

NEW NORMAL IN INTERNAL AUDIT FUNCTION

OMAN PULSE OF INTERNAL AUDIT SURVEY 2022



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INTRODUCTION

Within the context of corporate governance, internal audit (IA) plays a critical role in providing assurance and related value-added services to an organization and as the third line of defense (per the IIA Three Line Model)*. As Oman's governance landscape is evolving, the IA fraternity is ever more cognizant of its role by contributing positively to the growth and sustainability of their organizations. The regulator in Oman, i.e., Capital Market Authority (CMA), has also been proactive in enacting laws, regulations, and executive decisions to strengthen the role of IA in the dispensation of effective governance.

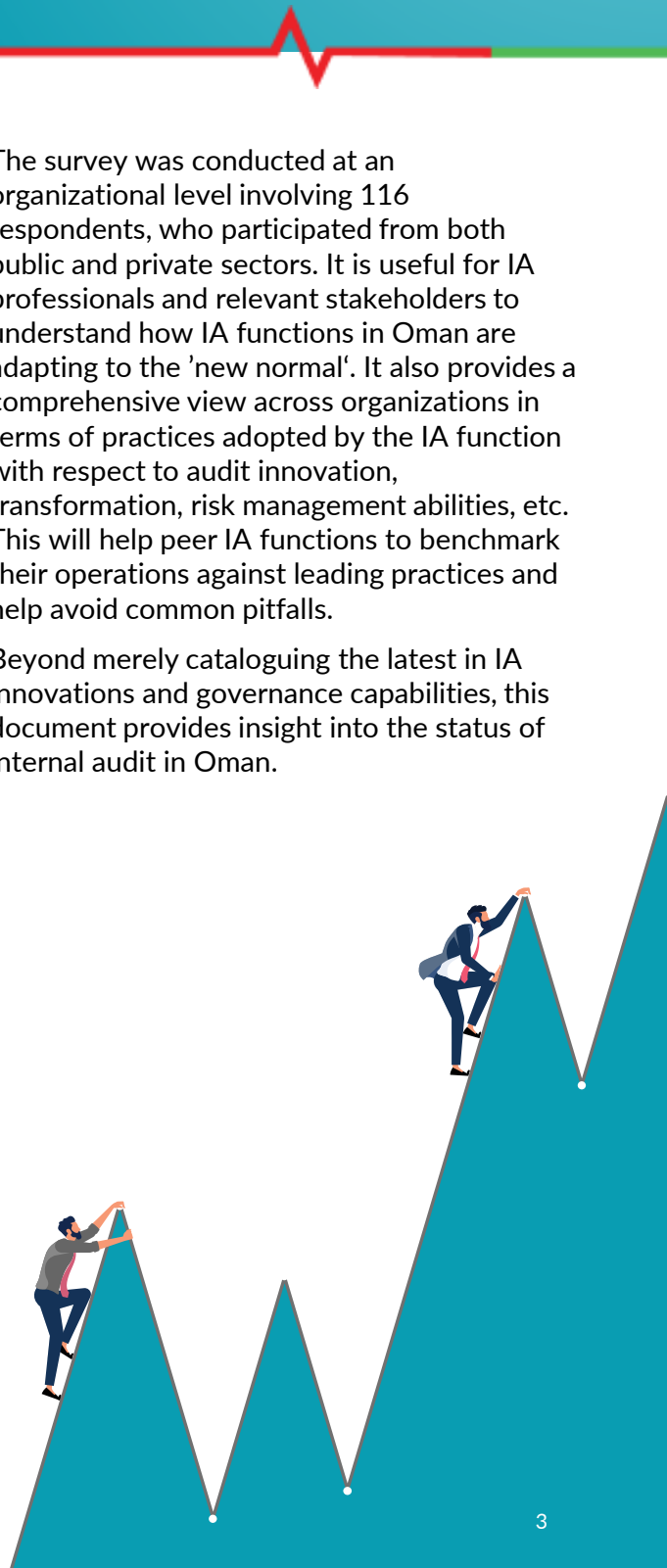
Against the backdrop of these developments, IIA Oman conducted the Chief Audit Executive (CAE)-focused Pulse Survey to gain insights into the various aspects of IA. However, the survey base for this edition has been broadened to include the entire IA fraternity working across levels, which helped in capturing more inclusive and representative insights.

The survey targeted IA professionals and Audit Committee members and was conducted towards later half of 2021.

The survey was conducted at an organizational level involving 116 respondents, who participated from both public and private sectors. It is useful for IA professionals and relevant stakeholders to understand how IA functions in Oman are adapting to the 'new normal'. It also provides a comprehensive view across organizations in terms of practices adopted by the IA function with respect to audit innovation, transformation, risk management abilities, etc. This will help peer IA functions to benchmark their operations against leading practices and help avoid common pitfalls.

Beyond merely cataloguing the latest in IA innovations and governance capabilities, this document provides insight into the status of internal audit in Oman.

*Source: IIA Three Lines Model
(<https://na.theiia.org/news/Pages/IIA-Issues-Important-Update-to-Three-Lines-Model.aspx>)



INTRODUCTION

The survey underscores that during COVID-19 approximately one quarter of internal audit professionals participated in crisis management activities or reviewed the **design and control effectiveness of business continuity or disaster recovery frameworks, without compromising independence, which is in-line with IIA global guidelines.**

On a digital majority scale, high percentage (3/4) of internal audit professionals in Oman categorize themselves as 'digital followers' or 'digital beginners. **Consequently, a majority of Audit Committee members demonstrated high to moderate level of interest to undertake transformation and innovation initiatives.**

Underscoring the high percentage of internal audit professionals in Oman, advanced analytics, and continuous control monitoring (CCM) are the most prioritized transformation and innovation initiatives considered by companies.

The survey focuses on:

Demographic profile:

Sectors, internal audit-related competencies, number of years of experience in internal audit, professional and academic qualifications

Internal Audit Function:

Coverage and spread of the audit plan, audit plan development method, reporting structure, completion percentage and manpower

Innovation & Transformation:

Adoption of innovative and technological initiatives

COVID-19 impact:

Impact on internal audit strategy and audit plan, manpower, level of engagement and consultation

Risks management:

Covers the areas related to emerging and atypical risk, auditor's perception, and organizational view

Stakeholder relationship:

Relationship and expectations management with key stakeholders, i.e., CMA, audit clients, Board and Audit Committees

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

- Disruption usually accelerates innovation. Consequently, the COVID-19 pandemic has had far-reaching impact, which made it imperative for the IA functions to evolve as well to execute its daily responsibilities in an efficient manner. As a result of innovation and transformation of IA functions, 38% of survey respondents mentioned that they fully achieved the IA plan which is a significant increase from the 18% seen in the 2020 survey.
- Globally*, COVID-19 has forced 3 out of 10 IA functions to reduce their budgets. In Oman, it is estimated at 10% as per 47% of the survey respondents.
- Twenty eight percent of the respondents reported that the Audit Committee is not pursuing innovation and transformation initiatives, which is marginally lower than the 29% reported in the 2020 survey.
- The survey revealed that 6% of organizations report to the CEO or the CFO, which could impair the independence of the IA function and may impact objectivity. Accordingly, IA function should revisit the such dual reporting relationships to ensure independence i.e. functional reporting to Board of Directors/Audit Committee and administrative reporting to CEO/CFO to ensure organizational independence.
- **The survey highlighted potentially one key area of concern were 39% of the respondents indicated that the IA function in their organization does not have an IT Auditor.**
- Additionally, 22% mentioned that they do not plan for technology audits.
- External quality assurance audits were conducted by 53% respondents.
- While some IA functions adopted next-gen audit techniques like agile auditing or dynamic risk assessment, others re-evaluated the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) program within the organization or participated in crisis management
- IA functions consulting and leadership role was appreciated by most respondents as they performed their responsibilities without impairing their objectivity.
- The overarching regulatory framework issued by CMA in respect of reporting, independence, and roles and responsibilities is all set to reduce the inconsistencies across the organizations. However, it appears that at the organization level, awareness of the framework is required among the senior management and ensure that independence of IA function is not compromised.

*Source: IIAs Audit Executive Centre Survey on COVID 19 Impact on Internal Audit

DEMOGRAPHIC PROFILE

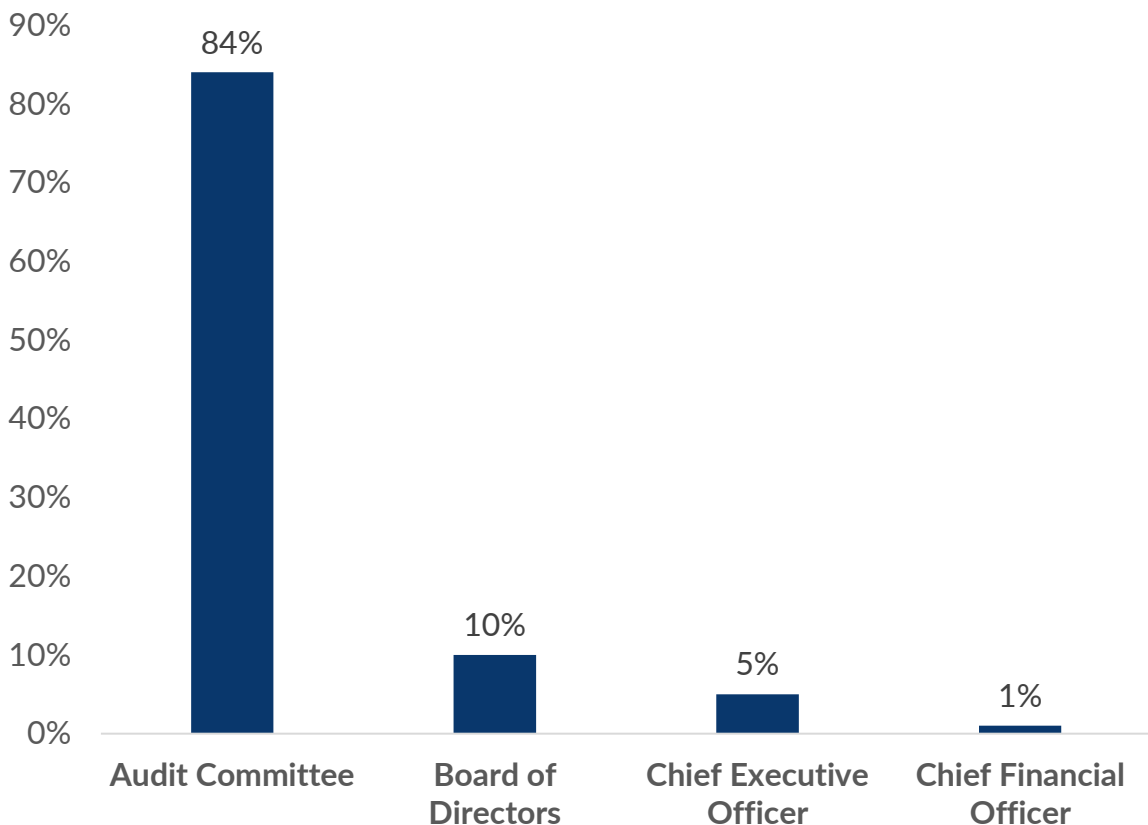


DEMOGRAPHIC PROFILE

Based on the responses to the survey, it emerged that most CAEs/CIA/Directors have 10 years of work experience. 84% of the respondents said that they work for a joint stock company while 6% are at a government-owned organization or in the public sector. 39% of the respondents have multiple certifications such as CIA,

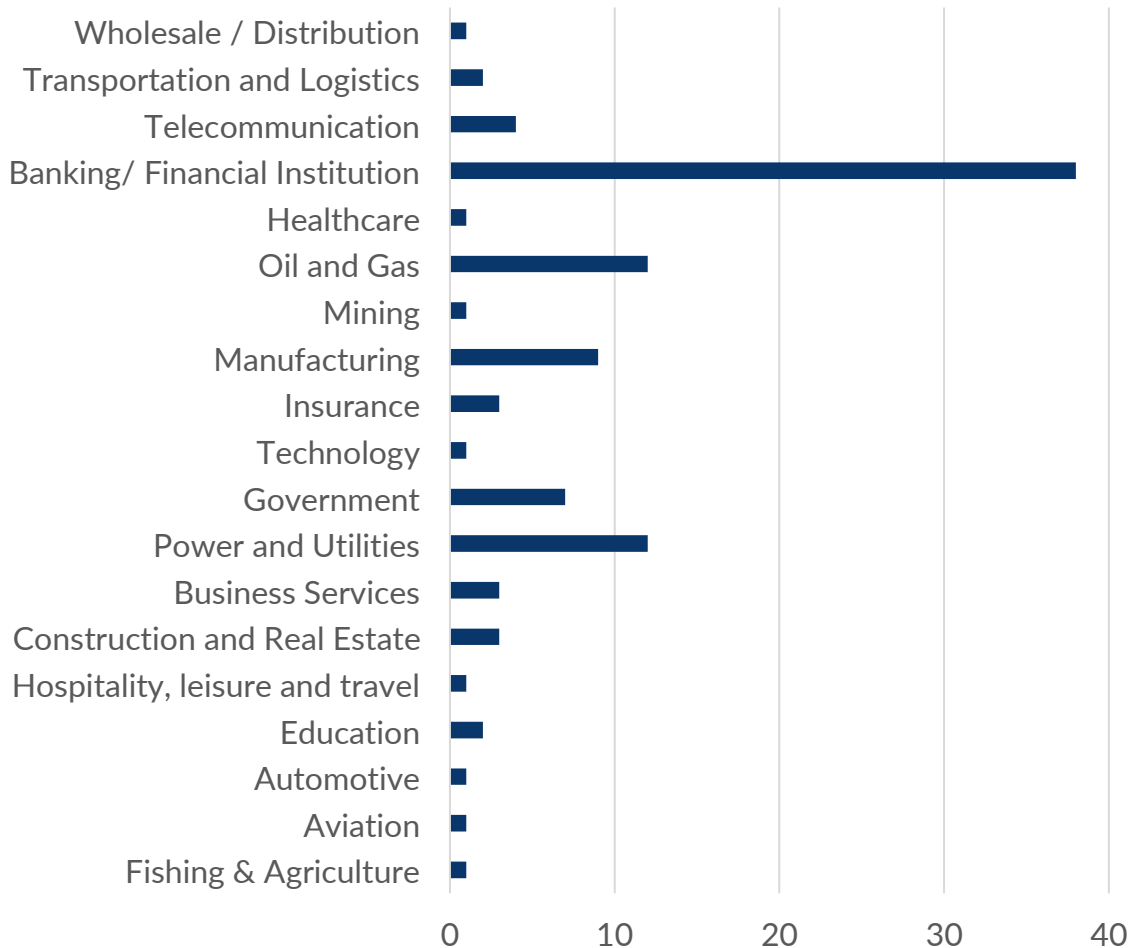
CA, CPA, CRMA, CISA, CFE, and others. The highest number of certifications held by CAEs/CIA/ Directors is 'Certified Internal Auditor' which is enumerated by 45% of the respondents. On the other hand, many CAEs possess a CA/CPA degree followed by CISA and CFE.

Functional reporting of internal audit



DEMOGRAPHIC PROFILE

Primary business sector / industry of survey respondents

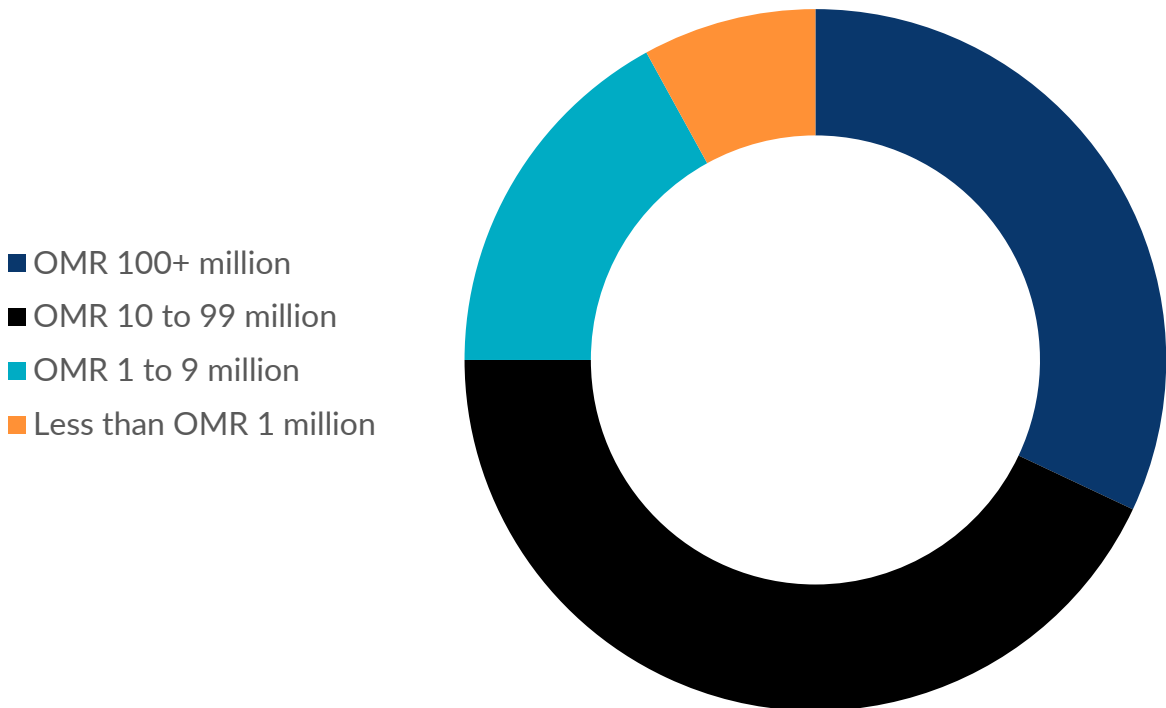


An overwhelming 94% respondents stated that IA in their organization functionally reports to the Audit Committee or the Board of Directors, which aligns with the leading practice for organization independence.

However, 6% functionally reported to the CEO or the CFO. Most respondents were from the Banking/Financial Institution, Oil & Gas and Power & Utilities sectors.

DEMOGRAPHIC PROFILE

Gross annual revenue of organizations

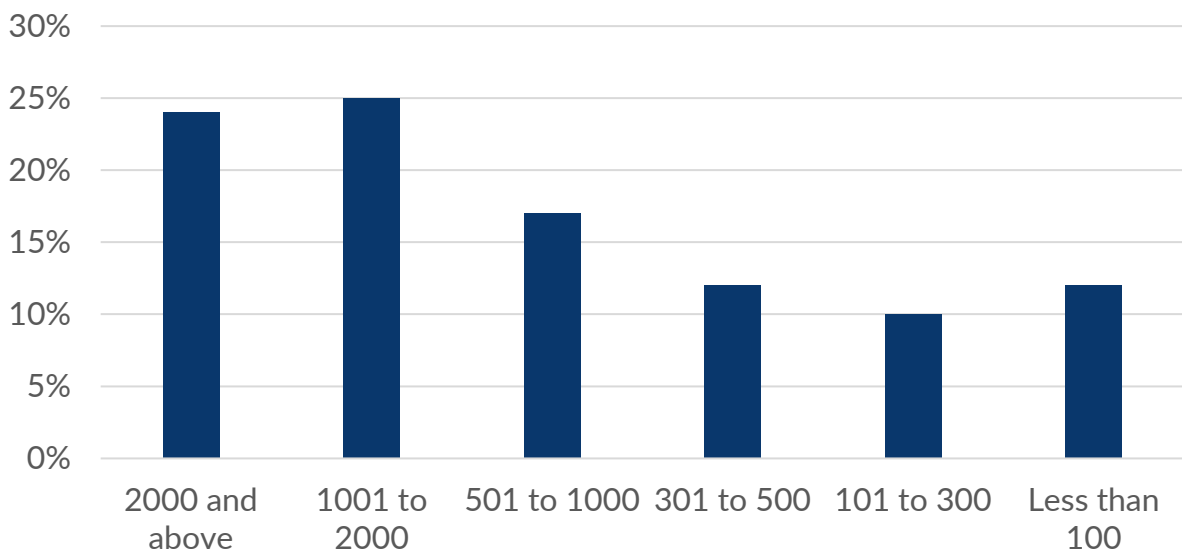


75% of respondents belong to medium- to large-size organizations having gross annual revenue of OMR 10 to 100+ million. 49% of the companies have 1,001 to 2,000+ employees. 80% respondents said that they have an overall career experience of 10 years or more. A majority of (52%) respondents said that they are either CAE/CIA/Director of IA or Manager, IA, in their respective organizations.

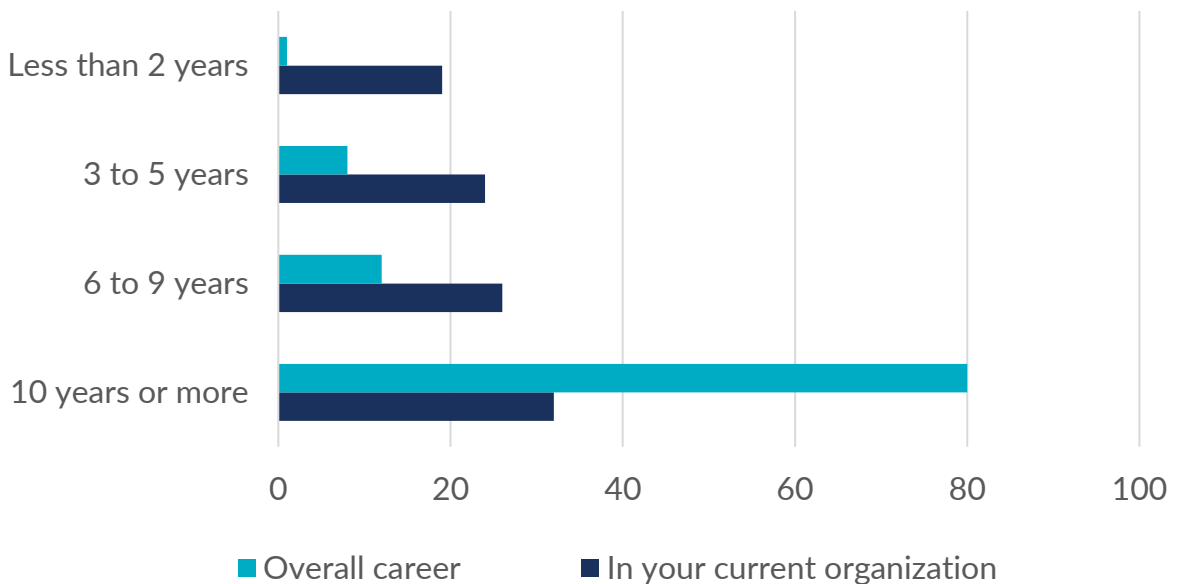
28% of the respondents having 10 or more years of experience worked for organizations having an annual turnover of OMR 10 million or more and mostly worked for Banking/Financial Institutions.

DEMOGRAPHIC PROFILE

Number of employees in the company

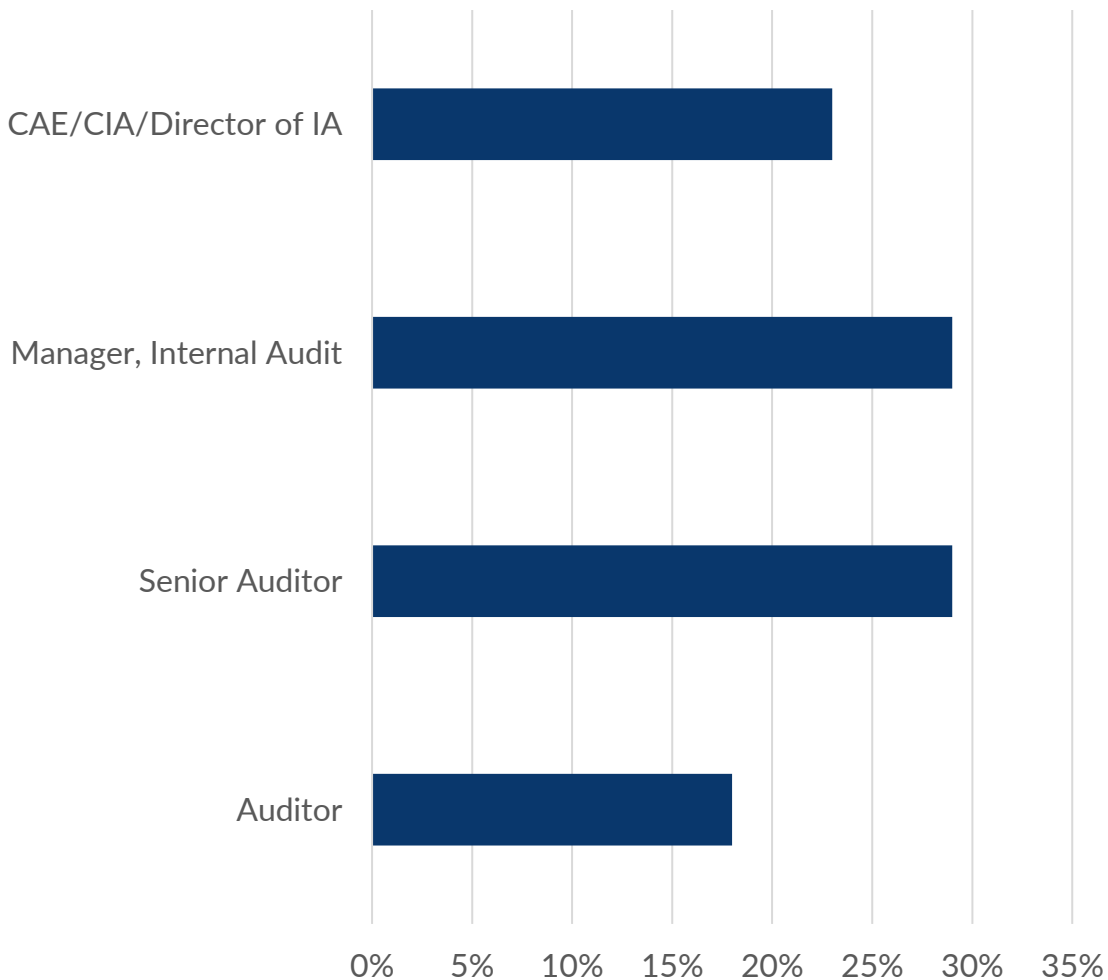


Working experience (in years)



DEMOGRAPHIC PROFILE

Current designation or position

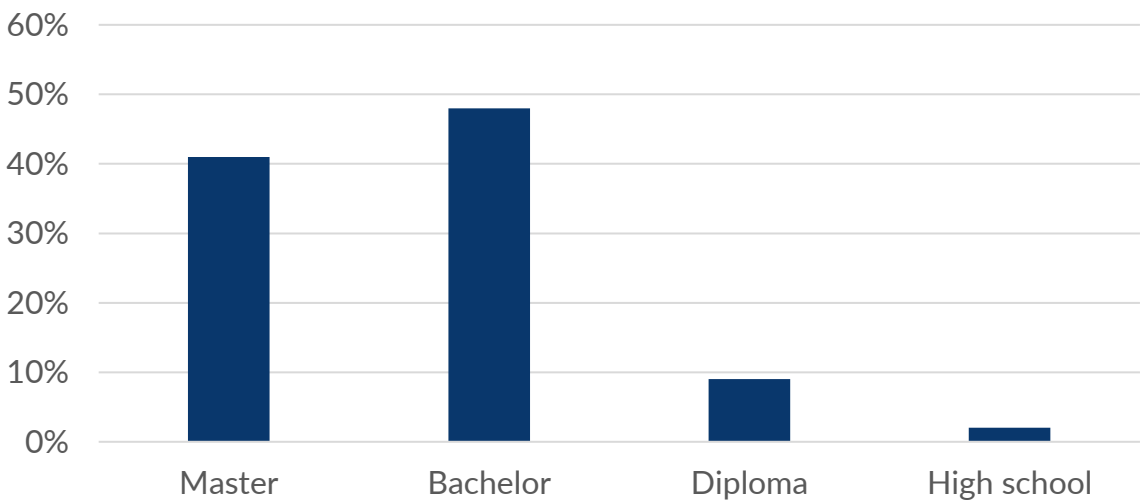


Within the cross section of respondents who are CAE/CIA/Director of IA, most respondents were working for Banking/Financial Institutions followed by the Oil & Gas and Manufacturing sectors.

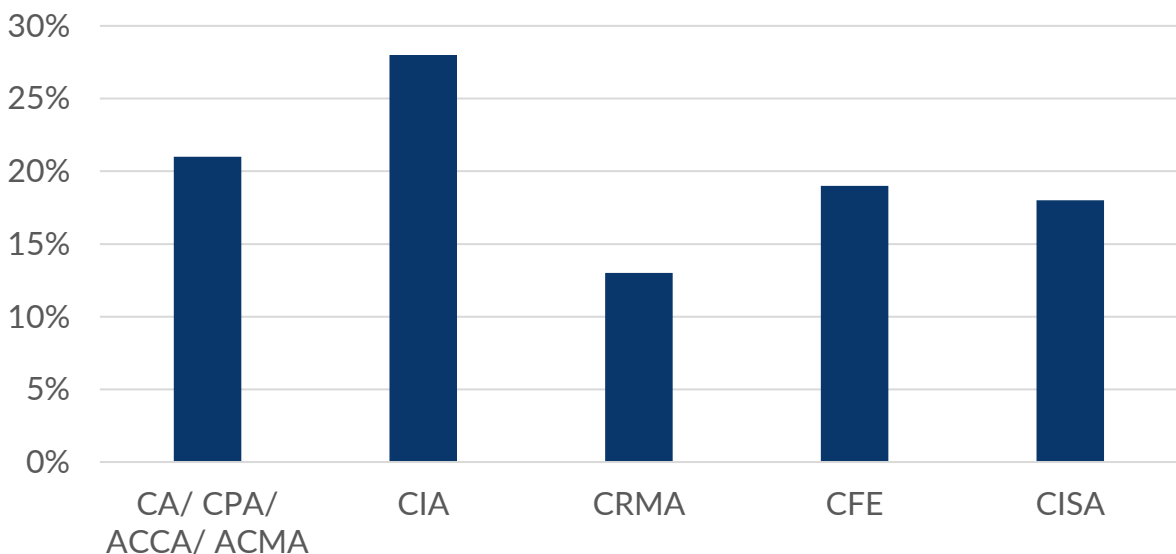
89% respondents possess either a master's or bachelor's degree of education. 28% respondents stated that they have the CIA professional certification while 21% had CA/CPA/ACCA and ACMA.

DEMOGRAPHIC PROFILE

Highest level of education



Professional certification



INTERNAL AUDIT FUNCTION



INTERNAL AUDIT FUNCTION

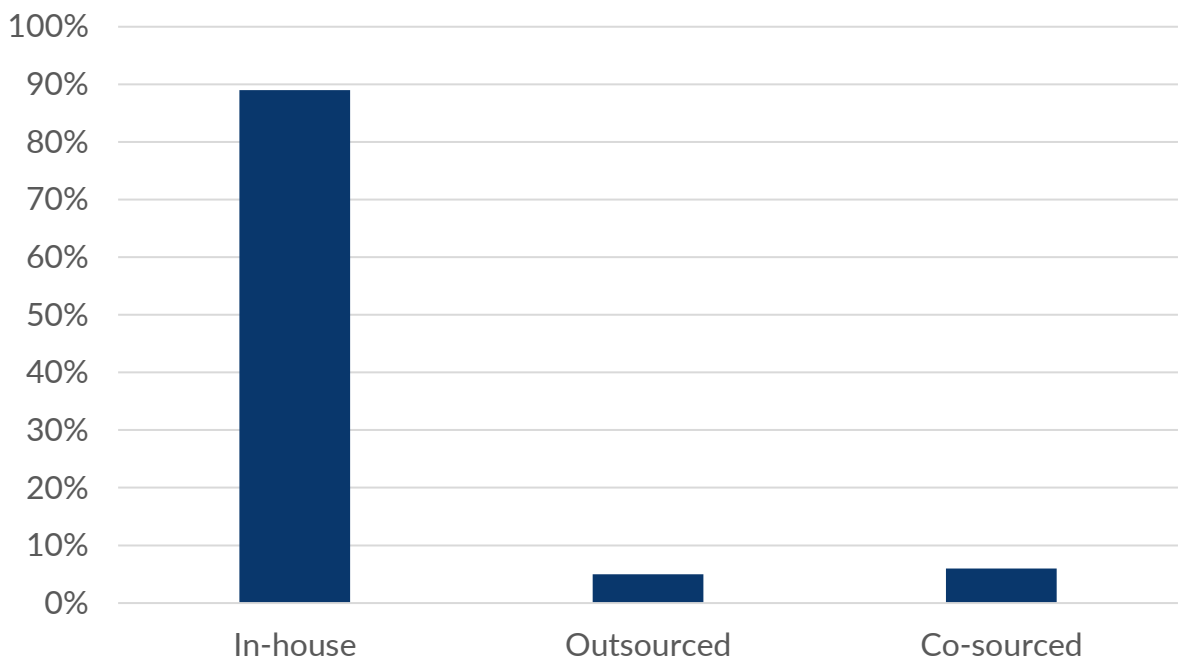
Internal Audit Function Resourcing

Consistent with last year's result, 89% of the survey participants have their internal audit functions in-house, demonstrating reliance on in-house IA as compared to an outsourced or co-sourced model. The size of such in-house IA is a bit skewed on both sides, i.e., 33% of them comprise of 1-3 employees, while 32% comprise of 20 and more employees.

IT Audit

The representation of IT auditors also follows a skewed distribution as observed in the case of the IA team size. 39% of the respondents indicated that the IA function in their organization does not have IT Auditors, while 28% said that they have 3 and more. **This skewed distribution indicates that either companies do not feel the need to have specialized IT auditors within their teams or mostly rely on service providers to conduct such reviews.**

Internal audit function (by type)



INTERNAL AUDIT FUNCTION

The low percentage of outsourced and co-sourced audits demonstrates the overall muted trends toward IT audits and associated risks, which was also confirmed when respondents were asked to rate the top risks. IT-related risks were the third lowest in the order of priority (refer to the section on Risk Management).

The coverage of technology risk in the IA plan is uniformly distributed between 22-28% wherein either no technology-related audits are planned by 22% of survey respondents or technology risk coverage comprises 26-50% of the IA plan. The result is probably due to the absence of IT Auditors in most organizations.

Employees in IA department



- 1 to 3 ■ 4 to 8 ■ 15 to 20
- 9 to 5 ■ > 20

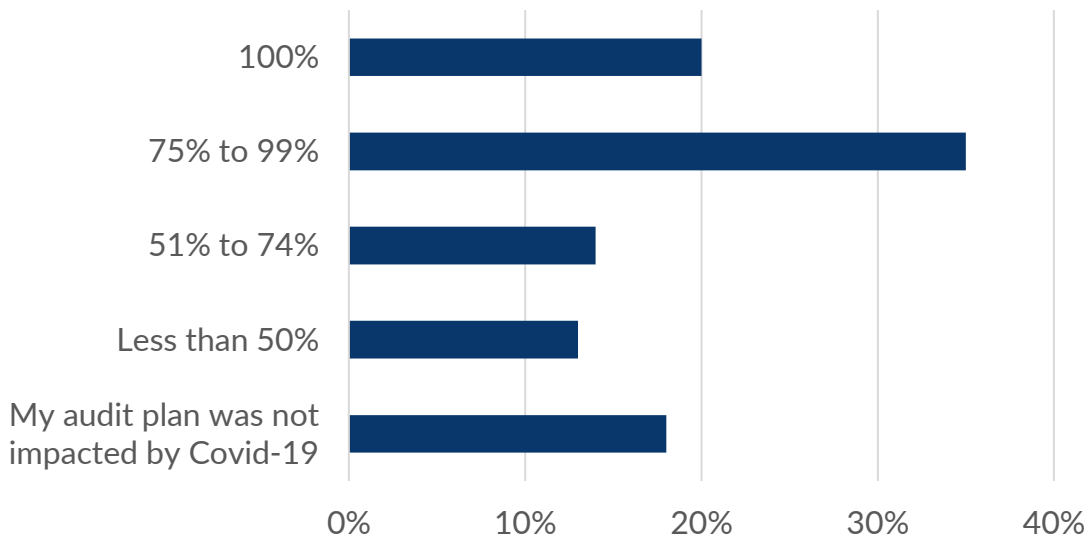
IT Auditors within IA department



- Not at all ■ 1 ■ 2 to 3 ■ > 3

INTERNAL AUDIT FUNCTION

Percentage completion IA Plan for 2020



One of the key performance metrics for internal auditors is the timely achievement of IA plans. 38% of the survey respondents either reported no impact on their IA plan or they were able to achieve 100% of the audit plan. This suggests a 110% improvement from last year's results where only 18% of respondents were able to achieve their IA plan. A possible reason can be the gradual resumption of business and IA operations after the COVID-19 vaccination drive. However, there is also the possibility that 100% achievement was on account of an updated audit plan (to adjust for the current practical conditions due to COVID-19) or such respondents related to industries which were less affected by the current situation.

Nevertheless, 35% of survey respondents reported 75% to 99% achievement of IA plan which is more in line with the global trends.

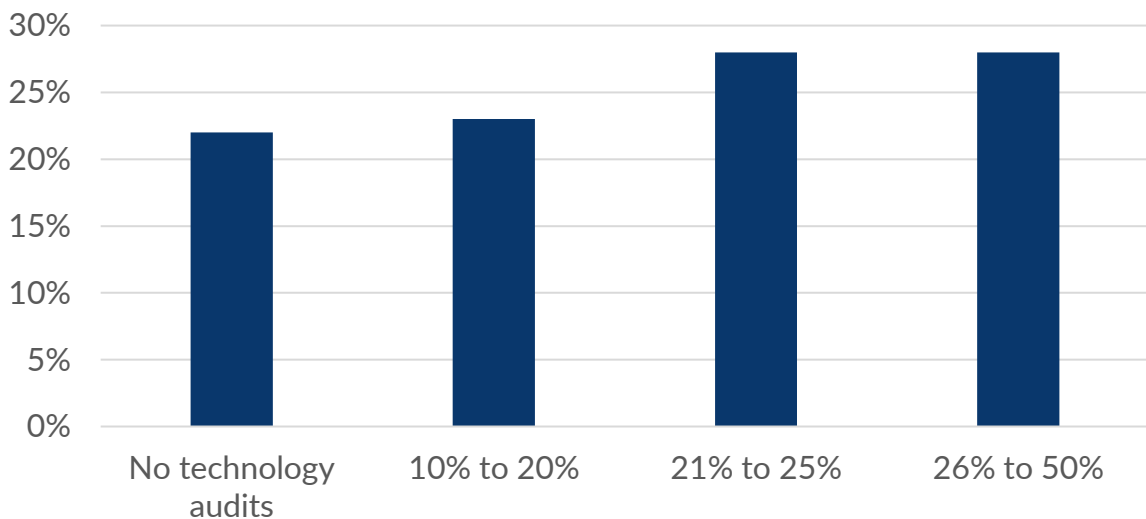
The impacted organizations were asked to determine in what ways has COVID-19 affected their IA budget. 46% of the respondents suggested no impact on their budget and 54% reported budgets getting affected. This is in line with global trends, that suggested 4 in 10 IA function budgets being reduced*.

Among the respondents whose budgets were impacted, 88% of respondents have pointed out that their budget has decreased by 10% or more.

*Source: COVID-19: The Initial Impact on Internal Audit Worldwide

INTERNAL AUDIT FUNCTION

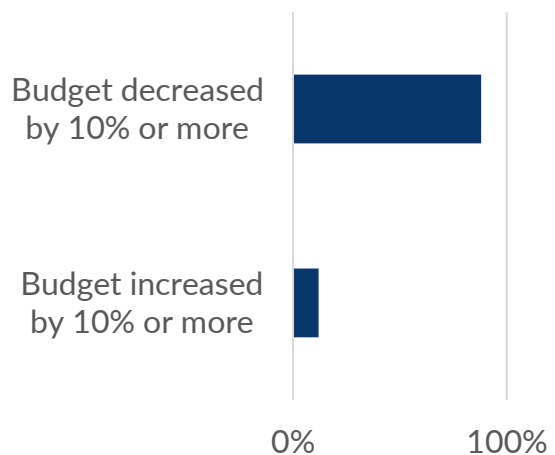
Technology risk coverage in IA plan



Is IA budget impacted due to COVID-19?



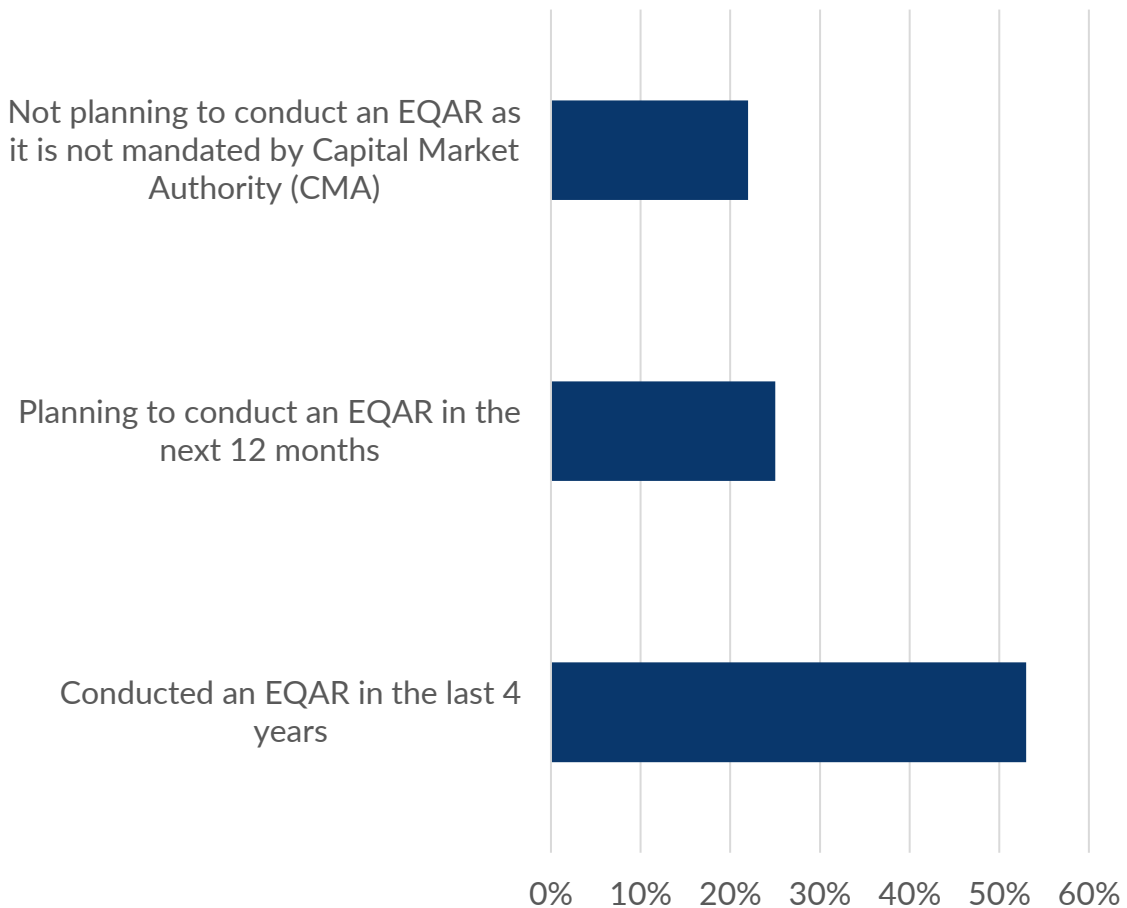
Percentage impact on IA budget (only respondents who reported a budget impact)



*Source: COVID-19: The Initial Impact on Internal Audit Worldwide

INTERNAL AUDIT FUNCTION

IA function subjected to an external quality assurance review (EQAR)



The survey shows that 53% of IA functions have conducted external quality assurance reviews (EQARs) in the past four years, 25% are planning to carry out EQARs in the next

12 months while 22% are not planning to undertake an EQAR as it is not mandated by CMA.

INNOVATION & TRANSFORMATION



INNOVATION & TRANSFORMATION

Technological transformation and its application in IA no longer fall into the category of 'good to have'; rather, it is becoming one of the key factors distinguishing progressive and leading IA function from a more traditional IA.

On the digital maturity scale, 75% of the survey respondents categorized themselves either as 'digital followers' or 'digital beginners.'

56% of Audit Committee members demonstrated a high to moderate level of interest, which is encouraging. Sixty one percent of the respondents plan to undertake IA transformation and innovation initiatives in the next one to two years, wherein Continuous Controls Monitoring (CCM) and advanced analytics are the most prioritized initiatives featured in 61% of responses.

Definitions:

Digital Skeptic: Digital plans are not formalized, and initiatives are managed in an ad-hoc or reactive manner. React to competition. Risk averse.

Digital Beginner: Digital plans are not fully developed, although multiple digital initiatives are under way and the objectives of these initiatives are understood. Embracing change. Collection of point solutions.

Digital Follower: A digital strategy has been developed and the organization has a proven track record of delivering on digital initiatives. Digital initiatives are typically focused on discrete aspects of the customer

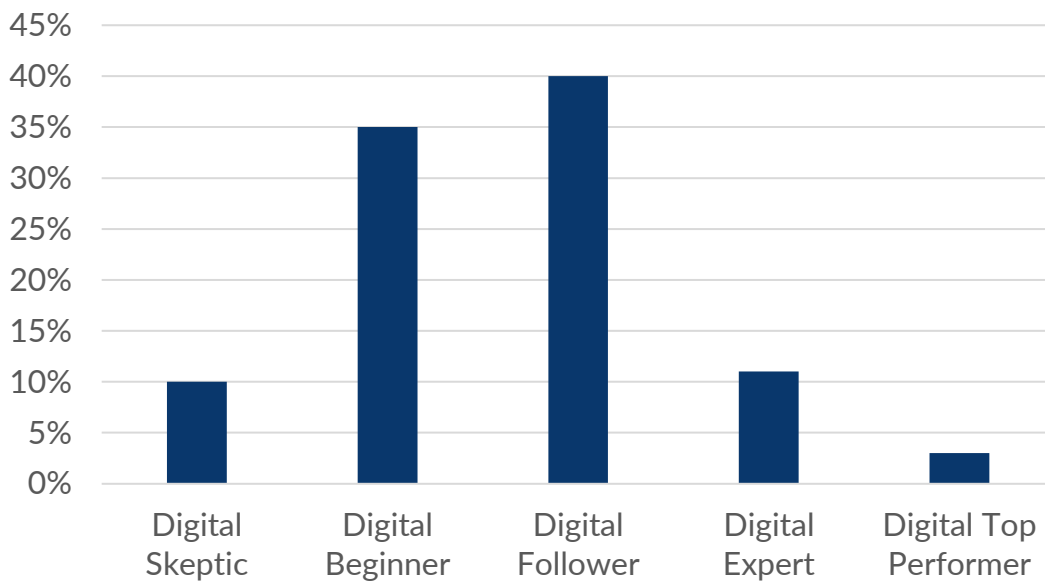
journey. Clear strategy. Agile. Effective at change delivery.

Digital Expert: Digital aspects are in place and managed quantitatively enterprise wide. High levels of process automation have been achieved. The organization has a proven track record adopting emerging technologies. High levels of automation. Low-cost base. Hyper scalable.

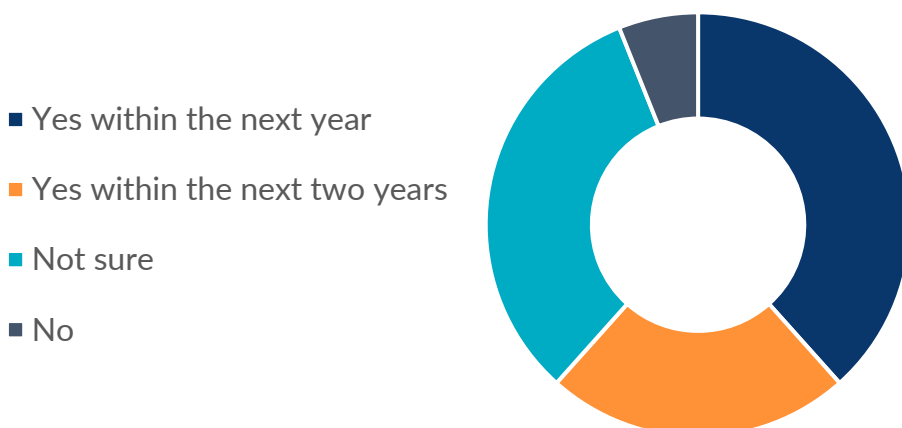
Digital Top Performer: The organization has a proven track record of disrupting traditional business models. Digital aspects of strategic plans are continually improved based on lessons learned and predictive indicators. Innovative. Disruptive.

INNOVATION & TRANSFORMATION

Digital maturity scale rating by survey respondents (aggregated response by survey respondents)

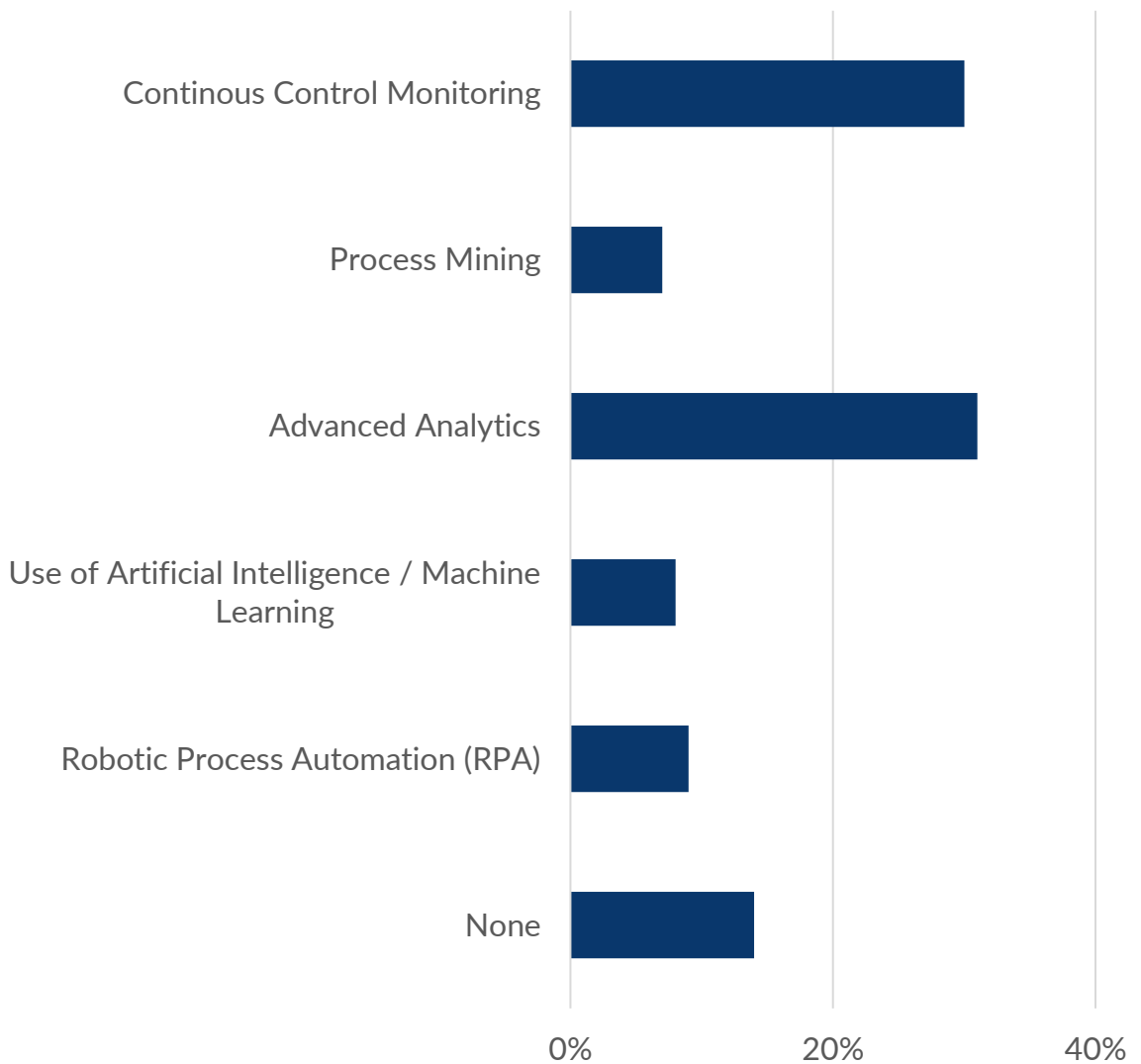


Considering transformation and innovation activities



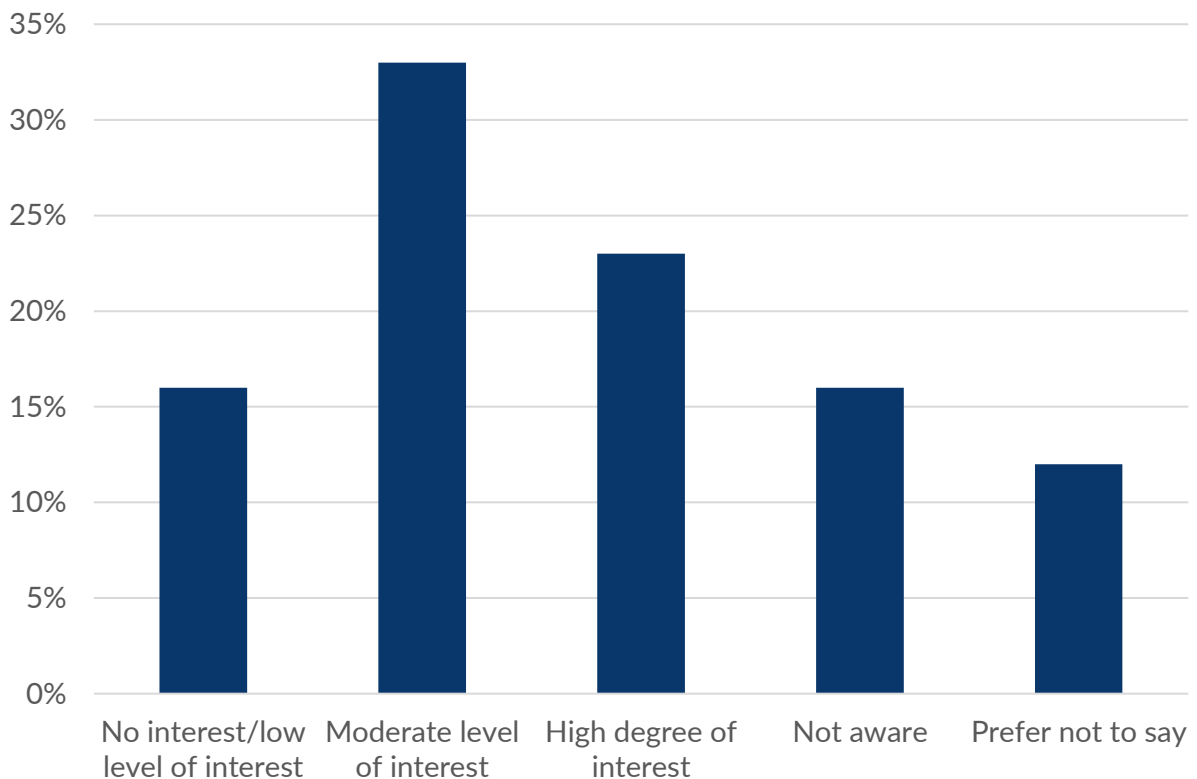
INNOVATION & TRANSFORMATION

Types of digital transformation initiatives, planned by IA functions in the next year



INNOVATION & TRANSFORMATION

Is the audit committee keen on IA undertaking transformation or innovation activities?



Interestingly, 38% of the respondents are either not sure or have no plan to undertake any transformational innovation activities. An equally important insight is that 32% of the Audit Committees are either not aware or have no interest/low level of interest in innovation and transformational initiatives. While this survey doesn't identify the root

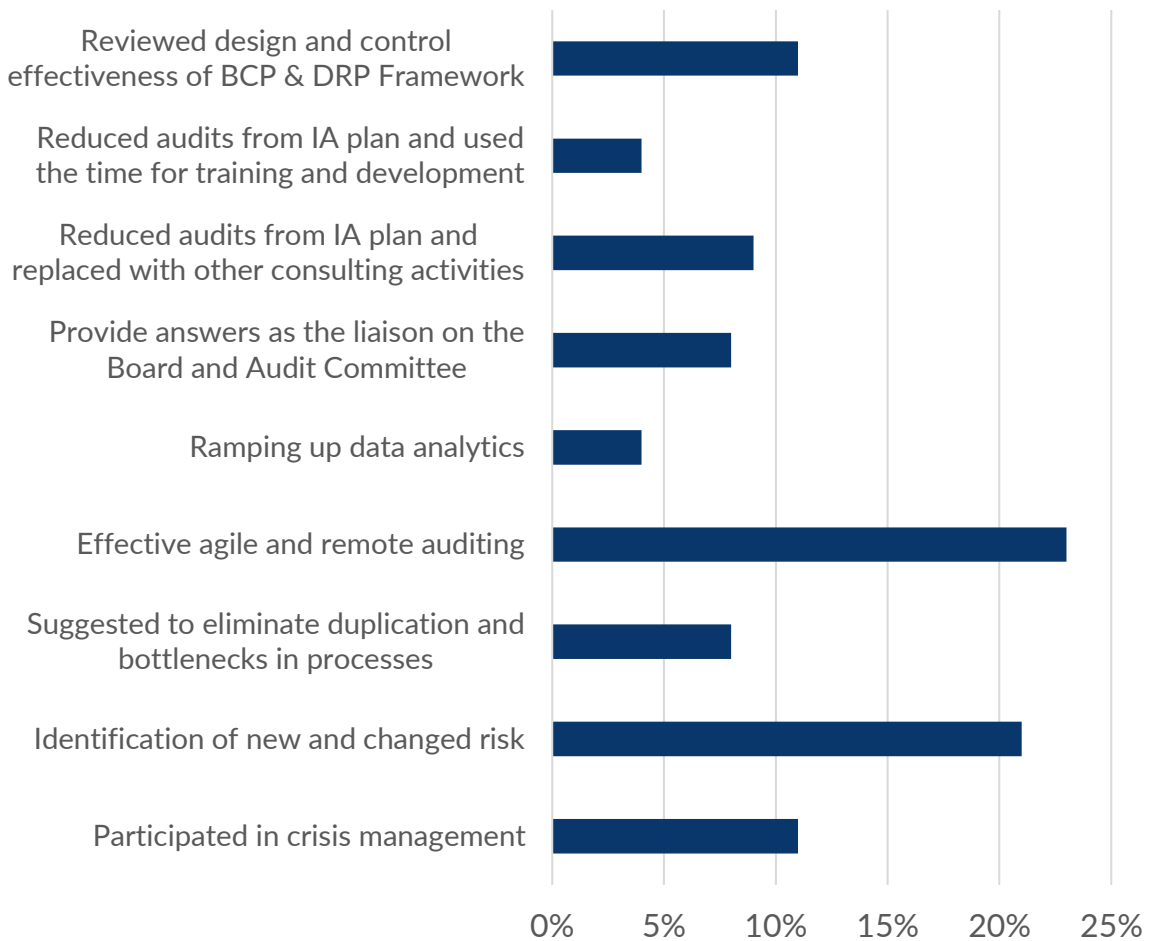
cause, it will be important for IA staff and Audit Committees to be exposed to various technologies and innovations within the IA space and explore potential areas where there are synergies and better cost benefit returns. IIA Oman is also a key forum to keep abreast of key developments in IA transformation and innovation.

COVID-19 IMPACT ON IA FUNCTION



COVID-19 IMPACT ON IA FUNCTION

Changes to IA plan and activities in response to COVID-19



When COVID-19 hit the country, the Government took a variety of measures to contain it. Such measures included work-from-home instructions, limited capacity on the premises and timed curfews. 23% of the participants executed agile and remote auditing initiatives to execute their IA plan to adapt to these changes.

21% of the respondents also focused on identifying any new risks or threats which could impact their organization. This also correlates with the 2020 report wherein IA functions highlighted their ability to identify emerging risks and atypical risks to their management.

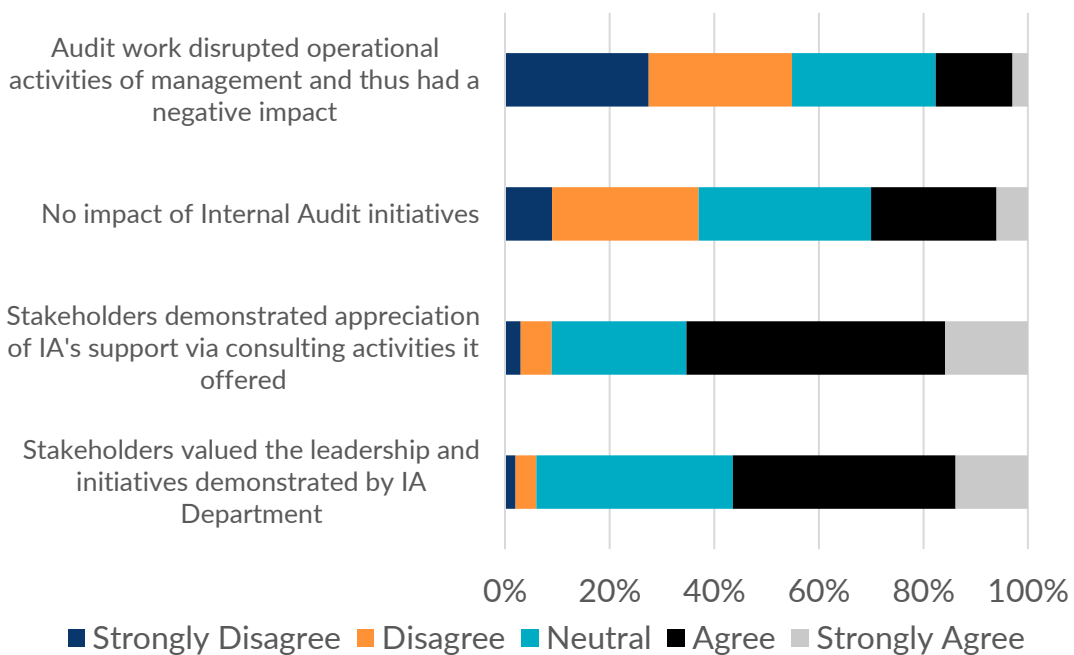
COVID-19 IMPACT ON IA FUNCTION

When asked about how IA functions adjusted their plans and activities to respond to COVID-19, 22% respondents mentioned that they proactively participated in crises management activities or reviewed the design and control effectiveness of BCP and DRP frameworks. While the other 78% also contributed by realigning their existing role; offering support outside their functional domain representing added value to business.

This is encouraging and aligned with the practice advisory issued by IIA Global during the peak of COVID-19 (*Internal Audit in the COVID 19 Era*)*.

This also demonstrated that IA functions were flexible and agile to adapt to the requirement. More root-cause analysis will be required to understand whether any independence-related concerns were relevant due to participation in crisis management; nevertheless, from a broad perspective, it is quite encouraging.

Stakeholders' feedback on IA function initiatives, in response to COVID-19



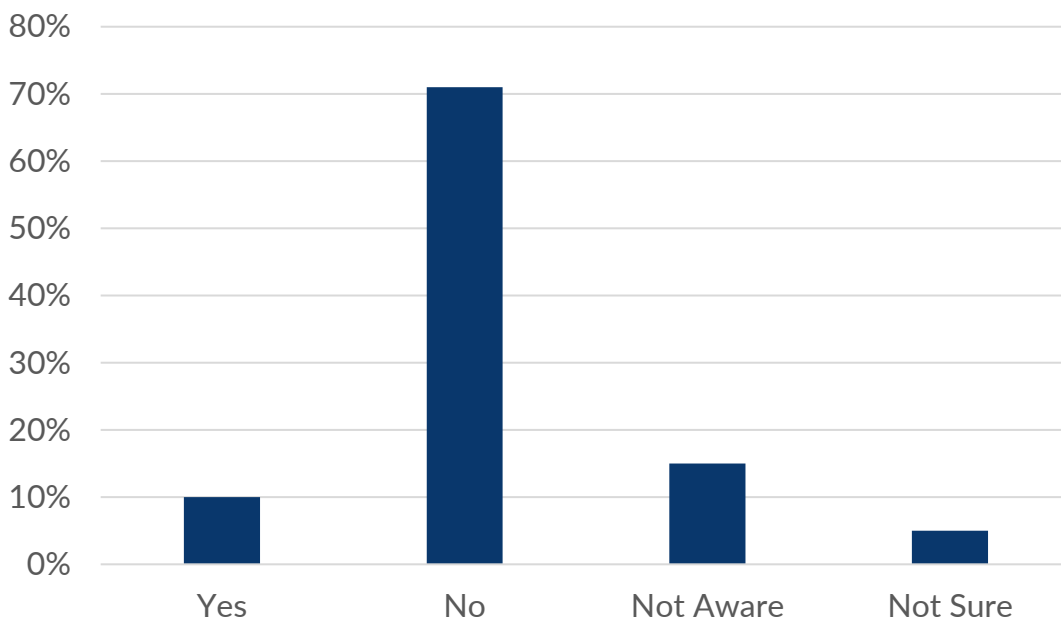
*Source: <https://na.theiia.org/periodicals/Public%20Documents/Internal-Audit-in-the-COVID-19-Era.pdf>

COVID-19 IMPACT ON IA FUNCTION

Due to the work-from-home initiatives introduced by the Government, and the country experiencing a surge in COVID-19-related cases, 28% of the participants highlighted that there was some disruption to the IA initiatives over the course of the pandemic. Despite the challenges, 50% respondents stated that stakeholders were appreciative of IA function support through their consulting activities. Forty three percent also stated that stakeholders valued the leadership and initiative demonstrated by IA function.

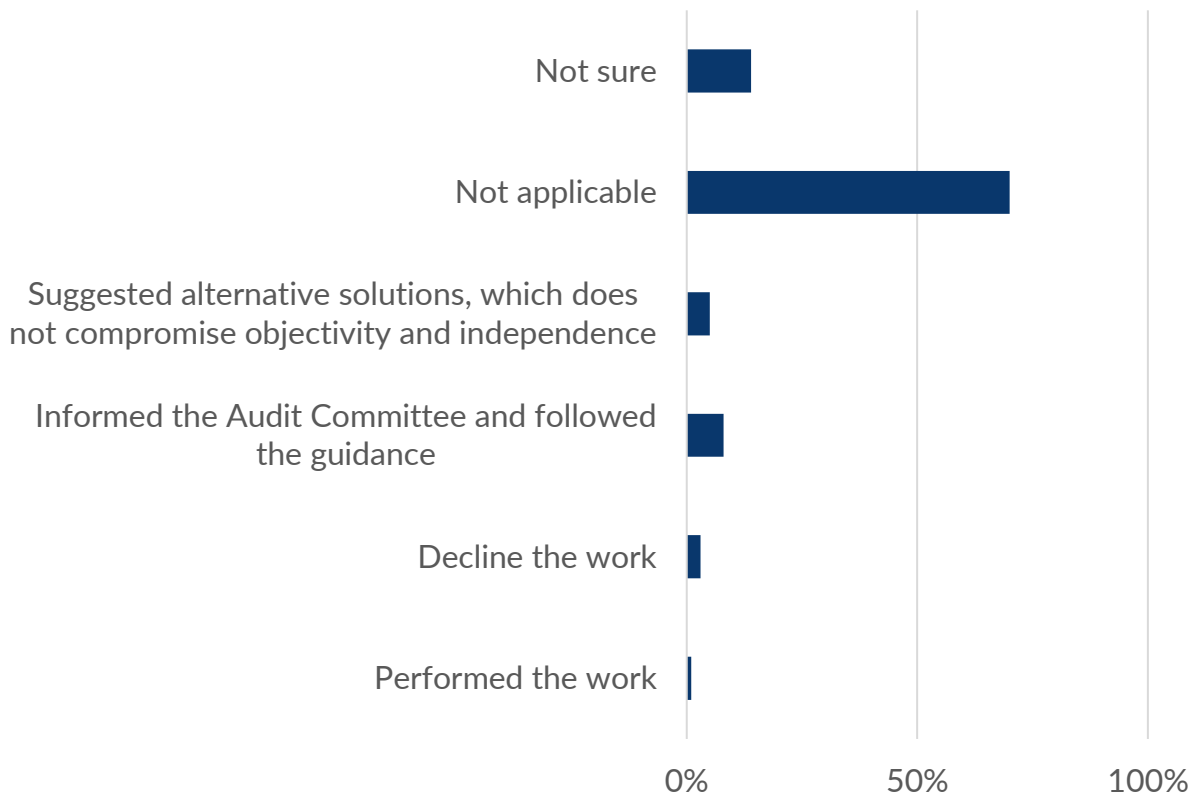
This complements the definition of IA as ‘value-added’ services stated by the IIA and what the function can bring to the table outside of routine IA. Moving forward, it will be interesting to monitor these results to see if they will further increase and highlight IA role as a valuable advisor to their management and organization.

Was IA asked to perform any task that could have impaired their objectivity and independence?



COVID-19 IMPACT ON IA FUNCTION

Handling of instances which could have impaired objectivity and independence (based on respondents who replied yes to previous question)



It is promising to see that IA functions have maintained their independence and objectivity in such challenging times with 71% highlighting that their teams did not execute such activities that was viewed as conflicting. However, an interesting fact is that in the 2020 survey, 85% of the respondents said that the IA did not execute any activities that could impair their

status, which is 14% higher than the present survey responses. Perhaps the IA function had to work outside of its scope to support its organization. The survey show that 8% of the respondents did mention that the Audit Committee was informed of IA executing such activities outside its scope and followed the guidance provided by the Committee.

RISK MANAGEMENT



RISK MANAGEMENT

This section is focused on an organization’s willingness to enhance the risk and governance initiatives within the organization, including coordination between three lines, prioritization of key risks, usage of risk appetite, risk profiling and KRIs, etc.

It is encouraging to note that 51% of the respondents agreed that their organization is willing to strengthen capabilities in specific risk areas toward the risk governance initiatives in 2021-2022 while 48% mentioned they would like to improve communication with the Board.

Organization’s willingness to devote time and resources for the following risk governance initiatives in 2021-2022



RISK MANAGEMENT

Frequency of risk assessment in organizations



- Annually
- Bi-annually
- Quarterly
- Continuous/ on-going

Forty three percent respondents stated that their organization conducts risk assessments annually, while 22% said the risk assessment process is continuous/ ongoing. The IA function must be agile and increase the frequency of risk assessments. Annual reviews are unlikely to help IA and the business, given the dynamic nature and velocity of emerging risks and disruptions. Audit Committee members must ensure that this is among the focus areas. Forty seven percent of the respondents mentioned that next-gen tools in risk management such as data analytics are being used to identify changes risk profile. On the other hand, an encouraging 61% of the respondents monitor KRIs, including precursors to growing or emerging risks.

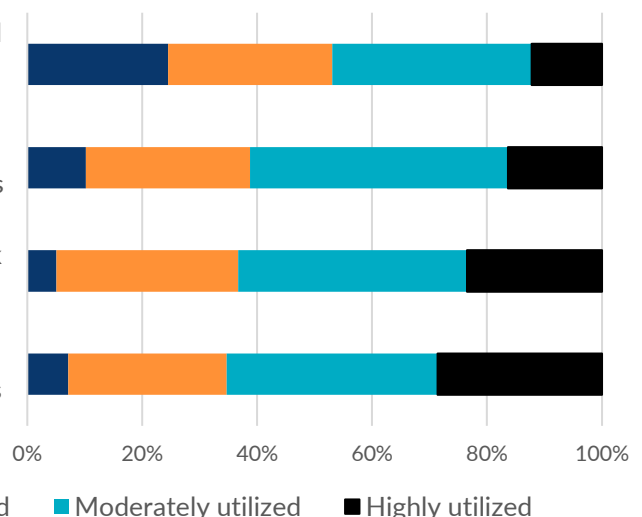
Degree to which IA function uses following methods to assess risk

Performs advanced data analytics to identify and assess changes in risks that otherwise would not be apparent.

Identifies and monitors key risk indicators (KRIs), including precursors to growing or emerging risks

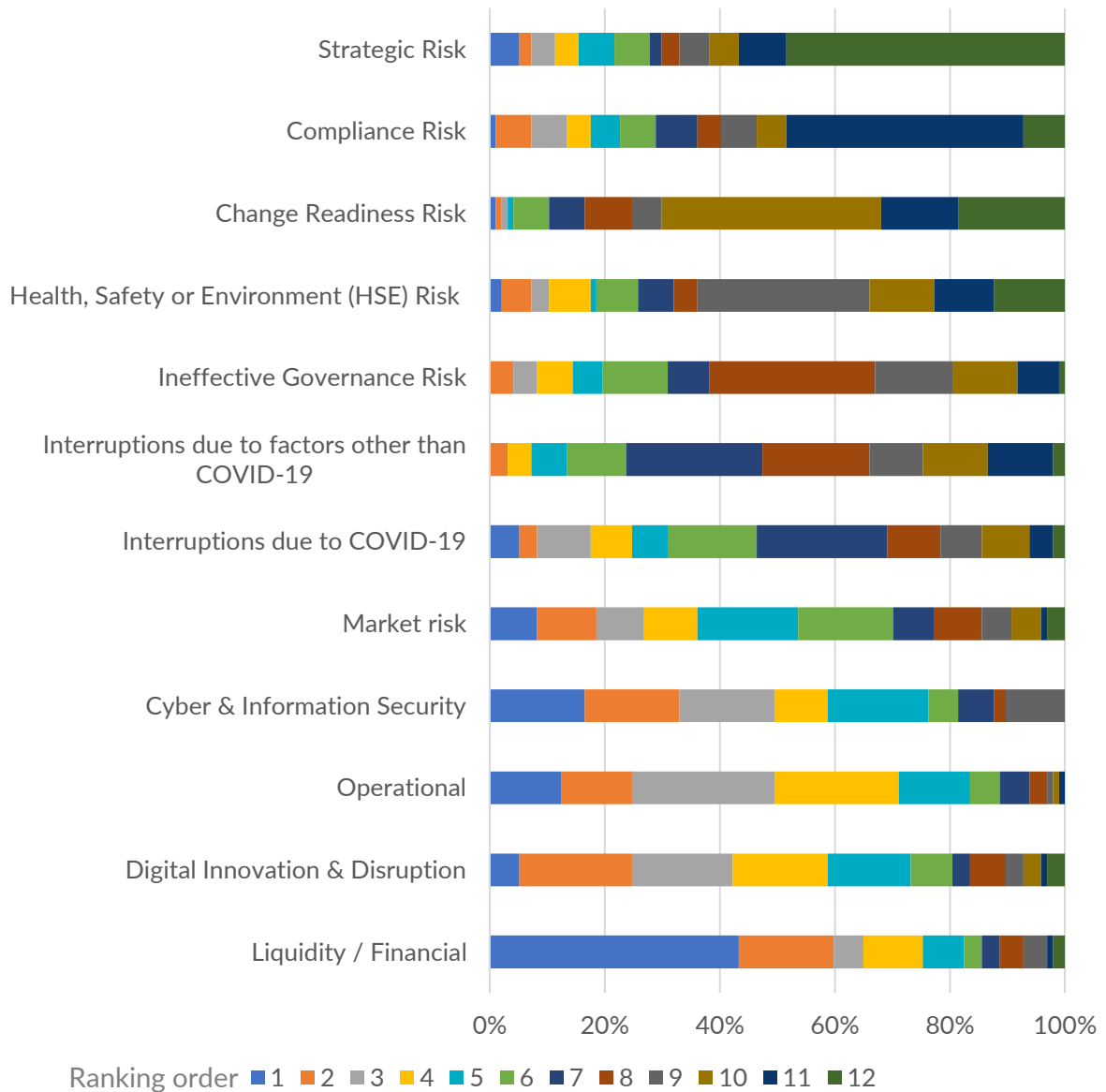
Conducts informal or ad hoc updates to the risk assessment and audit plan

Periodically interviews management during the year to identify changes in the organization's risks



RISK MANAGEMENT

Top three risks anticipated by survey respondents



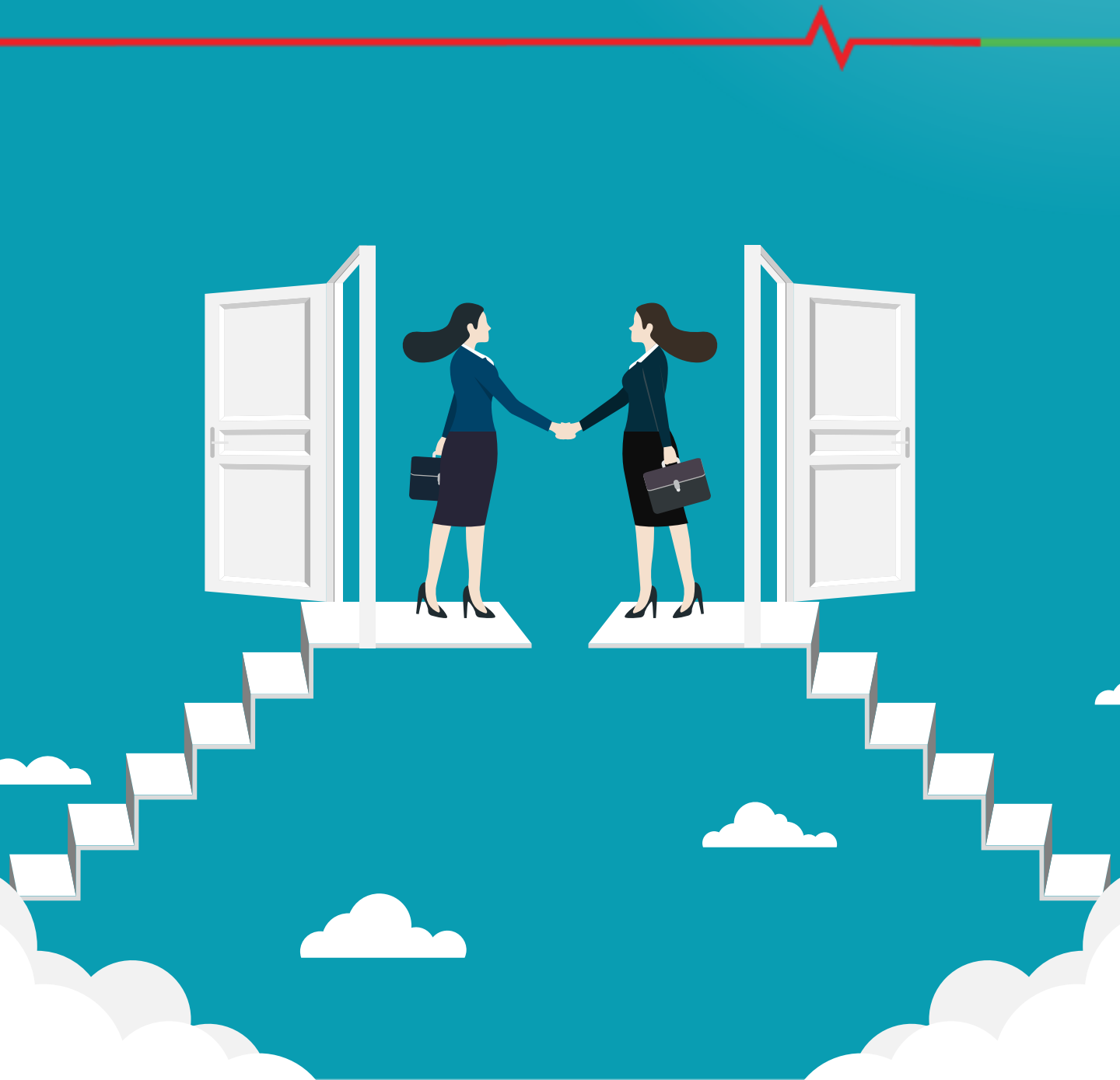
RISK MANAGEMENT

In view of the pandemic, a high percentage (43%) of the respondents anticipate liquidity/financial risk to be the top risk, followed by digital innovation and disruption (20% respondents) and operational risk (25% respondents).

In addition, a large percentage of the respondents noted that:

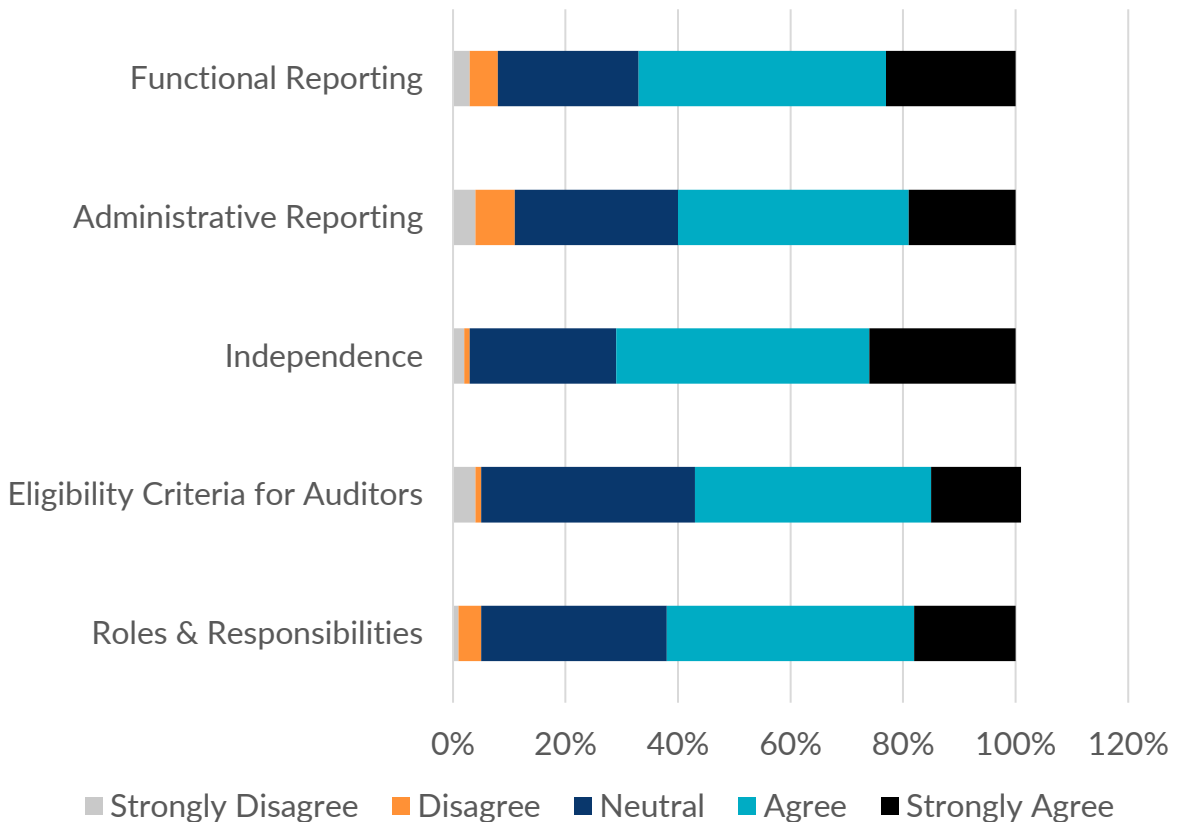
- That their organization has a formal process in place that periodically engages senior management and key business unit leaders to identify, review, and prioritize the list of entities' top risks.
- Relationships among various stakeholders per the Three Line Model is clearly defined and ensures effective coordination and collaboration.
- A company's risk appetite is formally approved and periodically reviewed by the Board.
- The organization takes timely action if the risk is increased over a period. This was again reinforced when 52% of the respondents mentioned having a moderate level of confidence in the abilities of their organization to identify and assess emerging risks.

STAKEHOLDER RELATIONSHIP



STAKEHOLDER RELATIONSHIP

Does the applicable Capital Market Authority (CMA) Regulatory Framework for internal audit address the following key areas:



Over the past few years, CMA has introduced new regulations regarding the governance and operations of all publicly listed companies IA function in the country. Some of these regulations include the Code of Corporate Governance, CMA Circular #10/2018 and the recent Executive Regulation; Chapter 6 (Section 2).

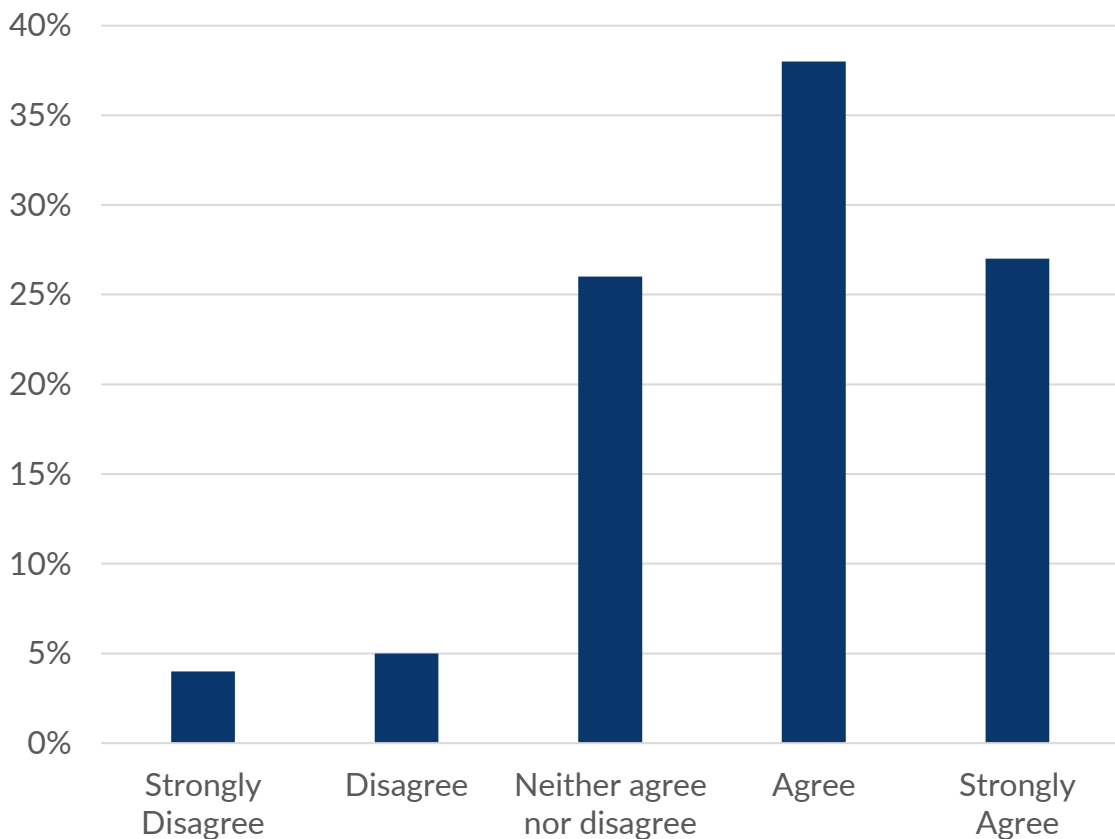
Majority of the respondents have highlighted that the CMA regulatory guidelines cover the Functional & Administrative Reporting, Independence, Eligibility Criteria and Roles & Responsibilities of the IA function.

STAKEHOLDER RELATIONSHIP

To enhance the corporate governance and IA-related regulation, it is suggested that CMA along with IIA Oman host regular interaction to discuss the recent trends and practices in IAs and explore ways that reflect these new trends in the applicable regulation.

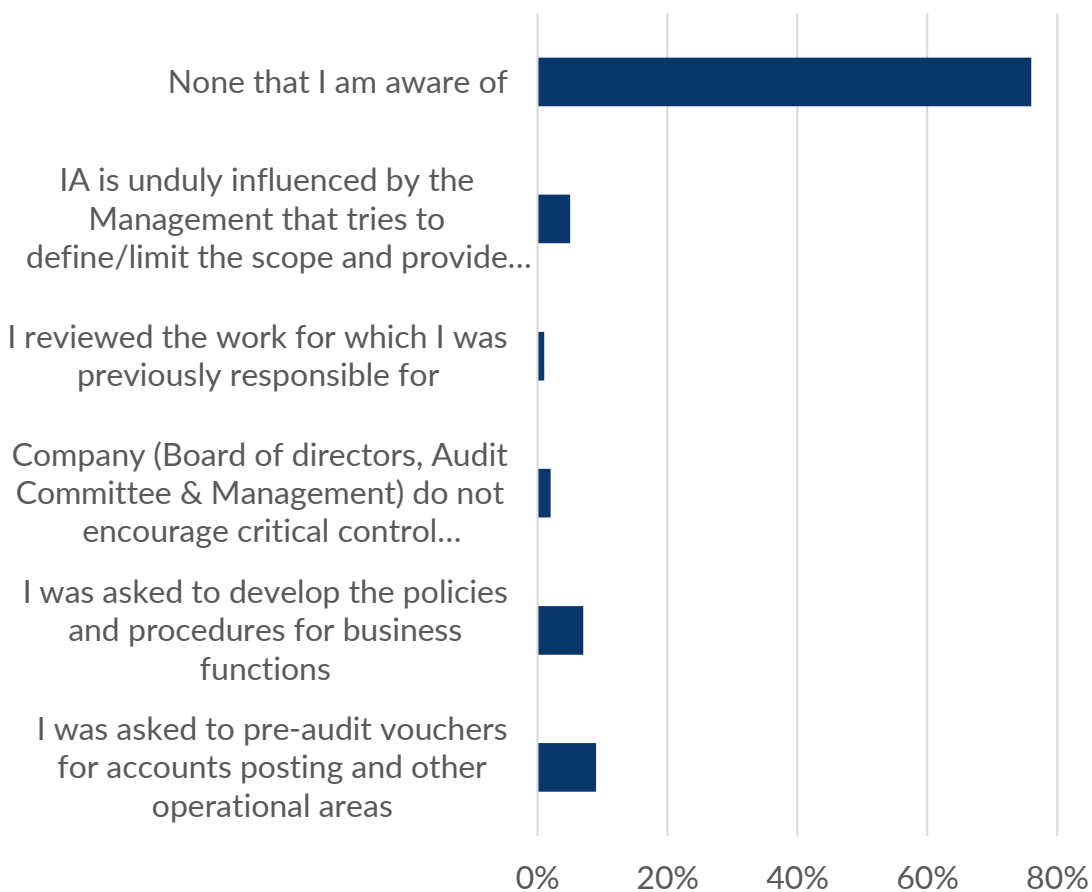
65% of the respondents say that the qualifications and experience of IA staff are adequately defined by CMA in its regulations, i.e., Circular #10/2018 and the Executive Regulations.

Qualification and experience requirements for internal auditors are defined adequately



STAKEHOLDER RELATIONSHIP

Instances where auditor's independence could have been compromised

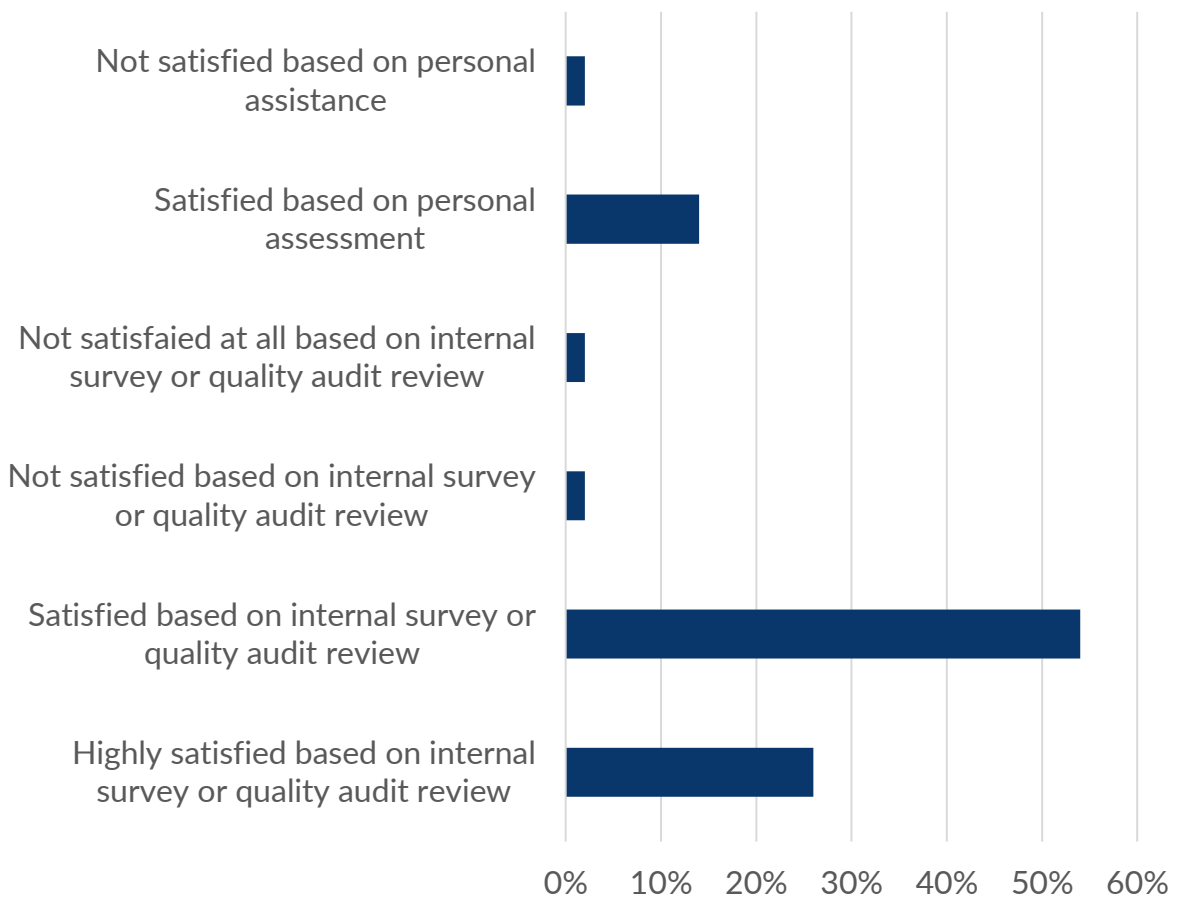


Most of the survey respondents, i.e., 76%, were of the view that there was no compromise of independence. However, 24% of the respondents did mention that there were activities executed or instances which compromised their independence.

Looking further into this proportion, as an example, 7% said they were asked to develop policies and procedures while 9% said they were pre-auditing vouchers for account posting which is a clear conflict of interest for IA.

STAKEHOLDER RELATIONSHIP

Board of Directors and management are satisfied with the value that Internal Auditors provide through their assurance

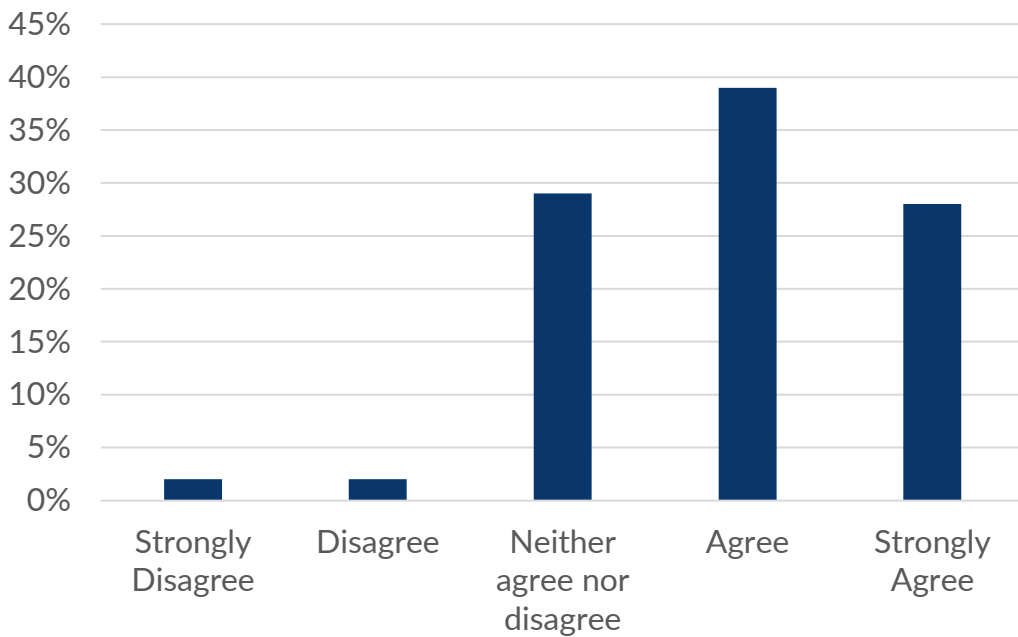


Complementing an earlier survey question on the management satisfaction of IA consulting activities, an overall 80% of the participants said that the Board and Management are satisfied with their IA function.

The value-added initiatives, on top of IA routine assurance work have appreciated by their internal stakeholder during these challenging times.

STAKEHOLDER RELATIONSHIP

The skills and experience of the Audit Committee add value and provide adequate governance oversight on issues related to internal controls



It is the Audit Committee that oversees the overall work and operations of the IA function. Accordingly, 67% respondents agree that the skills and experience of the Audit Committee add value to issues related to governance and internal controls. However, there are still 33% of the respondents who do not see their Audit Committee members adding value or providing adequate governance oversight.

More in-depth analysis is needed to understand the concern of these respondents, who believe governance oversight and value addition can be enhanced by Audit Committees.

It is suggested that IIA Oman collaborate with CMA to explore this further and identify the right mechanism to enhance the Audit Committee effectiveness through various interventions like workshops, trainings, and panel discussions.

DISCUSSION & RECOMMENDATIONS



DISCUSSION & RECOMMENDATIONS

The COVID-19 pandemic has had far-reaching consequences that have made it imperative for IA functions to evolve to execute daily responsibilities efficiently. In the past 20 months, IA teams upped their performance by using technology in audits, finding innovative ways of gathering evidence, conducting dynamic risk assessment, and maintaining a hybrid workplace, to name a few. As a result of innovation and transformation of IA, 38% of survey respondents mentioned that they fully achieved their plans, which is a significant increase from 18% observed in the last survey. A case of disruption accelerating innovation.

The survey revealed that 6% of organizations report to the CEO or CFO which could impair the independence of IA function and may jeopardize objectivity.

IA should evaluate the possibilities of dual reporting relationships to ensure independence of individual auditor at engagement, functional and organizational levels.

As organizations fight overwhelming challenges to operate in an economy that is essentially closed to many industries, the impacts of COVID-19 have forced three out of 10 IA functions to make cuts in their budgets. (Source: IIAs Audit Executive Centre Survey on COVID 19 IMPACT ON INTERNAL AUDIT). In Oman, this ratio is high as a 10% budget cut is reported by 47% of the survey

respondents. Additionally, 28% of the respondents reported that the Audit Committee is not pursuing innovation and transformation initiatives, which is marginally lower than 29% reported in the 2020 survey. A lack of budget and intent could hinder effective transformation of IA in Oman.

The survey highlighted one key area of concern where 39% of the respondents indicated that the IA function in their organization does not have IT Auditors. Considering the use of technology across organizations, this is an area which the IA functions and Audit Committees need to pay attention. Additionally, 22% mentioned that they do not plan for technology audits. It would be interesting to see how such IA functions perform their overall responsibilities in line with the IIA standard (1210). Additionally, external quality assurance audits were conducted by only 53% respondents due to the absence of mandate from CMA. It remains to be seen if in the coming years, IA takes a step forward to evaluate their conformity to IPPF in line with the IIA standards (1300).

For one third of the IA functions, size is relatively small and for a good number of IA teams, there are no IT auditors, or no IT audits planned. They will need evaluate how to best cover IT-related areas to ensure reasonable assurance over the technology landscape of their organizations.

DISCUSSION & RECOMMENDATIONS

The continuously evolving business environment necessitates IA functions to adopt to the changes and implement them in their processes through continuous learning.

It is evident that IA functions stepped up against the COVID-19 challenges in various ways. While some of them adopted NextGen audit techniques like agile auditing or dynamic risk assessment, others re-evaluated the BCP and DRP program within the organization or participated in the crisis management. The IA consulting and leadership role was appreciated by most stakeholders in the organization and the IA function performed their responsibilities without impairing their objectivity.

It is promising to note that organizations in Oman are willing to strengthen their capabilities with respect to risk management through training interventions, using external expertise, analytics, effective reporting and improved communication with the stakeholders.

Most of the respondents highlighted that there is a practice of yearly risk assessment and a formal process of interaction between stakeholders. This has helped organizations in identifying and assessing emerging risks.

The overarching regulatory framework issued by CMA in respect of reporting, independence and roles and responsibilities can reduce the inconsistencies across the organizations.

However, it appears that at the organization level, more awareness of the framework is needed among the senior management to ensure that independence of IA function is not compromised.

CONCLUSION

Amid all the governance and operational challenges across diverse economic sectors in the world, IA has taken a pivotal role in providing assurance and, more importantly, to deliver on its promise to add value to the organizations. COVID-19 may have disrupted IA plans and priorities, but it has also given internal auditors the opportunity to innovate, reimagine how they deliver value, and adopt more effective ways of working.

Within this context, CMA has taken an active role in developing laws and guidelines in the form of CMA Executive Decision and IT-related laws that are subsequent to the regulations issued prior to 2020. While in-house IA functions remain the predominant structure to deliver IA services within Oman, CMA Executive Decision has increased the limit on minimum capital required to have an in-house IA function. This move will invariably allow outsourcing of IA services which potentially entails better economies of scale and potentially better-quality IA services.

While there is widespread recognition within the IA fraternity of the potential disruptive and transformative potential of machine learning, artificial intelligence, robotic process automation and their potential application for IA purposes, their adoption and implementation is something which each organization must evaluate. They need to develop a road map to implement such transformational technologies.

Nevertheless, a **delay in the adoption of emerging and innovative technologies risks IA not being relevant to business.**

On the emerging risk landscape, though COVID-19 is getting better managed every day, it has made everyone realize the impact, probability, and velocity with which risk evolves and transcends. Thus, continuous evaluation is of paramount importance and demands better coordination and alignment of key business risk between management, risk/compliance, and the IA function. Liquidity and financial resilience continue to be the top risks.

Regulators and shareholders are demanding proper governance oversight. This demand can be best accomplished if the provided information is accurate, precise, and reliable. IA function should be capable of providing assurance on all information going to the Board and can also educate the Board and executive management about the benefits that can be provided by the independent assurance activity.

Even as they continue to provide assurance and insight, they must find new ways to contribute, learn, and grow. To that end, it's encouraging to see that most audit respondents are investing in training and upskilling. The future may look uncertain right now, but IIA's unique knowledge and perspectives can be invaluable in guiding organizations through the new normal. By embracing change, and thinking ahead, auditors can help their organizations emerge from the crisis stronger than ever.

ABOUT PULSE SURVEY

The survey was prepared by IIA Oman, and some of the questions were adapted from the IIA Audit Executive Center study conducted earlier. It considered Oman's regulations in context of internal audit and its maturity. Detailed analysis of the responses focused on six main areas: Demographic Profile Internal Audit Function, Audit Innovation & Transformation, Risk Management and Stakeholder Relationship.

The IA function of listed companies in Oman is regulated by CMA. The opinion of an IA function is considered across business areas, and it is relied upon as a cornerstone for corporate governance in an organization. However, there are a few IA teams that still follow traditional IA practices that do not proactively support the business to achieve its strategy. This study did not delve into these causes, and we hope to have this area covered in our next survey. Most of the Chief Audit Executives (CAEs)/Heads of IA are qualified as Certified Internal Auditors or equivalent and have other financial certifications and degrees.

A mix of audit and finance qualifications and experience gives these leaders the foresight and knowledge, which is needed in developing the internal controls of any organization.

It is observed that IA functions continue to get the requisite support from by Audit Committees; however, IA transformation initiatives need more support from the Audit Committees.

Nevertheless, IA functions are providing risk-based services to the organizations by identifying the high-risk areas, becoming part of the crisis management team, other value-added programs.

IIA OMAN & PROTIVITI PARTNERSHIP

The IIA Oman and Protiviti Member Firm in Oman are working together in advancing the professions of governance and risk management through effective internal audit.

The objective is to collaborate on various technical and knowledge partnership initiatives that will contribute towards the development and advancement of internal auditors in Oman.

The partnership comes within the IIA Oman plans to emphasize on the crucial role of internal audit in both the public and private sectors with a strong focus on educating and upskilling professionals.

It will also strengthen stakeholders' understanding of the value that internal audit brings to their organizations.

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ABOUT IIA OMAN

IIA Oman was established in 2003. The chapter has over 275 qualified professional as its members. IIA Oman provides several services to its members to enhance their knowledge by pursuing programs related to internal auditing (Certified Internal Auditors) or in risk management (Certification in Risk Management Assurance). IIA Oman also conducts regular CPE sessions, which are well recognized by IA professionals.

IIA Oman's mission is to promote internal audit profession and provide learning and development opportunities to its members so that they can develop competencies relevant for their organizations.

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Named to the 2021 Fortune 100 Best Companies to Work For® list, Protiviti has served more than 60 percent of Fortune 1000® and 35 percent of Fortune Global 500® companies. The firm also works with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.

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