



# INTERNAL AUDIT AND WILDLIFE RANCHING: FRIEND OR FOE ?




Yvonne Reilly  
Senior Lecturer  
Department of Auditing  
University of Pretoria  
E-mail: yvonne.reilly@up.ac.za




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## WHERE DOES INTERNAL AUDITING FIT IN: Inter-disciplinary and trans -disciplinary relationships:




INTERNAL AUDITING  
Plays a role in all disciplines.



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## INTERNAL AUDITING



❑ **WHERE EXACTLY DOES INTERNAL AUDIT FIT INTO THE WORLD OF SCIENTISTS?**


❑ **"IF YOU CAN MEASURE IT, YOU CAN MANAGE IT"**




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## ROLE OF INTERNAL AUDIT IN ACCOUNTABILITY OF NATURAL RESOURCES:-





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## OVERVIEW OF INTERNAL AUDITING



- **AUDITING TOOK PLACE ALREADY IN THE BIBLICAL TIMES: *AUDIT/HEARING***
- **KINGS AND NOBLEMEN DURING THE MIDDLE AGES performed audits.**
- **INDUSTRIAL REVOLUTION-owners were removed from all activities happening around them.**
- **Businesses had to grow and owners could not control everything.**
- **Internal auditors: *ASSISTS IN BEING Eyes and ears of management***

## INTERNAL AUDIT

**Internal audit is defined as:**

**An independent objective *assurance* and *consulting* activity *designed* to add value and improve an entities operation. It assists an organization accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness at risk management, control and governance processes.(IIA2009).**

**Elements that encapsulate what the discipline is:**

- OBJECTIVE
- INDEPENDENT
- ASSURANCE
- CONSULTANT
- HELP ACHIEVE THE OBJECTIVES OF ORGANISATIONS
- ADD VALUE
- SYSTEMATIC DISCIPLINE APPROACH
- BY EVALUATE AND IMPROVING:
  - GOVERNANCE
  - RISK MANAGEMENT
  - CONTROL

### **ASSURANCE or CONSULTING ACTIVITY:**

**Difference between the two activities:**

Assurance –e.g. Monitoring agreed amount of animals (COUNTING) on an area to ensure management objectives are achieved or doing an environmental audit to test compliance to policies e.g. certain species not allowed on land as per Regulations.(ATTEST function)

Consulting - assisting in doing an environmental impact study to **add value** so that stated objectives can be achieved in future. (ADVISE function)

## NATURE OF THE WORK OF INTERNAL AUDITORS:

Evaluate and improve the effectiveness of:

- Governance process
- Control
- Risk management

## GOVERNANCE

In giving assurance on governance, IA evaluates and improves:

- Promoting appropriate ethics and values in entities-what must be in place for good governance.
- Ensuring effective performance management and accountability-be answerable for your actions.
- Communicate risk and control information-inform all stakeholders.
- Coordinate activities and communicating of information among all stakeholders.

## GOVERNANCE

Examples of corporate governance perspective where a balance must be created between *performance* and *conformance* to achieve objectives, can be applied on issues such as ethics of

- lion hunting,
- ivory trading and
- trophy hunting control.

## CONTROL

- Compliance to policies and procedures
- Adequate and effective internal control

## Risk management

Risks in the context of achieving objectives, both positive and negative, can be applied to different wildlife scenarios :

- a matrix of the possible likelihood and impact on activities is drawn up.

## Risk management

- What are the risks and opportunities that exists using SWOT analysis?
- Beyond ethical and environmental considerations, what are solid economic reasons to consider ?
- Risks and opportunities inherent from their impacts and dependencies on biodiversity and related ecosystem services?
- Operational risks - the increased scarcity and cost of raw materials e.g. food for wildlife ;
- Regulatory risks – needing a licenses to operate;
- Market access risks – the demand f or environmentally friendly products/companies;
- Access to finance and capital – more demands from financial institutions;
- Brand and reputational risks – negative corporate image and bad publicity will affect stakeholders' confidence and affect profitability in the long run;
- Clean up and compensation costs – in the event of something going wrong;
- Insurance costs – insurance companies will increasingly consider the risks associated with environmental degradation and will pass on associated costs to their customers.

(ref: ACCA ,KPMG)

## OPERATIONAL AUDITS:

•As a subset of internal auditing, operational auditing reviews entities' activities for **economy, efficiency and effectiveness** and may evaluate **any** type of activity at any level within the entity:

**Economy** –Acquisition of resources. Obtaining resources at an appropriate quality and inadequate quantities at the lowest possible cost.

**Efficiency** may be viewed in this definition as an input measure that relates to cost control and is concerned with the performance of recurring functions at a minimum of cost to the entity.-best quality for the beat price at the right time.

**Effectiveness** is output orientated; it is viewed as a measure of productivity in utilizing the entity's resources and in terms of long term profitability.

- **Relationship between statistical terms, operational auditing and wildlife monitoring**

	Statistical terms	Operational auditing	Wildlife monitoring
Risk of incorrect rejection	Alpha risk	Audit efficiency	Risk of Type 1 error
Risk of incorrect acceptance	Beta risk	Audit effectiveness	Risk of Type 11 error.

- Ref. Reilly B.K. and Y. Reilly. 2003. Auditing wildlife *Koedoe* 46(2): 97–102.



QUOTES FROM MAHATMA GANDHI:

*"THE FUTURE DEPENDS ON WHAT WE DO TODAY"*

*"BE THE CHANGE YOU WANT TO SEE IN OTHERS"*

# THANK YOU

## COMMENTS OR QUESTIONS

yvonne.reilly@up.ac.za

