

# Foreword

Change is inevitable – you cannot survive by standing still. Organisations need to change for many reasons:

- to respond to market pressures or new competition
- to maintain their market position, or respond to new competitors or market developments
- to improve performance, quality or product
- to respond to external issues such as environmental or legislative change.

In the public sector, pressures for change are acute – ever-tightening financial regimes, changes in demography placing demands on an ageing population, and the need to address more complex health and social care demands.

Few organisations nowadays can continue to thrive without some form of change, either at an operational level, or more strategically – transforming culture, behaviours, values and delivery. But all change involves risk. Many organisations are poor at change; most change initiatives fail, resulting in extra cost, waste, poor morale amongst staff, reputational damage, and at worst, threatening the organisation's existence.

Organisations need support to help them with change. Support can come from a variety of sources: external advisors, partners, government, industry specialists and internal expertise from policy teams, HR, business specialists and others. Internal audit's in-depth knowledge of the organisation and its operations, risks, skills and assets make it a well-placed source of support for change.

Internal audit can act as an enabler for change, working with management to identify risks and to generate solutions, advising on changes to processes, and facilitating the process of helping people to accept and work with change successfully.

Change and transformation tend to fail where there is a lack of assurance over how it is being managed. Internal audit can fulfil a valuable assurance role, including:

- ensuring that the organisation has a robust approach to managing the risks associated with change
- challenging and assessing how well the assurance framework ensures change is undertaken in an economic, efficient and effective way
- reporting at top level to the board, the audit committee and stakeholders on how well the change initiative is progressing, or on what needs to be done to prevent risks arising from poorly managed change.

An effective role in change management is an opportunity for internal audit to raise its profile; to move out of the back room and into the board room. Most importantly, it is an opportunity for internal audit to demonstrate added value. Internal audit's role should not

be limited to retrospective reporting on the success or failure of change, but should be one of engagement right from the start.

Effective change management relies on people. No organisation can redesign its processes or reinvent itself without the commitment and enthusiasm of the people (staff, managers, leaders, board members, customers) affected by change. Internal audit therefore needs to draw upon its 'softer' skills of relationship management, negotiation and building trust and confidence in its recommendations if it is to play an effective role.

This publication helps internal auditors understand the key concepts around managing change and transformation successfully, and provides guidance to internal auditors on the variety of roles they can undertake for their organisations. It also helps organisations to make the best use of their internal audit function as part of their change initiatives.

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