

Internal Audit – Partnering with Finance

Wipro Enterprises' CFO, **Raghav Swaminathan**, and its Internal Audit Head, **Dolly Sureka**, trace a fascinating journey towards building a strong IA function that works seamlessly with Finance

The Finance perspective: building capability

About 18 months ago, we wrapped up an Audit Committee meeting with a strong felt need for on-boarding a good audit leader. Our diversified conglomerate was growing fast – expanding its product portfolio, adding new geographies, acquiring businesses, and setting up new capacities. What the Board wanted to know was whether we were taking adequate steps to institutionalise mechanisms that ensure that our operations continue to be well-managed. The imperative was to guarantee that we were adhering to set processes, corporate guidelines, leading practices, the applicable laws of the land, and that various risks, including both intentional and unintentional acts of omission and error were being identified, and then mitigated or prevented. One of the levers to achieving this was to have a robust and mature Internal Audit function that addresses the challenges that come with growth.

That's how the journey began in terms of identifying a senior Audit leader to join the organisation and start the process of incubating a world-class Internal Audit function. The idea was to make sure we had a person who was already curated in Wipro's culture and corporate ethos, but who was at the same time able to foster an outside-in view to transform the business and make it future-ready.

WEL was growing strongly and expanding into new geographies and product areas. The felt need, however, was to ensure that the ship stayed true to course



When I first met Dolly to discuss the opportunity, I felt, among other things, that she possessed uniquely infectious energy, and this was the key to jump-starting us along our way. Looking back to how we jointly curated the function step by step, we can now celebrate the small but systemic changes we have been making together.

The Auditor's Inside-Out View

When I took charge of WEL's Internal Audit function, my first priority was to observe and analyse the functional performance, as well as our businesses. It was a new industry for me, and the first 2-3 months were spent assessing the depth and breadth of the function, as well as looking at WEL's various

businesses. It was critical for me get a good handle on the current state, and to understand the business nuances so that I could form views on what needed to change, when and how. As I dived deeper, I realised that we needed to enhance the function on several parameters:

- Raise the team's 'competency index'
- Standardise our approach and improve the quality of audit reports
- Enhance governance in terms of the monitoring and reporting of audit findings
- Drive technology adoption and move from a reactive approach to a more proactive and predictive analytical approach
- Build business relationships by leveraging a consultative approach, including by providing business insights and sharing leading practices
- Align the audit plan to the organisational priorities and risks

Raghav and I were completely aligned on the need to 'act differently' so as to effectively support the business and provide sufficient assurance to the executive management. The priority for me, first and foremost, was to articulate a vision that would guide us in our day-to-day affairs. The 'Why', clearly, was very important. To

Box 1



stay focused, it was imperative that the entire team and all of our stakeholders were clear on why we existed as a unit in the first place. In-order to align ourselves to the overall enterprise objective, we laid out a crisp charter (Box 1) for the function.

Operationalising this vision required a clear definition of our strategic and tactical priorities, which we organised around 4 pillars (Box 2)

From vision – to reality

Defining the vision was relatively easy – the tougher task was to realise it. With a 6-member team, we set out on this journey to transform the function. I mentioned only two things to my team: ‘Act as if you will make a difference’ (a quote from William James); and ‘Every effort counts – a 2 per cent differential execution gets compounded into 2x differential over time.’ We defined small milestones for ourselves, both individually and collectively, tracked and measured our performance, celebrated our moments of success, and learnt from

The key to success here was to find the right people, strengthen the partner ecosystem, enhance the team’s business understanding, and drive collaboration



our experiences and failures.

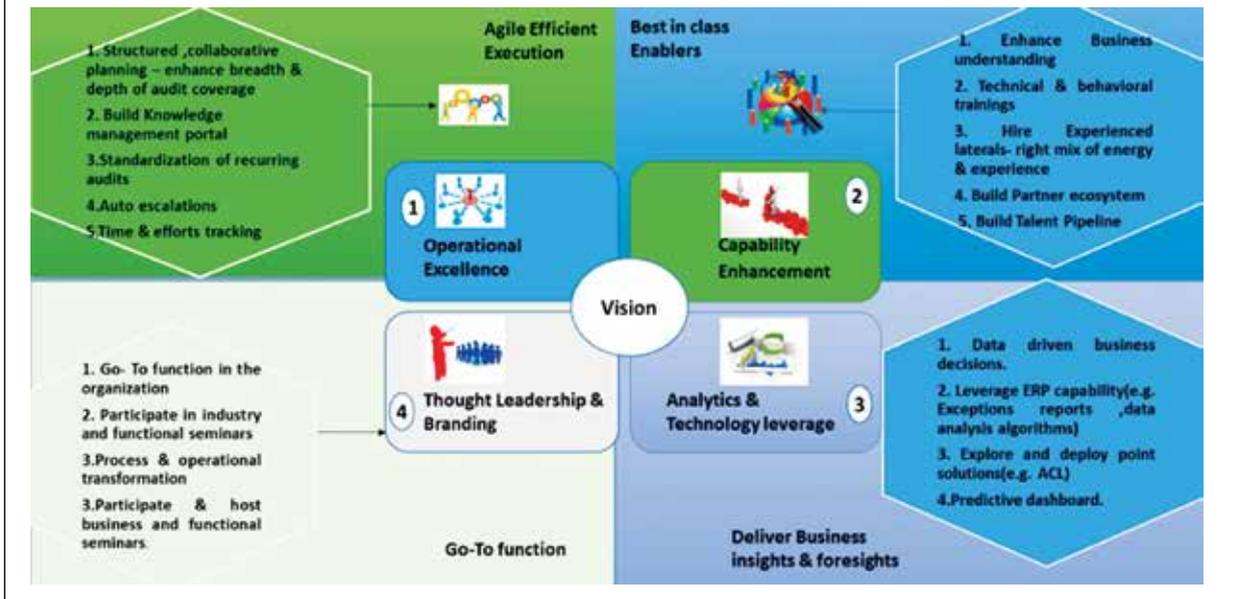
Fundamental to achieving the vision was getting the ‘right people.’ While our search still continues, I personally took on the task of identifying people who believed in our vision and ideology, and who came with the right attitude, a varied experience mix, and high levels of energy and resilience. Although the success ratios were muted, the ones who came in made a difference!

In parallel, we strengthened our partner ecosystem and built different models of engagement: ‘My Expert, Your Team’, and ‘Your Expert, My Team.’ This helped us fill in gaps quickly and intuitively as needed in terms of subject matter expertise or execution capability.

The other critical success factor was enhancing the team’s business understanding. We initiated monthly knowledge-sharing sessions with BU leaders. This enabled us to seek business insights, brain-storm on areas of business priority, and develop a focused audit approach. We also built in the concept of ‘Engagement Sponsors.’ Most engagements had a sponsor, typically the BU head, who would help us navigate through challenges and objectively evaluate perspectives when there were business pushbacks on process changes, controls, or operational improvement recommendations made by the team. This raised the team’s motivation levels and directional guidance. We also continually redefined our audit approach and methodology,

Box 2

Themes To Reach Where We Want To Be



revisited our sampling strategy (population testing vs samples), and defined parameters to enable team self-assessment in terms of the quality, scalability and sustainability of audit recommendations. Moreover, we worked consciously to enhance collaboration with cross-functional teams, including controllership, legal and compliance, and began deploying alternative audit techniques, including surveys, algorithm-based reviews, and so on. Finally, we peeled the issues down to the last mile to understand the real root causes, thereby enabling our teams to bring in useful insights.

The next milestone was to enhance coverage of our function across countries and BUs, and to enable businesses to proactively strengthen the control posture. We initiated a process of quarterly communication, wherein critical audit findings for the quarter were shared across all BUs – albeit retaining confidentiality – for proactive self-assessment and remediation.

As we pursued these incremental changes to improve the efficiency and effectiveness of our function,

Side by side these efficiency improvements, Finance and Internal Audit worked on the larger, more transformational elements of the journey WEL had embarked on

in parallel, we worked on the larger themes of our transformation journey. We evaluated our technology assets for effective management of our audit engagements with a view to reducing cycle time, deploying more data analytics tools for deeper business insights, and so on. Simultaneously, we engaged with the audit teams of our industry peers, professional bodies, and leading audit firms through knowledge- and experience-sharing

sessions to leverage each other’s experience and practices to better contextualise our context and raise our effectiveness.

Summing up: the CFO’s take-away

On the whole, I believe we have made good progress, and are well set to deploy more comprehensive transformation interventions in the way our function operates. Ultimately, this will play a pivotal role in ensuring that our business plans are realised successfully and sustainably. There are three questions that we ask ourselves every quarter. Is our coverage adequate? Are we automating enough? And, Are we getting into the depth of the issue and fixing root causes? As we reflect continuously, we become better every day, and that, to me, is the way to excellence. ■



Raghav Swaminathan, CFO, Wipro Enterprises



Dolly Sureka, Internal Audit Head, Wipro Enterprises