



# Internal Audit and Digital round table

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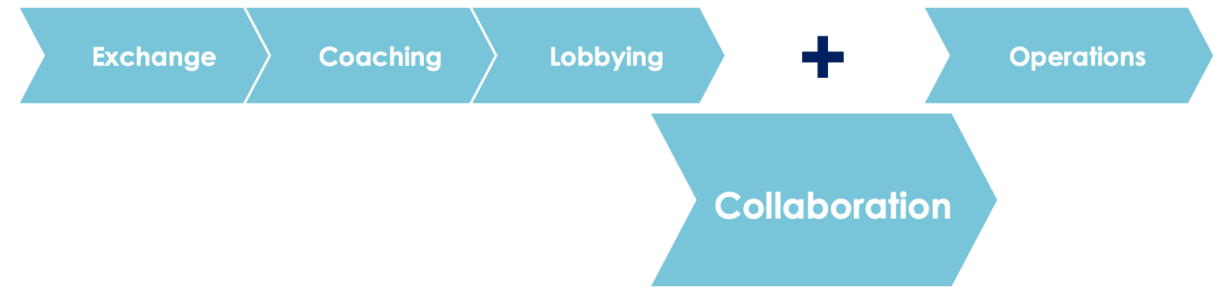
# Agenda

- **Brief introduction of ECIIA**
- The Digital World
- The impact for internal audit

# What is ECIIA?

## ECIIA VISION

Furthering the development of good Corporate Governance and Internal Audit at the **European level, through knowledge sharing, developing key relationships, and impacting the regulatory environment.**



34 NIs  
47 700 members

BUT, different NIs sizes(\*)  
(\*) membership in July 2017



# Advocacy & Public Affairs coordination targets

Main European Bodies →

## influence

1 PARLAMENTUM EUROPAEUM  
European Parliament

2 European Commission

3 EBA  
European Banking Authority  
European Central Bank

4 EUROSYSTEM  
Central Bank

5 EIOPA  
EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY  
Insurance & Occupational Pensions Authority

6 ESMA  
Securities & Markets Authority

**Objective:**  
Promote **good corporate governance** & **appropriate recognition of I.A** in European regulations and Corporate Governance codes

## collaborate with

1 FERMA  
Risk Management

2 ecoDa  
a.s.b.l.  
Confederation of Directors Associations

3 EUROSAI  
Public Finance Control

4 European Issuers  
represent interests of publicly quoted companies

5 BUSINESSEUROPE  
lobby group representing enterprises of all sizes

6 Accountancy Europe

**Objective:**  
**Build relationships** with key institutions interested in Corporate Governance at European level  
**Organize common events,** make **common publications...**

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- **The Digital World**
- The impact for internal audit

# Digital World definition

*“Digital World is a contemporary expression to communicate the importance of digital technology today.*

*When we say Digital World, we are essentially communicating that the almost the entire world is connected with digital technology”.(\*)*



(\*) Quora publication Jan 2019

# The Digital World



- Technology transforms business models:
  - New businesses that wiped out legacy cooperations
  - New business processes using new technology
- More responsibility and liability for Boards, audit committees
- More functions knocking at the Boards doors



**New role for internal audit !**

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- **The impact for internal audit**

# The impact of the Digital World on Internal audit

- New role
- New objectives
- New methodology
- New skills



required for internal audit

# New role for Internal Audit

- Focus on adding value to shareholders
- Monitor digital innovation risks preventing the execution of business strategies
- Wider integration with the other lines of defense: integrated assurance with empathy, instinct and ethics



- Demonstrate its unique value (vs other functions of the second line)
- Educate Management and the Board about innovations in technology: "insight"

# New objectives for Internal Audit

- Leveraging internal audit's business intelligence portal
- Provide strategic insight to the Board while providing oversight of risk management
- Run audits like a business by employing new technologies to drive efficiencies and provide real time recommendations

New dimensions in the audit plan:

- New collaborations internally and externally
- Real time plan vs annual plan
- Predictive model to assess audit impact before it starts
- Strategic risks
- Greater connectivity of people, data and systems
- New work habits (home work, flexibility,...)
- New communication tools (instant chat, social media,...)

# New methodologies for Internal Audit

- Data analytics for better analysis with artificial intelligence
  - Data sharing for the working papers
  - New tech savvy reporting (eg SharpCloud)
  - Focus on the way risks are managed vs focus on expected controls
- Integrated assurance tool : Governance, risk management and compliance
  - Proactive approach: prognosis on governance, risk and control, pre-empting change and opportunities/threats and use of RPA(\*)
  - Frequent updates of programmes, checklists, ...
  - Include sustainability to encompass wider factors (talent retention,...)

# New skills for Internal audit



- Skills to use and understand analytics
  - Skills to use and understand innovative technologies
  - Hiring based on agility
  - Analytical skills
  - Basic Coding requirements
  - Have a Digital IQ
- Facilitation skills  
(more exchanges, workshops,...)
  - Initiative-proactive thinking
  - Presentation skills
  - Branding skills  
(image of the department)
  - Business knowledge remains  
**KEY** for Senior people



**Thank you for your attention!**

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## Appendix:

- Digital World definition
- Review of innovation by IA

# Digital World definition

*“Challenges ahead call for a drive to plan for disruption, where fresh insights, new business models, and breakthrough solutions bring the courage, boldness, and belief that this is benefitting the business community we are living in.*

*To stay ahead of the game, every company needs to embrace emerging intelligent automation technologies.*

*Taking a strategic approach to intelligent automation can give 5 to 10 times higher ROI.*

*Intelligent automation is not just new technology implementation...*

*It is as an end-to-end driver to support digital transformation”>(\*).*

# Review of innovation by IA

## examples



Internal auditors will:

- Review how blockchain technology impacts the organization and evaluate the risks
- Ensure that the business intelligence technologies is in line with the business objectives and evaluate the risks
- Review the application of RPA by the business and the future use
- Assist Compliance functions in assessing Fin Tech risks

... and will use new tools:

- RPA for more effective, efficient audits
- Assess effective data privacy and cybersecurity processes
- Artificial intelligence to build models and intelligence tools
- Knowledge sharing platform to report on audit engagements continuously