

INTERNAL AUDIT TODAY

MAGAZINE OF THE INSTITUTE OF INTERNAL AUDITORS, INDIA

LEGACY OF TRUST LEADERSHIP OF TOMORROW



CONTENTS

Editorial

Chairperson's Communique Pooja Dharewa	1
President's Communique Krishnan Venugopal	2
Note from the Chief Editor Jitesh Khushalani	4
Our Contributors	5
IIA India Leadership 2025-26	8

Expert Voices - Leadership Series

The Rise of a Young Leader in Internal Audit Harshit Shah & Pooja Dharewa	21
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The Insight Exchange - Author's Canvas

Governance and Reform: New Drivers of India's Competitiveness Sneha Agarwal	27
From Assurance to Trust Building - The Changing Role of Internal Auditors Ranganathan PK	32
The Trust Factor: Why Credibility Is Internal Audit's Greatest Legacy Deepali Das	35
Skills of Tomorrow: What will make Internal Auditors indispensable Leaders ? Bhavin Raithatha	38
Mentorship & Succession: Passing the Torch of Trust to Emerging Leaders Aditya Kumar S.	40
Cross Functional Excellence: Tax and Internal Audit as Twin Pillars of Governance Manoj Sharma	45
Trust as Currency: Why Stakeholders Value Internal Audit More Than Ever Narendra Kumar Pradhan	48
Strengthening Tomorrow on Legacy of Compliance Ayushi Agarwal	50
Building Investor Confidence How Governance and Audit Create a Legacy of Trust Vivek Kedia	57

Women's Forum

A Life of Leadership, Balance, and Purpose Punam Sharma	62
------------------------------------------------------------	----

Emerging Minds - Students' Forum

Top 5 Skills for Tomorrow's Leaders Shivani Rajwar & Harshdeep Gangawane	66
Ethics in Everyday Decisions How Small Choices Shape a Trustworthy Leader Harshal Mokashi & Abhinav Anand	68
Building Trust Early in Your Career Shreyansh, Harshal Mokashi and Saloni Nankani	70
Sharpen Your Mind: The IA Quiz	72
Brain Burner	74
Humour In Action	75
Books That Matter	76

Around the World

Group Power Unleashed	78
-----------------------	----

IIA India Happenings

IIA India - Bangalore Chapter (Activity Report 2025)	24
IIA India - Delhi Branch (Activity Report August 2025 - September 2025)	30
IIA Bombay Chapter Webinar	56
IIA India, Calcutta Chapter's webinar on "Smarter Assurance, Stronger Governance	60
IIA India - Hyderabad Chapter Webinar	73

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Rooted in Trust, Rising in Leadership



Pooja Dharewa

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Dear Readers,

It is with great pleasure and pride that I share with you the October 2025 edition of IA Today, themed **“Legacy of Trust, Leadership of Tomorrow.”** This edition is a celebration of the values and principles that have defined the internal audit profession in India over the years. It reflects our unwavering commitment to integrity, professionalism, and transparency, while also looking forward to the next generation of leaders who will carry this legacy into the future with vision, purpose, and impact.

This issue holds special significance as it introduces the **new leadership team of IIA India for 2025–26**. Their dedication, innovative thinking, and strategic insight promise to guide our institute towards new horizons, strengthening our profession and creating meaningful opportunities for our members. Through a carefully curated mix of interviews with trailblazers, thought leadership articles, research insights, case studies, and features on emerging trends, this edition aims to provide our readers with perspectives that seamlessly blend experience with innovation, tradition with transformation, and knowledge with action.

As we honor the legacy of trust, professionalism, and excellence that has shaped the internal audit landscape, we also embrace the leadership of tomorrow—driven by curiosity, resilience, adaptability, and a passion for creating lasting impact within organizations and across society. Internal auditing today is not just about compliance and controls; it is about enabling informed decision-making, fostering organizational growth, and building sustainable value.

I encourage all our readers to engage deeply with the content, reflect on the insights shared, and actively contribute to the vibrant journey of internal auditing in India. Your participation, feedback, and collaboration are what continue to enrich our profession and empower the community of auditors to lead with confidence, competence, and conscience.

Together, let us honor the past, strengthen the present, and shape a future where trust, leadership, and innovation go hand in hand.

Happy reading!



Legacy of Trust, Leadership of Tomorrow

Dear Members,

Internal audit is more than a profession — it is a promise of trust. As I take on the role of President of IIA India, I am filled with gratitude for the trust you have placed in me and a deep resolve to serve this community that has given me so much. This role is not just an honour; it is a calling — a call to uphold the legacy of those who shaped the profession before us and to prepare the ground for tomorrow's leaders.

Internal audit has always been about trust. Today, it is also about courage, foresight, and connection. We are no longer seen merely as those who check; we are guides, challengers, and inspirers. Our work matters deeply to organizations and society alike. Together, we will ensure that IIA India remains the place where trust is built, nurtured, and carried forward — where every member feels empowered to make a difference.

Elevating the Voice of Our Profession

The world needs to hear more about what we do — and we must be the ones to tell that story. This year, we will strengthen our visibility in sectors such as banking, healthcare, manufacturing, IT/ITES, and the public sector. Collaborating with universities, regulators, industry bodies, and corporates, we will create spaces for senior leaders and young professionals to act as ambassadors of our craft.

We will also focus on raising awareness among our members and the wider audit fraternity about global publications, research papers, and campaigns. Understanding the profession's evolving role in organizational governance allows auditors to position themselves not just as guardians of compliance, but as trusted partners in building resilient, ethical, and future-ready organizations. Through advocacy and knowledge sharing, we will elevate the voice of internal audit and reinforce its critical relevance in today's dynamic business landscape.

Growing Our Membership, Deepening Our Roots

Our members are our greatest strength. Growth is not merely about numbers but about impact — the lives we touch, the pathways we open, and the influence we create. We will focus on outreach programs in universities, inspiring young people to see internal audit not just as a career, but as a calling. Structured programs for undergraduate and postgraduate students will equip future auditors with the mindset, skills, and confidence to enter the profession prepared and purposeful.

Simultaneously, we will engage more deeply with corporates and sectors that can embrace global standards, demonstrating how IIA's training, credentials, and community support can transform organizations. Growth for us is about creating a vibrant, diverse, and future-ready community, where members feel connected to each other and aligned with our shared mission. By nurturing talent, we strengthen the profession's foundation for years to come.

A Living Hub of Knowledge

Continuous learning is at the heart of internal audit. Every challenge presents an opportunity to ask better



Krishnan Venugopal
President, IIA India

questions; every disruption is a chance to grow. IIA India will continue to be the hub where this learning comes alive, offering not just technical knowledge but a broader understanding of our profession's impact.

We will expand training across the spectrum — from audit fundamentals and professional standards to emerging topics such as artificial intelligence, cybersecurity, fraud prevention, ESG, and data analytics. Our faculty will embody not just technical expertise, but the values and spirit of internal audit. Importantly, these learning opportunities will be accessible nationwide, connecting members across regions, sharing global insights, and ensuring that no one feels left behind. In doing so, we will build a knowledge ecosystem that empowers auditors to lead with confidence and foresight.

Digitising How We Operate

To serve members better, we must also reimagine how we connect and operate as an institute. This year, we will launch the IIA India mobile app — a one-stop platform for membership management, training registration, conference participation, query handling, and access to knowledge resources.

Alongside, we will enhance our website and bring uniformity across chapter platforms nationwide. While these may appear as technical upgrades, they are fundamentally about people — providing a seamless, intuitive, and personalized way for members to engage with the community, access learning, and grow professionally. In an era where connectivity and immediacy are critical, these tools will strengthen our bond as a national and global profession.

Legacy and Tomorrow

This edition of Internal Audit Today, with its theme Legacy of Trust, Leadership of Tomorrow, is particularly timely. Each of us inherits a legacy of standards, courage, and perseverance from those who shaped the profession before us. And each of us holds the leadership of tomorrow in our daily choices: to uphold integrity, to challenge complacency, and to lead with conviction.

I would like to take a moment to acknowledge my predecessor, Mr. Burzin Dubash. His leadership strengthened IIA India as a knowledge hub and enhanced member experience, leaving a solid foundation for us to build upon. His example reminds us all that leadership is not a title; it is a responsibility — to leave the profession better than we found it.

Walking Together

My vision for this year is not mine alone — it is ours. It will be carried forward not by a single office, but by every member who chooses to contribute, mentor, learn, and lead. I hope each of you sees yourself reflected in these priorities and finds ways to make them your own.

Together, we can grow our community, elevate our voice, and build the knowledge ecosystem that shapes the auditors of tomorrow. Together, we can ensure that our legacy of trust becomes the leadership of tomorrow.

Thank you for walking this journey with me. Thank you for your trust, energy, and belief in this profession. I look forward to learning from you, working alongside you, and celebrating the impact we will make together.

With warm regards,

Krishnan Venugopal

Honouring Our Legacy, Forging Our Future



Jitesh Khushalani

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Dear Readers,

It is with immense pride that I step into the role of Chief Editor of the IIA India Magazine. Having served as Deputy Editor, I've witnessed the dedication and intellectual rigour that define our community. I'm honoured to lead at this pivotal moment.

This October edition explores a theme both timeless and urgent: *Legacy of Trust, Leadership of Tomorrow*.

Trust: The Indispensable Currency of Internal Audit

In today's dynamic global economy, trust is no longer a byproduct—it's the currency of stakeholder engagement. Internal Audit is evolving from assurance provider to trust-builder, becoming a strategic asset in boardrooms and markets alike. Our legacy is built on credibility and integrity, and this foundation is vital to investor confidence and the health of India's capital markets.

The Internal Auditor as a Change Leader

Modern governance demands more than risk identification—it calls for leadership. Internal Auditors must guide organisations toward ethical, sustainable growth. This requires a new skillset: strategic thinking, analytical depth, and powerful communication. This edition highlights how these Skills of Tomorrow will make auditors indispensable in shaping India's competitive edge.

Our challenge is to balance legacy and innovation—honouring our compliance roots while boldly building the future.

Let us commit not just to preserving trust, but to multiplying it. I look forward to strengthening this magazine as a vibrant platform for strategic dialogue, professional growth, and bold ideas.

Your feedback and contributions are its lifeblood. Let the conversation begin.

With warm regards,



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Our Contributors



Harshit Shah

Harshit Shah, Head of Internal Audit at Bajaj Consumer Care Ltd, *was interviewed by Pooja Dharewa* where he shared his journey of leading audit functions at a young age. He emphasizes that controls are not barriers but enablers of value, reframing audit as a partner to business. His career highlights include uncovering fraud, strengthening governance, and driving business change through data-backed insights. Shah stresses the importance of preparation and courage in building credibility with senior leaders. His mantra is that audit builds trust, resilience, and transformation when rooted in curiosity, collaboration, and integrity. *Flip to Page 21*



Sneha Agarwal

Sneha Agarwal in her article, *Governance and Reform: New Drivers of India's Competitiveness* talks about how governance reforms are central to India's rise in global competitiveness. It explains how legislative measures, such as the Companies Act and SEBI's LODR, have strengthened accountability. Fiscal reforms like GST and corporate tax rationalization created a unified, predictable business environment. Digital infrastructure, from UPI to Aadhaar, has streamlined compliance and boosted efficiency. The piece concludes that governance, not just capital, will define India's competitive edge in the global economy.

Flip to Page 27



Vivek Kedia

Vivek Kedia links India's capital market resilience with strong governance and internal audit frameworks through his article, *Building Investor Confidence*. Drawing lessons from Indian mythology, he highlights Yudhishtira's truthfulness as a foundation for transparent disclosures. He connects Lord Krishna's diplomacy to modern board governance and stakeholder management. Kedia stresses that regulatory frameworks like SEBI's BRSR reinforce these timeless principles. He stresses that strong audit functions protect integrity, enhance investor confidence, and sustain market credibility. Ultimately, governance rooted in ethics ensures India's continued leadership in global markets.

Flip to Page 57



Ranganthan PK

Ranganthan PK through his article, *From Assurance to Trust Building* shares about the role of internal audit which has shifted from providing assurance to actively building organizational trust. Traditionally seen as the third line of defense, audit focused on compliance and control testing. Today, stakeholders expect auditors to deliver foresight, ethical judgment, and resilience against crises like cyber risks and climate change. Internal auditors must expand their scope to ESG, digital risks, and ethical leadership, while partnering with management as trusted advisors. Ultimately, this evolution positions auditors as future corporate leaders who not only safeguard organizations but also shape its future. *Flip to Page 32*



Deepali Das

Deepali Das highlights credibility as the cornerstone of internal audit's influence and effectiveness through her article, *The Trust Factor: Why Credibility Is Internal Audit's Greatest Legacy*. She outlines five pillars of credibility—objectivity, transparency, competence, accountability, and ethics—that transform audit from a policing function into a trusted advisor. She strongly believes that credibility is not just technical but a legacy asset that drives culture, resilience, and long-term governance. Once lost, it is difficult to regain, making independence and ethical rigor non-negotiable.

Flip to Page 35



Bhavin Raithatha

Bhavin Raithatha traces the evolution of internal audit from compliance checking to strategic advisory roles through his article, *Skills of Tomorrow: What will make Internal Auditors indispensable Leaders*? He believes that tomorrow's auditors must master advanced analytics, AI, and cybersecurity to remain relevant. Alongside technical expertise, they must also develop strong business acumen, adaptability, and stakeholder engagement. The profession demands a balance of technical mastery, strategic vision, and interpersonal leadership. He emphasizes that internal auditors will remain indispensable if they embrace technology and position themselves as trusted advisors. *Flip to Page 38*

Our Contributors



Aditya Kumar S.

Aditya Kumar explains in his article, *Mentorship & Succession: Passing the Torch of Trust to Emerging Leaders* that mentorship and succession planning are not merely administrative tasks, but strategic imperatives essential for organizational sustainability and the transfer of trust and vision to the next generation. This requires the Internal Auditor to play a critical oversight role in governance, focusing on mitigating the risk of a “governance vacuum” and managing transition-related operational and reputational risks. The author stresses that effective mentorship, is vital for transferring the finer nuances of business and ethical judgment, ultimately ensuring the leadership pipeline is robust and capable of handling future challenges.

Flip to Page 40



Manoj Sharma

Manoj Sharma presents tax and internal audit as complementary functions that upholds governance through his article, *Cross Functional Excellence: Tax and Internal Audit as Twin Pillars of Governance*. While internal audit ensures controls, risk management, and compliance, the tax function ensures lawful and optimized financial management. Together, they foster transparency, accountability, and sustainability across organizations. Internal audit provides assurance as the third line of defense, while tax compliance safeguards financial credibility. The synergy of these roles helps organizations balance regulatory obligations with strategic efficiency. Ultimately, both are vital in reinforcing resilience and long-term governance frameworks. *Flip to Page 45*



Narendra Kumar Pradhan

Trust as Currency: Why Stakeholders Value Internal Audit More Than Ever, this article frames trust as the new “currency” in the business world, more valuable than financial capital. It emphasizes that stakeholders—including investors, regulators, and employees—expect auditors to uphold ethical governance and transparency. Internal audit is uniquely positioned to provide this trust because it spans across functions and operates independently. The author explains how auditors build trust by offering predictive insights, championing accountability, and promoting resilience. Case examples show that organizations with strong audit credibility attract capital, retain talent, and recover faster from crises.

Flip to Page 48



Ayushi Agarwal

Ayushi Agarwal through her article, *Strengthening Tomorrow on Legacy of Compliance* explains how the historical legacy of compliance provides a foundation for future governance. The piece highlights how traditional checklists and control testing have evolved into risk-based and strategic audits. Internal auditors play a vital role in balancing legacy systems with forward-looking frameworks like ESG and digital governance. The article concludes that the discipline of compliance, when modernized, becomes the bedrock of sustainable future growth. *Flip to Page 50*

EVENT SCHEDULE

OCT-DEC 2025

04 & 07 OCT

WEBINAR

3 - 5 pm

THE ART OF EVIDENCE
MANAGEMENT IN INTERNAL
AUDIT

4 - 5 pm

ADVANCING AI
GOVERNANCE AND
RISK MANAGEMENT

11 & 14 OCT

WEBINAR

3 - 5 pm

NAVIGATING RISKS IN THE
BEVERAGES INDUSTRY:
INTERNAL AUDITOR'S
PERSPECTIVE

3 - 5 pm

ONLINE TRAINING ON GLOBAL
TRAINING MODULE-ADVANCED
RISK BASED AUDITING

18 & 25 OCT

WEBINAR

3 - 5 pm

STRENGTHENING AUDITS
THROUGH IIA TOPICAL
REQUIREMENTS

3 - 5 pm

TRANSFORMING INTERNAL
AUDIT FOR AGILITY AND
RESILIENCE

22 NOV

WEBINAR

3 - 5 pm

MASTERING THE ART OF
RESPONDING TO
CRITICS

29 NOV

WEBINAR

3 - 5 pm

FROM CHAOS TO
CONTROL: SMART
TIME MANAGEMENT
FOR AUDITORS

05 DEC

WEBINAR

3 - 5 pm

CODE OF ETHICS

06 DEC

WEBINAR

3 - 5 pm

INSIGHTS & GUIDE TO
DATA ANALYTICS

12 & 19 DEC

WEBINAR

3 - 5 pm

ETHICS

3 - 5 pm
ETHICS

20 DEC

WEBINAR

3 - 5 pm

IT GENERAL CONTROLS
(ITGC) AND APPLICATION
CONTROLS

To register for any of these events, please log on to the official website of IIA India at
www.iiaindia.co

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FOR THE YEAR 2025-2026
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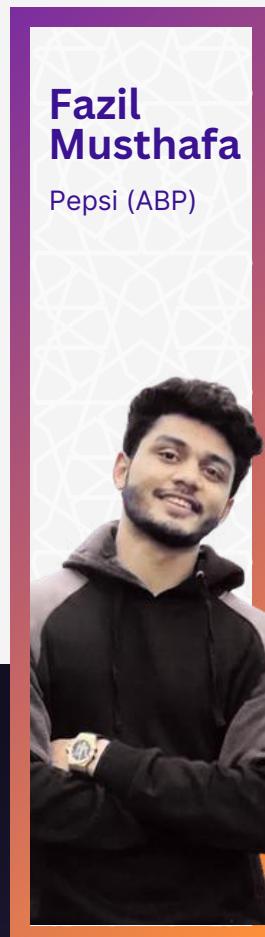
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TILL OCTOBER 15, 2025**

ELIGIBILITY

- If you are an active member of one of the qualified accounting bodies, you may enrol for CIA Challenge exam.
- Former members and students are ineligible.
- Eligible IIA members residing in India can avail the discount fee.

EXAM SCHEDULE

1. **Registration Window:** Open till 15th October 2025
2. **Scheduling:** Till February 2025
3. **First attempt testing windows:** November 2025
4. **Re-take Test Windows:** June, August, November, February

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IIA India (Member residing in IIA India) : CIA Challenge Exams Qualifications IIA India - IIA Website

The exam scheduling and testing window must occur within 180 days of the application submission

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The Rise of a Young Leader in Internal Audit – Harshit Shah’s Story



Harshit Shah
Head of Internal Audit
Bajaj Consumer Care Limited



Pooja Dharewa
Chairperson, IIA India
Publication Committee

Youthful energy meets professional excellence — in this Leadership Series interview, Pooja Dharewa speaks with Harshit Shah, a rising leader shaping the Internal Audit landscape.

Leading an Internal Audit (IA) function in one's early 30s is no small feat. Yet, Harshit Shah, currently Head of Internal Audit at **Bajaj Consumer Care Ltd.**, exemplifies how curiosity, courage, and consistency can define not just a career, but also the way audit contributes to business. His journey, spanning companies like **TotalEnergies, Pidilite, Welspun, and Reliance**, has been marked by challenges that tested his skills, resolve, and mindset, while shaping his philosophy of audit as a true partner to business.

“Controls are not barriers; they are enablers of value,” Harshit emphasizes. “Every risk assessment, every audit finding, is an opportunity to protect the organization and optimize processes.”

“I’ve been fortunate to work across multiple industries, handling everything from fraud investigations to risk frameworks and finance controls,” he says. “If I had to sum up my journey, it has been about staying curious, taking on challenges, and demonstrating that audit can actively support business outcomes.”

Yet, leadership in internal audit, especially at a young age, comes with trade-offs that aren't visible from the outside. Harshit admits, “Behind the success are long nights, missed weekends, and the constant pressure of getting things right when stakes are high. I had to make peace early on with choosing responsibility over comfort.” For him, these sacrifices laid the foundation for credibility and trust in the long run.

Redefining Audit: Beyond Compliance

One common misconception about audit is that it is merely about catching mistakes. Harshit challenges that notion. “People are often surprised to learn how much we help solve problems in real time whether it's a fraud investigation, an ethics breach, or a business disruption. More often than not, we sit with business teams to design fixes together, not just point out flaws.”

A defining moment in his career came during a major audit early in his journey. He discovered critical issues in inventory management, and presenting these findings to senior leaders was nerve-wracking. “I knew if I slipped, my credibility could take a hit. What turned it around was sticking to facts, leveraging data analytics, and offering actionable solutions rather than just highlighting problems. That day, I realized a key lesson: courage backed by preparation earns trust and that became a cornerstone for my career.”

Winning Credibility in the Room

For a young leader, navigating rooms filled with more experienced professionals is an ongoing test. “I did feel underestimated at times, particularly in public forums and conferences. My age sometimes worked against me,” he recalls. But rather than trying to prove himself through words alone, he focused on delivering high-quality, consistent results. “Slowly, people stopped seeing me as the

youngest in the room and started seeing me as someone reliable, objective, and resourceful. I also learned to seek guidance openly, regardless of age it's invaluable."

Collaboration, Harshit emphasizes, often begins with listening. Resistance typically arises from a perception that audit is judgmental or obstructive. "Once I understand their concerns, I position audit as a way to protect value and help them succeed. When they see we are on the same side, conversations shift from 'Why are you asking this?' to 'How can we solve this together?'" This approach strengthens the control environment while fostering trust across functions.

A Mantra for Control and Risk Mitigation

Harshit follows a simple but powerful mantra: **"Controls are not barriers; they are enablers of value."** Every risk assessment, control test, or audit finding is an opportunity to safeguard assets, optimize processes, and protect the organization from unseen threats. "Audit is like an early-warning radar. If approached with curiosity and collaboration, it helps leaders take informed actions before small risks become major issues," he explains.



The Changing Landscape of Risk

The internal audit function is evolving rapidly. "Emerging risks like cyber threats, data privacy, ESG compliance, AI and automation, and supply chain volatility are redefining the audit landscape," Harshit notes. He believes auditors cannot rely solely on technical knowledge anymore. "We need to sharpen data analytics, investigative skills, and business acumen. Most importantly, auditors must learn to tell the story behind the numbers in a way

business leaders can act on, driving organizational success rather than just compliance."

This forward-looking perspective isn't just theoretical. In one of assignment during his journey, Harshit and his team uncovered leakages in trade and marketing spends that were initially dismissed as routine. Deeper analysis revealed serious margin erosion or issues in processing of claims due to gaps in process design and approvals. Correcting these issues not only stopped the leakages but also transformed how the company evaluated sales promotions activities, moving from traditional models to a value-focused approach. A tangible example of audit driving business change. Ethics, Integrity, and Real Impact

For Harshit, one of the most fulfilling aspects of audit is its role in promoting integrity and ethical practices. He recounts leading a sensitive fraud investigation with potential company-wide implications. The investigation concluded successfully, but the greater impact was cultural: employees became more aware and accountable for ethical conduct, and the organization strengthened its ethics framework.

"The real win wasn't just uncovering fraud; it was seeing people internalize responsibility and integrity in their daily work," he reflects.

Advice for Business Leaders

Harshit is passionate about changing how organizations perceive audit. "Audit is not a hurdle or a delaying function. Think of it as an early warning system, much like intelligence teams that protect a nation from potential threats. Just as regular health check-ups prevent bigger problems, effective audits highlight risks and issues before they materialize into significant impacts."



By embracing audit as a strategic partner, leaders can unlock far-reaching benefits: improved efficiency, cost savings, resilience, and an enhanced risk-aware culture. “A good audit function doesn’t just prevent losses; it provides insights that help the business thrive,” he adds.

Life Beyond Audit

Harshit makes time for personal passions that fuel his creativity and perspective. He enjoys playing table tennis, which keeps him energized and sharp, and explore places where he finds inner peace and inspiration. In these serene moments, he also expresses himself through small poetry, reflecting a thoughtful side that values introspection and creative exploration. These pursuits, he believes, enhance his professional clarity, helping him approach challenges with fresh perspective and calm confidence.

Lessons in Leadership

Harshit’s journey offers several takeaways for aspiring audit leaders: courage backed by

preparation, consistency over age, collaboration over confrontation, and a relentless focus on adding value beyond compliance. But perhaps the most important lesson is a mindset that sees audit not just as a function, but as a strategic lever for business success.

“I’ve learned that challenges, even when intimidating, are opportunities to grow,” he concludes. “Audit provides a unique vantage pointit allows you to see risks, solve problems, and influence outcomes. If approached with curiosity, integrity, and collaboration, it can be one of the most impactful and fulfilling careers in business.” Harshit Shah’s story reminds the audit community that leadership is not merely about titles or recognitionit is about credibility, trust, and the courage to make a difference. His mantra, “Controls are enablers of value,” captures his approach perfectly: in a profession often misunderstood as reactive or policing, audit can proactively safeguard assets, enhance performance, and drive meaningful transformation.



IIA India - Bangalore Chapter (Activity Report 2025)

PDM
BLOCKCHAIN TECHNOLOGY

22 AUGUST 2025

06:30 PM - 08:00 PM
CPE: 1.50 HOURS

HOTEL RADISSON BENGALURU CITY CENTRE
BENGALURU

Topics:

1. Digital cash
2. Bitcoin - an economic invention
3. Distributed Ledgers (DLT), Smart contracts
4. Applications - CBDC, supply chain, Financial products/Cryptocurrency (DEX, centralized exchanges : Binance, Coinbase)

Speaker:
Bobinson is a technology leader with over 20 years of experience in semiconductor, telecom, and high-reliability systems from Geared USA through Bell Labs (now Nokia). After founding Magnet2Cloud and guiding global clients to stored big data, and blockchain solutions, he shifted to blockchain interoperability as Chief Architect. Presently, he serves as CTO of the Pawsey Blockchain Standards Association.

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Tech PDM
AI in the Cybersecurity World

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05 SEPTEMBER 2025

06:30 PM - 08:00 PM
CPE: 1.30 HOURS

HI TEA
06:00 PM - 06:30 PM

Topics:

1. AI in risk management
2. AI in compliance
3. AI in audit and governance
4. AI in fraud detection
5. AI in cybersecurity

Speaker:
Ankur Sen is a seasoned cybersecurity and IT audit leader with over 10 years of experience, currently serving as India Lead for Cybersecurity at the Expedia Group. With leadership roles at Amazon, Big 4 firms, and a 15-year entrepreneurial venture, he excels in IT risk management, agile, cyber teams, DevOps, and Amazon AWS. Honored with the Amazon Deanship Award for Exceptional Leadership and recognized on the second-youngest Microsoft Certified Professional of age 14, Ankur is a founding member of E-Cell NIT and S3B2 US at Symbiosis Centre for Information Technology.

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22/08/2025- PDM Block Chain Technology

The IIA Bangalore Chapter successfully conducted a series of insightful Professional Development Meetings (PDMs) that saw enthusiastic participation from members. On August 22, 2025, Bobbinson delivered a session on Blockchain Technology, which attracted a fully crowded audience eager to explore the transformative applications of blockchain. 46 members attended the PDM and made it a success.

05/09/2025- Tech PDM AI in the cybersecurity world

On September 5, 2025, Ankur Sen presented a Tech PDM on AI in the Cybersecurity World, where members enjoyed engaging discussions on the role of artificial intelligence in strengthening cybersecurity. The event was attended by 34 people which was held at Radisson Bengaluru City Centre from 6 pm to 8 pm.

26/09/2025- PDM – Understanding the Evolving Fraud Frontier- A Primer

The month concluded on September 26, 2025, with Anup Thomas leading a session on Understanding the Evolving Fraud Frontier – A Primer. This session too witnessed a packed house, with members actively participating and appreciating the valuable insights shared. Overall, the events were a resounding success, reinforcing the chapter's commitment to delivering meaningful learning experiences. The event was attended by 46 members.



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7TH NOVEMBER, 2025
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WAREHOUSE

CA. JITENDRA
KHATRI

14TH NOVEMBER, 2025

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28TH NOVEMBER, 2025
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CA. PURAV GALA

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AUTHOR'S CANVAS



Governance and Reform: New Drivers of India's Competitiveness



Sneha Agarwal

Partner at PwC India,
Governance, Risk and Compliance (GRC).

In today's dynamic global economy, India's competitiveness is being shaped as much by governance and reform as by capital, technology or market size.

The Foundational Shift: Governance as a Strategic Lever

India's push for market leadership is rooted in a paradigm shift: from a compliance-centric mindset to one where robust governance drives genuine competitiveness. This foundational change is built upon several pillars:

- Legislative & Regulatory Pillars:** Key measures like the Companies Act, 2013, and SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015, along with Kotak Committee recommendations, have established a strong bedrock for transparency, accountability, risk management, and ethical conduct.
- Fiscal & Tax Rationalization:** Corporate tax rationalization and the monumental Goods and Services Tax (GST) have streamlined compliance, unified the tax landscape, and fostered a predictable business environment.
- Digital Infrastructure Revolution:** Platforms

like the Unified Payments Interface (UPI), Aadhaar, and efficient electronic Know Your Customer (e-KYC) systems have set global benchmarks for cost-efficient administration, significantly enhancing the ease of doing business.

Governments' ongoing reforms

In addition to foundational legislative changes, the Indian government has implemented a range of reforms aimed at creating an environment that supports economic growth, such as:

Regulatory Streamlining: Over 1,500 outdated laws have been repealed, and many compliance requirements are simplified to reduce regulatory burdens.

- Jan Vishwas Act (2023) decriminalized 183 minor offenses across 42 central laws, easing penalty risks for businesses.
- Consolidation of 29 Labor Laws into 4 Labor Codes promotes greater flexibility and operational efficiency.

Corporate and Digital Governance: India has proactively modernized its corporate and digital governance frameworks:

- ESG Frameworks:** SEBI's mandatory **Business Responsibility and Sustainability Reporting (BRSR)** for the top 1,000 listed companies (from FY 2022-23) aligns Indian ESG disclosures with international standards, demanding transparency on board independence and ethical oversight.
- Startup Governance:** Under India's G20 presidency in 2023, the **Startup20 Governance Framework** introduced tiered governance standards tailored to startup maturity, fostering responsible growth from an early stage.

- **Data Privacy and Protection:** The Digital Personal Data Protection (DPDP) Bill, 2023 highlights India's ongoing effort to protect data privacy as its digital ecosystem grows

Key Sectoral Reforms driving competitiveness

- **Manufacturing:** The "Make in India" (2014) initiative, coupled with targeted Production Linked Incentive (PLI) schemes, has spurred significant growth.
- **Healthcare & Pharma:** The National Single Window System (NSWS) (2021) has expedited clearances across central and state departments.

Impact on India's Market Leadership

These comprehensive reforms have translated into quantifiable improvements and a stronger global standing:

- **Enhanced Ease of Doing Business:** India's remarkable leap from 142nd place in 2014 to 63rd in the World Bank's Ease of Doing Business Report by 2019 (its last published year) is a testament to the tangible impact of these reforms.
- **Robust Investment & Job Creation:** Foreign Direct Investment (FDI) inflows have remained consistently robust, steadily increasing since the 2014 policy shifts, solidifying India's position as a viable alternative global supply chain hub and generating significant employment opportunities.
- **Thriving Innovation & Startup Ecosystem:** Officially recognized and incentivized since 2016, India's vibrant startup ecosystem is now the third largest globally, a direct result of

supportive policies and a conducive regulatory environment.

Challenges and Continuous Evolution

Despite impressive progress, sustaining this transition from compliance-focused systems to competitiveness-driven frameworks requires continuous effort in addressing persistent challenges. These include:

- **Regulatory Overlaps:** The presence of multiple regulators (e.g., SEBI, RBI, and MCA) providing for similar or sometimes conflicting guidelines can still create confusion for businesses, particularly in emerging sectors like

fintech, leading to higher compliance costs and operational complexities.

- **Inconsistent**

Implementation Across States: Given India's federal structure, the pace and quality of reform

implementation can vary significantly across different states. This inconsistency can pose challenges for businesses operating nationally, leading to disparities in ease of doing business and regulatory certainty.

- **Capacity Constraints:** A shortage of skilled digital and legal talent, especially in specialized areas like cybersecurity, data analytics, and complex regulatory compliance, continues to hinder effective implementation and monitoring of advanced governance frameworks, particularly for smaller enterprises.

How are Organizations integrating Governance and Compliance?

Rather than treating governance and compliance as separate and siloed function, organizations are integrating into a holistic framework, building trust, resilience, and competitiveness.

Embedding compliance requirements directly into their strategic and operational planning: For instance, a tech startup launching a new mobile payment app integrates data privacy standards (like DPDP) and cybersecurity protocols into its product design and development process from inception, rather than as an afterthought. Similarly, a manufacturing company incorporates ESG criteria into its supply chain selection and operational efficiency targets

Leveraging Technology for Automation:

- Regulatory Technology solutions are accelerating, automating compliance tasks such as monitoring, reporting, and risk assessment, enabling proactive risk management.
- Digital dashboards track real-time compliance against governance standards (e.g., SEBI norms, GDPR, ESG disclosures).

Alignment with Global Standards such as COSO for internal controls and global ESG reporting guidelines. This harmonizes governance structures across multiple jurisdictions, facilitating international operations and investment.

The Crucial Role of Internal Auditors in India's Governance Evolution

With stricter governance standards and higher Board expectations, the role of internal auditors has evolved.

- Risk Oversight: Proactively identifying emerging risks like regulatory, operational, reputational, and cybersecurity; and leveraging technology for timely mitigation.
- Governance Audits and Ethical Culture: Moving beyond financial audits, their scope now includes assessing board practices,

reviewing enterprise governance frameworks and evaluating ethical culture.

- ESG and Sustainability Assurance: As ESG becomes mainstream, internal auditors are crucial in validating sustainability disclosures and assessing climate-related risks.
- Digital Governance: Governance of IT systems, data privacy policies, the ethical implications of emergent technologies like AI.

To fulfill this expanded mandate successfully, internal auditors must continually build competencies in emerging technology, cybersecurity, and the ever-evolving regulatory landscape.

Conclusion: A Strategic Leap Towards Viksit Bharat

India's governance journey represents a profound and powerful shift from viewing compliance as a burdensome regulatory obligation to embracing robust governance as an indispensable strategic enabler of competitiveness. This transformation is central to the **Viksit Bharat 2047** vision, which aims to build a prosperous, resilient, and globally trusted India by its centenary of independence.

As governance frameworks mature and reforms deepen across the nation, internal auditors emerge as vital strategic partners driving transparency, resilience, and ethical conduct across every enterprise.





IIA India – Delhi Branch

(Activity Report August 2025 – September 2025)

August and September flew by in a whirlwind of learning, discussions and new initiatives at IIA India – Delhi Branch. Whether it was strengthening audit skills, rethinking workplace culture, or shaping thought leadership – our committees made sure every week had something meaningful to offer.

Training Committee

The Training Committee hosted a series of power-packed webinars that kept members engaged and inspired:

- **Control Self Assessment: Tools & Techniques (August, 2025)**

Led by Mohit Sachdeva, Internal Audit Head at Sony India Pvt. Ltd., this insightful session drew 120+ participants. The discussion unpacked CSA tools, benefits, challenges and practical solutions – offering participants a strong foundation to enhance their audit approaches.

- **Strategic Auditing: Aligning Audit with Business Goals (August, 2025)**

Delivered by Mr. Jitendra Khatri, SVP – Internal Audit Head at Delhivery Ltd., this session attracted 160+ participants. With deep insights into strategy frameworks, strategic thinking and the evolving role of internal audit, the webinar encouraged auditors to align their work with broader business goals.

- **Stay Cyber Secure: Everyone, Everyday (September 2025)**

Cybersecurity expert Sanjay Kaushik, Managing Director at Netrika Consulting India Pvt. Ltd., captivated 110+ participants with real-life fraud cases, breach hotspots and practical safety tips. His guidance on phishing and protecting critical data left the audience both informed and alert.

Looking ahead: The committee is gearing up for its October webinar on “Transforming Internal Audit for Agility & Resilience.”

Women's Forum

The Women's Forum made an incredible impact by spotlighting issues that blend professional practice with human experience:

- **Panel Discussion: ROI of Recognition – Unpaid Work, Stronger Controls, Better Culture**

With an eminent panel featuring CA Tripti Singhal Somani, Smriti Manchanda (Head – Internal Audit, Niva Bupa Health Insurance) and Priya Gupta (Chairperson, Women's Forum, IIA Delhi Branch), moderated by Vibhuti Gupta, the discussion sparked meaningful reflections on recognition in the workplace.

- **Webinar: Unpaid Care Work – The Triple Nexus of Gender, Climate and Policy (19th September, 2025)**

Delivered by Ms. Vandana Gupta, CS & Compliance Head, Mitsubishi Corporation India, this thought-provoking session highlighted the global burden of unpaid care, policy challenges and climate connections, while offering practical recommendations for change.

Blog Contributions by Members

- “The Invisible Workforce: How Unpaid Care Shapes Gender, Economy & Climate Action” – by Srishti Kansal
- “Bridging the Gender Gap in Finance: How Public-Private Partnerships Are Empowering Women” – by Ashima Bhatia

Coming soon: The Women’s Forum is ready to launch its Podcast Series – “SHEROES”, featuring conversations with top women leaders in finance.

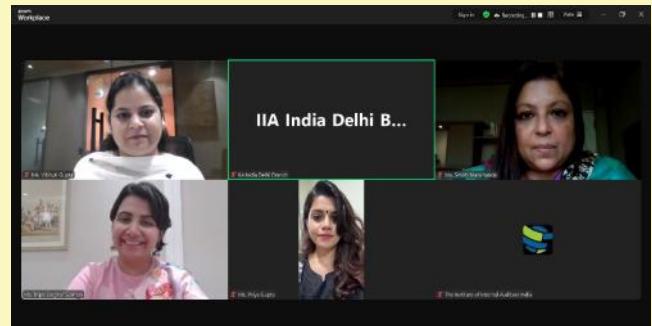
Publication & Research Committee

Our newly formed committee has been actively curating thought leadership pieces to strengthen professional knowledge:

- A weekly blog series titled “Building an Effective Audit Calendar: Key Considerations for the Year Ahead” by Amit Sharma, VP & Head of Audit – APAC, EXL set the tone for practical planning.
- Another blog on “Continuous Controls Monitoring: Framework, Tools & Evolving Role of Internal Audit” by Mohit Gupta, Managing Partner, Process Sage Business Solutions provided valuable perspectives on modern audit practices.

What's next: The committee will soon roll out surveys and new blog series to keep members at the forefront of industry trends.

In essence, August and September were months of ideas, discussions and inspiration – empowering our members to grow, connect and lead in the world of Internal Audit.



From Assurance to Trust Building – The Changing Role of Internal Auditors



Ranganathan PK

Head - Finance & Government Business,
Feed Forward Technologies Pvt Ltd

It is truly an honour to present a paper at the IIA India Magazine — a forum that symbolizes our collective commitment to integrity, governance, and the pursuit of excellence in our profession.

The theme of this article is both timely and transformative: *“From Assurance to Trust Building – The Changing Role of Internal Auditors.”*

In the past, when people heard the word “audit,” they thought of compliance, checklists, and control testing. But today, the expectations are different. Organizations, boards, regulators, investors, and society at large no longer see internal auditors as just guardians of compliance — they see us as builders of trust.

And I believe this transition, from providing assurance to building trust, is not just an evolution of our role. It is, in fact, our profession’s defining contribution to the future of governance.

The Foundation: Assurance as Our Bedrock

Let us begin with where we come from.

Internal audit was historically seen as the “third line of defence” — after management and risk/compliance. We tested controls, verified financial

statements, ensured regulatory compliance. This role is indispensable. Assurance remains our bedrock.

Globally, studies by the World Bank and OECD highlight that strong assurance functions correlate with higher investor confidence and lower cost of capital. A 2023 IIA Global survey showed that more than 70% of board members rely on internal audit as their **primary source of independent assurance**.

So let me be clear: assurance is not obsolete. It is necessary. But it is no longer sufficient.

Because in today’s interconnected world — shaken by geopolitical risks, cybersecurity threats, climate change, supply chain fragility, and AI-driven disruption — stakeholders are asking:

- Can we trust this organization to do the right thing?
- Can we trust its leadership to make ethical, sustainable, and long-term decisions?
- Can we trust that when crisis strikes, there will be resilience, not collapse?

And this is where our next role emerges.

Beyond Assurance: Trust, the New Currency

We live in what Edelman calls the “Trust Economy.” In its 2024 Trust Barometer, Edelman reported that nearly 70% of people worldwide expect businesses to be both profitable and socially responsible.

Trust has become a currency more valuable than capital. Without it, companies lose investors, employees, and customers.

This is precisely why internal auditors must move

beyond assurance into the realm of trust building.

Think about it: We are the only function in the organization that sees across silos — finance, operations, technology, compliance, sustainability, and culture. We are independent, objective, and mission-driven. That makes us uniquely positioned to serve as custodians of organizational trust.

Trust building means:

- Not just identifying risks but enabling resilience.
- Not just reporting issues but ensuring accountability.
- Not just evaluating governance but shaping ethical leadership.

When an internal auditor says, “This organization is doing the right thing, the right way,” it carries weight — because our voice is built on independence, evidence, and integrity.

How Internal Auditors Can Build Trust

So how exactly do we make this shift? Let me share five global pathways.

From Financial to Non-Financial Assurance

- Traditionally, we audited financial controls. Today, investors demand assurance on ESG, cyber resilience, AI ethics, and data privacy.
- In Europe, the Corporate Sustainability Reporting Directive requires assurance on non-financial disclosures. In Asia, regulators are pushing for climate risk audits.
- Internal auditors who master these new domains become trust-builders for stakeholders who care about more than profits.

From Retrospective to Predictive Insights

- Historically, audits looked backward. But boards now expect foresight.

- By using analytics, continuous monitoring, and AI-enabled tools, internal audit can predict risks before they materialize.
- For example, global banks use continuous auditing to spot fraud in real time — strengthening trust with regulators and clients alike.

From Policing to Partnering

- The days of “gotcha auditing” are gone. Today, auditors must partner with management — not as adversaries, but as trusted advisors.
- According to PwC’s 2023 Global Risk Survey, organizations where internal audit is a strategic partner report 30% higher board confidence in risk management.

- Partnering does not mean compromising independence — it means balancing assurance with advice, challenge with collaboration.



From Technical Competence to Ethical Leadership

- Trust is not just about what we know, but who we are.
- Internal auditors must demonstrate integrity, courage, and the willingness to speak truth to power.
- A 2022 NACD survey in the US showed that boards value ethical judgment more than technical skills when choosing executives. This is why internal auditors, steeped in ethics, are increasingly seen as future C-suite leaders.

From Organizational Value to Societal Impact

- Finally, trust today goes beyond shareholders. It extends to employees, customers, regulators, and society at large.
- Whether it is auditing human rights in supply chains, ensuring responsible AI adoption, or

verifying carbon neutrality claims — internal audit is becoming an instrument of public trust.

- And this, colleagues, is perhaps our greatest contribution to society.

The Road Ahead: Auditors as Corporate Leaders of Tomorrow

Now let us look ahead.

If trust is the ultimate currency of business, then trust-builders are the natural leaders of the future.

This is why I believe that internal auditors can — and must — become the corporate leaders of tomorrow.

Consider these qualities:

- We are trained to ask tough questions.
- We are skilled at balancing detail with big-picture strategy.
- We understand governance, ethics, and accountability.
- We are independent, yet collaborative.
- And above all, we are committed to the truth.

A recent Deloitte study found that more than 40% of Chief Audit Executives globally are being considered for broader executive roles — from Chief Risk Officer to Chief Operating Officer, and even CEO succession pipelines.

This is no coincidence. Because the journey from assurance to trust building prepares us not just to safeguard organizations, but to lead them.

Conclusion

Let me conclude with three reflections:

1. Assurance will always matter. It is the foundation of our profession. But to remain relevant, we must build on that foundation.
2. Trust is the new frontier. In a world of uncertainty, misinformation, and skepticism, organizations crave trusted voices. Internal auditors are uniquely positioned to provide that voice.
3. Leadership is our destiny. As we strengthen trust, we will not only protect organizations — we will shape them. We will move from being guardians of governance to being architects of ethical leadership.

So, dear colleagues, as we return to our organizations from this prestigious magazine contents, let us carry this vision:

- That every audit report, every advisory insight, every act of courage we demonstrate is not just about controls and compliance. It is about building trust.
- And in building trust, we are also building the leaders — and the organizations — of tomorrow.



The Trust Factor: Why Credibility Is Internal Audit's Greatest Legacy



Deepali Das

Associate VP- Global Audit and Risk
Diageo

In an era characterized by corporate accountability, data proliferation, and evolving stakeholder expectations, the internal audit (IA) function has transformed from a traditional compliance role to a strategic cornerstone of governance. At the heart of this evolution lies credibility—not merely as a desirable attribute, but as internal audit's most enduring legacy. Without credibility, even the most technically robust audit work loses its effectiveness, impact, and value.

“It takes 20 years to build a reputation and five minutes to ruin it.”

— Warren Buffett

This quote underscores a timeless truth: in internal audit, reputation and trust are the currency that drive influence. While processes, frameworks, and methodologies matter, organizational trust in internal audit is predicated on sustained credibility—built over time through ethical conduct, independence, technical competence, and consistent value delivery.

Independence and Objectivity

The absence of bias and the ability to challenge executive decisions effectively.

Professional Competence

Demonstrated expertise in risk management, controls evaluation, fraud detection, and governance assurance

Integrity and Ethical Conduct

Adherence to professional codes of conduct such as the **IIA's Code of Ethics**.

Follow-Through and Impact

Consistent execution and tracking of audit recommendations, leading to measurable improvements.

Transparency and Communication:

Clear, timely, and candid reporting of audit findings and risk exposures.

Defining Credibility in Internal Audit – The Five pillars

Credibility in the audit context refers to the perceived reliability, objectivity, and value of the internal audit function by its key stakeholders—primarily the board of directors, audit committee, executive management, and regulators. It is not static; it is a dynamic, cumulative perception shaped by how well the internal audit function upholds the following pillars:

When these pillars are firmly in place, internal audit evolves from a policing function to a trusted advisor—a critical role in today's risk-centric corporate environment.

Real World Examples: Credibility in Action (and its Failure)

WorldCom – Internal Audit as Whistleblower

In the early 2000s, WorldCom was inflating earnings by billions of dollars via improper accounting of operating expenses and capital expenditures. The internal audit team, led by Cynthia Cooper, discovered more than US\$3.8 billion in fraudulent entries to the balance sheet.

This case demonstrates:

- The power of internal audit when credibility is intact: Because internal audit was able to raise its concerns objectively and persistently, the fraud came to light.

- Importance of ethics, competence, and the courage to report even when senior management pressure is intense.

Siemens AG – Rebuilding Trust Through Enhanced Audit Credibility

Following a major corruption scandal in the mid-2000s, Siemens AG undertook a comprehensive overhaul of its governance and internal audit functions. The company strengthened audit independence, adopted risk-based methodologies, and enhanced audit committee oversight. These reforms transformed internal audit into a trusted advisor, central to compliance and ethical conduct.

This case demonstrates:

- Credibility, once lost, can be rebuilt through sustained focus on audit quality, transparency, and strategic alignment.
- Restored audit credibility helps regain stakeholder trust and strengthens long-term organizational resilience.



Satyam Computer Services – The Cost of Credibility Deficit

In 2009, Satyam was exposed for a massive accounting fraud involving inflated profits of over USD 1.4 billion. The internal audit function failed to exercise professional skepticism, relied heavily on management information, and missed clear red flags in financial statements. This lack of independence and rigor allowed the fraud to persist, ultimately leading to the company's collapse and a severe loss of investor confidence.

This case demonstrates:

- A lack of internal audit credibility—driven by weak oversight and insufficient skepticism—can accelerate corporate failure.
- The case underscores the importance of audit independence, robust verification, and critical inquiry in safeguarding governance and organizational integrity.

How These Examples Tie Back to Credibility's Core Dimensions

Credibility Dimensions & What Worked / Failed

Objectivity & Professional Skepticism

internal audit ability to show high skepticism and challenge management.

Transparency and Communication

Insufficient reporting of red flags to external authorities.

Competence and Quality of Execution

Audit failures included flawed execution, weak internal controls, and superficial reviews.

Follow-through and Accountability

In all cases, lack of timely corrective action or lack of proper oversight allowed issues to escalate dangerously.

Credibility as a Legacy Asset

Credibility transcends transactional audit activities to become an enduring legacy asset for the organization. Beyond archived reports and periodic risk assessments, it fosters a culture of ethical discipline, where adherence to compliance and governance frameworks is non-negotiable, and ethical breaches trigger swift accountability. This institutional trust catalyzes organizational learning, embedding continuous improvement through actionable insights, robust control enhancements, and dynamic risk mitigation strategies. Furthermore, credibility drives cultural transformation by promoting transparency, stakeholder engagement, and a pervasive risk-aware mindset across all business units. Ultimately, this foundation underpins sustainable governance, empowering the internal audit function to act as a strategic enabler of enterprise resilience, operational agility, and long-term value creation in an increasingly complex risk landscape.

What is the Strategic Significance of Credibility?

The strategic importance of credibility extends beyond the execution of the annual audit plan. It plays a decisive role in:

Shaping Risk Culture And

- Reinforces ethical behavior and control awareness
- Strengthens tone-at-the-top

Enhancing Organisational Relience

- Internal audit identifies emerging risks and control gaps early.
- This helps prevent reputational and financial damage.

Influencing Board's Decisoin

- The Board relies on internal audit for risk informed oversight
- The audit committee uses audit insights to guide key decisions.

How do Internal Audit Build and Sustain Audit Credibility:

To cement its credibility and leave a meaningful legacy, the internal audit function must invest in the following enablers:

- Robust Governance Structures
- Talent and Specialization
- Adherence to IIA Standards
- Stakeholder centric Communication
- Data Driven Assurance

To build and sustain credibility, internal audit must operate within strong governance frameworks that ensure independence through functional reporting to the audit committee and administrative alignment with executive leadership. Developing expertise in key areas like cybersecurity, ESG, data analytics, and third-party risk is vital for delivering relevant insights. Adherence to standards such as the IPPF and the Three Lines of Defense model enhances audit quality.

Effective, stakeholder-focused communication and leveraging data-driven tools like advanced analytics and continuous auditing enable real-time, predictive assurance that strengthens risk management.

The Cost of Eroded Credibility

When the credibility of the internal audit function is compromised, the organization's ability to identify and manage risks effectively is significantly weakened. Board and audit committee confidence may decline, audit

recommendations risk being disregarded, and the function's influence on strategic decision-making diminishes. Over time, this erosion of trust can lead to reputational harm and increased scrutiny from regulators and external auditors. In severe cases, internal audit may be relegated to a perfunctory compliance role—stripped of its strategic relevance and unable to deliver meaningful value to the organization.

Conclusion

Credibility is not a sidebar in internal audit—it is its greatest legacy. What IA leaves behind when it has consistently earned trust is more than better controls or risk mitigation. It leaves behind a culture of integrity, a framework of accountability, and stakeholders who believe in the reliability of information they receive. As John C. Maxwell observes, "Only credibility earns commitment." Internal audit's greatest legacy is just that: credibility that engenders commitment to ethical and resilient governance long after any individual audit is closed.

Credibility is hard to achieve, easy to lose, but indispensable in its value. For internal audit, it is the legacy that defines not just what they do—but who they are.

Skills of Tomorrow: What will make Internal Auditors indispensable Leaders ?



Bhavin Raithatha

Group Internal Audit - Mashreq Bank

Internal audit has undergone a remarkable transformation over the decades. What began as a largely transactional control activity—checking vouchers, verifying entries, and ensuring compliance with prescribed procedures—gradually expanded into process-focused reviews and then to risk-based auditing, where the emphasis shifted to identifying, prioritizing, and addressing the most significant risks. From there, the role evolved into governance-focused assurance, where oversight extended to risk management, internal control frameworks, and regulatory compliance. Today, internal auditors are firmly embedded in the realm of strategic, regulatory, and technology-driven audits, playing a vital role in assessing cyber resilience, digital transformation risks, ESG disclosures, and regulatory reporting.

This journey highlights a clear trajectory: auditors are no longer mere compliance checkers but are increasingly seen as strategic advisors, change agents, and trusted guardians of organizational value. To remain indispensable leaders in this next phase, internal auditors must master a blend of advanced technical, strategic, and interpersonal skills that go well beyond traditional assurance.

Essential Skills for Future-Focused Internal Auditors

1. Technical & Analytical Mastery

- **Data Analytics & AI:** Tomorrow's auditors must be fluent in data—able to leverage analytics tools, artificial intelligence, and machine learning to mine patterns, detect anomalies, and predict risks.
- **Cybersecurity & Digital Awareness:** With cyber threats escalating, auditors must bring strong awareness of IT controls, cybersecurity frameworks, and blockchain or digital asset risks.
- **Technology Adaptability:** Familiarity with robotic process automation (RPA), cloud risks, and digital platforms ensures auditors can assess not only today's systems but also the risks of tomorrow's innovations.

2. Strategic & Cognitive Skills

- **Business Acumen:** Auditors who understand industry dynamics, regulatory pressures, and organizational strategy will link their assurance work directly to value creation.
- **Critical Thinking & Problem-Solving:** Beyond identifying issues, auditors must diagnose root causes and recommend pragmatic, risk-informed solutions.
- **Agile Risk Mindset:** The pace of change requires auditors to move from static annual plans to rolling audits, real-time reviews, and horizon scanning.
- **Strategic Thinking:** Internal auditors must elevate their focus, connecting audit outcomes with business direction, innovation goals, and resilience strategies.

3. Interpersonal & Leadership Skills

- **Influential Communication:** Technical findings only create impact when they are clearly and persuasively communicated. Tomorrow's auditors must be skilled

storytellers, translating complex risks into board-level insights and actionable recommendations.

- **Emotional Intelligence:** The ability to read people, manage emotions, and build cooperative environments makes auditors more than watchdogs—it makes them catalysts for change.
- **Leadership & Mentoring:** Indispensable auditors inspire teams, mentor younger professionals, and nurture future leaders within the audit function, multiplying their impact beyond individual assignments.
- **Negotiation & Conflict Management:** As recommendations often challenge established practices, auditors must manage conflict, negotiate outcomes, and secure stakeholder buy-in without compromising independence.

4. Emerging Domains of Expertise

- **ESG & Sustainability:** Auditors with knowledge of sustainability reporting, carbon risk, and governance frameworks will be critical in ensuring accurate ESG disclosures and aligning organizations with investor and regulatory expectations.
- **Regulatory & Compliance Expertise:** From anti-money laundering (AML) to data privacy, auditors who understand complex regulatory landscapes position themselves as guardians of compliance and reputation.
- **Change Management:** With organizations constantly transforming, auditors who can guide leadership through change, highlight risks in transformation programs, and ensure governance during transitions will be invaluable.

The Indispensable Internal Auditor of Tomorrow

When these skills converge, internal auditors evolve into more than assurance providers—they become leaders who safeguard trust, drive resilience, and influence strategy. Their future leadership roles can be defined as:

- **Strategic Partner:** Aligns audit outcomes with business goals, contributing directly to strategy, growth, and resilience.

- **Trusted Advisor:** Gains board and management confidence by providing candid, independent, and actionable insights.
- **Change Agent:** Drives innovation, enables transformation, and ensures organizations adapt securely in an uncertain environment.

Future Internal Auditor Leadership Framework

The indispensable auditor's leadership identity can be visualized in four roles:

1. **Protector** → Safeguards compliance, controls, and ethical integrity.
2. **Advisor** → Trusted voice at the table, translating risks into insights.
3. **Strategist** → Aligns audits with business strategy, drives foresight and resilience.
4. **Change Agent** → Leads transformation, champions agility and innovation.

Future Internal Auditor Leadership Framework



The Leadership Mandate for Auditors

The era of the checklist auditor is over. The leaders of tomorrow's audit profession will not be remembered for simply catching control gaps, but for illuminating blind spots, shaping strategic choices, and building resilient organizations in an uncertain world. An indispensable internal auditor is not just a guardian of compliance—they are the conscience of the enterprise, the navigator of disruption, and the architect of trust. Those who embrace this role will not only safeguard today but will also define the future of governance, risk, and strategy.

Mentorship & Succession: Passing the Torch of Trust to Emerging Leaders



Aditya Kumar S.

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While a legacy endures, the originator does not. Succession goes beyond replacing a leader; it is the careful transfer of trust, vision, and responsibility to the next generation. For business founders, ensuring the continuity of their work means finding and preparing successors who embody similar values. History, from rulers to modern family businesses, shows that succession planning and mentorship are essential for maintaining standards and advancing the legacy. Mentorship is essential for developing future leaders, providing them with judgment, resilience, and strong ethics. When paired with succession planning, it ensures organisational continuity and prepares leaders to handle uncertainty and drive long-term value. These are not optional initiatives but strategic necessities. Effective mentorship and succession planning transfer institutional knowledge, maintain trust, and equip leaders for future challenges.

Succession Planning and importance of Mentorship: To lay a good foundation for succession planning starts with a good mentor. Mentorship could be at different levels including personal level or to a particular team or function to meet their objectives. Mentorship is beyond the technical skills. It is for us to have the directions to navigate and survive the complex journey of the business. Mentors may not necessarily give instant solutions, but mentorship would help to develop

the mindset and culture to look out for solutions. If succession planning is the process, mentorship is the practice that breathes life into it. Mentorship provides the environment within which the next generation not only acquire knowledge and skills, but also absorb the intangible elements that made the previous generation successful.

This article examines the role of internal auditor in an organisation on ensuring that the business has a succession plan and mentorship is a formal process in place.

Role of Internal Auditor in Succession Planning:

1. Governance: Effective governance requires aligning leadership with the organisation's long-term vision and ensuring competent resources are in place to achieve objectives. This is a shared responsibility across management layers. Succession planning is vital to prevent governance gaps due to attrition, making it important for organisations to address potential 'governance vacuums' as part of their risk management.

- 'Governance vacuum' can be identified by monitoring possible retirement or end of service period, but this could also arise due to say unfortunate incidents like accidents where an entity loses their leader without any notice. Therefore, the current practices have to be evaluated and for the risk of 'governance vacuum' that could arise anytime or in future or possibility of any governance disruption due to non-planning or not designating successors for key positions. Some companies also go the extent to ensure that their top-executives do not travel or all stay in the same accommodation and always have a plan ready to face any emergencies.
- Those entities which already have a succession



plan; the internal auditors have to assess the overall effectiveness of the succession plan including whether this meets with the objectives of the organization, whether potential successors have been identified and whether they have a mentorship program mapped to ensure they are ready to take up the role when required.

- Ensuring transparency is established in succession planning. This is important in organisations which are controlled by family members or close relatives and their choice of successor may be to advance their family or personal objectives rather than the business. Further, there have been circumstances where the negativities in the inter-family relationship that impacts the interest of other stakeholders.

2. Risk Management:

- Reputation Risk:** Review the possibility of reputation risk arising out of succession plan not going through as planned or as desired arising out of disputes or disagreements. Any such news in main-stream or social media could impact the reputation of the entity and showcases their succession planning in a poor light. Risk mitigation includes having a proper follow up on succession planning process and ensuring the stakeholders are aligned to the process and management right from an early stage. Red flags of any disagreements or

disputes needs to be identified at an early stage and settled amicably.

- Operational Risk:** Every successor would want to bring with them a unique thought process or bring in freshness in the existing policies and procedures. There could be operational risks of failure if the new policies and procedures are not communicated in advance or have not been tested extensively. These risks could be mitigated by discussing the proposed policies and procedures with the respective stakeholders and having an inclusive agreement and realigning where required.
- Resistance to change:** Resistance to change could be either due to inter-personal issues or personality issues, cultural issues or for other reasons. Nobody should expect 'cloning of the personality' and hence there will be no change. Resistance to change can be some extent mitigated by behavioural change programs and / or having communication channel open to exchange views and have an inclusive alignment on the overall objective. Possibly a mentor can help both the sides to bridge the 'trust deficit' and build confidence.
- Legal Risks:** Legal risks cannot be ruled out post or pre-succession. Internal Auditor may have to partner with legal experts to bring in the expertise to resolve the conflicts amicably; and before they could pose reputational or operational risks. At a point of time these

would become non-negotiable for the parties to give up and ignoring the larger interest of the group or business.

- **Others:** Diversity, Equity, and Inclusion: Trust is not only about technical competence—it also involves representation and relatability. Diversity may better reflect organizations and societies, thereby earning broader stakeholder trust. Succession planning should ensure the selection is open to encourage mentees across genders, cultures, and backgrounds including underrepresented groups.

3. The COSO Angle:

The COSO Framework links internal controls to business processes. Principle 4 urges organisations to recruit and retain competent staff in line with their goals, including contingency planning for key responsibilities by senior management and the board. Principle 2 requires the Board to operate independently from management and oversee internal control development and performance, with authority over hiring, termination, and succession planning for leadership. The board must supervise and constructively challenge management.

4. Compliance:

Review of the governance structure on a periodic basis to ensure compliance with regulatory requirements (say Regulation 17(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015), Department of Public Enterprises guidelines regarding professionalization of Boards of Central Public Sector Enterprises and other similar guidelines. Where required to formalise the governance structure to ensure clarity and strength to the leadership, visibility on business growth, efficiency in operations and transparency. Many of the annual reports of the listed companies do not give adequate disclosure on how the succession is planned and how the risk is being mitigated. (Refer : CEO Succession Planning in India – November 2017).

5. Use of tools like competency mapping, succession readiness scorecards, maturity assessment matrices and also using case studies,

India and globally; would help the management to appreciate the need for a proper succession planning.

Role of Internal Auditor in Mentorship:

Mentorship is not a college wherein people can earn a qualification. It is about learning from the Guru or Senior on finer nuances of business, maintaining relationship with internal and external stakeholders, having balance in decision making, ensure delegating authority to the right personnel and other finer aspects including enhancing their own qualities and enable them to grow. As an internal auditor, one has to:

- Leadership in business requires a blend of technical expertise and behavioural competencies, including strategic thinking, decision-making, communication, adaptability, and ethical judgement. It is important to regularly assess whether these skills meet the organisation's current and future needs and reflect changes in the business environment and regulatory landscape. Governance should use a dynamic competency matrix, updated periodically with feedback from stakeholders and benchmarked against industry best practices, to map essential skills for succession planning. This approach helps in identifying skill gaps and informs the design of targeted training, mentorship, and upskilling programmes for potential leaders. Ultimately, continuous evaluation of competencies ensures that succession planning is robust, transparent, and supports the long-term growth and stability of the organisation.
- Internal Audit need to review how the 'knowledge transfer' and 'upskilling' program has been implemented and whether there is any gap which needs to be supplemented by other means. This involves assessing the effectiveness of current training modules, mentorship arrangements, and on-the-job learning opportunities to ensure they are meeting organisational objectives. The review should also consider whether the knowledge being transferred is relevant to evolving business needs and regulatory requirements. Additionally, Internal Audit should

recommend enhancements or alternative strategies, such as external workshops or cross-functional projects, to bridge identified gaps and support continuous professional development.

- Review of the criteria to select mentors and participants including whether the objectives of the program are being met for both mentor and the mentee including alignment to the organisation's goals. This involves assessing if mentors possess the requisite technical, behavioural, and leadership competencies relevant to the organisation's current and future needs. It is also essential to ensure that participants or mentees are chosen based on their growth potential, willingness to learn, and alignment with the organisation's values and long-term objectives. The effectiveness of the programme should be measured by tracking the progress of both mentors and mentees towards achieving set learning outcomes and leadership development milestones. Regular evaluation and realignment of selection criteria help in maintaining the relevance and effectiveness of the mentorship initiative.
- Review of adequacy of allocation of time and resources for mentorship program(s) and whether there is adequate budgetary support to support the need. Resources may be both internal or external who for their expertise in a particular subject matter. It is important to verify that mentors and mentees are given sufficient time within their work schedules to participate meaningfully in the programme. The availability of expert resources, such as industry specialists, trainers, or consultants, should be assessed to enhance the learning experience where needed. Budgetary support should be evaluated to confirm that resources are available for both internal initiatives and engagement with external experts, ensuring comprehensive coverage of the mentorship objectives. Periodic reviews of time and resource allocation help identify bottlenecks and facilitate timely interventions for programme success.
- Review of the expenses incurred for mentorship programs including budgetary support and utilisation. This includes examining whether the funds allocated for mentorship programmes

are being utilised efficiently and in line with the planned objectives. It is also necessary to analyse if the expenditure is yielding tangible benefits, such as improved leadership pipeline, enhanced employee engagement, or the development of critical skills. Any variances between budgeted and actual expenses should be investigated to determine underlying causes and make necessary adjustments. Transparent financial tracking enhances accountability and supports ongoing investment in mentorship initiatives.

- Obtaining feedback from both mentors and mentee; and support the recalibration to the mentorship program. Collecting structured feedback enables the organisation to understand the strengths and areas for improvement within the mentorship process. Feedback mechanisms may include surveys, one-on-one interviews, or focus group discussions, ensuring diverse perspectives are captured. Insights gained from feedback should be systematically analysed and used to recalibrate the programme's structure, content, and delivery methods to better meet the evolving needs of both mentors and mentees. Continuous feedback and adaptation contribute to the sustained effectiveness and relevance of the mentorship programme.

Challenges in Succession Planning and Mentorship:

Despite its importance, mentorship and succession face practical challenges:

- Choice of younger generation: this is an era where the generation would want to try out different jobs and roles and prefer to do 'job hopping'. Identifying somebody who can anchor the business for a long term, imbibe the culture of an organisation and invest necessary time and efforts would be a challenge.
- Is this a priority for Seniors?: Seniors may prioritize immediate reporting needs over mentoring responsibilities which may impact in the long term. The Senior's workload should be regularly reviewed, and delegation of responsibilities should be implemented where possible to allow sufficient time for mentoring the emerging leader.

- Cultural Resistance: Small, family-oriented organizations may resist formalizing succession planning or mentorship programs. Often, informal internal understandings exist to avoid interference by third parties and prevent interpersonal conflicts.
- Handling post-succession or transition including ensuring compliances, stakeholders grievances, public relations, statutory requirements etc.,
- In case of government companies, though much is in the hands of either the state or the central government; often bureaucracy, political interference and other internal administrative issues delays the appointment of critical posts like directors. These leads to 'policy paralysis' and impairing the long-term growth of the entity.
- In case of start-ups the focus at the initial stages would be more on innovation, product development, market penetration, talent acquisition etc., and little importance is given to succession planning which at times is perceived that it is too early to do it; for generally the founders are young, business is yet to evolve and they are juggling too many things. But mentorship is important for start-ups to ensure that they create a business with certain values and ethics.

of critical positions, identification and development of potential successors, apex talent reviews & group level succession review, recommendation on creation of vacancy (<https://www.hindalco.com/upload/pdf/guidelines-succession-management.pdf>).

- JSW Energy - Our People-Centric Approach Social Sustainability – Progress Starts with People : Succession planning includes to have a holistic approach to succession, focussing on identifying, assessing, and preparing talent with the potential to take on key leadership positions including have annual talent review, energy leaders for tomorrow, future fit leaders, springboard for women, emerging leaders program, young leaders program etc., (https://www.jsw.in/jsw_energy_annual_report_2024_25/pdf/Our%20People-Centric%20Approach%20Social%20Sustainability%20-%20Progress%20Starts%20With%20People.pdf)
- Apple Inc., - Corporate Governance Guidelines includes 'Management Review and Succession Planning'.
- TCS – Integrated Annual Report 2024-25 – Corporate Governance report includes topic on succession planning (<https://www.tcs.com/content/dam/tcs/investor-relations/financial-statements/2024-25/ar/annual-report-2024-2025.pdf>)

Succession Planning in India and abroad:

- Governance Principles of GE: The Board's function is to oversee CEO succession planning and ensure to develop criteria for the selection of CEO including routine reviews, emergency succession plan (<https://www.ge.com/sites/default/files/governance-principles.pdf>).
- Kirloskar Brothers Limited : Our De-Risked Business Model : Talent Management Risk includes 'succession planning to retain and develop key control' (<https://www.kirloskarpumps.com/virtual-annual-report-2023/our-de-risked-business-model.php>)
- Guidelines on Succession Management at Aditya Birla Group – includes identification

Conclusion:

In summary, robust mentorship and succession planning are essential for organisational sustainability and long-term growth. Although challenges may arise, a deliberate and systematic approach enables organisations to address these issues effectively. Integrating mentorship goals with broader organisational objectives, allocating sufficient time and resources, and fostering diversity and transparency within succession frameworks allow organisations to cultivate future leaders and strengthen leadership pipelines. Regular evaluation, constructive feedback, and ongoing adaptation ensure that these programmes continue to deliver value and remain aligned with the evolving demands of the business environment.

Cross Functional Excellence: Tax and Internal Audit as Twin Pillars of Governance



Manoj Sharma

The phrase “Tax and Internal Audit: Twin Pillars of Governance” denotes the important roles that both functions fulfil in supporting strong corporate governance. While they operate in different areas, internal audit and tax compliance synergize to ensure transparency, accountability, and sustainability within an organization.

How They Are “Twin Pillars”

Different Roles Shared Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by systematically evaluating and improving the effectiveness of risk management, control, and governance processes.

- **Internal Audit** is an impartial body that verifies the internal controls, governance policies, and risk management of an entity. It addresses the efficiency of controls, the current procedures, and the appropriate handling of risks.
- **Tax function** oversees all aspects of an organization’s tax affairs, such as tax compliance, tax planning, and tax-related financial statement reporting. Its primary

goal is to ensure that the company meets its tax obligations legally while optimising its tax position within regulatory parameters.

Tax Function makes sure that the company follows tax rules, handles tax challenges, and aids in smart financial planning connected to taxes.

Despite their distinct day-to-day focuses, both positions encourage transparency, accountability, and compliance—key characteristics of effective governance.

Risk Management and Compliance

- **Internal Audit:** Complementing first-line operational controls and second-line risk oversight duties, internal audit is the organization’s third line of defence in risk management. It gives the board and senior management reassurance on whether controls are set up and functioning properly to manage risks, including financial, operational, compliance, and strategic risks.
- **Tax Function:** Managing tax risks, offering guidance on the tax ramifications of business actions, and assisting with appropriate tax-related disclosures in financial reports are all part of the tax function’s governance responsibility. The department frequently works with finance and legal teams to ensure that tax strategies are in line with corporate goals and compliance standards. The tax team manages risks related to tax adherence, transfer pricing, indirect taxation, and tax strategy to prevent penalties or harm to the organization’s reputation.

Together both these functions make sure that tax risks are spotted, managed, and reported correctly.

Scope of work and Reporting Lines

- **Internal audits** assess a wide range of operations, including financial reporting, operational efficiency, IT systems, legal and regulatory compliance, and corporate governance practices. To maintain independence and objectivity, internal audit often reports functionally to the board or audit committee, with administrative reporting to executive management.
- **Tax function** ensures that tax returns are filed on time and accurately, taxes are paid, and tax laws are followed in all jurisdictions. Also, it helps to reduce tax obligation in a moral and legal way by strategic management of transactions and structures.



Financial Integrity and Reporting

- Internal audits ensure the correctness and integrity of financial reports, including tax provisions.
- Taxation has a direct impact on financial statements through expenses, deferred tax assets/liabilities, and contingencies.

Their collaboration contributes to accurate and compliant financial reporting, which is crucial for shareholders, regulators, and stakeholders.

Governance and Ethical Culture

- Internal audit encourages ethical practices and internal controls.
- Tax teams are increasingly emphasising appropriate tax practices that are consistent with corporate social responsibility (CSR) and Environmental, Social, and Governance (ESG) principles.

Both functions ensure compliance with laws and ethical norms.

Internal Audit and Tax Complement Each Other

Risk Management and Compliance

From different perspectives, internal audit and tax both stress risk management. Tax finds and handles technical risks connected to tax positions, audits, and disputes; internal audit evaluates the controls and procedures controlling tax compliance risks. Their partnership guarantees thorough control of tax risks.

Financial Reporting Accuracy and Integrity

Financial statements are greatly impacted by tax computations and provisions. While tax offers technical understanding on tax laws and regulations, internal audit examines the controls surrounding tax data and provisions. Working together ensures that tax-related financial reporting complies with accounting standards and is accurate, comprehensive, and thorough.

Ethical Culture and Transparency

Both functions support ethical governance. Internal auditing creates an environment of accountability and control awareness. Tax is rapidly embracing responsible tax procedures based on Environmental, Social, and Governance (ESG) principles, which improves transparency and stakeholder trust.

Challenges in integrating Internal Audit and Tax Function

Organisational Structure

Tax is usually placed in finance or legal, which may limit its autonomy and lead to conflicts of interest. In contrast, internal audit is independent and has direct reporting lines to the board.

Technical Knowledge

Tax regulations are extremely complicated and ever-changing, necessitating extensive technical

knowledge. Internal auditors may lack appropriate tax understanding, making effective assessment of tax risks impossible in the absence of tax partnership.

Resource constraints

Ongoing cooperation or joint projects may be hampered by a lack of staff and conflicting priorities.

Are They Truly “Twin Pillars”?

- The statement emphasises their shared significance to governance structures in a

figurative manner. Strong governance, however, promotes close coordination between the two functions to ensure that tax risks are incorporated into the organization's overall risk management and controls.

- The organization's risk management, controls, and compliance system is strengthened by their collective support.
- The two positions are synchronized and aid in both financial reporting while also helping to promote sustainability in business. Their joint efforts ensure that decisions made are based on fairness, prevailing law, and long-term goals.

Synergy Between Internal Audit and Tax

Internal Audit	Tax	Collaborative Benefits
Evaluates effectiveness of financial and operational control measures	Ensures adherence to tax laws and rules	Collaborates on identifying risks in financial statements due to tax reporting.
Examines the controls related to taxation procedures	Establishes records and tax monitoring	Eliminates errors and vulnerabilities in taxation.
Assesses compliance programs	Ensures compliance with tax laws and reporting requirements.	Enhances the overall culture of following tax regulations
Provides guidance on frameworks for risk management	Evaluates tax strategies and associated risks.	Enables an exhaustive comprehension of governance.

Conclusion

Internal Audit and Tax function complements each other, with one focussing on controls and risk assurance and the other on compliance and tax strategy. Hence, these two functions are indeed two cornerstones of governance. Their different duties converge in risk management, compliance, financial integrity, and ethical culture.

The “twin pillars” concept emphasises collaboration to ensure transparency, compliance, and responsibility to maintain the organization's integrity by overseeing risk, ensuring compliance with regulations, and encouraging transparency. Organisations that foster effective collaboration among these functions improve their governance frameworks, gain stakeholder trust, and position themselves for long-term success in an increasingly complicated regulatory environment.

Note: The view expressed here are personal

Trust as Currency: Why Stakeholders Value Internal Audit More Than Ever



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Trust has become the ultimate currency of modern business, more valuable than any tangible asset. Organizations thrive when stakeholders believe in their integrity, transparency, and accountability — and collapse when that belief is broken. Internal Audit sits at the heart of this equation, uniquely positioned to safeguard and strengthen trust. This article explores how Internal Audit has evolved from a compliance function to a strategic partner, protecting the invisible capital of trust across governance, risk, and controls. By embodying integrity, objectivity, and business acumen, auditors can elevate themselves to the role of trusted advisors whose recommendations drive real change. Case studies from Enron, Volkswagen, and Wells Fargo highlight the catastrophic cost of trust failures, while emerging risks in cybersecurity, AI, and ESG reporting underscore the growing importance of Internal Audit in the digital age. Ultimately, every audit engagement is more than assurance — it is an opportunity to reinforce the trust that sustains organizations in an uncertain world.

Trust as Currency – Rooted in Wisdom:

Indian scriptures remind us that trust has always been the most enduring form of capital. The Vedas proclaim “**Satyam eva jayate**”—truth alone triumphs—highlighting that trust arises when

words and actions align with truth. Kautilya’s Arthashastra emphasizes governance rooted in credibility, cautioning that wealth without trust erodes power. Similarly, the Bhagavad Gita teaches that śraddhā (faith) leads to wisdom and progress. “**Trust is not demanded, it is earned—through independence, integrity, and fairness.** Internal Auditors become guardians of this priceless currency, ensuring organizations thrive on transparency and accountability”.

Trust as Modern Capital in VUCA World:

Trust has emerged as the most valuable yet fragile form of organizational capital. It **does not appear on financial statements**, but it fuels reputation, resilience, and sustainable growth. Without trust, even the strongest balance sheet can crumble. In today’s volatile, uncertain, complex, and ambiguous (VUCA) environment, Internal Audit stands as a guardian and builder of this vital currency, ensuring that organizations not only preserve value but also inspire stakeholder confidence. “Trust is invisible on financial statements, yet Internal Audit ensures it remains an organization’s most protected and valued asset.”

The Evolving Stakeholder Landscape:

Gone are the days when Internal Audit was viewed merely as a compliance enforcer. Over the past two decades, the profession has evolved into a strategic partner in governance. Stakeholders now expect auditors to bring insights, foresight, and assurance that extend beyond numbers. The journey from “policing” to “partnering” has repositioned Internal Audit as an enabler of trust and long-term value creation.

Trust as Organizational Currency:

Trust is the invisible capital that sustains every stakeholder relationship. Corporate failures like Enron, Volkswagen, and Wells Fargo reveal the

devastating cost of broken trust, while organizations that safeguard it consistently thrive. Internal Audit plays a pivotal role in protecting and strengthening this vital currency.

Attributes of Trusted Internal Auditors:

Richard Chambers, in *Trusted Advisors*, emphasizes that auditors must be more than technically sound — they must be trusted. The attributes that underpin this trust include:

- Integrity and Independence
- Objectivity
- Professional Skepticism
- Communication Excellence
- Business Acumen



Internal Audit as Custodian of Trust:

Trust is not claimed — it is earned through consistent action. Internal Audit stands as the guardian of this trust by strengthening governance, risk management, and controls; uncovering fraud and ethical lapses; embedding accountability and transparency; and anticipating risks before they threaten organizational resilience. Post-crisis reviews — from the 2008 financial collapse to more recent corporate failures — consistently trace the root cause to weak controls and oversight. This makes Internal Audit indispensable in protecting the currency of trust that sustains stakeholder confidence.

Trust as Tangible Value

Trust is often viewed as intangible, yet its value is measurable. Organizations trusted by investors enjoy lower capital costs. Customers stay loyal to brands they trust. Regulators favor entities with robust controls. By embedding discipline, accountability, and ethical practices, Internal Audit

transforms trust from an abstract ideal into a tangible competitive advantage—making it part of the organization's DNA.

Trust as Currency

Like money, trust can be earned, invested, and compounded—or squandered. Internal Audit helps organizations bank trust by embedding transparency and resilience across operations. Once lost, rebuilding trust is slow and costly. In this sense, Internal Audit is not just a control mechanism—it is the architect of stakeholder confidence.

Trust in the Digital & Global Era:

In the digital age, trust is simultaneously more powerful and more vulnerable. Cybersecurity breaches, data misuse, and unethical AI applications can destroy trust overnight. At the same time, technology empowers Internal Audit with advanced analytics, continuous monitoring, and predictive insights. Auditors must leverage these tools responsibly, ensuring that organizations embrace innovation without compromising ethics or stakeholder confidence.

The ESG and Sustainability Imperative:

ESG is now a defining dimension of trust. With greenwashing scandals eroding confidence, Internal Audit ensures sustainability commitments are credible, data is accurate, and governance is strong — reinforcing the trust that investors, regulators, and society demand.

Conclusion: Trust as the Currency of the Future

In an era defined by uncertainty, trust has become the ultimate currency of sustainable success. Internal Audit is uniquely positioned to protect and grow this asset, ensuring organizations remain resilient, ethical, and future-ready. Every audit engagement is more than an exercise in assurance — it is an opportunity to build, reinforce, and sustain trust. As ESG, digital transformation, and global risks reshape expectations, stakeholders will continue to value Internal Audit not just for what it does, but for the trust it represents.

Strengthening Tomorrow on Legacy of Compliance



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Aumyaa Consulting Services LLP

Compliance has transitioned from being a simple reactive requirement to a proactive, value-generating pillar supporting sustainable, ethical, and resilient business practices, driven by regulatory, technological, and societal shifts. Compliance today is no longer viewed as a back-office function or a tick-box exercise. It has become the foundation of corporate credibility and the engine of sustainable growth. Every policy drafted, every audit conducted, and every disclosure made creates a legacy of trust- one that strengthens the institution for tomorrow.

As companies adapt to regulatory complexity, digital innovation, and global scrutiny, building on a strong legacy of compliance is critical. Compliance demands rigor, foresight, and methods. With stricter regulations and evolving business models, the legacy of strong compliance lays down the foundation for tomorrow's resilience and strength .

This article examines how compliance serves as an intergenerational foundation, highlights lessons from regulatory actions and outlines strategies to reinforce tomorrow's governance architecture.

Compliance as a Legacy

Compliance is both inheritance and inheritance-maker. The systems, controls, policies, and ethos organisation/company build today become the starting point for future teams. In financial services especially, regulators look at track record, responsiveness, and consistency and not just for the current year but for the company's history.

Key Features of Compliance Legacy:

- Documentation and transparency create institutional memory.
- Ethical decisions set benchmarks for future leaders.
- Strong frameworks prevent reputational erosion and financial penalties.

Compliance Team Contribution:

For a compliance professional, time is the most valuable resource. Regulations multiply every year, board expectations intensify, and technology adds both efficiency and complexity.

In this environment, how a compliance team allocates its time often determines whether an organization stays audit-ready or risks regulatory scrutiny.

Below is the illustrative Compliance time allocation:



Integrity in Action: Scenarios & Key Takeaways

Real compliance is reflected in the decisions we make under pressure or uncertainty. The scenarios below highlight practical situations and key takeaways, showing how integrity and regulatory compliance are applied in everyday decision-making.

Scenario 1: Preparing for the Audit

When a company faces its external inspection/audit, compliance teams invest long hours in aligning internal manuals with Master Directions/Regulation/Circular. Even seemingly 'minor' clauses are meticulously documented. When regulators review, well-prepared documentation converts potential penalties into commendations. In Regulator's view, minor plus omission equals major. - Even small mistakes, if left uncorrected or unreported, can signal neglect or weak controls and attract serious penalties

Key Takeaways

- Regulators often penalize what appears "minor" like contract missing a clause, audit log gap, incomplete tool trails.
- Preparedness and documentation create a buffer in inspections.
- The energy you invest from the start becomes a legacy of diligence for tomorrow.

Example: In FY 24-25, RBI penalized NBFCs for outsourcing some supporting functions/services to service providers without oversight or audit rights. In one such case, the NBFC was penalised in monetary value. This demonstrates that omissions in vendor contracts and oversight are not slight lapses, they can be existential.



Scenario 2: Market Instruments

During any issuances, disclosures, updated SEBI regulations/ circular should always be re-verified under strict timelines. Errors in computation, if unchecked, could jeopardize investor confidence. By embedding compliance checks into the process, issuances should safeguard both investors and reputation.

Key Takeaways

- Shortcuts cost trust; rigorous revisiting builds credibility.
- Commercial pressure is when compliance earns its stripes.

Example: SEBI often raise queries about Non-convertible debenture disclosures for missing risk clauses or investor protections in prospectus/information memorandum/offer documents. These cases show the marketplace and regulators scrutinize every detail.

Scenario 3: ESG & Boardroom Debate

BRSR (Business Responsibility & Sustainability Report) reporting and ESG disclosures requirement, Impact assessment all play important part in describing intention of organisation towards environment. When any false data issues arise then 'greenwashing' should be avoided and we must be firm with the transparency as transparency is better than ambiguity.

Key Takeaways

- Partial or selective disclosure can backfire — transparency builds long-term trust.
- Stakeholder buy-in is critical; compliance must persuade, not just enforce.

Example: During ESG reporting, the compliance team finds overstated carbon reduction figures. They raise it with the senior management, correct the data, and ensure transparency, avoiding greenwashing and reputational risk.

Scenario 4: IT Governance & Vendor Oversight



In today's hyper-connected world, cyber security is not merely an IT issue but a governance imperative. From phishing scams targeting individuals to ransomware crippling multinational corporations, cyber threats have grown into boardroom risks. Regulators in India and globally now demand that companies treat IT governance as seriously as financial reporting or compliance.

IT governance framework should commensurate with the size & complexity of the organisation. As regulator strengthens IT governance norms, contracts should include audit rights and termination clauses with vendors.

Key Takeaways

- Technology compliance (data, cyber security) is not optional.
- Vendor contracts must include audit, termination, escalation provisions.
- Proactive oversight avoids reactive penalty.

Example: A company's vendor faces a ransomware attack. With strong IT governance—including audits and contractual safeguards—the company quickly mitigates the risk and demonstrates control to regulators. Without these measures, the same incident could lead to penalties and reputational damage.

Scenario 5: Compliance Tool Implementation

Transition from spread sheets to a compliance management tool (CMT). At first, every compliance team face issues like alerts misfiring, rules mismatch, staff resistance etc. Spending days coordinating with all departments, giving training and regulators references, all are required to establish a CMT effectively in a company. By some time, the tool's logs, dashboards, reminders will be flagged positively. The tool will become the backbone of company's compliance architecture.

Key Takeaways

- Tools are only as good as configuration and adoption.
- A strong tool becomes a “single source of truth” and elevates compliance maturity.

Example: A bank implements a Compliance Management Tool (CMT) to monitor KYC, audits, and regulatory deadlines. The tool automatically flags issues and generates reports, helping the bank stay compliant and reducing manual errors.

Scenario 6: Compliance Risk Assessment & Heat Mapping

Compliance risk is risk of legal/regulatory sanctions, material financial loss, or loss of reputation due to failure to comply with laws, regulations, rules, codes of conduct

Such as:

- Not adhering to regulator reporting timelines
- Mis-selling financial products
- Ignoring fair practice code

Quarterly risk assessments identify high-risk areas such as vendor oversight and data privacy, KYC compliance etc. If a suspicious access incident arises, a pre-identified risk map enables rapid containment, demonstrating foresight.

Role & Responsibility in compliance Risk assessment

Board

- Approve and oversee Compliance Policy
- Ensure adequate resources for Compliance Function
- Prescribe periodic review of compliance risk
- Discuss material compliance failures and corrective actions

Senior Management

- Carry out atleast Annual compliance risk assessment
- Submit compliance reviews (periodic & annual) to Board/ Board committee
- Report material compliance failures promptly
- Ensure remedial/disciplinary actions taken

Key Takeaways

- Compliance comes from TOP (Board, Senior Management)
- You can't treat all risks equally; prioritization is key.
- Risk mapping gives foresight, not just reaction.

Heat Map: Compliance Risk Levels (Illustrative)



Example: Before launching a digital lending product, a firm conducts a compliance risk assessment, which identifies KYC and data privacy

risks, and implements safeguards—preventing penalties and reputational damage.

Scenario 7: Data Privacy

In an era where data flows freely across jurisdictions, data privacy has emerged as one of the most complex challenges for compliance professionals. Regulators worldwide are increasingly imposing stringent obligations on how organizations collect, process, store, and transfer personal data.

For Banks, Fintechs, and NBFCs, safeguarding customer data is not just a legal requirement but a trust mandate.

Key Takeaways

- Data privacy demands real controls: encryption, consent logs, access controls.
- Compliance must walk ahead of business, not chase behind.

Example: A data breach exposes customer information, causing fines and reputational damage. Strong data privacy controls prevent such risks.

Scenario 8: Boardroom Tensions & Deadline Pressures

Boardrooms are where strategy, governance, and compliance intersect. They are also where pressures collide- business targets versus regulatory obligations, speed versus diligence, and short-term gains versus long-term credibility. For compliance professionals, the boardroom is both a battlefield and a classroom.

Voices are sometime rise over missing deadlines, where insistence on regulatory checks delayed lucrative deals, and where silence hung heavy after a firm “No.”

Boardroom tensions are not disruptions— they are crucibles that test the strength of compliance culture.

Key Takeaways

- Compliance team must sometimes say “no,” proposing alternate compliant paths.
- The tough calls define reputation more than easy ones.

Example: In a board meeting, it was highlighted that compliance team had halted a deal due to incomplete KYC checks. Though tensions rose, the delay prevented regulatory breaches, reinforced a culture of integrity over short-term gains.

Challenges of Modern Compliance

Today, compliance extends beyond legal checks to include cybersecurity, AI, vendor oversight, and global regulatory alignment. Rapidly evolving rules, resource constraints, and cultural resistance make timely implementation challenging. Ethical dilemmas and minor lapses can lead to penalties and reputational damage, highlighting that compliance is a strategic, governance-critical function.

Some key challenges are as follows:

- **Regulatory Velocity & Scope Expansion**

Guidelines on digital lending, AI / algorithmic underwriting, ESG metrics, cross-border data and consumer protection evolve rapidly. Compliance must absorb, interpret, implement often under tight timelines.

- **Technical & Cyber Complexity**

Compliance is no longer legal alone. It requires knowledge of cyber security, encryption, network logs, AI explainability, system architecture, cloud controls.

- **Vendor / Outsourcing Oversight**

Weak vendor governance remains a recurring penal point in regulator enforcement list. Lax contracts, missing audit rights, subcontractor gaps, these trip many company.

- **Cultural Resistance**

Business teams often view compliance as a hurdle. Unless compliance is seen as enabler, shortcuts will happen under pressure.

- **Resource & Capability Constraints**

Compliance teams are often small; juggling audits, risk, training, and oversight becomes onerous, increasing error risk.

- **Global / Cross-Jurisdiction Tension**

Institutions must align domestic regulation with global norms (GDPR, global ESG standards, privacy laws), often with conflicting requirements.

- **Ethical Dilemmas Under Pressure**

Under tight deadlines or business expectations, compliance officers are tempted to relax standards. These moments test the integrity of the system.

- **Reputation & Penalty Risk**

As seen in regulator actions (Appendix-1), even minor lapses (duplicate IDs, weak KYC, missing audit logs, KMP appointment) provoke penalties and public naming. The cost is more than financial, reputational trust is damaged.

Strategies to Strengthen Tomorrow

Compliance thrives on leadership support, empowered staff, and smart technology. Focus on high-risk areas, ethical decisions, and proactive innovation to stay ahead of regulations and protect the organization.

Some key strategies are as follows:



Strategy 1: Build Compliance Culture & Leadership Buy-in

- Senior leadership must visibly champion compliance (attend training, reference compliance successes, support interventions).
- Recognize and reward employees who raise red flags or suggest improvements.
- Embed compliance metrics into performance reviews, not just as checks but as strategic KPIs.

Strategy 2: Leverage Technology

- Deploy a robust Compliance Management Tool (CMT) to centralize regulation mapping, audit logs, alerts, and dashboards.



- Use AI / automation for KYC / AML anomaly detection, rule engines, pattern scanning.
- Link your CMT with core business systems (loan origination, CRM) to auto-trigger compliance checks.
- Maintain version-controlled policy repositories, system logs, tool audit trails — indispensable during inspections.

Strategy 3: Training & Capacity Building

- Use microlearning modules (5-minute daily or weekly compliance tip) delivered via email or internal chat platforms.
- Gamify quizzes, scenario-based role plays, and real incident post-mortems.
- Run refresher sessions — especially after new law / regulation change.
- Pair junior staff with compliance mentors (“shadow compliance”) to build instinctive compliance judgment.
- Track training metrics — attendance, quiz retention, behaviour change, incident reduction.

Strategy 4: Risk-Based Prioritization

- Use heat maps / risk scoring to allocate focus and resources to high-risk areas (digital lending, data, vendor, and cross-border).
- Re-assess risk whenever new products, markets, or tech upgrades are introduced.
- Track Key Risk Indicators (KRIs) — exceptions, incidents, open remediation items via dashboards.

Strategy 5: Institutionalize Ethical Judgment & Pushback

- Maintain a decision rationale repository where compliance decisions (especially “no”) are documented with legal basis, risk trade-offs, and alternative proposals.
- Train compliance teams in negotiation and stakeholder management as how to push back with respect, propose compliant alternatives, and co-create rather than block.
- Bring compliance into product design / strategy conversations early as not as a last gatekeeper.

Strategy 6: Innovation & Future-Forward Compliance

- Constitute internal oversight committees for emerging domains (AI ethics, climate risk, privacy).
- Pilot voluntary ESG / climate disclosures ahead of regulatory mandates.
- Monitor industry trends, peer disclosures, regulator consultations, be proactive, not reactive.
- Engage in industry associations, working groups, and comment on proposed regulatory drafts — contribute to shaping the future.

Conclusion

The impact of compliance builds over time. Small, consistent decisions, disciplined processes, and careful documentation create a company that can handle regulatory challenges and complex business situations. The benefits of compliance—fewer penalties, less reputational risk, and smoother inspections—may not be immediately visible, but over time, they become a significant competitive advantage.



IIA Bombay Chapter Webinar

The IIA Bombay Chapter hosted an insightful webinar on “**Investigative Diagnostics – Addressing Specific Operational Governance Issues**” on 27th September 2025. The session was led by Mr. Piyush Chaturvedi, Partner – SCV & Co LLP, who shared practical perspectives on identifying and addressing governance challenges through investigative diagnostics.

The webinar witnessed an encouraging response with 177 professionals participating. Participants appreciated the relevance of the topic and the speaker’s engaging delivery. Feedback highlighted the session as “highly practical and thought-provoking”, with attendees noting that the examples shared were “directly applicable to real-world governance scenarios”.

The Institute of Internal Auditors India, Bombay Chapter

INVESTIGATIVE DIAGNOSTICS - Addressing Specific Operational Governance Issues

CPE: 2 HOURS

By the end of the session, participants should be able to:

- Explain what Investigative Diagnostics is and when it should be used.
- Identify warning signs in their own processes that could justify such a review.
- Describe the structured approach used in investigative diagnostics.
- Understand how such reviews drive cost savings, risk control, and performance improvement.
- Apply root cause analysis principles to potential organizational issues.

Saturday, 27th September 2025
03:00 PM – 05:00 PM

SPEAKER
Piyush Chaturvedi
Partner, Risk Advisory,
SCV & Co. LLP

Fee:
IIA India Member: Rs. 1000
Non-Members: Rs. 1500
GST @18% applicable

More Info www.iabombaychapter.com

LIVE WEBINAR

The Institute of Internal Auditors India, Bombay Chapter

Diagnostic Reviews
A 360 Degree Assessment of GRC including Culture Audit

30 AUGUST, 2025
AT 03:00 PM – 05:00 PM
CPE: 2 HOURS

PIYUSH CHATURVEDI
Co – Chair Training & Webinar Committee, IIA Bombay Chapter

Key Takeaways:

- Explain what a diagnostic review is and why it's important.
- Understand how diagnostic reviews aid in risk management and performance improvement.
- Identify potential risk areas in their own processes.
- Appreciate the connection between timely diagnosis and organizational sustainability.

Apply the 4-step approach in real-life organizational scenarios.

Fees:
IIA India Member: 1000/-
Non-Member: 1500/- GST @18% applicable

REGISTER NOW

IIA BOMBAY CHAPTER

The webinar titled “**Diagnostic Reviews - A 360 Degree Assessment of GRC including Culture Audit**” was conducted on August 30, 2025, featuring Piyush Chaturvedi, Partner at SCV & Co LLP, as the distinguished speaker. The session attracted 196 participants, reflecting a strong interest in advanced governance, risk, and compliance practices. Attendees appreciated the highly engaging presentation style and the practical insights shared on conducting culture audits, with many noting that the session provided actionable strategies for holistic organizational assessment. The interactive Q&A and real-world examples further enhanced the learning experience, making this webinar a valuable resource for professionals seeking to deepen their understanding of GRC frameworks and effective diagnostic review methods.

Building Investor Confidence: How Governance and Audit Create a Legacy of Trust in India's Capital Markets



Vivek Kedia

India's capital markets have demonstrated remarkable resilience and growth, with the country securing a 22% share of global IPO activity in the first quarter of 2025 and witnessing record-high investment confidence levels. However, India's capital markets face complex governance challenges, from ensuring transparent corporate disclosures to managing systemic risks and building institutional resilience. The timeless narratives from Indian epics; the Mahabharata, Ramayana, and texts like Kautilya's Arthashastra provide profound insights into ethical leadership, operational excellence, and stakeholder alignment that remain remarkably relevant for today's governance professionals. These mythological models embody principles that directly parallel the core functions of internal audit and governance frameworks mandated by modern regulatory authorities like SEBI.

The Eternal Foundation: Learning from Dharmaraja Yudhishtira

Yudhishtira's unwavering commitment to truth, even at personal cost, provides the philosophical foundation for transparent corporate disclosure in modern capital markets. His famous declaration that "truth is the highest dharma" resonates powerfully with challenges in financial reporting and stakeholder communication.

In today's regulatory environment, where SEBI

has mandated Business Responsibility and Sustainability Reporting (BRSR) for India's top 1,000 listed companies, Yudhishtira's principles translate into comprehensive transparency frameworks. Companies embracing this dharmic approach to disclosure are witnessing tangible benefits: enhanced investor confidence, improved ESG ratings, and stronger stakeholder relationships. The BRSR framework, which requires detailed environmental, social, and governance disclosures, embodies Yudhishtira's principle that truth-telling, while sometimes difficult, ultimately strengthens institutional integrity.

Internal audit functions can channel Yudhishtira's righteousness by establishing robust whistleblower protection mechanisms and ensuring independent reporting lines. The IIA's 2025 Global Internal Audit Standards emphasize the critical importance of objectivity and integrity in audit reporting; principles that directly mirror Yudhishtira's unwavering commitment to truth.

Strategic Governance: Channeling Lord Krishna's Diplomatic Excellence

Lord Krishna's role in the Mahabharata as a strategic advisor and ethical guide provides powerful lessons for modern board governance and stakeholder management. His ability to balance competing interests while maintaining ethical standards offers a framework for risk management and strategic oversight.

Krishna's approach to stakeholder alignment finds expression in the sophisticated governance structures required by modern capital markets. The recent enhancement of independent director requirements and audit committee effectiveness mandated by SEBI reflects Krishna's principle of balanced governance. His emphasis on selfless action (nishkama karma) translates into modern concepts of fiduciary responsibility, where board

members and audit professionals must prioritize stakeholder interests over personal gain.

Risk management professionals can draw from Krishna's strategic foresight in implementing risk-based auditing approaches. The new Global Internal Audit Standards explicitly require internal auditors to focus on areas with the highest potential impact on organizational objectives; a principle Krishna exemplified through his strategic interventions in the great war.

Institutional Integrity: Rama's Duty-Bound Leadership

Lord Rama's adherence to dharma, even when personally costly, establishes the template for institutional integrity that modern capital markets desperately need. His willingness to sacrifice personal comfort for broader institutional trust mirrors the difficult decisions that audit committees and governance professionals must make to maintain market confidence.

Rama's concept of raj dharma (righteous governance) translates directly into modern fiduciary responsibilities. In an environment where corporate governance failures like those at

Gensol Engineering and other recent scandals have eroded investor trust, Rama's model of duty-bound leadership becomes especially relevant. His commitment to honoring commitments regardless of personal cost provides the philosophical foundation for robust internal control systems and regulatory compliance frameworks.

Audit professionals can embody Rama's principles through unwavering adherence to professional standards, even when facing pressure from management or stakeholders. The IIA's emphasis on professional ethics and independence in the 2024 Global Internal Audit Standards reflects this Rama-inspired approach to institutional service.

Operational Excellence: Hanuman's Unwavering Service

Hanuman's dedication, operational excellence, and unwavering loyalty provide the ideal model for audit teams and governance professionals committed to sustaining consistent ethical service. His ability to overcome seemingly impossible challenges through pure dedication and skill offers inspiration for modern audit functions facing complex regulatory environments and sophisticated risk landscapes.

The current transition to the 2025 Global Internal Audit Standards requires audit functions to demonstrate enhanced competency across multiple domains; from traditional financial auditing to emerging areas like cybersecurity and ESG compliance. Hanuman's approach of combining deep expertise with unwavering service commitment provides the cultural foundation for this professional evolution.

Quality assurance programs, continuous professional development, and consistent application of audit methodologies reflect Hanuman's operational excellence. His legendary attention to detail and commitment to mission completion translate into modern concepts of audit quality and professional skepticism that are essential for maintaining investor confidence in financial reporting processes.

Systematic Governance: Kautilya's Arthashastra Framework

The Arthashastra's comprehensive approach to governance, financial management, and regulatory oversight provides direct parallels to modern corporate accountability frameworks. Kautilya's emphasis on systematic administration, transparent taxation, and effective regulatory mechanisms offers a blueprint for compliance and risk management systems.

The systematic approach advocated in the Arthashastra aligns perfectly with internal control frameworks like COSO and risk management standards.

The text's emphasis on regular monitoring and assessment translates into modern concepts of



continuous auditing and real-time risk monitoring. As Indian companies increasingly adopt artificial intelligence and data analytics for governance and compliance, they are essentially implementing Kautilya's vision of systematic, technology-enabled oversight.

Crisis Resilience: Matsya Avatar's Preservation Wisdom

Vishnu's Matsya Avatar, which preserved essential knowledge and life during the great deluge, provides powerful metaphors for audit and governance functions during organizational crises. This model emphasizes the critical importance of institutional memory, business continuity planning, and ethical standards preservation during turbulent periods.

The COVID-19 pandemic and subsequent market volatility demonstrated the vital importance of robust crisis management frameworks. Organizations that had implemented comprehensive business continuity auditing and institutional knowledge preservation systems; reflecting the Matsya Avatar's preservation mission; demonstrated greater resilience and maintained stronger stakeholder confidence.

Modern audit functions can embody this preservation principle through robust documentation practices, knowledge management systems, and crisis response protocols that ensure organizational learning and ethical standards survive leadership transitions and market disruptions.

Practical Implementation: Dharma-Driven Governance in Action

The integration of these mythological principles into practice requires specific, actionable

approaches. Organizations can implement dharma-driven governance through enhanced board diversity requirements, strengthened audit committee independence, and comprehensive ESG integration reflecting BRSR mandates.

The recent strengthening of related-party transaction oversight and enhanced financial disclosure requirements represent practical applications of these timeless principles. Companies adopting proactive approaches to governance; rather than merely reactive compliance; are witnessing measurable improvements in investor confidence and market performance.

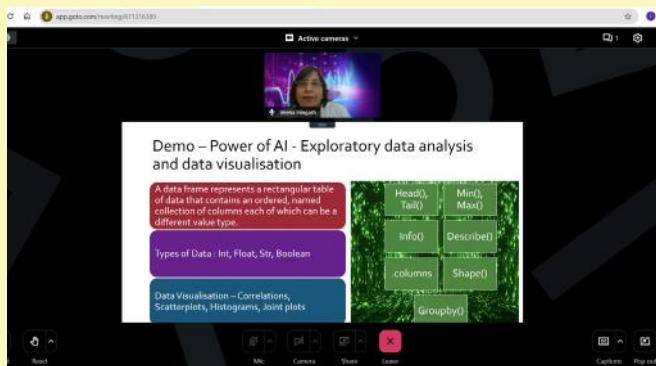
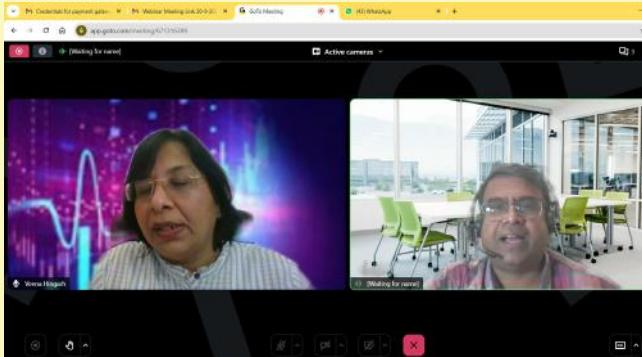
Conclusion: The Enduring Legacy of Dharmic Governance

As India continues its journey toward becoming a USD 5 trillion economy, the enduring relevance of dharma-based governance becomes increasingly clear. The ancient wisdom embedded in our mythological traditions offers not just philosophical guidance but practical frameworks for building sustainable investor trust and market confidence.

The convergence of enhanced regulatory frameworks, sophisticated audit standards, and timeless ethical principles creates unprecedented opportunities for Indian capital markets to demonstrate global leadership in sustainable, trust-based financial systems. By embracing both cutting-edge governance technologies and ancient dharmic wisdom, India's audit and governance professionals can create a legacy of trust that transcends market cycles and regulatory changes, establishing our capital markets as global examples of ethical excellence and sustainable prosperity.



IIA India, Calcutta Chapter's webinar on “Smarter Assurance, Stronger Governance”



As part of the IIA India, Calcutta Chapter's webinar on “Smarter Assurance, Stronger Governance: AI in Internal Audit”, we were privileged to have Prof. Veena Hingarh as a keynote speaker. Prof. Hingarh, a Chartered Accountant with multiple international credentials including CIMA (UK), CISA (USA), and CGMA (USA), shared her expertise drawn from over 25 years of consulting and training across Asia and the Middle East. In her session on “Reimagining Internal Audit: AI Use Cases for Smarter Assurance”, she provided valuable insights on the application of Artificial Intelligence in strengthening assurance and enabling smarter governance. Drawing upon her extensive associations with global institutions such as Moody's, Fitch Learning, and KPMG Middle East, Prof. Hingarh highlighted practical use cases and emerging trends that are redefining the internal audit landscape. Her address offered participants a forward-looking perspective on how AI can transform audit functions and enhance decision-making processes in a rapidly evolving business environment.

WOMEN'S FORUM



A Life of Leadership, Balance, and Purpose



Punam Sharma

Head Risk Management & Compliance
Aditya Birla Sun Life Insurance

In the dynamic world of insurance, where risks, compliance, and controls shape the foundation of trust, leaders are remembered not just for their titles but for the values they uphold. Among them, Punam Sharma is known for her thoughtful and grounded leadership style. Currently serving as the Compliance Officer, her journey reflects a blend of ambition, empathy, and resilience — not just in the workplace, but in life.

A Career Built on Integrity and Impact

Punam's professional path has been shaped by a commitment to ethics and a belief in the power of trust. Starting in financial services, she quickly distinguished herself with her analytical acumen and strategic thinking. As Head of Internal Audit, she redefined the function as a business enabler rather than a watchdog.

Her transition to Compliance Officer is a testament to her ability to simplify complex regulations, anticipate risks, and foster transparent communication. For Punam, compliance is not about fault-finding but about cultivating a culture of accountability and foresight. Her leadership encourages teams to act responsibly, fostering a culture of collaboration and trust.

Leadership Rooted in Empathy

Punam leads not by command, but by example. She listens deeply, encourages innovation, and supports her teams with clarity and compassion. Known for her approachable yet decisive demeanor, she is a mentor to many - especially young professionals and women - helping them navigate challenges and embrace leadership roles with confidence.

Her belief in empowering others is central to her philosophy: success is most meaningful when shared.

A Grounded Life Beyond the Office

Behind her professional achievements is a deeply personal story of balance and devotion. Punam is a hands-on mother, actively involved in her daughter's growth and education. She is also deeply involved in ensuring care for her mother-in-law, who requires medical support - a role she embraces with patience and love.

These responsibilities reflect her values: that leadership is not confined to boardrooms but is equally practiced at home, in quiet moments of care and commitment.

Prioritizing Self, Health, and Well-being

Amidst her many roles, Punam makes intentional space for herself. She believes that well-being is foundational to sustainable leadership. Whether it's early morning yoga, weekend treks, or mindful movement, she prioritizes physical and mental health as a non-negotiable part of her routine.

These practices not only rejuvenate her but also reinforce her belief that self-care is essential - not indulgent. Her commitment to wellness serves as a reminder that resilience begins with nurturing oneself.

Passion with Purpose

Punam brings energy and clarity to every task — whether it's a compliance workshop or a strategic review. Her calm demeanor under pressure and her ability to drive outcomes with precision make her a respected for her thoughtful approach.

She views compliance not as a constraint but as a catalyst for sustainable growth. Her forward-looking mindset ensures that risk management is proactive, preparing the organization for tomorrow's challenges.

Legacy of Trust, Leadership of Tomorrow

Trust has been Punam's guiding principle — in her professional roles and personal relationships. Her consistency and integrity have earned her respect across the organization.

As she steps into broader responsibilities, she represents a new kind of leadership: empathetic yet strong, visionary yet grounded. She strives to integrate professional expertise with empathy and human connection.

Lessons from Her Journey

- **Balance is Power** – Leadership thrives when career and family are embraced together.
- **Trust is Foundational** – It sustains relationships and builds resilient organizations.
- **Passion Drives Excellence** – Challenges become opportunities when approached with energy.
- **Leadership is About Others** – Empowering others creates lasting impact.
- **Well-being Fuels Resilience** – Self-care is the cornerstone of sustainable success.

An Inspiring Role Model

In a world where ambition often overshadows personal values, Punam Sharma offers a relatable example of balancing professional and personal commitments. She is not just a professional - she is a mother, a caregiver, a mentor, and a wellness advocate.

Her story reflects how leadership can be practiced across different roles with intention and care. As she continues to grow professionally while nurturing her family and herself, Punam represents the spirit of tomorrow's leadership — balanced, passionate, and deeply human.



Punam didn't grow dreaming about risk, audit trails or compliances. Somewhere between her first role in Finance & Accounts and her current role as a Compliance Officer, she evolved to becoming a corporate hydra — growing stronger with every challenge or setback, taking them as an opportunity in every stride.

Her journey reflects a blend of intention, empathy, and resilience - not just in the workplace, but in life.

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Her transition to Head Risk Management and then as Compliance Officer is a testament to her ability to simplify complex regulations, anticipate risks, and foster transparent communication. For Punam,

compliance is not about short term actions but about cultivating a culture of accountability and foresight. Her leadership style empowers teams to act responsibly, creating a department that is both respected and relied upon.

Leadership Rooted in Empathy

Punam leads not by command, but by example. She listens deeply, encourages innovation, and supports her teams with clarity and compassion. Known for her approachable yet decisive conduct, she is a mentor to many - especially young professionals and women - helping them navigate challenges and embrace leadership roles with confidence.

Her belief in empowering others is central to her philosophy: success is most meaningful when shared.

A Grounded Life Beyond the Office

Beyond office, Punam is a full time mother, likes trekking, and learning yoga. She's the person who can juggle prepping for a strategic review, a school project, and a downward dog - all before lunch.

She says, "Not everyday is a sunshine, but I keep practicing the art of coming back"

She is also deeply involved in ensuring care for her mother-in-law, who requires medical attention - a role she embraces with patience and love.

These responsibilities reflect her values: that leadership is not confined to workplace but is equally practiced at home, in quiet moments of care and commitment.

Prioritizing Self, Health, and Well-being

Amidst her many roles, Punam makes intentional space for herself. She believes that well-being is foundational to sustainable leadership. Whether it's early morning yoga, occasional treks, or mindful movement, she prioritizes physical and mental health as a non-negotiable part of her routine.

These practices not only rejuvenate her but also reinforce her belief that self-care is essential - not indulgent. Her commitment to wellness serves as

a reminder that resilience begins with nurturing oneself.

She says, "Fill your cup, before saving the world around you"

Passion with Purpose

Punam brings energy and clarity to every task — whether it's a work or life. Her calm demeanor under pressure and her ability to drive outcomes with precision make her a trusted leader.

She views compliance not as a constraint but as a catalyst for sustainable growth. Her forward-looking mindset ensures that risk management is proactive, preparing the organization for tomorrow's challenges.

Legacy of Trust, Leadership of Tomorrow

Trust has been Punam's guiding principle — in her professional roles and personal relationships. Her consistency and integrity have earned her respect in professional journey.

As she has stepped into broader responsibilities, she has grown empathetic yet strong, visionary yet grounded. She embodies the values-driven professional who integrates technical excellence with human connection.

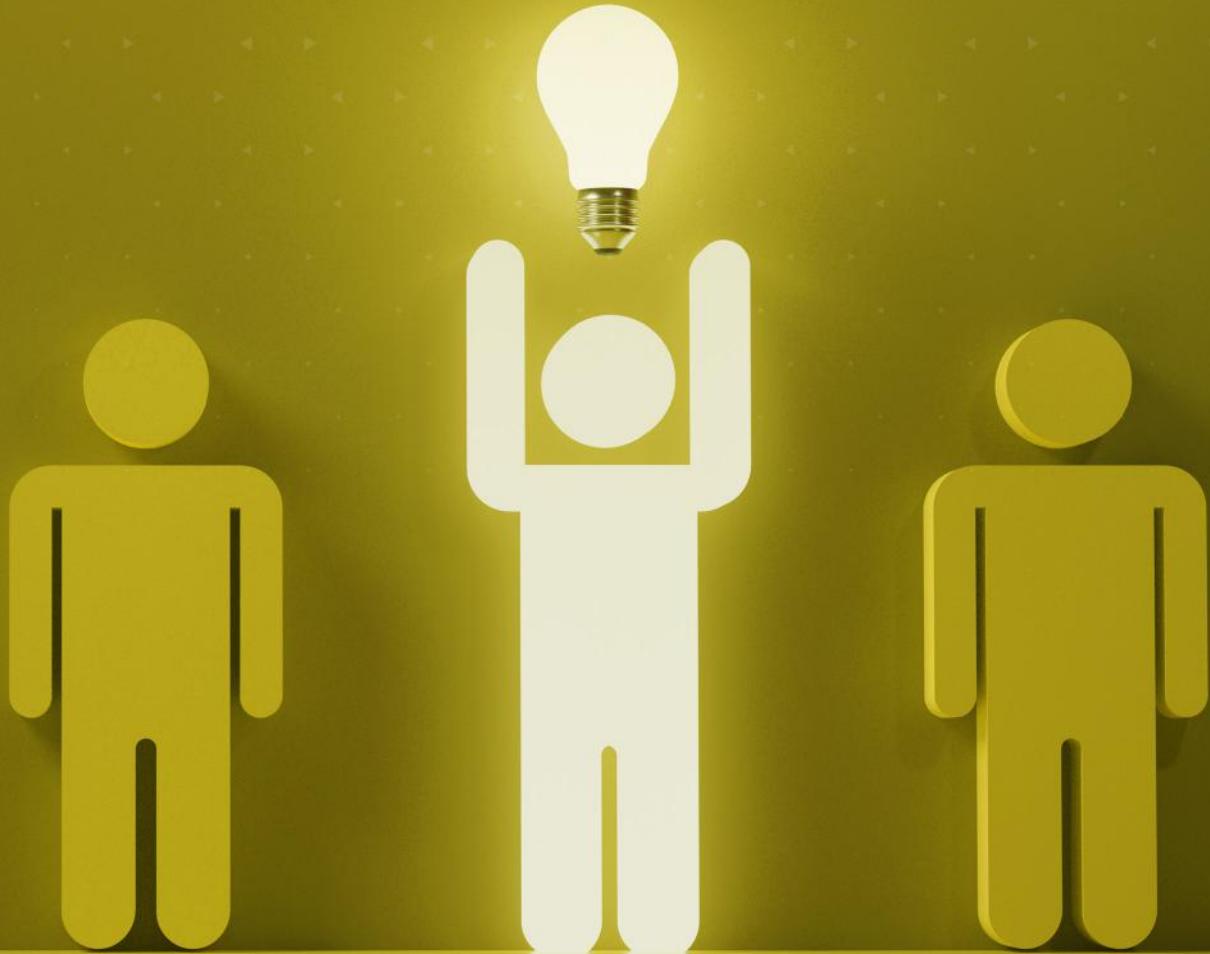
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- **Leadership is About Others** – Empowering others creates lasting impact.
- **Well-being Fuels Resilience** – Self-care is the cornerstone of sustainable success.

An Inspiring Role Model

In a world where ambition often overshadows personal values, Punam offers a relatable example of balancing professional and personal commitments.

EMERGING MINDS STUDENT'S FORUM



Top 5 Skills for Tomorrow's Leaders'

Contributed by:

Shivani Rajwar & Harshdeep Gangawane

Global Risk Management Institute

The world around us is changing faster than ever, and so are the demands on leaders. Of course, timeless qualities like setting a clear vision and inspiring a team will always matter. But the leaders of tomorrow will need more than just the classics; they will need skills shaped by today's uncertainty, disruption, and constant transformation. To capture what it really takes to lead in this new era, LEAD5 brings together the 5 essential skills that tomorrow's leaders must master, covering every dimension needed to thrive as a truly global leader in the future.

Leading with Intention

The future belongs to leaders who know their 'why' and lead with purposeful actions. With true intention, a clear vision and mission emerge, aligning goals with true purpose. This fosters trust and creates meaningful impact across teams, organizations, and communities. As Generations Z and Alpha prioritize purpose and social contribution, intention becomes not just a guiding principle but a guiding force for authentic engagement and long-term impact that

thrives on aligning work with personal values.

Leading with Digital Confidence

Leaders of tomorrow cannot afford to be digitally novice but must be fluent in the strategic potential of technology to harness digitization with clarity and ease. It is not just about adopting tools, it's about shaping culture, enabling people, and leading change without being overwhelmed by it. Confident digital leaders help teams embrace transformation and unlock new opportunities for growth and impact. For Gen Z and Alpha, this confidence translates into influence to see technology not as a threat, but as a partner in growth, innovation, and trust.

Leading with Emotional Intelligence

The emotional aspect of leadership rests on empathy, compassion, gratitude, and conflict resolution. The most effective leaders of tomorrow will be those who lead with empathy and awareness. Leaders with strong emotional intelligence build trust and handle tough conversations with respect, understand team



dynamics that foster a culture where people feel seen, heard, supported, and valued. For Gen Z and Alpha leaders, who will lead diverse, hybrid, and global teams, empathy is not a soft skill but a strategic imperative.

Leading with Analytical Creativity

Innovation proposes the best solution that blends logic and creativity. Tomorrow's leaders break down complex problems with a structured, analytical approach, using tools like mind mapping to see the big picture and identify core issues that create a powerful synergy that transforms imagination into a practical reality. For Gen Z and Alpha, who thrive on experimentation and iteration, this combination drives innovation and measurable results.

Leading with Adaptive Resilience

Adaptive Resilience in leadership echoes in turning

uncertainty into opportunity, chaos into clarity, and adversity into growth. True leadership lies in bouncing back and moving forward in a world of constant change. The most constructive leaders of tomorrow will be those who inspire and help their teams navigate the unknown with a calm and forward-looking mindset. Gen Z and Alpha relate to leaders who model resilience and agile thinking.

The Lead 5 framework is more than a checklist of abilities; it is a roadmap for shaping leaders. In the times to come, professionals will not merely run the organisation to deliver the numbers, but will also focus on uplifting their fellow professionals, subordinates, and partners as their own. The changing times, brought about by the advent of technology, will mark a progressive workforce filled with empathy, passion, and a zeal for a better tomorrow, leveraging technology without considering humans as robots. The leaders of tomorrow won't just lead distinctly- they'll lead meaningfully.



Ethics in Everyday Decisions

How Small Choices Shape a Trustworthy Leader

Contributed by:

Harshal Mokashi & Abhinav Anand, Scholar –
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People usually picture ethical leadership in big scandals, like fraud or insider trading. But really, for most folks in the job, it comes down to those little daily picks that show what you stand for. Those small responses add up over time. They build your rep. And that decides if people trust you as a leader. Potter Stewart, that old Supreme Court justice, put it like this once. Ethics means knowing the difference between what you can do and what you should do. He said that back in 1981. The thing is, it shows up in regular spots. Like when it's easy to cut a corner. Or nobody's watching. Or speaking out feels off. That's where your character gets tested. Legacies form right there.

Scenario 1. The Email That Should Not Be Forwarded

This junior analyst gets a confidential report by mistake. It contains sensitive financial information. He's curious, you know. Thinks sharing it with the team could start some talk. Maybe even boost his pull in the casual chats. But no. He tells his manager right away. Deletes the file, too.

Seemed like no big deal back then. But during his review later, the manager says, I trust him with info because he's shown he can handle it right. That one move spotlighted integrity in keeping things secret. Trust in sensitive stuff, that's gold for any leader. If you mess it up, even lightly, the whole team's faith can slip. Caldwell wrote about it in Harvard Business Review in 2017. Says workers in places with solid integrity feel more loyal. More into their jobs.

Lesson. Guarding secrets, even when it's small potatoes, tells people you're reliable. They'll count on you for the big stuff, too.

Scenario 2. The Temptation of Borrowed Credit

In this student consulting contest, one guy spots his teammate's smart framework. Judges won't know where it came from. So the urge to claim it as his own hits hard. Instead, he gives credit to the teammate. Then builds on it with his own ideas. That fairness bit pulled the team together more. He got nods from the teachers, too. Fast forward years. He's receiving recognition for his team leadership at work.

James Kouzes, that management guy, nails it. Character comes from daily small choices, not the huge moments. He and Posner wrote that in 2017. Leaders who pass around credit like it's nothing. They end up with people eager to pitch in.

Lesson. Handing out due credit builds fairness. It shows humility. Grows trust in the group. That's what sets real leaders apart from solo players.

Scenario 3. The Expense Report Dilemma

At a client meetup, this mid-level manager sees she could pad her travel claim by a couple of hundred rupees. Nobody would spot it. Short gain versus sticking to what's right. She picks right. Submits just the real costs.

Her finance boss says later, she's one of the rare ones I don't need to check twice on. That trust opened doors. Led to her promotion to handling budgets.

Shows honesty in money matters. Paul Zak's 2017 study backs it. High-trust spots have 50 per cent more output. 74 per cent less stress. Leaders proving honest on tiny cash things signal they can

handle fiduciary duties. Key for oversight jobs.

Lesson. Those little money decisions show if you can be trusted with the heavy financial loads.

Scenario 4. Speaking Up Against Casual Disrespect

Brainstorming session. A senior guy mocks a junior's accent. The room freezes. One team member, not even in charge, jumps in politely. Let's stick to the idea. Not the accent. Everyone deserves respect here.

Awkward as heck. But it got people thinking. Months on, the company starts a diversity council. They ask him to co-lead it. His guts to show courage in a regular ethics talk marked him as someone who builds culture.

Indra Nooyi, the old PepsiCo CEO, hit on this. Best leaders fight for the right, not easily. She said it in 2018. Moral guts in daily chats. Makes leaders role models.

Lesson. Calling out disrespect boosts inclusivity. That's core for leadership built on trust.

Scenario 5. The Late-Night Shortcut

Software dev under deadline pressure. Finds that copying code from another firm would speed things up. Low odds of getting caught. Tempting, right. But she writes her own. Stays late if needed.

Project pulls through. Manager tells her later, We trust you to deliver right, not just deliver. Her pick showed accountability. Authenticity too.

Jeff Bezos from Amazon said it. We're stubborn on

vision. Flexible on details. That was 2016. Leaders pushing for real ethical ways make the road to wins as solid as the wins.

Lesson: Owning small tasks ethically means you're in for the big ethical pushes.

The Ripple Effect of Everyday Ethics

Each story alone, kind of trivial. But stack them. You see the real deal. Trust comes from daily habits, not fancy talks. Every day, ethics spreads throughout the organisation. Workers eye how leaders do expense reports. Or share credit. Or handle rude stuff. Centre for Creative Leadership's 2021 research says it. Leaders modelling ethics steadily boosts engagement. Help teams recover from challenging situations. Those small picks pile into your rep. That's leadership cash. Fail small, and big crises hit trust hard. But keep doing right. You stockpile trust for the rough waves.



Values for Daily Leadership Practice

These cases pull out five values. Base for leaders' people trust.

1. Integrity. Do right even alone.
2. Fairness. Credit others. Treat just.
3. Honesty. Truth in tiny things.
4. Courage. Call out wrongs.
5. Accountability. Own it. Skip bad shortcuts.

Conclusion

Every day, ethics look small. Impact's huge though. Confidentiality. Fairness. Honesty. Courage. Accountability. Do them daily. Turn regular pros into standout leaders. Stephen Covey wrote in 2006. Trust changes it all. Leaders' rooting choices in ethics build trust legacies. Last past their time. Remembered for the how, not just what. That's tomorrow's leadership core.

Building Trust Early in Your Career

Contributed by:

Shrayansh, Harshal Mokashi and Saloni Nankani,
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In today's interconnected and transparent world, one currency stands above all others: trust. For students and young professionals, the early stages of a career are not just about acquiring technical expertise or building a resume - they are about developing a reputation based on both credibility and integrity. As Warren Buffett famously remarked, "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently" (as cited in Greenberg, 2017).

This understanding provides context for why credibility and integrity - both of which are often overlooked in the pursuit of credentialing - need to be held as non-negotiable assets in anyone hoping to be tomorrow's trusted leaders of tomorrow.

Credibility and Integrity: The Dual Foundations of Trust

Credibility comes from reliability, expertise and consistency. It is something that is earned by others being able to count on your word and on your work. Integrity, on the other hand, is really about moral consistency: doing the right thing, even when no one is looking. Former PepsiCo CEO Indra Nooyi once noted, "If you want to improve the organisation, you have to improve yourself and the organisation gets pulled up with you... The most important trait is integrity" (Nooyi, 2018).

Together, credibility and integrity are the twin pillars of trust. They decide how rivals, managers, and employers, vying with you now and in the future, view not just your competence, but your character.

Why It's Important to Build Trust Early

- **Accelerates Collaboration**

Early-career environments often require teamwork with peers or faculty and/or colleagues who come from different backgrounds. Trust decreases the friction, accelerates the decision-making process and fortifies collective results. The Centre for Creative Leadership (2021) observes, "Trust is the stable foundation that allows organisations to flex and adapt and thrive in times of continuous change." When students or interns show themselves to be reliable from the start, they make themselves team players who can't be on the job without them.

- **Creates Potential in Leadership**

Leadership doesn't come through title but through being trustworthy time and time again. Stephen M.R. Covey (2006) argued that, "The capacity to establish, create, expand, sustain and rebuild trust is the critical professional ability of our age." Young professionals who ground themselves in credibility and integrity means they will be trusted with greater responsibilities from a young age - laying foundations for leadership trajectories.

- **Protects Long Term Reputation**

A single breach of trust can come to ruin years of effort. Recent research does confirm that organizations with high-trust cultures exceed peers in their level of productivity and engagement (Zak, 2017). On the individual level, the same principle applies-evidence of an early lapse in credibility-plagiarism, dishonesty, or broken commitments-casts long shadows on future opportunity.

Trust as Social Capital

Aside from being an individual ethics, credibility is social capital. For example, fields that study academic careers find that junior researchers who collaborate with credible senior observers have a

lasting reputational advantage (Li et al., 2019). This principle is a direct shrewdness in translating into professional life and career: The early connections and impressions can grow opportunities if one protects the trust on which the hook is hung.

Nitin Nohria, former Dean of Harvard Business School, used to reiterate that authentic leadership is a combination of competence and character. Technical skills alone without integrity alone don't generate confidence. Leaders who rise on trust leave a legacy greater than their tenure.

The Trust Legacy: Leadership for Tomorrow

Trust isn't just an interpersonal virtue—it's an organizational imperative. In an age where a company's mistakes can be amplified on social media at the click of a button, businesses crave leaders who represent a sense of credibility and integrity.

translates to enlisting trust-building as a career strategy. It is the basis of their future brand as leaders—the difference between being remembered as simply competent or as transformational.

Actionable Steps to Build Trust Early

By practising such behaviours, students and young professionals will be practising the fact that trust is not a byproduct of seniority—that it is cultivated on purpose, from the earliest stages of.

Conclusion

In creating the “Leadership of Tomorrow”, trust is not only the legacy to be left to but one to be created. Students and professionals in the making must recognise that they have credibility and integrity, which are far more precious than any technical qualification. They are the unseen assets that build upon themselves and over many years become powerhouses of opportunities,

Practice	How to Apply It	Impact
Keep Commitments	Deliver on deadlines and promises, however small.	Builds reliability and respect.
Demonstrate Integrity Daily	Resist shortcuts, even in routine tasks like assignments or reporting.	Reinforces moral credibility.
Communicate Transparently	Admit mistakes, seek feedback, and share information openly.	Fosters authenticity.
Model Professional Ethics	Uphold academic/professional codes—even under pressure.	Protects reputation from early breaches.
Invest in Character	Develop habits like reflection, accountability partnerships, and ethical role modelling.	Strengthens resilience in complex decisions.

Paul Polman, former CEO at Unilever, explained this change candidly: “Business cannot be successful in societies that fail.” Local effects of the plastic pollution problem include - Trust, once lost, is very hard to gain back. Today's leaders need to “think outside the box on more than profit and purpose” (Polman, 2019). His point of view discusses the fact that trust is not soft skill for leaders of tomorrow, rather a strategic requirement.

For students and emerging professionals, that

growing relationships, building reliability and strengthening themselves as a leader.

As the business leaders of our time work to mentor and inspire the next generation to develop, they should take bio heart from that eternal saying expressed by Warren Buffett: Trust takes years to build but only minutes to lose for those beginning careers. There couldn't be a bigger investment made than ensuring the protection and growth of this most important capital- trust.

Sharpen Your Mind: The IA Quiz

Contributed by: Anjan Hazarika & Saurabh Kashyap
Global Risk Management Institute

1. Which unethical practice led to BluSmart's downfall?

- a) Sales fraud
- b) Misuse of loan proceeds by promoters for personal luxury items
- c) Data theft
- d) Bribery of regulators

2. The ICAI prescribes ethical requirements for auditors under its:

- a) Code of Conduct
- b) Code of Professional Ethics
- c) Ethical Standards for Auditors
- d) Chartered Accountants Act, 1949

3. Which structural weakness in Byju's board was highlighted as a governance concern?

- a) Too many independent directors
- b) Board composed mainly of founders and investors
- c) Excessive regulatory oversight
- d) High female representation

4. Which major Indian corporate scandal is called "India's Enron"?

- a) Harshad Mehta Scam (1992)
- b) Ketan Parekh Scam (2001)
- c) Satyam Scandal (2009)
- d) IL&FS Crisis (2018)

5. What allegations were raised by Hindenburg Research against the Adani Group?

- a) Commodity smuggling
- b) Stock manipulation and accounting fraud
- c) Money laundering through shell companies
- d) Bribery of international officials

6. Clause 49 of SEBI's Listing Agreement mainly deals with:

- a) Insider trading rules
- b) Corporate governance norms
- c) Tax avoidance measures
- d) Foreign exchange regulations

7. Under the Companies Act (2013), which committee is mandatory for listed companies to strengthen ethics and governance?

- a) CSR Committee
- b) Grievance Redressal Committee
- c) Audit Committee
- d) Ethics & Leadership Committee

8. What is the primary difference between ethical compliance and ethical leadership?

- a) Compliance relies on adherence to rules while leadership models aspirational values and culture
- b) Leadership is compulsory, while compliance is voluntary
- c) Compliance applies only to auditors, while leadership applies only to executives
- d) Compliance ensures good culture without leadership involvement

9. Which is the first line of defence in managing ethics and risks?

- a) Internal Audit
- b) Senior Leadership
- c) Operational Management
- d) External Audit

10. The IIA Code of Ethics does NOT explicitly include which principle?

- a) Integrity

- b) Objectivity
- c) Confidentiality
- d) Profitability

11. The IIA Code of Ethics establishes four core principles for internal auditors. Which principle specifically addresses the auditor's responsibility to apply appropriate knowledge and skills?

- a) Integrity
- b) Objectivity
- c) Confidentiality
- d) Competency

12. Professional skepticism in auditing requires:

- a) Automatically doubting all client representations

- b) Maintaining a questioning mind and critical assessment of evidence
- c) Refusing to trust any organizational information
- d) Always assuming management fraud

13. An internal auditor discovers that their company's finance director has been systematically misclassifying environmental penalty payments to hide regulatory violations. The auditor's PRIMARY obligation is to:

- a) Report directly to external regulators immediately
- b) Confront the finance director privately first
- c) Follow established reporting procedures within the organization while ensuring the issue is properly addressed
- d) Document the finding but take no immediate action



IIA India - Hyderabad Chapter Webinar

The Hyderabad Chapter's webinar on "Generative AI in the Enterprise - From Potential to Real ROI" with Mr. Prem Sabnekar from Deloitte was insightful! Generative AI is a rapidly evolving field, and exploring its applications and ROI in enterprises was very valuable for professionals and businesses. Generative AI applications in various industries with use cases were discussed during the session

Brain Burner

Test your skills, submit your answers and win a prize!

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HINTS

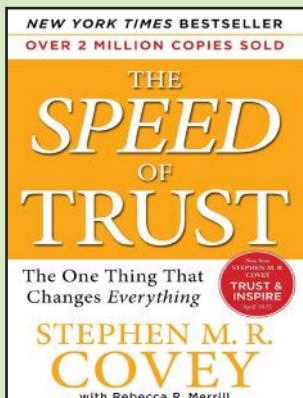
- Foundation of stakeholder confidence in audits
- Compliance of auditor to follow professional standards and conduct
- Act of not disclosing information
- System that examines and controls the working of an organization
- Ability of an individual or group to influence others
- Degree of openness and clarity in audit reporting
- Set of rules and guidelines used in audit
- ensure that auditors follow best practice standards
- Core ethical principle requiring transparency, honesty and moral values
- fairness and straightforwardness of conduct
- Principles of right and wrong governing conduct
- To expose frauds and wrongdoing in an organization
- State of freedom from bias and external audit control
- Any individual or group who may be affected by activities or decisions in an organization.
- Reason why stakeholders rely on audit opinions
- Process of examining financial statements
- Quality of being reliable and consistent
- Degree to which audit findings are precise and correct
- Subjective influences that may affect the power of decision making and judgement
- Quality of being free from material misstatements

Please send your answer by email to:
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Humour in Action

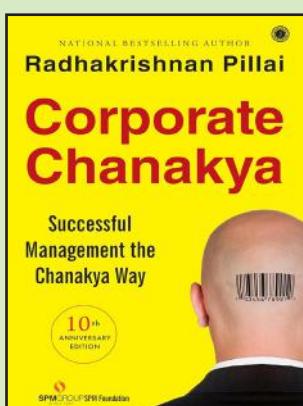


Books That Matter: Top Picks for IA Professionals



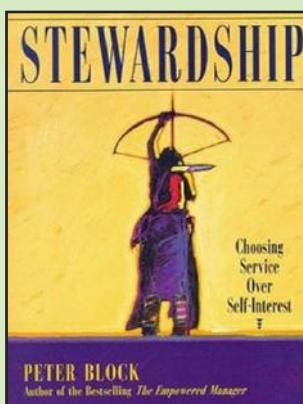
"The Speed of Trust" – Stephen M.R. Covey

Trust is often seen as a soft skill, but Covey powerfully demonstrates that it is an economic driver with measurable impact. The book explains how trust reduces costs, accelerates decision-making, and builds stronger relationships. For professionals in audit and finance, this resonates deeply, since credibility is the foundation of our work. Covey also provides practical frameworks on how to build, extend, and restore trust in both personal and professional settings. It is an essential read for anyone who wants to transform trust into a leadership advantage.



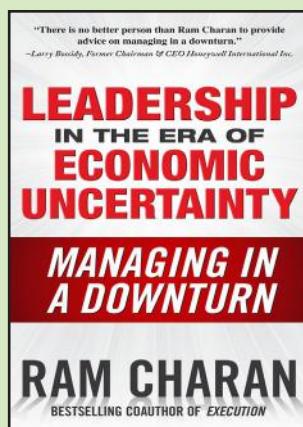
"Corporate Chanakya" – Radhakrishnan Pillai

Drawing wisdom from ancient Indian strategist Chanakya, this book connects timeless principles of governance, leadership, and ethics with today's corporate challenges. Pillai breaks down Chanakya's teachings into practical lessons that can guide modern professionals in decision-making, strategy, and people management. For auditors and finance leaders, the emphasis on discipline, foresight, and ethical governance feels especially relevant. What makes the book unique is its ability to bridge Indian heritage with contemporary business practice. It leaves readers inspired to lead with vision, ethics, and cultural rootedness.



"Stewardship: Choosing Service Over Self-Interest" – Peter Block

Block's work emphasizes a leadership philosophy based on service, responsibility, and shared ownership. He challenges traditional models of authority and instead encourages leaders to empower teams and communities. For auditors and finance leaders, who act as custodians of organizational trust, this mindset is invaluable. The book also urges professionals to focus on building institutions that last, rather than chasing short-term gains. It is a refreshing perspective for those who want to create meaningful impact through values-driven leadership.



"Leadership in the Era of Economic Uncertainty" – Ram Charan

Written in the aftermath of financial crises, Ram Charan's book provides actionable insights for leaders navigating turbulent environments. He stresses agility, resilience, and sound decision-making as the hallmarks of leadership in uncertain times. For CAs and IA professionals, the guidance on managing governance, risk, and sustainability directly ties to our core responsibilities. Charan uses real-world corporate examples to illustrate how leaders can keep organizations stable while preparing for the future. It is a handbook for tomorrow's leaders who must balance foresight with accountability.

AROUND THE WORLD AUDIT INTELLIGENCE FROM ACROSS THE WORLD



GROUP POWER UNLEASHED

Sony Financial Group's federated audit model sparks creativity through collaboration.  Yohtaro Peter Izumi

Tinternal auditors are always searching for ways to generate meaningful audit findings. Ultimately, the essence of internal auditing lies in producing insights for management. For the CAE, structuring the internal audit function to consistently generate meaningful insights is a vital responsibility.

Sony Financial Group Inc.'s (SFG) federated audit model supports this effort by focusing on group collaboration and leveraging organizational strengths, referred to as "reserved group power." Some organizations have used federated models to strike a balance between centralized and decentralized control of corporate and

data governance (see "Audit Governance Models" on page 44).

Like those organizations, Sony developed its federated audit model to address the assurance needs of a company with three separate lines of business — and to benefit from the unique perspectives of each entity. This framework encourages group members to unleash their creativity, working together to propose and refine ideas that benefit both the group and the organization.

At SFG, federated audit has enabled internal audit to achieve the top rank in employee engagement surveys for three consecutive years. It also has produced innovative practices, such as

the Agreed-Upon Procedures (AUP) Advisory Engagement, a formal advisory methodology launched before the company implemented the Global Internal Audit Standards.

ENCOURAGING FREE THINKING

Although Sony is globally recognized for its contributions to entertainment and technology, SFG boasts \$140 billion in assets and operates life insurance and auto insurance businesses, as well as an internet bank. Each of SFG's subsidiaries has its own internal audit function that complements the corporate-level function. Three years ago, the company began experimenting with a federated





AUDIT GOVERNANCE MODELS

The federated audit model's parent-subsidiary relationship contrasts with three other audit governance models found in holding companies with multiple subsidiaries.

In a **fully centralized model**, the parent company's audit function centralizes authority and standardizes processes across subsidiaries. While this ensures uniform audit quality and alignment with the parent's priorities, it may diminish creativity at the subsidiary level.

In a **partially centralized model**, subsidiaries' audit functions retain some autonomy, but the parent company's function controls areas such as staffing and budgeting. The risk with this approach is that accountability can be unclear, particularly during crises.

In a **decentralized model**, subsidiaries take full ownership of their internal audit plans, with limited oversight from the parent company. However, this may lead to limited governance by the parent and less collaboration among subsidiary audit functions.

audit approach in collaboration with the CAEs of its subsidiaries.

Instead of imposing a rigid, standardized global audit methodology, federated audit strategically gives subsidiary audit departments autonomy in their methodologies. It encourages experimental practices and open communication. This approach is analogous to the relationship between federal and state governments, where mutual recognition of autonomy is key. The states (subsidiaries) handle tasks independently whenever feasible, while the federal government (parent) ensures a baseline of rules and minimum necessary actions, intervening only when required.

The core philosophy of this approach is to encourage free thinking and creativity. Audit leaders aim to build functions that strategically

harness their teams' capabilities and enable them to contribute while proactively adhering to a shared vision.

The federated audit model is intended to foster creativity among the parent and subsidiary audit functions by balancing a sense of ownership with the "creative tension" that arises from differences in perspectives. Ownership empowers individuals to think and make decisions. Within the federated model, it helps bring up differences in perspectives between the parent company and its subsidiaries that can be a productive driver of creativity. However, maintaining this balance requires mutual trust among all entities.

THE THREE ELEMENTS

At SFG, federated audit supports management in adapting to a rapidly changing environment. This initiative

emphasizes creativity and collaboration based on the three essential organizational elements defined by author Chester Barnard in *The Functions of the Executive* — communication, willingness to contribute, and a common purpose.

Barnard's framework supports top-down governance by fostering organizational cohesion. Building on this idea, SFG structured its federated audit model to promote mutual communication, purpose-driven rules incentivizing auditors to contribute, and a shared vision.

1) Communication:
Federated organizational structure. The internal audit department of SFG's holding company is structured with three key functions (see "Organizational Chart" on page 45):

- **Governance Division.** Focuses on strengthening governance from the

parent company's perspective (such as for investors).

- **Planning Division.** Promotes group cohesion by supporting subsidiaries' initiatives and perspectives (such as for customers).

- **Group Audit Meeting.** Facilitates communication among senior audit leaders across the group.

Each division intentionally highlights different viewpoints from auditors with unique industry backgrounds to foster creative tension that is essential for thinking beyond conventional boundaries. As auditors share their perspectives, they detail the reasoning behind their ideas and why they may be a better solution than others. Through this dialogue, auditors discover a shared purpose that becomes a catalyst for new ideas.

Subsidiary auditors work part time with the Planning Division to help develop and

refine audit methods while operating independently of the Governance Division that ordinarily oversees them. This independence gives auditors a safe space to speak freely and honestly. The Group Audit Meeting provides a forum where participants can harmonize conflicting opinions and develop more innovative ideas.

2) Willingness to contribute: Purpose-driven rules. Beyond its structure, SFG's parent and subsidiary audit functions created a platform for accumulating knowledge that internal auditors have created. This platform comprises group guidelines that enable all subsidiaries to collectively explore better audit practices, exchange insights, and be recognized for their contributions. Group guidelines consist of basic guidelines and practical guidelines.

Basic guidelines ensure SFG's audit functions follow fundamental internal audit practices that align with governance needs. Practical guidelines build on these practices by incorporating the expertise of auditors from the parent and subsidiary audit functions, enabling them to jointly develop and execute their ideas to elevate the quality of internal audit.

For example, SFG's Planning Division developed a practical guideline for agile auditing and released it for a trial by subsidiary auditors. Following the trial, auditors



suggested improvements to some of the reporting templates, which were added to the updated guideline.

The combined group guidelines are structured as “purpose-driven” rules that provide flexibility for trial and error. Traditionally, regulations function as authoritative tools to enforce compliance, using penalties to address violations of their “order-driven” rules.

While an authoritative framework remains necessary, group guidelines help define the purpose of rules and create an inclusive space where auditors can share ideas and expertise to fulfill the rules’ objectives. Practical guidelines reflect the results of this co-creation and formally acknowledge individual contributions.

3) Common purpose:
Shared vision. Auditors acknowledged that encouraging differing opinions could result in a lack of cohesion among group audit functions. To address this risk, SFG’s audit functions established a shared vision

that balances diversity of thought with alignment to the organization’s direction. They developed the Group Audit Vision from the bottom up to express trust in each individual auditor and foster a sense of unity.

The Group Audit Vision (on this page) expresses the auditors’ collective aspirations for their desired future state. Co-creation is essential and refers to participants who share a common purpose, bringing together their ideas and exchanging opinions to create value.

While a company or a group may establish such a vision as its ideal state, it is less common to establish one at the department or functional level. However, in a diverse group of auditors, collective efforts can become fragmented. Having a shared vision keeps everyone focused on the department’s aspirations.

COLLABORATIVE OUTCOMES

SFG’s AUP Advisory Engagement is a product of the

federated audit approach. Internal audit needed to expand advisory activities to address not only control and governance, but also broader business issues such as strategic risk. Often, subsidiary CAEs and their teams thought traditional assurance methods were too rigid.

In response, leaders at the Group Audit Meeting decided to develop a dedicated advisory engagement methodology and tasked the Planning Division with coming up with its essential components. Initially, the core team proposed a draft methodology based on a continuous monitoring approach, but after brainstorming, a new idea emerged. The team proposed adapting the AUP approach often used by public accountants, which a team member noted would provide more structure for advisory work.

After exploring how to adapt the AUP approach for advisory work, the team introduced a practical guideline detailing a new advisory engagement methodology that balanced structure and

flexibility. Subsidiaries can apply the methodology with approval from their CAE. This approach empowers each subsidiary to test and tailor advisory engagements. It also creates a platform for refining the methodology.

IDEAS WITH IMPACT

Now more than ever, internal audit functions need to foster collaboration and creativity that yields meaningful insights. In uncertain times, management and boards rely on internal auditors to provide objective opinions that address emerging challenges and inform decision-making.

The federated audit model is a framework for using a group’s collective strengths to explore better approaches to the organization’s challenges. Encouraging broader perspectives, collective thinking, greater autonomy, and a shared vision can yield creative solutions when they are needed most.

Yohtaro Peter Izumi is executive officer, Audit Department at Sony Financial Group Inc. in Tokyo.

GROUP AUDIT VISION

With unwavering ethics and professionalism,



Embracing new insights,



Cultivating universal mutual understanding with empathy,



Together we audit to realize the SFG Vision.



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