

Embracing the
challenges of the
future:

Evolution of internal
audit in the next
decades

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IIA Conference 2019

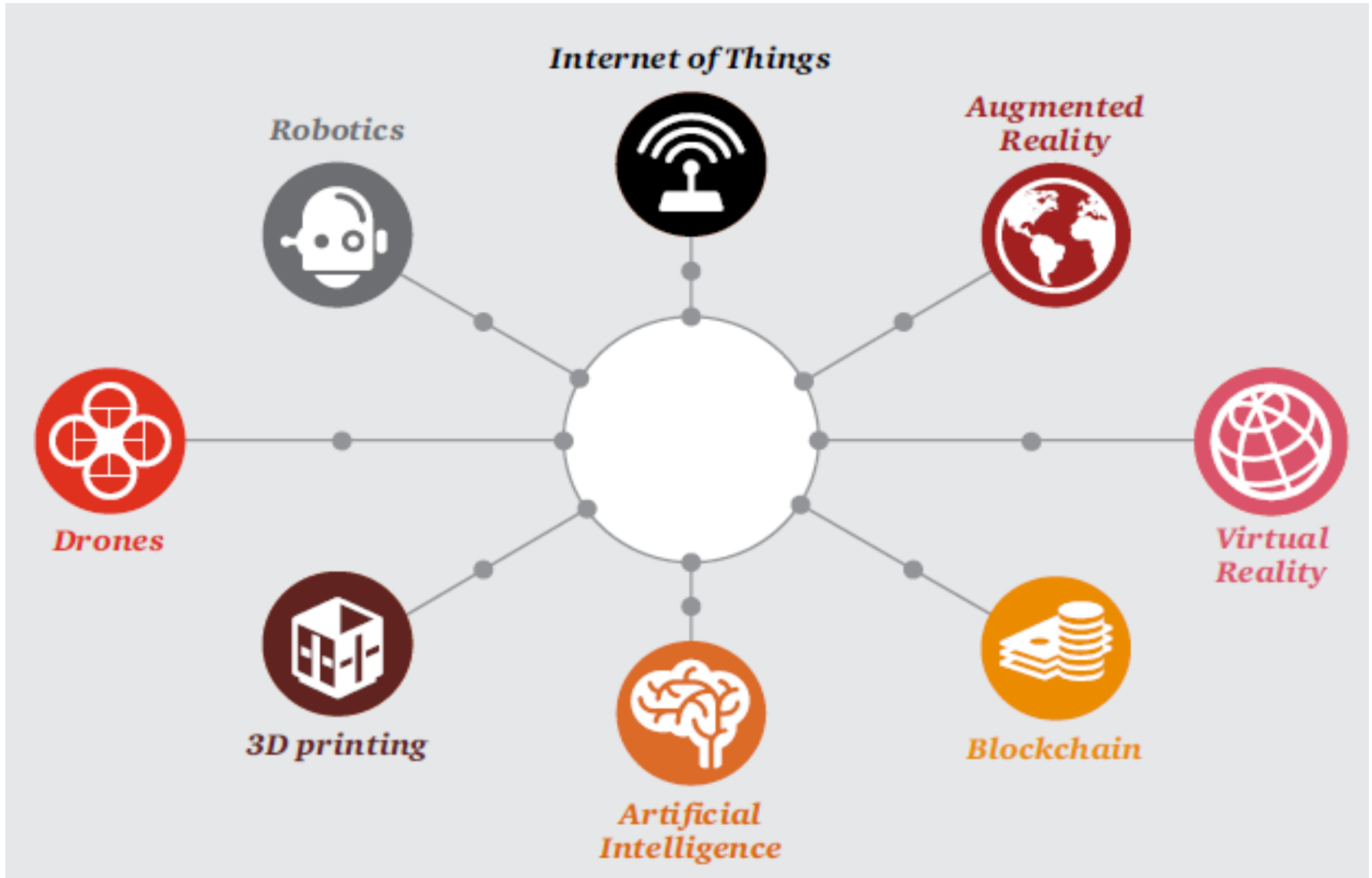
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Organisations are rapidly rolling out digital initiatives in an era defined by:

- more data,
- more automation,
- sophisticated cyberattacks, and
- constantly evolving customer expectations.

- ❑ Would you say your internal audit function is innovative?
- ❑ Does your organization have the talent and tools to deal with the risks arising from emerging technologies?
- ❑ And how will you attract the next generation of talent?

Key emerging technological transformations:



2019 Global Risk, Internal Audit and Compliance Survey

2,073

Business leaders

27

Industries

99

Participating countries



Risk management function
15%



Internal audit function
25%



Compliance function
9%

Key Themes for IA

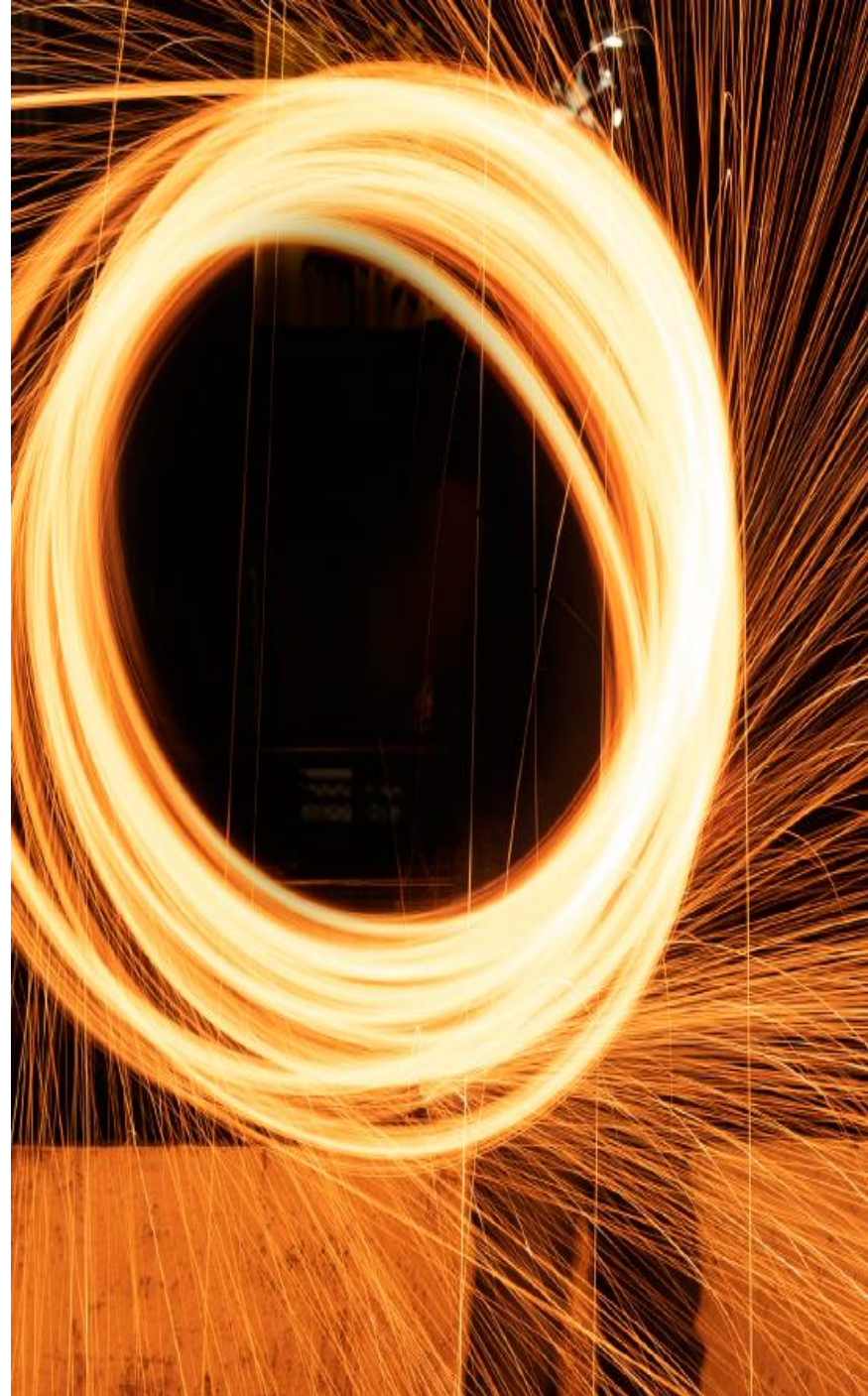
- **Emerging technologies** are not only impacting pace of change and the risk landscape, but the role Internal Audit plays in the organization.
- IA functions that increase **their digital intelligence** are better positioned to help their stakeholders take smarter risks, stay aligned to the pace of the business and provide greater value.
- Organizations are considering how the **lines of defense** work together to **leverage data and technology** in new ways to manage risk.



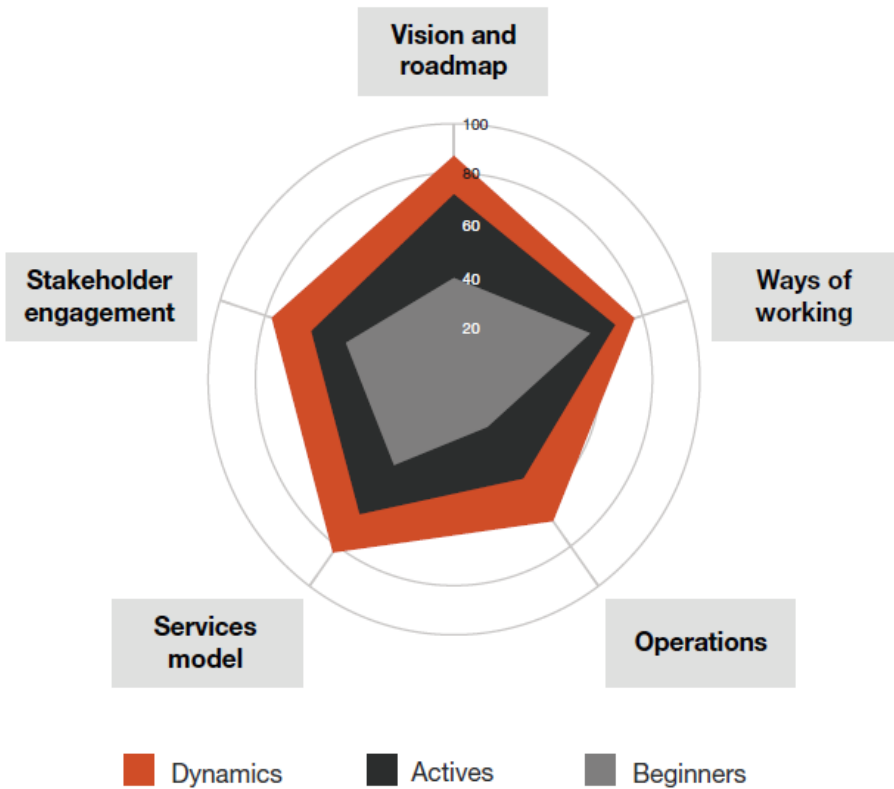
Internal audit evolution:

To evolve to support technological transformations, internal audit departments will need:

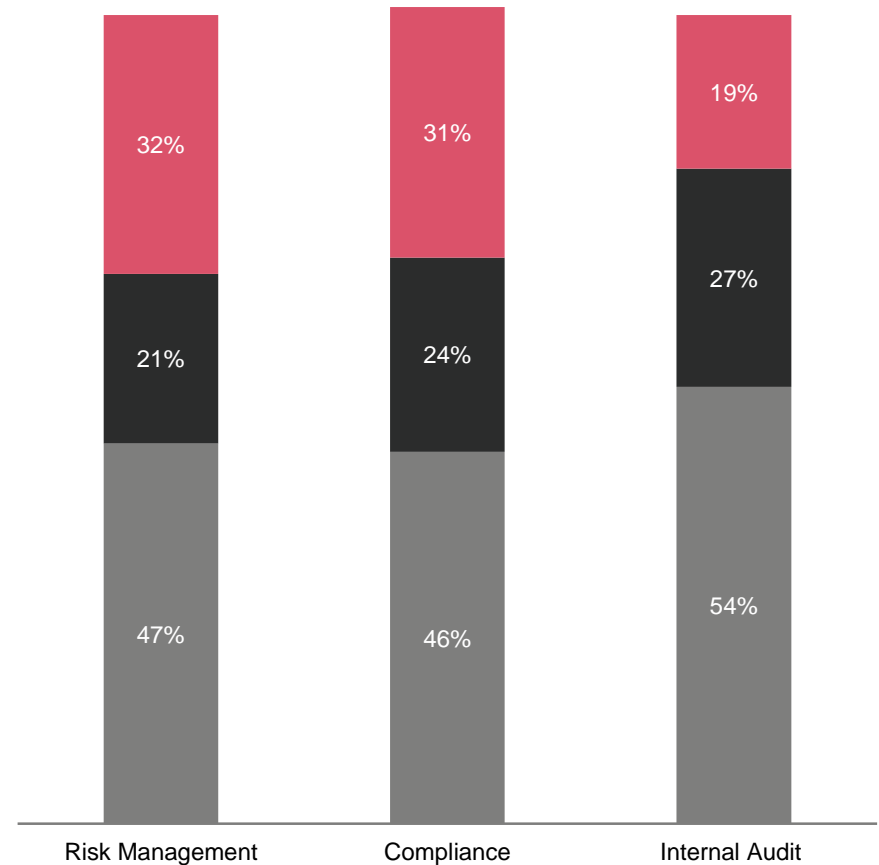
1. the **dexterity** to pivot quickly and to keep up with the digital pace of the business; and
2. **digital fitness and knowledge** to provide advice and strategic assurance in this new arena.



Where digitally fit internal audit functions stand out



How does each function fare in digital fitness?



Dynamic internal audit functions creatively source talent and invest to upskill

68%

Partner with the organization in digital initiatives to increase Internal Audit's digital knowledge.



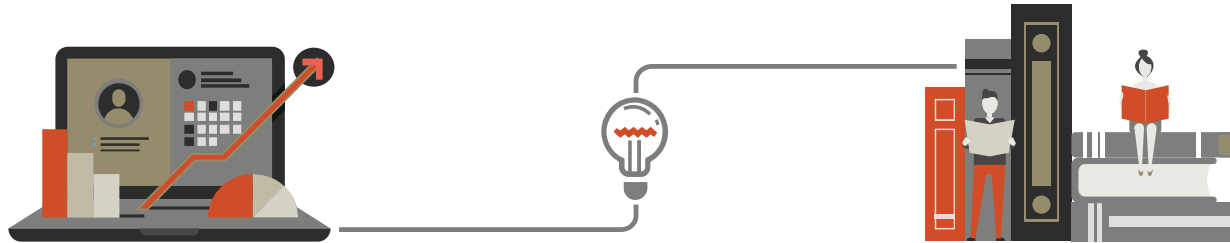
84%

Are implementing training programs to enhance the team's technology skills.

85%

Are empowering specific individuals on the internal audit team as specialists to support the function.

Dynamic internal audit functions use data and technology to create more powerful insights and deliver assurance at the speed the organization requires



78%

Dynamic internal audit functions develop new services based on the availability of digital technologies.

78%

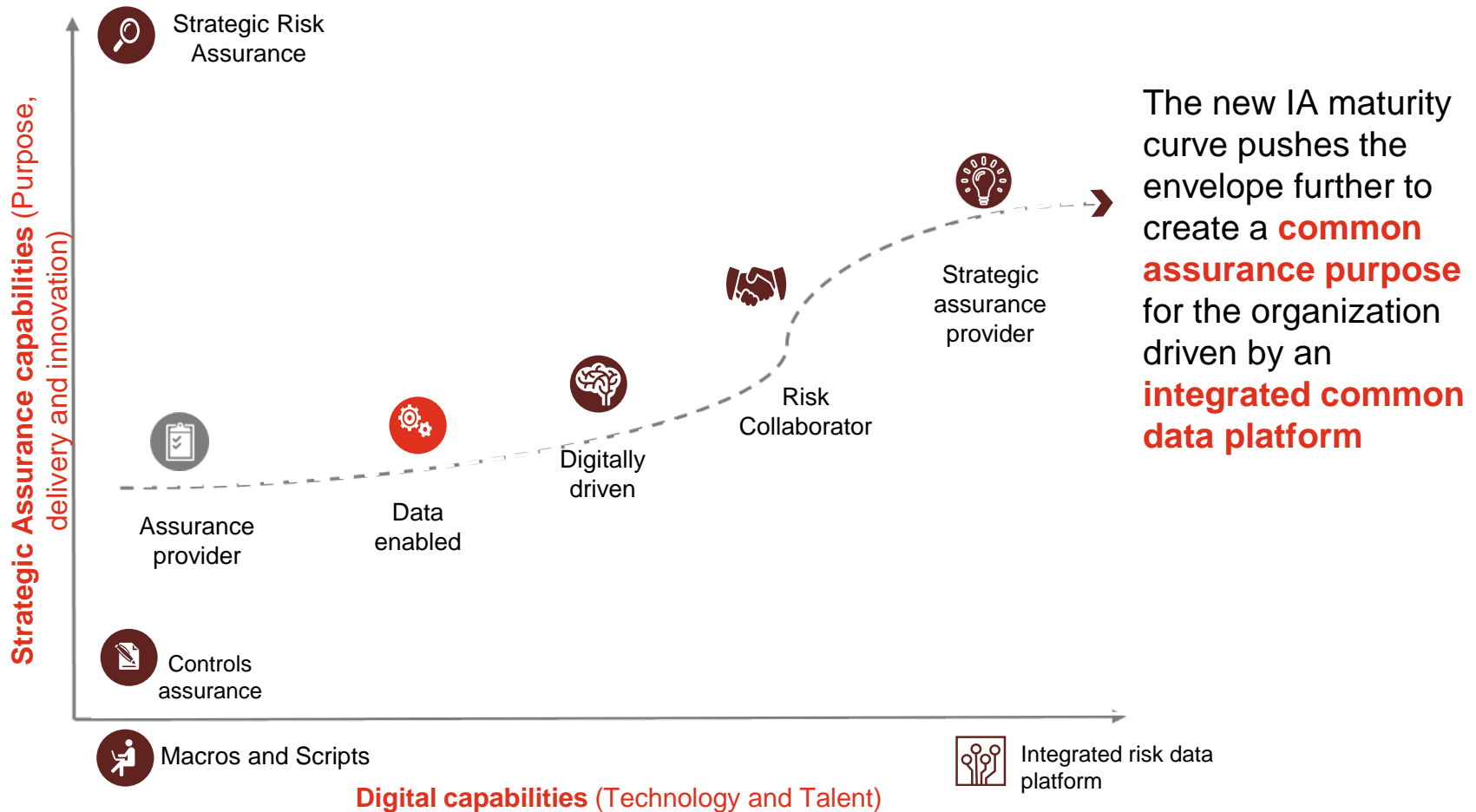
Dynamic internal audit functions perform more-frequent risk assessment than they used to.

80%

Dynamic internal audit functions change the audit plan more frequently than they used to.

Strategic assurance - recalibrating the IA maturity curve

Historically the maturity curve has been from "Assurance provider to Data enabled", which is the starting point of the new curve.



Robotic Process Automation (RPA): A primer for internal audit professionals

What is digital fitness?

1 Strategic assurance

Having in place skills and competencies to provide strategic advice to stakeholders and to provide assurance with regard to risks from the organisation's digital transformation.

2 Dynamic assurance

Changing the functions own processes and services to become more data driven, and digitally enabled to align with the organization's strategic risks and anticipate and respond to risk events at pace and scale with the organization's digital transformation requirements.



The Six Actions of Smarter Risk Takers

- 1 Go all in on the organization's digital plan**
- 2 Upskill and inject new talent to move at the speed of the organisation**
- 3 Find the right fit for emerging technologies**
- 4 Enable the organization to act on risks in real time**
- 5 Actively engage decision-makers of key digital initiatives**
- 6 Align to provide a consolidated view of risks**

Priority Actions for Internal Audit

Our study found that **three of the six** in particular give **internal audit more dexterity** to move all six actions forward.

Upskill and inject new talent to move at the speed of the organization

Creatively source talent to build the function's digital skills and invest to protect the talent you have

2

Find the right fit for emerging technologies

Audit and advise on emerging technologies, and use them to streamline the function

3

Enable the organization to act on risks in real time

Build capabilities to deliver assurance at the speed the organization requires

4

Thank you

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