key risks are managed within the organization.

Growing expectations from stakeholders along with demands from boards and executive management are forcing internal audit functions to take a fresh look at their role in the organization and to shift their focus to align with organizational objectives. One of the areas that has gained prominence is internal auditing role and contribution in promoting an efficient and effective risk management program.

In this section we examine the role internal audit functions perform with regard to risk management in UAE entities. Before we move into the results of internal audit’s role in risk management it is important to clarify the respective roles of internal audit and risk management in reference to the three lines of defense model.

The three lines of defense model
The IIA Position Paper, *The Three Lines of Defense in Effective risk management and Control*, clearly outlines the operational line management as first level of defense; various risk and compliance functions as second line of defense and the internal audit as third line of defense. In other words: those who manage risks, those who oversee risks, and those who provide independent assurance on risks.

The role of risk management
Risk management, as the second line of defense, aims to build risk management capabilities within operational management and to monitor the first line of defense activities in risk management. As per the IIA Position Paper:

"A risk management function (and/or committee) facilitates and monitors the implementation of effective risk management practices by operational management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the organization."

Such activities may be performed even without a dedication function or team and may be performed by various groups covering different disciplines or business segments or risks as such as quality assurance, HSE, or even compliance.

Internal audit role
The role of internal audit is to provide objective and independence assurance to the board and senior management on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defense achieve risk management and control objectives.

Board and senior management reliance on internal audit functions
Internal audit activities should align with the shareholders’ expectations for it to be relevant to the organization. The directions the internal audit function receives from the board and executive management determines the role they perform on risk management. Accordingly, we started with examining the expectations of board and executive management from internal audit in this regard.
The survey respondents were asked to specify which of the following tasks were requested by the board/audit committee as well as senior management:

- Provide recommendations or advice on enhancing the organization’s risk management process.
- Perform specific audits of any risk management components.
- Provide an opinion on the organization’s overall risk management process.
- Provide an opinion on any individual programs or areas related to risk management.

We analyzed the results along with the results of a global survey conducted in 2011 by the Institute of Internal Auditors Research Foundation published in their report titled *Internal Auditing’s Role in risk management*.

The survey results reveal that boards/audit committees in UAE entities have sought internal audit’s recommendation for enhancing risk management in 39% cases, have requested specific audit of risk components in 37% cases, and in 30% cases board/audit committee have requested to provide opinion on the overall risk management process.

On a combined level, in 56% cases board/audit committee have requested either assurance on the overall risk program or on specific components of risk management. This indicates that predominantly expectations of boards/audit committees from internal audit seem to be to provide them assurance on risk management.

In about 31% companies, however the board/audit committee does not seem to have requested any explicit service from internal audit with regards to risk management. In these entities it is the responsibility of the CAE to engage with the board/audit committee and, where needed, educate them on risk management, to assess their expectations of internal audit.

*Chart 6.1: Services requested from board/audit committee and senior management on risk management*

Overall, the survey results shows that the boards/audit committees and senior management are placing emphasis on improving organization risk management process and are requiring internal audit function to provide assurance on, and/or advice for, improving the risk management efforts. This is the case with around 69% of the companies as could be evidenced from the survey results.
According to Ali Al-Shabibi, Audit Committee Chairman at Al Masar Holding:

“In addition to providing assurance on the risk management process the expectation from internal audit would be to provide practical recommendations and support to implement a robust risk management practice.”

Compared to the results of the Global Survey, it appears that globally board/audit committees are relying more on internal audit to provide recommendations on enhancing risk management process.

Senior management’s expectation trend from internal audit reflects that of board/audit committee’s expectations except that they involve internal audit function much lesser than the board/audit committees.

**Current role of internal audit function**

We asked the respondents to specify the one or more roles currently performed by the internal audit functions within their organizations from among the following:

- Provide independent assurance on risk management processes.
- Acts as catalyst in establishing a formal risk management program.
- Actively participate /facilitate in implementing risk management program.
- Provide other consulting and advice on risk management practices.
- No active role with regard to risk management.

The vast majority of internal audit functions (82%) do carry out activities related to risk management either by providing assurance or by performing consulting activities or by participating in risk facilitation activities. The majority of internal audit functions (51%) are involved in providing consulting services for risk management which is reflective of the fact that most organizations are perhaps in the process of implementing or strengthening their risk practices.

The chart below provides the results of survey along with the results of a global survey conducted in 2011 by the Institute of Internal Auditors Research Foundations published in their report titled *Internal Auditing’s Role in Risk Management*.

**Chart 6.2: Current role of internal audit in risk management**

<table>
<thead>
<tr>
<th>Role</th>
<th>Global (%)</th>
<th>UAE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No active role with regard to risk management</td>
<td>18%</td>
<td>77%</td>
</tr>
<tr>
<td>Provide other consulting and advice on risk management practices</td>
<td>51%</td>
<td>40%</td>
</tr>
<tr>
<td>Actively participate /facilitate in implementing risk management program</td>
<td>45%</td>
<td>36%</td>
</tr>
<tr>
<td>Acts as catalyst in establishing a formal risk management program</td>
<td>48%</td>
<td>41%</td>
</tr>
<tr>
<td>Provide independent assurance on risk management processes</td>
<td>41%</td>
<td>40%</td>
</tr>
</tbody>
</table>

*IIA Research Foundation publication in 2011 titled Internal Auditing’s Role in Risk Management.
A notable observation is that 36% of internal audit teams feel they act as catalyst for risk management and 32% internal audit functions also participate in risk management implementation activities. About 18% of internal audit functions do not play any active role in risk management.

Compared to the results of the global survey, the internal audit functions in UAE fare less in their efforts in contributing to the establishment of a risk management program. For instance, a larger majority of 77% internal audit functions globally were involved in consulting activities while only 51% of UAE companies are currently involved in consulting activities relating to risk management. Similarly at a global level 48% of internal audit functions were acting as catalyst in forming risk management while only 35% of internal audit functions in UAE do so.

In summary, the efforts of internal audit in UAE entities in promoting risk practices should be acknowledged. However the results are far from satisfactory, and suggest that many internal audit functions need to step up and refocus their activities for strengthening risk management practices. Internal audit functions by virtue of the IIA’s International Standards for the Professional Practice of Internal Auditing (Standards), have assurance responsibilities on risk management and therefore should ensure that the overall risk management process within the entity is reviewed and assessed. Further, given the stronger understanding of risk management concepts as well as their positioning within the organization, internal audit should come forward to initiate, facilitate and support risk management efforts.

Assurance role in risk management
We asked the respondents to specify the type of assurance activity related to risk management that are performed by internal audit functions to examine how internal audit functions discharge their assurance responsibilities.

Chart 6.3: Risk management assurance services provided by internal audit functions

<table>
<thead>
<tr>
<th>Assurance Activity</th>
<th>Global (%)</th>
<th>UAE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No assurance activities are undertaken with respect to risk management</td>
<td>21%</td>
<td>29%</td>
</tr>
<tr>
<td>Other assurance activities on risk management</td>
<td>49%</td>
<td>48%</td>
</tr>
<tr>
<td>Provides assurance through written reports covering how key risks are managed</td>
<td>46%</td>
<td>48%</td>
</tr>
<tr>
<td>Provides assurance through written audit reports over the entity-wide risk management process</td>
<td>28%</td>
<td>21%</td>
</tr>
</tbody>
</table>

*IIA Research Foundation publication in 2011 titled Internal Auditing’s Role in Risk Management.

Only 48% of internal audit functions provide assurance over entity wide risk management in spite of the requirements of the IIA Standards to evaluate the effectiveness and contribute to the improvement of risk management efforts (Standard 2120). This apparent lack of focus on entity wide risk management process may not be as bad as the survey results suggest. One possible reason could be that risk management in these entities may not be mature and internal audit functions in these entities may possibly be involved in consulting activities of risk facilitation/implementation activities.
Overall, on a combined level, the results indicate that significant majority of internal audit functions (79%) in the UAE companies are involved in either assurance of risk management or assurance of key risks.

Should internal audit focus on assurance over risk management regardless of the state of risk management maturity? According to Ali Al-Shabibi:

“Internal audit will add more value in providing consulting activities and risk facilitation to improve the risk management process unless the organization has highly matured and robust risk management process in place.”

Al-Shabibi, adds more perspective from the point of view of an audit committee chairman and says that:

“I would expect internal audit functions to act as a catalyst for introducing risk management in their organization. Organizations need to be pragmatic and I would encourage the internal audit team to be more involved in the risk management process if required. Obviously potential conflicts need to be avoided by clearly restricting decision making and implementation responsibilities. Having limited risk management in place has to be better than not having it altogether because of lack of independent resources.”

Another important observation that could be made is that, only 46% of internal audit functions in UAE entities provide assurance on key risks while 21% do not perform any assurance activities on risk management. This is quite surprising as any risk based internal audit function will, through the audit activities, provide assurance on how risks are managed. Similar views were shared in post survey interviews and as per Adele Westcott:

“If internal audit adopts risk based internal auditing indirectly audit function will be performing some activities with regard to ERM. Risks are identified and assessed for the purpose of internal audit planning and as per the audit plan. Besides internal audit will provide assurance on whether the key risk areas identified are appropriately managed.”

Compared to the global survey, internal audit functions in the UAE have shown more importance to providing assurance on overall risk management (48% UAE; Global 28%). However, the results are similar for internal audit functions globally and in UAE with regard to providing assurance on how key risks are managed.

The key conclusion is that internal audit functions should be focused on providing assurance on the risk management process and how key risks are managed. The former can be addressed by carrying out a review of entity wide review of risk management process. The latter should be addressed by aligning internal audit activities to the organization’s risks based on risks assessment. Internal audit functions that do not comply with these requirements not only run a risk of non compliance to IIA Standards but may also become irrelevant or redundant.
Consulting role in risk management

In terms of consulting and facilitation activities, internal audit’s involvement is more on risk identification and assessment, and facilitating risk reporting. Internal audit also seem to be providing various other consulting services.

Compared global survey results major difference could be noted in two areas:
- Globally, around 43% of internal audit functions spend time on training management to respond while it is only 18% which gives a message that internal audit in UAE should focus their efforts on educating and training management.
- Positively 37% of internal audit functions spend efforts in coordination and facilitating risk reporting while globally only 17% of internal audit functions are involved in this area.

Chart 6.4: Consulting services provided by internal audit functions

Internal audit’s role in strategic and emerging risks

ERM should identify and report on strategic and emerging risks specifically around product, geography, regulations, technology and environment.

Right level of risk classification is needed that will suit the organization and should include strategic risks and emerging risks. Risk classification should clearly include strategic and emerging risks and should be clearly defined explained as to what it means and includes.

“ERM function should create methodology & awareness clarifying what the risk classifications are, including strategic and emerging risks, enabling the Board and management understand what it’s meant by emerging risks. This should follow a structured approach for risks assessment and reporting including the criteria for defining likelihood and impact assessment.”

Javier Garcia, Chief Internal Auditor at Etisalat Group

Direct involvement of internal audit in risk management initiatives

One of the recurring messages throughout this report is the vast opportunity available for internal audit functions to contribute towards enhancing the organization’s risk management practices. However this is not without challenges. One of the core attributes expected out of internal audit as required by the IIA Standards is its independence and objectivity. Internal audit’s involvement in risk management may lead to situations where it takes on management responsibilities resulting in impairment of objectivity and independence.
In this section, we analyze the activities where internal audit functions in UAE are directly involved in risk management. We then examine the activities that could potentially compromise independence and objectivity.

The results say that a majority of internal audit functions (61% cases) are not involved in risk management activities directly. In cases where internal audit participates in risk management implementation, mostly its involvement appears to be in developing organizational policies for the risk management process. This should normally not be a matter for concern as long as the policies are developed under the direction of management and the policy decisions are taken by the management.

Some internal audit functions have indicated that they are involved in decision making and executions responsibilities with regard to risk management including participation in setting risk appetite (12%), making decisions on risk responses (4%) and implementing risk responses (9%). While not rampant, these practices would raise questions on the appropriateness of such activities by internal audit. However another point of view in support of such activities could be that in some organizations without dedicated risk resources, internal audit could be most suitable teams to carry out such activities, particularly when stakeholders clearly expect and direct them to do so.

The survey results are more or less similar to the results of the global survey. In fact compared to the global results, internal audit functions in UAE entities are more involved in developing operational policies for risk management process.

**Combining internal audit and risk function**

Considering the results of analysis of internal audit’s direct involvement in internal audit, the following important question emerges.

Should internal audit take on risk responsibilities? Whether and to what extent internal audit functions should directly involve in risk management activities?
In fact this issue has been dealt with and clearly settled by the IIA Position Paper on *The Role of Internal Auditing in Enterprise-wide risk management*. This position paper examines internal audit’s roles and specifies the core assurance roles, other legitimate consulting/facilitation activities and identifies activities that should not be undertaken by internal audit. However considering risk management maturity in UAE firms we looked for the possibility of more favorable position for internal audit to directly involve in risk activities including leading risk management efforts.

**Professional view point**
Clearly risk management is second level defense function while internal auditing is the third level of defense responsible for entity wide assurance including the adequacy of risk management processes. As pointed out previously the independence and objectivity of internal audit gives it the unique positioning as overall assurance provider. Internal audit functions are supposed to ensure and maintain its independence and objectivity as per the IIA standards. IIA position paper on *The Three Lines of Defense in Effective Risk Management & Control* clearly recognizes this difference which says, “the high level of independence available and expected of internal audit function is not available in the second line of defense”. Hence it is critical that internal audit maintains its objectivity and independence to discharge its responsibilities adequately.

**Business view point**
The argument in favor of internal audit taking over the risk role is that it is not practical to expect a dedicated risk function and team in organizations of all size and nature. Smaller organization might be unwilling to invest or may not be able to afford costs in risk management. In such cases IA may provide support in establishing risk management. IIA Position Paper on Three Lines of Defense also recognizes such situations:

> 
> “… in exceptional situations that develop, especially in small organizations, certain lines of defense may be combined. For example, there are instances where internal audit has been requested to establish and/or manage the organization’s risk management or compliance activities. In these situations, internal audit should communicate clearly to the governing body and senior management the impact of the combination. If dual responsibilities are assigned to a single person or department, it would be appropriate to consider separating the responsibility for these functions at a later time to establish the three lines.”

Another view point is that in organization where risk practices are not matured, assurance requirements may not be relevant or add value and therefore compromise of objectivity may not arise. In such circumstances IA teams are better positioned to support ERM and to lead the efforts.

We also obtained the views of the executives who participated in the post interview surveys, who unanimously were of the view that internal audit can step in to take of risk management where formal risk management does not exist or is not matured in the organization.
According to Adele Westcott:

“The involvement of internal audit in risk management will depend on the maturity of the organization. In the beginning internal audit may take a very active role and as the organization matures it can be handed over risk responsibilities to the business or to a dedicated risk function depending of the size and needs of the function.” Westcott further adds that “Internal audit functions identify and assess risks to the organization in developing their internal audit plan. All internal audit should do is to create a risk register and report to the board/audit committee on the results of risk assessment as a first step to initiate risk management process.”

Ali Al-Shabibi adds that:

“Naturally the preference is to have the ERM process managed from within the business and independently of internal audit. However, for many practical reasons this may not be possible. As an audit committee chair I would be more open and accept CAEs taking lead role of ERM function even if it amounts a impairment of objectivity and independence in certain areas as it is better to have it done by internal audit rather than not having it. Shabibi gave further perspective as an audit committee chairman, “As audit committee we would like to see an ERM program in place whether being headed by internal audit or others. Internal audit is well positioned, as it is generally well versed with the concepts of risk management.

As per Avinash Totade, Senior Vice President – Internal Audit, EGA:

“Internal audit should take on risk management role if no one else is doing it; audit committees also will welcome this even such an arrangement may not be within the best of practices. Internal audit teams are better positioned to support ERM and to provide required consulting activities as they have a 360 degrees of the organization. Active role in ERM will still be limited to identifying, assessing the risks, facilitating response plans and to monitor implementation.”

As per Javier Garcia of Etisalat Group:

“CAEs should help the business achieve their goals, support them with ERM initiatives, and after helping and supporting, they should audit the both the business and ERM function, and not the other way around.”

According to Harsh Mohan, Senior Vice President – Audit, Compliance and Risk at Etihad Airways:

“As the needs of the business evolve, there will be a need for internal audit to evolve to support the business. Internal audit has the skills required to support the risk management process and add value to the business. By focusing on risk, internal audit will be included in management discussions and committees and this will elevate its status because of our knowledge of the business. If internal audit does not step in, someone else will and that department or person will go far ahead of internal audit. Chief audit executives who do not play a role in risk management face a high risk of becoming obsolete.”
According to the chief audit executive at a regional conglomerate,

“One of the key success factors for internal audit should be to align their activities to stakeholders expectations. Accordingly if the stakeholders, particularly in case of small organization or family owned businesses, expect internal audit to lead or actively participate in risk efforts, it is the responsibility of internal audit to oblige.”

Conditions and safeguards
While internal audit leading risk management initiatives may be justified in some circumstances it should be done subject to certain conditions and safeguards. The following safeguards should be considered while internal audit takes on risk responsibilities:

• Internal audit’s responsibility of risk should be time bound and should be short term. IA should hand over risk role to the business or separate risk function once reasonable maturity of risk processes is attained. Internal Audit should have a clear road map in this regard.

• While internal audit may play an active role in implementing ERM it should ensured that internal audit does not own risk.

• Internal audit team should abstain from directly responsible for decision making and mitigating the risks while it can provide advice and needed support.

• For large organizations, internal audit taking on risk role may not be appropriate unless it is during the initial years of implementing risk management.

• Overall risk to the organization from internal audit taking on risk role should be considered and evaluated.

• The potential compromise of internal audit’s independence/objectivity and rationale for internal audit taking on risk responsibility along with evaluation of overall risk to the organization should be reported to the audit committee/board and the risk oversight body if different from board/audit committee.

Javier Garcia of Etisalat Group also aired words of caution:

“In case the Board asks internal audit to lead ERM function, one of the challenges is that it may be interpreted as internal audit owning the risks.”

Another potential question to consider when internal audit teams taking on risk role is whether the audit committee has the appetite to provide risk oversight.

Collaborating the efforts of internal audit and risk management
Where separate risk functions exist it is important to coordinate the activities of internal audit and risk management. According to a recent survey done by IIA Netherlands “certain common and effective collaborative practices emerged, resulting in recognizable value”. These were found to be in the following areas:

• Linking the audit plan and the enterprise risk assessment, and share other work products.

• Sharing available resources wherever and whenever possible.

• Cross-leveraging each function’s respective competencies, roles and responsibilities.

• Assessing and monitoring strategic risks.

The International Standards for the Professional Practice of Internal Auditing, also requires chief audit executives to “share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.”
As per IIA Position Paper “Because every organization is unique and specific situations vary, there is no one “right” way to coordinate the Three Lines of Defense. When assigning specific duties and coordinating among risk management functions, however, it can be helpful to keep in mind the underlying role of each group in the risk management process”.

It also adds that “Regardless of how the Three Lines of Defense model is implemented, senior management and governing bodies should clearly communicate the expectation that information be shared and activities coordinated among each of the groups responsible for managing the organization’s risks and controls”.

**Internal audit’s challenges on its role in risk management**

The survey included a question to obtain information on key challenges internal audit activities face with regard to risk management.

**Chart 6.6: Key challenges for internal audit in risk management**

- Lack of resources and skills within internal audit function: 23%
- Lack of support and sponsorship from executive management: 31%
- Lack of coordination or clarity of roles with other business and risk control units: 40%
- Need for technology and tools: 24%
- Others: 31%

Lack of coordination or clarity of roles with other business and risk control units is the most sighted challenge followed by lack of support and sponsorship from executive management and lack of skills and resources. UAE results are almost same as global survey results except that more % of UAE entities view lack of coordination as a bigger challenge.

According to Ali Al-Shabibi:

“Lack of adequate resources and appropriate skills is one of the major challenges that the CAEs should address in order to play a meaningful role in ERM.”

He also added that Internal Audit function should change its traditional approach when it takes risk responsibilities. He further adds that:

“Participation and facilitation of ERM program by internal audit teams, calls for more forward looking approach as against natural backward looking approach taken in a typical audit procedures. IA team should change their mindset to be more successful.”
Appendices
Appendix A – Survey participants demographics

The online survey was circulated to Heads/senior executive of internal audit function (commonly referred as chief audit executives or CAEs) in 150 companies in UAE. Responses were received from 90 CAEs from companies in various Emirates of the UAE.

Respondent entities belonged to various industrial sector, although higher percentage of entities were government institutions, companies from energy sector, diversified holding companies and real estate & construction. The industrial sector represented is reflective of typical demography of entities in UAE. Analysis of respondent companies industry is provided below:

The entities represented by the CAEs participated in the survey were of varying sizes in both in terms of average annual revenue and number of employees. The survey respondent entities had reasonable representation of large entities with average annual revenues above AED 5 billion (23%), and entities of smaller size with average annual revenue less than AED 500 million (26%). The remaining entities, which represents large majority had average revenue between these two ranges i.e. Between AED 500 million and AED 5 billion. The analysis of respondent entities in terms of annual revenue and number of employees is provided below:
In terms of legal status/type of entities covered, the respondent entities had representation of publicly listed companies, private holding companies/family owned businesses and governed owned entities as provided below:

The CAEs covered by the survey represented Internal Audit functions of varying size and maturity. Majority of the internal audit functions were small sized with less than five full time staff while it had representation from bigger audit teams with more than 15 employees. Internal Audit functions covered were of varying maturity in terms of number of existence ranging from newly established functions to functions that are in existence over ten years.
Appendix B – Research methodology

The research was carried out during June 2014 to January 2014. The process and the methodology followed for this research project was as follows:

• The project task force was established within the UAE IAA which subsequently set up the project team comprising of internal audit practitioners and academicians.

• The research was structured and executed in two phases as follows:
  – An online survey was sent to 150 CAEs in UAE entities from non financial sector out of which we received 90 responses.
  – Subsequently we held interviews with senior executives in internal audit function at reputed entities in UAE.

• We adopted the following approach in conducting the online survey and for our subsequent analysis:
  – The online survey contained standardized questions comprising of multiple pre-defined choices.
  – At the beginning the respondents were asked to rate the maturity of the risk management program in their respective program. The results of the analysis is provided in section 2 of this report.
  – Based on the response to the survey question on risk management maturity, respondents who indicated that they have formal risk program or have some risk management processes in their entities were asked to respond on more detailed questions on how risk program is implemented in their organization. The results of analysis of responses on risk management implementation practices is provided in sections 3 to 5 of this report.
  – Finally all the respondents, regardless of whether their entities had risk management processes or not, were asked to respond on questions related to the role internal audit performs in their organizations with regard to risk management. The analysis of the responses are provided in section 6 of this report.
  – The survey results were analyzed using Excel spreadsheet. The percentages calculated and quoted in the report do not include non responses.
  – In certain cases respondents were allowed to choose more than one response if applicable. In such cases the sum of the percentages may add up to more than 100%.

• After the completion of the online survey we held interviews with selected participants from the survey to get their insights and real perspectives on the results of the survey. The comments provided by the executives who participated in the interviews are provided in this report with as quotes and are appropriately referenced.

• Based on the results of the survey and the inputs from interviews the report was developed by the project team. The report was then reviewed and validated by the project task force.
Securing success through insightful challenge

We offer tailored governance, risk, internal audit and other assurance services that provide boards and senior management with objective challenge and practical hands-on solutions.

For any enquiries please contact:
Robert Noye-Allen – Partner
T +44 (0)20 7651 1347
E robert.noye-allen@moorestephens.com

John Adcock – Partner
T +971 (4) 282 0811/0783
E john.adcock@moorestephens-uae.com

www.moorestephens.co.uk

MOORE STEPHENS

Securing success through insightful challenge

We offer tailored governance, risk, internal audit and other assurance services that provide boards and senior management with objective challenge and practical hands-on solutions.

For any enquiries please contact:
Robert Noye-Allen – Partner
T +44 (0)20 7651 1347
E robert.noye-allen@moorestephens.com

John Adcock – Partner
T +971 (4) 282 0811/0783
E john.adcock@moorestephens-uae.com

www.moorestephens.co.uk

MOORE STEPHENS

Securing success through insightful challenge

We offer tailored governance, risk, internal audit and other assurance services that provide boards and senior management with objective challenge and practical hands-on solutions.

For any enquiries please contact:
Robert Noye-Allen – Partner
T +44 (0)20 7651 1347
E robert.noye-allen@moorestephens.com

John Adcock – Partner
T +971 (4) 282 0811/0783
E john.adcock@moorestephens-uae.com

www.moorestephens.co.uk

MOORE STEPHENS

Securing success through insightful challenge

We offer tailored governance, risk, internal audit and other assurance services that provide boards and senior management with objective challenge and practical hands-on solutions.

For any enquiries please contact:
Robert Noye-Allen – Partner
T +44 (0)20 7651 1347
E robert.noye-allen@moorestephens.com

John Adcock – Partner
T +971 (4) 282 0811/0783
E john.adcock@moorestephens-uae.com

www.moorestephens.co.uk

MOORE STEPHENS

Securing success through insightful challenge

We offer tailored governance, risk, internal audit and other assurance services that provide boards and senior management with objective challenge and practical hands-on solutions.

For any enquiries please contact:
Robert Noye-Allen – Partner
T +44 (0)20 7651 1347
E robert.noye-allen@moorestephens.com

John Adcock – Partner
T +971 (4) 282 0811/0783
E john.adcock@moorestephens-uae.com

www.moorestephens.co.uk

MOORE STEPHENS

Securing success through insightful challenge

We offer tailored governance, risk, internal audit and other assurance services that provide boards and senior management with objective challenge and practical hands-on solutions.

For any enquiries please contact:
Robert Noye-Allen – Partner
T +44 (0)20 7651 1347
E robert.noye-allen@moorestephens.com

John Adcock – Partner
T +971 (4) 282 0811/0783
E john.adcock@moorestephens-uae.com

www.moorestephens.co.uk

MOORE STEPHENS