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Guidance on unlocking the value of Internal Audit functions by implementing Data Analytics / Science

The [ECIIA Insurance Committee](#), assisted by Specialists* has described the journey to adopt a data-led approach in the internal audit departments and give examples from the Insurance industry.

The current risk and control environment has caused a shift in the Internal Audit (IA) profession. The events of 2020 have been a catalyst for widespread digital transformation and change, creating a rapidly evolving risk landscape, centred around an increased availability of data and growing automation of processes. This has fundamentally changed the demands from IA key stakeholders, which requires internal auditors to make a choice about



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what the future of assurance looks like. Whilst the mandate of IA functions has not changed, auditors need to continue to provide assurance, audit teams should consider the need to make data a key part of how the function operates. IA functions can transform to giving rapid, fact-based assurance, supporting organisations to achieve their strategic goals more effectively, whilst operating within the parameters of the mandate. To become a data-led IA function, Chief Audit Executive's (CAE's) must first acknowledge that the demand for data analytics and data science (DA/DS) in IA is growing across all industries, with increasing calls from regulators to incorporate DA/DS into IA methodology. Undertaking this journey is essential for IA functions to remain effective and continue to add value to their stakeholders.

It should be noted that adopting a data-led approach doesn't replace the need for the auditors to apply professional judgement and abandon other auditing techniques. Data is a powerful, complementary asset that all auditors should systematically consider in the audit approach as a factual basis which should factor into professional judgements needed to reach an opinion.

This document will guide through the practical considerations of how and where to invest in order to transform IA into a data-led function. It identifies five areas within the audit process where a data-led approach can add value, insight and assurance. This is built upon the lessons learnt from IA



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functions which have already progressed on the DA journey and are in various stages of maturity. It also includes concrete examples from the insurance industry

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