



Internal audit – is it just for big business?

In the world of small and medium sized businesses, where every decision can make or break success, the role of internal audit can often be underestimated. However, internal audit does not just have to be a luxury reserved for large corporations. It is a crucial tool that can also help small and medium sized businesses to navigate uncertainties and mitigate risks.

Here are six reasons why internal audit can be worth considering for your business.

1. Risk management

Businesses of all sizes face a myriad of risks, from financial mismanagement to inefficiencies in the way they operate. Internal audit, whether of the finances or of procedures, helps to identify risks early on. This allows you to proactively implement effective controls and procedures to mitigate them.

2. Improve business processes

Internal audit can not only identify problems but also offer valuable insights into your business processes. By conducting systematic reviews, internal auditors can pinpoint bottlenecks, streamline workflows, and enhance the operational efficiency of the business. Optimising the business can reduce costs and boost productivity, helping your business stay competitive.

3. Prevent fraud

The smaller the business, the more devastating fraud can be. Internal audit plays a crucial role in detecting and preventing fraudulent activities by checking on the finances and any internal controls.

4. Strategic decision-making

Internal audits can contribute to providing business owners with reliable information and insights about the business in areas that are not easily seen in the day-to-day business information. This information can help to explain patterns in business data, or provide an insight into something that is currently hidden from business management.

5. Adapting to change

Regularly assessing processes and controls means that the business will be frequently measuring itself against changes that are occurring in the business world. This ongoing evaluation helps to ensure that your business stays agile and responsive to change.

6. Increase in employee responsibility

Depending on the size of your business, it may not be feasible to employ a full-time internal auditor, but it may still be possible to task an employee or group of employees to devote part of their working time to internal audit work. Objectively stepping back from their normal day-to-day work will make them more aware of the need to consider risks and efficiencies in all their work.

In conclusion, internal audit can be an extremely helpful tool for small and medium sized businesses looking to thrive in today's competitive marketplace. It can help you proactively manage risks, streamline processes, prevent fraud, make informed decisions, drive continuous improvement, and develop your staff. Ultimately internal audit can help you to achieve your business goals.

If you would like to chat about your business and your plans to grow it, please feel free to call us. As experienced business advisors we will be happy to help you.