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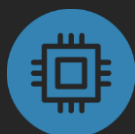
## Internal Audit 3.0

Future is now

10 June 2022

# ORGANISATIONS ARE FAILING CREATE VALUE FROM THEIR ASSURANCE SPEND

## THE STATE OF PLAY



**Digital and disruptive technologies** are transforming the nature of organisations



Organisations face an **increasingly diverse risks**



The **speed of risks** impacting organisations has never been so high



**Assurance can be more timely and proactive;** spotting problems before they become issues



**Assurance functions struggle to keep pace;** they lack the skills, technology, and capacity to meet the needs of business



Assurance functions **fail to create impact**



## THE FUTURE – IA3.0

Organisations are failing to create value from their assurance spend and should expect more return on their investment. The absence of innovation for decades has resulted in assurance functions which are now struggling to now keep pace in a quickly changing environment. Organisations need to take immediate action to ensure their assurance functions maintain relevance.

Through consultation with Audit Committee Chairs, Executives, Chief Audit Executives and business leaders, we have developed a blueprint for the future Internal Audit operating model, which we call IA 3.0.

## THE POTENTIAL



**Improved risk management;** Through innovative technologies and ways of working, IA3.0 is designed to deliver deeper and more timely assurance.

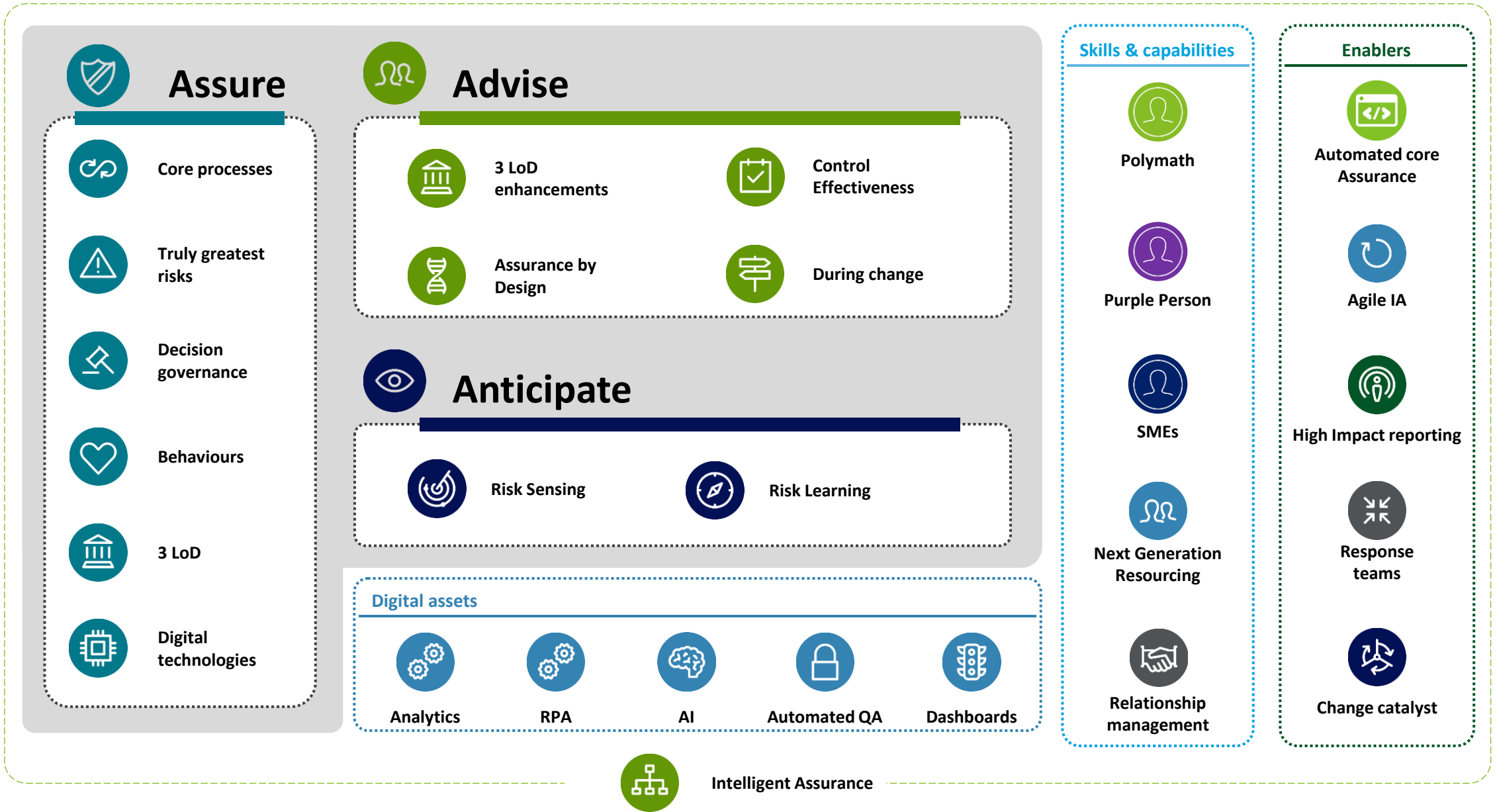


**Assure. Advise. Anticipate;** IA3.0 provides a broader role and remit that not only protects reputation but creates value and leads to improved business performance.



**Increased ROI;** IA3.0 aims to provide greater value than existing models. Through outsourcing, we can help you realise the benefits more quickly and often at a significantly lower cost base than in-house models.

# THE FUTURE – IA 3.0



# A modern internal audit function



**Assure**  
Confidence



**Advise**  
Insight

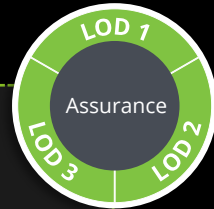


**Anticipate**  
Foresight

# Assure

The core – but not the limit – of Internal Audit

☆ New Area    📈 Growing Area



- Core processes
- Truly greatest risks
- Decision governance
- Behaviours
- Three lines of defence
- Digital technologies

Risk focus 📈



Risk culture ☆



📈 Corporate governance

📈 Digital Banking

# Main Principles

- ✓ Coordinated core assurance
- ✓ Common methodology & tools
- ✓ Truly greatest risks
- ✓ Reporting and communication/remediation management

# Advise

Critical to providing value



## Main Principles

- ✓ Trusted Advisor – supporting key changes
- ✓ Enhancement of control effectiveness and efficiency
- ✓ Assurance by design

# 69%

of Audit Committee members said IA can not maximise its value without providing advisory services

Source: Deloitte Global Audit Committee Chair survey, 2020

# Anticipate

Auditing at the speed of risk

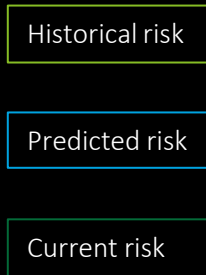
☆ New Area      📈 Growing Area



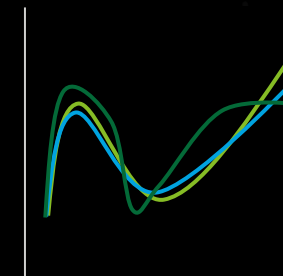
# 92%

of Audit Committee members said it was either very important or important that IA help the organisation anticipate emerging risk.

Source: Deloitte Global Audit Committee Chair survey, 2020



KRIs built from data science to track risk signals



Dynamic Risk Assessment and Audit Planning

# Future Internal Auditor Skills and capabilities

## Technology



- Internal auditors who possess a mix of business and technology skills (robotics, analytical tools, artificial intelligence, etc.), going further than the traditional knowledge of an IT Auditor (Purple person).
- The combination of business and technology is becoming prevalent in IA as organizations are looking for increased efficiency and value from internal audits.



## Personal Agility

- Enables person to self-learn new topics or areas in the organizational environment.
- Ability to adopt advanced audit methodology and practices.
- Use advanced tools and techniques.
- Enhance professional skills, due to developing internal audit practices and automatic various technical tasks.
- Rather than solely specializing in a specific area, the future internal auditor can identify and assess different risk areas and collaborate across disciplines (Polymaths).

## Cultural Aspects



Culture Diagnostic – The future internal auditor should have skills to assess organization's culture and identify gaps against desired culture.



## Soft Skills & Relationships

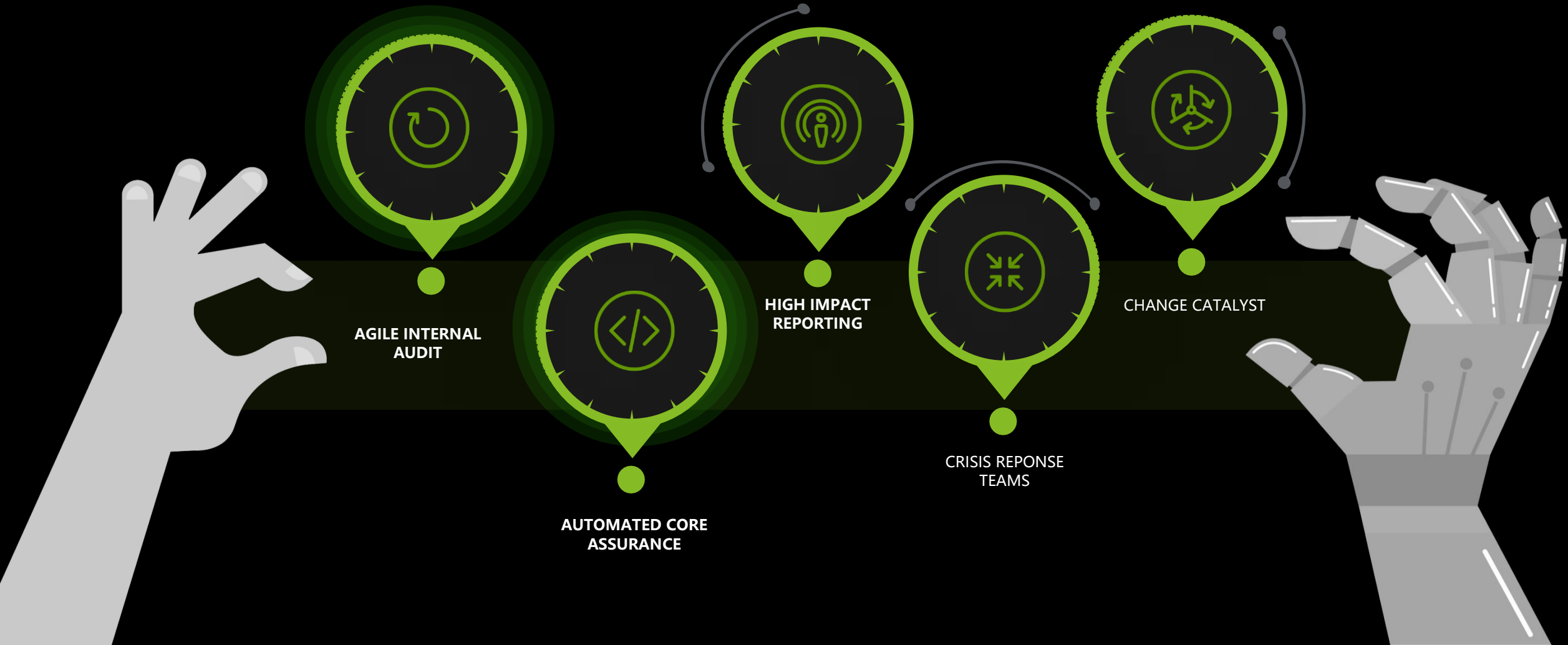
- Relationship management is a critical element maintaining a positive and collaborative relationship between IA functions and the business.
- Digital relationship - Ability to create and enhance relationships in a digital environment via changing tools.

Facing future challenges requires a new staffing approach: moving from single practice audit to a **holistic "360°" audit** preformed by a **Multi Disciplinary audit team**



# Enablers

**Doing more with less:** ways of working for impact



# Agile Internal Audit

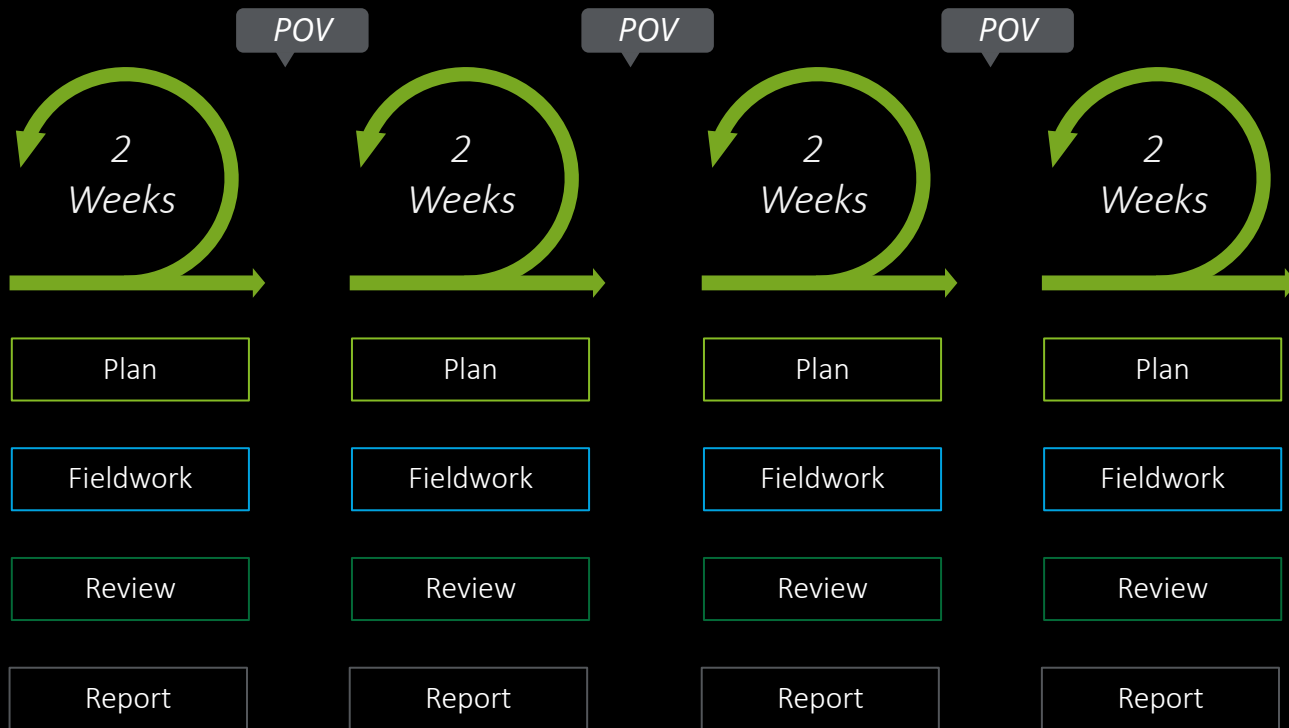
Changing the mindset to determine value to be delivered

# 63%

of Audit Committee members believe that IA could be faster in reporting the results of their work.




**AGILE  
INTERNAL AUDIT**



# Automated Core Assurance

 CORE PROCESSES

 ANALYTICS

 ROBOTICS PROCESS AUTOMATION

 ARTIFICIAL INTELLIGENCE



AUTOMATED  
CORE  
ASSURANCE

## The challenge

A more rapid pace of change, requiring more dynamic and real time data and information.

### Core Processes Completeness

Assurance that core financial and operational processes in areas like transaction monitoring, client and employee behavior



Limited Internal audit Scope  
(budget)

### Truly greatest risks (Risk Focus)

Confidence that the organization's truly greatest risks (e.g., cyber, compliance and AML, digitalization, change management, etc.) are appropriately managed—on a more continual basis.

# High Impact Reporting



## Getting to the bottom line, fast...

- Management and directors want business insights and visual representation of the overall conclusions and action items **right here and now**
- Utilization of advanced analytics (such as behavioral analytics, machine learning assisted sampling, etc.) to provide **better quality** and **proactive insights**
- Enabling a **better quality** conversation with management (100% population examination means better quality output)

# Leveraging Analytics and Automation

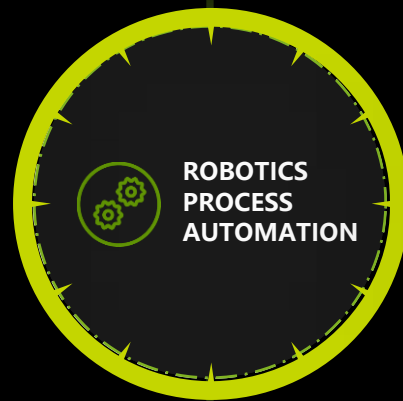


Risk profiling

Self-service

Continuous auditing

Insight



Data gathering

Controls testing

Report preparation

Data visualisation



Outlier detection

Predictive analytics

Advanced analytics



Methodology conformance

AMS data quality

Quality trend analysis



Risk Assessment

Audit Universe

Resource planning

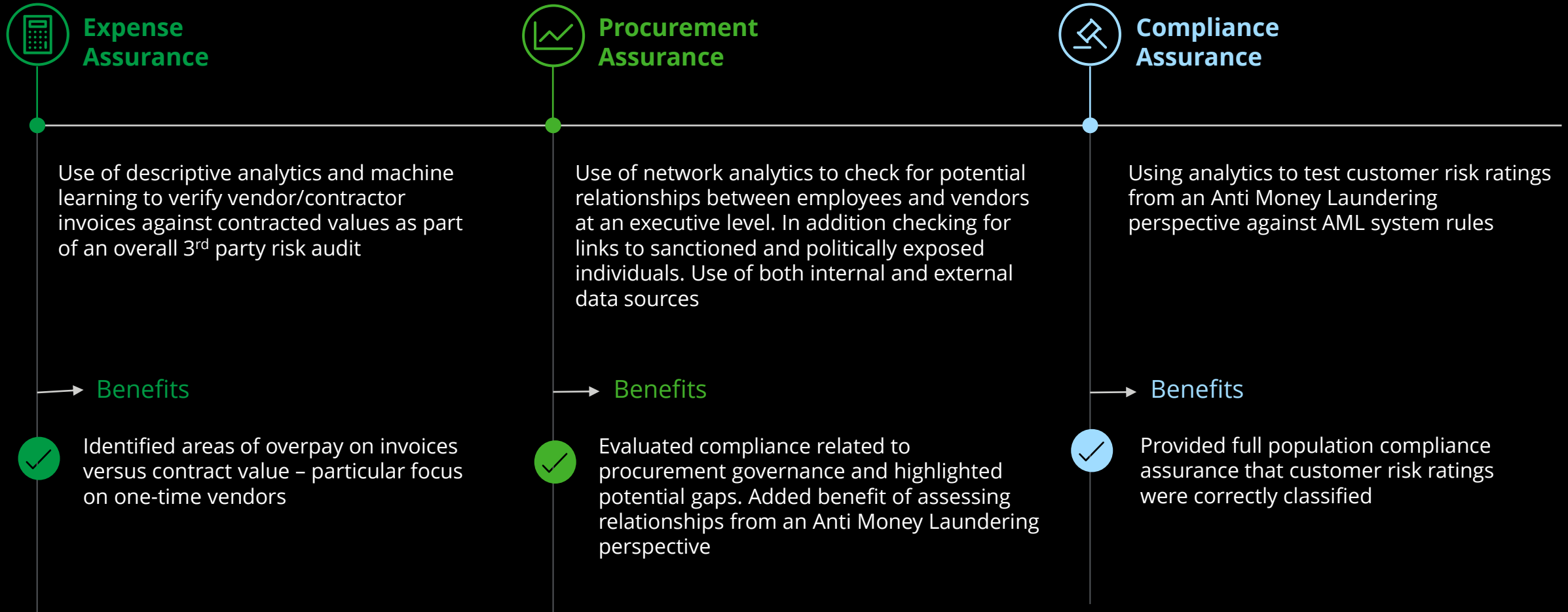
Root Causes Analysis

Follow up

# Internal Audit Analytics and Automation Use Cases



# Internal Audit Analytics Use Cases



# Preparing for future

1

**Assess** – Benchmark yourself against leading practices and identify key gaps

2

**Drive Value** – Prioritize key gaps to drive value by responding to the IA challenges in your organization

3

**Plan** – Draft an IA strategic plan, including a roadmap to develop and implement key capabilities

4

**Implement** - Ensure the strategic plan is actionized in the organization





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Q & A

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# Appendix



## **Kaysarin Angkanurakbun**

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Kaysarin is a Director of Risk Advisory in Thailand. She is an experienced internal audit and risk management professional from various industries/ sectors including Financial Services; Insurance; Consumer Products; Transportation, Logistics, Real Estates, Hospitality & Services; Retail, Wholesale & Distribution; Energy Resource and Industrial; Public Services; Health Care; and Technology. She has over 18 years of in-depth industry experiences with multinational corporations across Asia Pacific, Middle East and United States.

Kaysarin has been engaged in internal audits and internal control reviews. Her diversified focused areas included Internal Audit and Control Transformation, Risk Assessment, Sarbanes Oxley (US-SOX/ J-SOX) program, Compliance involving policies, procedures, Risks & Control Matrix (RCM), Control Self-Assessment (CSA), Control improvement, External Quality Assessment of Internal Audit function, and Corporate Governance for various business processes. She also involved in control reviews of Anti-Corruption, Data Privacy, Business Continuity Plan; Enterprise Risk Management, and internal control framework, for listed and non-listed companies. Kaysarin is an Agile internal audit coach.

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