INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
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EVOLVING RISKS ASSOCIATED WITH HUMAN CAPITAL MANAGEMENT: CONSIDERATIONS FOR INTERNAL AUDITORS

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Plot 42 Bukoto Street, Kololo, P.O. Box 12464,
Kampala, UGANDA Tel: 041-4540125
standards@icpau.co.ug
www.icpau.co.ug

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PURPOSE

This paper is persuasive rather than prescriptive. However, they are indicative of good practice. The paper is not intended to be comprehensive or to deal with all situations that might be encountered, i.e., they are supplementary to the relevant laws and regulations, which should be regarded as the primary source of guidance for auditors. Each practitioner is encouraged to apply professional judgment in guidance provided herein after. ICPAU disclaims any responsibility or liability that may occur, directly or indirectly, as a consequence of the use and application of the paper.

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The functions of the Institute, as prescribed by the Act, are to regulate and maintain the Standard of Accountancy in Uganda; and to prescribe and regulate the conduct of accountants and practicing accountants in Uganda. Under its legal mandate, the Institute prescribes professional standards to be applied in the preparation and auditing of financial reports in Uganda.

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A globally recognized promoter of accountants for sustainable economies.

Mission

To develop and regulate accountants for professional excellence and sustainable impact.

Core Values

- Professional Excellence.
- Accountability.
- Integrity.
- Responsiveness

EXECUTIVE SUMMARY

Human capital - the collective skills, knowledge, experience, creativity, and behaviour of employees – is a primary driver of organizational productivity and competitive advantage. Human Capital Management (HCM) is the strategic process of acquiring, developing, managing, and retaining employees as valuable assets whose present and future worth can be enhanced through deliberate investment. This paper highlights evolving human capital risks and the role of internal audit in addressing them.

Unlike easily replicated assets, strong human capital is difficult for competitors to emulate, making HCM a core strategic priority rather than merely an operational HR function. Organizations that proactively manage HCM risks, such as talent attraction and retention, employee turnover, data privacy and security, automation, and considerations for inclusivity, position themselves for sustainable performance. This often implies that human resource management should be embedded in organizational risk management systems so that human resource risks are proactively envisaged and managed.

Internal auditors, therefore, provide strategic assurance on HCM risks. This assurance may be evidenced in aspects such as following up on employee feedback/ hotline issues, verification of their organizations' compliance with the prevailing labor laws, auditing diversity, equity, and inclusion (DEI) implementation, as well as offering consultancy services in organizational reskilling and career development initiatives to address skill gaps in organizations.

Internal audit has a central assurance and advisory role in assessing HCM risks, validating human resource controls, and supporting management to preserve and grow organizational human capital.

1.0 INTRODUCTION

Human capital is defined as the stock of skills, knowledge, and expertise of employees, which further plays an integral role in increasing the productivity of the organisation[1]. Human capital is the individual knowledge, experiences, skills, creativity, and innovativeness of employees. Therefore, human capital is essentially the economic value of employees. Employees are the pillar of organizations, as their productivity directly influences organizational success. Every employee possesses a unique set of skills through experience and training, which enhances productivity, eventually benefiting the organization as a whole.

Human Capital Management (HCM) is the process of acquiring, training, managing, and retaining employees for them to contribute effectively to the processes of the organization. The Society for Human Resource Management defines HCM as the process of identifying, assessing, and mitigating risks associated with an organization's workforce. HCM is a strategic and planned approach to managing employees as assets whose current value can be measured and whose future value can be enhanced through investment to achieve sustainable competitive advantage. Therefore, HCM is the strategic investment in human capital.

Human capital risks cover threats arising from employees. It's the potential negative financial and operational impacts on a business caused by its employees. Unlike physical or financial capital, human capital risk focuses on the unpredictable nature of people. Poor employee management may expose organisations to severe vulnerabilities that may derail organizational growth, disrupt operations, and eventually lead to reputational damage.

HCM enables organisations to intentionally build and maintain effective employment relationships that involve the sharing of knowledge and skills with other employees while maintaining compliance with organizational values. This paper is prepared to highlight the evolving risks associated with human capital management.

2.0 BACK GROUND

2.1 The Case for Human Capital Management

The 2024 Risk in Focus Africa Report ranked human capital among the top 5 risks currently faced by organisations. Organisations operate in a volatile business environment characterized by rapid digital transformation, shifting workforce demographics, and heightened stakeholder expectations. Only organisations that can attract, develop, and retain talent can achieve competitive advantage in such an environment, hence the need for HCM. Effective HCM helps organisations to adapt, innovate, and thrive in an increasingly complex business environment.

However, unlike other sources of competitive advantage, such as technological

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[1] Kucharčíková, A., Tokarčíková, E. and Blašková, M. (2015): Human Capital Management – Aspect of the Human Capital Efficiency in University Education. *Procedia - Social and Behavioral Sciences*, 177, pp.48–60. https://doi.org/10.1016/j.sbspro.2015.02.332.

advancements and physical resources, human capital is not easily transferable or emulable. HCM can be a business strategy to create a workforce that provides a competitive advantage that would be difficult for competitors to emulate. HCM, therefore, involves management of human resources functions like payroll, compensation, learning, and development in a way that attracts and retains the best human resources for the positions at hand to enable the organisation to achieve competitive advantage.

2.2 Human Resources Management vs Human Capital Management

While the two are closely related, they are not the same. Human Resources Management (HRM) focuses more on the systems, processes, and policies required to hire, retain, and enable employees to do their jobs. The focus of HRM is on the day-to-day operational and administrative functions and processes of managing employees. These include aspects like recruitment, payroll, benefits administration, and compliance. HRM views employees as resources needed to perform specific tasks and meet immediate operational needs.

HCM, on the other hand, takes a broader strategic view, focusing on maximising the value of employees as assets to the organisation. HCM takes the approach of treating employees as valuable assets with skills and knowledge that can be developed to contribute to the organisation’s strategic goals. It therefore encompasses a wider range of functions, including strategic talent management, workforce planning, and employee development, with a focus on growing employee potential.

In essence, HRM is a subset of HCM. HRM focuses on the tactical and operational aspects of managing employees, while HCM takes a broader strategic view of how to develop and utilise employee talent to achieve organisational objectives.

2.3 Facets of Intellectual Capital

Intellectual Capital refers to the sum of the employees' accumulated wisdom, expertise, and originality. Intellectual capital refers to the knowledge and knowing capability of a social collectivity, such as an organisation, an intellectual community, or a professional practice,[2] encompassing both formal education and practical experience. The concept of intellectual capital consists of sub-capital namely, human capital and structural capital. While structural capital embodies all non-physical infrastructure that enables human capital to function - encompassing the systems, processes, databases, and infrastructure that enable human capital to function effectively and deliver value, human capital on the other hand consists of the dimensions of competence, attitude, intellectual agility and other intelligence such as creativity. (Tamer, Dereli, & Sağlam, 2014),[3] Human capital is composed of:

[2] Wright et al (2001): Human Resources and the resource-based view of the firm, Journal of Management, 27 (6), pp 701- 721.
[3] Tamer, İ., Dereli, B., & Sağlam, M. (2014). Unorthodox Forms of Capital in Organizations: Positive

a) Cultural Capital

Cultural capital refers to the mix of knowledge, emotional intelligence, and intellectual abilities that enable employees to perform their duties effectively. It is the non-economic resources that help individuals navigate and succeed within a particular culture or social structure.

b) Social Capital

Social capital refers to the network of relationships between people who live and work in an organisation. Social capital encompasses many aspects of a social context, such as value systems and social ties, which contribute to the development of both human and cultural capital through effective communication and trust. Strong social capital tends to lead to higher employee retention and a stronger culture of trust.

3.0 RISKS ASSOCIATED WITH HUMAN CAPITAL MANAGEMENT

The Because of the dynamic work environment in which many organisations operate today, the potential risk exposures stemming from/ associated with the management of employees have evolved and will continue to evolve. According to PWC (2024), with insights gathered from over 985 Chief Audit Executives (CAEs), a comprehensive analysis of the key risks that organisations and internal auditors should prioritise in the year 2025, managing human capital, including diversity, talent acquisition, and retention, was one of the top five risks of critical concern. The report highlights the challenges of balancing demographic shifts, skills shortages, and budget constraints and notes the fact that effective talent management strategies are essential to ensure that organisations have the necessary skills to navigate the evolving risk landscape. To navigate these effectively, the report notes that the internal audit functions need to align with updated frameworks, prioritize continuous learning, leverage technology, and enhance stakeholder engagement.

Like the saying goes, almost everything that can go wrong in an organisation has a human capital component. Human capital management risks encompass a wide range of factors, including employee dissatisfaction, high turnover, skills shortages, and compliance issues. These risks range from complacency, turnover, occupational fraud, catastrophic workplace events, negligent hiring or retention to inaccurate personnel data, ghost workers on payroll, delays in recruitment and promotions, poor workforce planning, and Limited transparency in HR practices. The discussion below highlights these risks of concern for internal audit.

3.1 Failure to attract and retain top talent

As organisations rapidly evolve with digital transformation and emerging technologies, attracting and retaining talent is exacerbated by the competitive job market for

Psychological Capital, Intellectual Capital and Social Capital. Procedia - Social and Behavioral Sciences, 152, 963–972. https://doi.org/10.1016/j.sbspro.2014.09.351

increasingly specialized skills such as AI and data analysis, as well as soft skills like adaptability, critical thinking, and emotional intelligence.

3.2 High Employee Turnover

As noted in Section 1.0, employees are the most valuable asset in any organisation. However, high employee turnover remains a costly and highly disruptive issue for many organisations. Whenever employees leave an organisation, they take with them their knowledge, skills, and experience, as these are not transferable to new employees. Therefore, the challenge lies in maintaining a balance in the knowledge and skillset lost when employees leave and that acquired with new staff recruits. There is a danger of operational disruptions and cultural instability with high employee turnover.

3.3 Compliance with the prevailing legal and regulatory framework

There is a wide range of laws and regulations related to the management of human resources. This means that organisations should at all times have an appreciation of their obligations under the prevailing legal landscape, especially regarding aspects of data privacy, diversity and inclusion, and remote work, to avoid legal and reputational risks. Some of the key laws and regulations that any organisation in Uganda should comply with include the following:

3.3.1 Employment Act Cap. 226

This is Uganda’s primary legislation that governs employment relationships in Uganda. The Act sets out the minimum standards for employment, ensuring fair labour practices for both employers and employees. The Act covers various aspects, including wages, working hours, leave, working hours, leave as well as termination and employee rights.

3.3.2 Workers’ Compensation Act Cap 233

This Act provides the legal framework for compensating workers who suffer injuries or diseases arising from their employment. The Act holds employers liable for injuries that result in the permanent or temporary incapacity of workers. The compensation ranges from an equivalent of sixty months’ earnings for permanent incapacity to either a lump sum or periodic payments, as ordered by the courts of law, for temporary incapacity.

3.3.3 National Social Security Fund Act Cap 230

The Act provides for the establishment of a National Social Security Fund, the payment of contributions to and benefits out of the Fund, and related matters. Eligible employers, irrespective of the number of employees, ought to register as members of the Fund and make regular contributions to the Fund in accordance with this Act and the Regulations made under the Act. The standard contribution of 15% calculated on the total wages paid to the employees should for every month be paid into the Fund within fifteen days following the last day of the month for which the wages are paid.

3.3.4 Labour Unions Act Cap. 228

This Act governs the establishment, registration, and management of labour unions and provides for other related matters. S. 4 of the Act requires that employers not interfere with, restrain, or coerce employees in the exercise of rights guaranteed under this Act.

3.3.5 The Equal Opportunities Commission Cap. 7

This Act provides affirmative action to support groups marginalised due to gender, disability, age, or other historical or customary reasons. The Act requires employers to provide equal employment to all employees. This means the treatment of all employees equally, regardless of race, gender, age, or religion.

3.3.6 Income Tax Act Cap. 338

The Act imposes income tax obligations on corporations, partnerships, trusts, and individuals residing or carrying on business in Uganda. Organisations in the country should withhold and remit income tax from all eligible employees.

3.4 Remote Workforce Management

Since the outbreak of the COVID-19 Pandemic, there has been a shift towards and an increasing general acceptance of remote and hybrid work models. Remote work has become a critical component of many organizations' operational strategies. Remote work introduces several challenges in the workplace, especially in terms of team cohesion, communication, and performance management. Ensuring employee satisfaction and productivity in a remote working setting is a challenge for many organisations. Remote working also creates challenges in maintaining company culture as it leaves employees feeling isolated and with low morale. This tends to leave many remote workers isolated and disconnected from the in-office employees.

Remote working also creates significant challenges in managing work-life balance. With the lines between work and personal life blurred, remote working may increase incidences of employee burnout. The World Health Organisation (2021) reported a 25% increase in mental health issues among remote workers, hence the need for organisations to provide support mechanisms like mental health resources, flexible scheduling, and clear boundaries for work hours.

3.5 Data Security

Data security is a critical and evolving risk in HCM due to the vast amount of sensitive employee data stored in HR systems. Cyberattacks and data breaches can lead to identity theft, financial fraud, and reputational damage for both employees and the organisation. Organisations must therefore comply with prevailing data privacy regulations regarding how employee data is collected, processed, and stored. In Uganda, organisations are expected to protect the privacy of employees and employee personal data as well as to regulate the use or disclosure of employee personal information in line with the Data Protection and Privacy Act Cap 97.

3.6 Health and Safety

Health and safety are increasingly becoming key components of environmental, social, and governance (ESG) performance. There is a growing demand for organisations to address a wider range of health and safety concerns, including mental health, work-related injuries, absenteeism, and the impact of remote work. Employers are now expected to provide mental health support, maintain flexible leave policies, and ensure physical workplace safety as these directly influence employee productivity.

3.7 Technological Disruptions

Technological disruptions such as artificial intelligence and automation in big data pose significant risks to human capital. While they offer opportunities for efficiency, these disruptions are changing the nature of work by reducing the demand for routine work in favor of sophisticated, highly skilled employees. This creates critical vulnerabilities such as skill shortages and increased cybersecurity threats. To mitigate these risks, organisations need to focus on human-centric strategies such as investment in continuous learning programs to upskill employees and AI literacy training.

Furthermore, as technology advances at an unprecedented pace, the integration of AI in various industries, including human resources (HR) has become increasingly prevalent. However, the growing dependence on AI in HR creates challenges related to:

a) Bias and discrimination in algorithms

AI systems are based on data and thus carry the risk of perpetuating bias and discrimination. AI algorithms are only as objective as the data they are based on. Therefore, if the data contains inherent biases, then the AI systems can perpetuate and even amplify those biases in areas like hiring, promotions, and performance evaluations. This can lead to legal issues, reputational damage, and a less diverse and inclusive workforce. Organisations need to diligently review and address biases in the AI system design and data inputs.

b) Data privacy and security

AI systems often require access to sensitive employee data, which creates risks related to employee privacy and data security. Mishandling of sensitive data could lead to breaches, unauthorized access, or misuse of personal information. Organisations need to implement robust data protection policies, adhere to prevailing regulations, and ensure transparency regarding the use of AI and the data collected. Employees should be aware of the type of data collected, the purpose of the data, and their rights concerning data privacy.

c) Loss of human connection

The workplace is a social environment where human connections play a crucial role in fostering collaboration and team cohesion. Over-reliance on AI may diminish human interaction, leading to isolation and disengagement among employees. While the use of AI offers undeniable benefits, there is a need to strike a balance between technology and human interaction to create a workplace environment that values both efficiency and empathy.

3.8 Diversity, Equity & Inclusion (DEI)

Employee satisfaction is closely linked to employee experience. Organisations need to avoid costs associated with high turnover through the implementation of policies that support a positive employee experience and a high degree of employee satisfaction. Such policies include the enforcement of diversity, equity, and inclusion (DEI) in the workplace. DEI initiatives create a welcoming workplace for all employees regardless of age, race, religion, ethnicity, gender, or disability, and foster a sense of belonging that boosts engagement, group cohesion, motivation, commitment, and employee satisfaction.

Today, organisations are under increasing pressure to integrate DEI strategies into their overall business goals. However, the challenge is that the legal landscape surrounding DEI is constantly changing, particularly in areas like affirmative action and equal opportunity employment. Organisations are required to stay informed and adapt their practices to potential legal challenges associated with inconsistencies or missteps in DEI efforts.

3.9 Cultural Misalignment

Cultural misalignment occurs when there's a mismatch between organizational culture and business strategy, which may hinder performance and employee satisfaction. Cultural misalignment tends to arise out of mergers, acquisitions, or rapid organizational growth. This is because cultural integration often tends to be overlooked in such situations. This leads to decreased job satisfaction and low employee morale. A cohesive cultural environment is essential for maintaining employee morale and talent retention.

3.10 Weak Succession Planning

Weak succession planning occurs when organisations fail to identify, develop, and prepare employees for leadership roles, which leaves them vulnerable when leaders exit. Succession planning is a critical human capital aspect that, when not done appropriately, may destabilize an organisation, erode its value, and severely impact its survival. Without a succession plan, the departure of key leaders in an organisation leaves a vacuum that may eventually lead to operational disruptions.

4.0 **CAUSES OF HUMAN CAPITAL RISKS**

4.1 Culture- Related Risks

Human capital risks, to a large extent, are symptoms of the organizational culture. Culture is one of the best indicators of risks. Therefore, managing and monitoring organizational culture is crucial in the management of human capital risks. The accepted practices and assumptions in any organisation shape employee attitudes towards risks and governance. Some of the culture-related human capital risks include:

a) Misalignment between organizational values and practices through acts like permitting ethical misconduct among employees, not linking rewards and bonuses to employee performance, yet continuing to expect high performance and setting extremely aggressive targets, which may lead employees to create shortcuts to achieve the set targets.
b) High employee turnover due to a toxic or abusive work environment.
c) Failure to attract high-quality employees due to reputational risks associated with poor organizational culture and toxic work environments in which recognition and benefits are not performance-based.

4.2 Technology- related Risks

Some of the notable human capital risks are associated with technological advancements. Besides the threat of humans being replaced with technology and thus leading to employee turnover, cyber risks such as data privacy and security regarding the safety of the vast employee-related data that organisations often hold are a key concern. The increasing use of emerging technologies, such as artificial intelligence, has posed serious challenges to the privacy and security of employee data.

Skills shortages and obsolescence arise when organisations fail to invest in employee skills development. This leads to widening skill gaps, job displacement, and increased cybersecurity vulnerabilities due to human error. Rapid technological advancements that are not backed by intentional skills development lead to employee burnout, stress, and anxiety.

4.3 Governance – Related Human Capital Risks

Human capital risks are sometimes created by the framework of policies, practices, and accountability structures related to employee performance and development. Governance also influences the decisions taken to align talent with organizational goals. Some of the notable governance- related human capital risks include:

a) Weak succession planning whereby organizations fail to create structures and policies that ensure employee development into leadership roles. This creates a loss of critical skills each time employees resign or retire.
b) Health and Safety risks whereby those charged with governance fail to monitor and support employee health and safety as a top organizational risk
c) Compliance risks whereby boards in organizations fail to ensure the companies they lead comply with prevailing employment laws and regulations. Implementation of acceptable diversity, equity, and inclusion (DEI) practices also requires support and insight from the board.

Governance-related human capital risks, therefore, arise when boards and executives don't integrate human capital risks into the overall enterprise risk management frameworks.

5.0. **MITIGATION OF HUMAN CAPITAL RISKS**

Human capital risks can lead to substantial financial stress, operational disruption, and reputational damage. Therefore, organisations ought to proactively invest heavily in the management of human resources in order to mitigate any human capital risks. Strategies for mitigating human capital risks include the following:

a) Integration of the risk management perspective in core human resource aspects like employee engagement and recruitment. This should form the basis of periodic human resource audits that should involve the review of current human resource practices, policies, and procedures

b) Conducting regular compliance assessments and audits to ensure organisations stay updated with the relevant legal and regulatory requirements. This may be done independently or as part of the periodic human resource audits. This should be done with the major objective of ensuring organisations stay informed about the requirements of employment laws to minimize risks associated with non-compliance with prevailing laws and regulations. (See Appendix.)

c) Establishment of effective recruitment strategies, such as enforcement of strategic succession plans, competitive compensation, career progression, and a conducive work environment.

d) Use of employee surveys to assess the extent of employee satisfaction and identify areas of improvement in human resource management. Exit interviews should be used to identify areas of contention in the employee policies of organisations.

e) Establish succession planning and talent development policies that will serve to map key roles for continuity and minimize the loss of critical skills. Talent development policies should aim at filling the skills gaps among employees to reduce organizational dependence on external talent.

f) Investment in employee development, as provision of training and career growth opportunities, enhances employee satisfaction, engagement, and retention. Continuous upskilling of employees prepares them for evolving business needs and reduces the risk of skill gaps in the workforce.

g) Enforce competitive and fair compensation to ensure compensation is competitive and fair at all times. It is recommended that the compensation packages include performance-based incentives and wellness programs that contribute to overall employee well-being. Failure to provide competitive compensation packages will always leave organisations at increased risk of losing valuable employees to competitors.

h) Cultivation of a robust workplace culture in which employees feel valued and engaged will lead to reduced employee turnover and increased productivity in the long run, since it leads to high employee motivation. A robust culture requires the establishment of multiple authentic communication channels across all levels, recognition programs to celebrate achievements, and the provision of meaningful mentorship and growth opportunities to develop talent.

i) Use of data analytics to identify human resource trends, assess employee performance, and identify areas for improvement in talent management and employee satisfaction. Predictive modelling may be used to forecast the high-value employees who might be ‘flight risks’ as well as to analyse emerging cultural issues that could undermine employee productivity. Productivity metrics may also be used to identify teams that need additional resources or leadership support.

6.0. ROLE OF INTERNAL AUDIT IN MANAGING HUMAN CAPITAL RISKS

6.1. Risk Assessment and Management

Internal auditors must have a strong understanding of the micro and macro risks impacting their respective organisations. Internal auditors ought to assess the risks associated with various HCM functions such as recruitment, training, performance management, compensation, and employee relations. Internal auditors help in the identification and evaluation of risks within the HCM processes, such as those related to employee fraud, data privacy, or compliance violations, and recommend controls to mitigate those risks.

6.2 Compliance and Governance

Internal auditors provide assurance that their organization's HCM practices comply with relevant laws, regulations, and company policies. This should be done to ensure that the organisations in which the internal auditors are employed are compliant with the legal requirements, especially in terms of the actions to be taken or information needed.

Some of the key areas on which internal auditors should provide assurance include:

a) Compliance of employee contracts with prevailing labor laws, as well as the compliance of payroll records with legal requirements, especially regarding income tax and social security deductions.

b) The implementation of DEI policies. Internal auditors should include engagements focused on auditing organizational human resource systems for bias in hiring and promotion processes.

c) The design and implementation of health and safety programs in the workplace in line with prevailing legal requirements.

d) The extent to which organisations leverage technology to promote efficiency. The rapid technological advancement means organisations have to invest heavily in reskilling employees of employees to embrace emerging technologies like artificial intelligence and robotic process automation. Internal auditors should offer consulting services on organizational policies related to employee reskilling.

e) The effectiveness of organizational processes to identify, develop, and retain talent for key roles. Internal audit should provide assurance over the alignment of the succession strategies with business objectives. Effective succession processes should be transparent and fair to eliminate ineffective leadership transitions and biased promotions.

6.3 Support of Strategic Objectives

Internal auditors play an important role in the provision of assurance over efforts to enhance corporate culture and enforce 'tone at the top.' Internal auditors may therefore have activities such as monitoring the performance of employee surveys and following up on issues and concerns raised from hotlines.

6.4 Data Management and Analytics

Internal auditors are uniquely positioned to provide advice on business risks associated with over-dependency on data analytics tools. Internal auditors play an important role in the provision of assurance over data quality controls and the accuracy of data used to support business decisions.

6.5 Performing DEI audits

As organisations work toward a more equitable and inclusive workforce, internal auditors should include DEI audits in the internal audit universe to provide assurance over the extent to which organizational policies and procedures promote inclusion and eliminate bias in the workplace. DEI means different things in different countries or regions. Internal auditors, therefore, should provide assurance over their organizations' compliance with the prevailing DEI laws and regulations. Internal auditors should continually assess organizational success in the promotion of a sense of and culture of inclusion.

6.6 Data Security

Advancements in technology and the increased adoption of remote working settings create a greater risk for organisations to suffer cybersecurity attacks. As cyber threats evolve, internal auditors must help management and those charged with governance to understand and deal with the diverse risks associated with the digital spaces. Internal auditors, therefore, have a role to play in providing assurance that cybersecurity awareness is being sufficiently fostered and whether the organizational IT infrastructure is well updated to incorporate remote working conditions and the rapid technological advancements. Therefore, cybersecurity risk assessments, IT governance reviews, and IT control reviews should form part of the routine activities of the internal audit function. Effective assessment of cybersecurity risks may necessitate the performance of routine vulnerability assessments, penetration testing, and incident response planning.

6.7 Employee Training and Awareness

Internal auditors should be at the forefront of advocating for employee training programmes focused on raising awareness about cybersecurity risks and best practices. This may involve the provision of consultancy services over drives to educate employees about the importance of strong passwords, phishing awareness, safe communication protocols, and data handling procedures to mitigate human errors and data security breaches.

6.8 Continuous Learning

In today's fast-paced world, internal auditors need to embrace continuous learning to stay relevant and effective. Continuous learning ensures that internal auditors remain abreast of industry trends, regulatory changes, and emerging best practices to remain adaptable in the dynamic business environment. Internal auditors should provide assurance over efforts to tailor overall organizational efforts to address employee skill gaps and learning needs. Internal auditors should be proactive in supporting their organisations to plan for employee career longevity. This may be achieved by ensuring management and those charged with governance remain informed about available learning resources such as mentorship programmes, educational events, publications, and networking opportunities.

7.0. CONCLUSION

Human capital management is steadily gaining prevalence in organisations today as it helps them to be more proactive and thus adaptive to the dynamic business conditions. The elements of attracting, engaging, and retaining employees must therefore be considered a strategic business priority.