



The Institute of
Internal Auditors
Indonesia

2014 ACIIA CONFERENCE BALI, INDONESIA

ASIAN CONFEDERATION OF INSTITUTE OF INTERNAL AUDITORS

The Stones Hotel - Legian, Bali

24 - 25 November 2014

Organized by:



Supported by:





How New Technologies Will Change The Game For Business and Internal Audit

Ross Paul

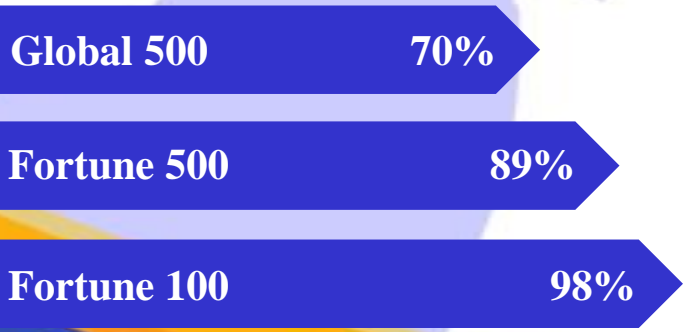
VP Global Operations, ACL



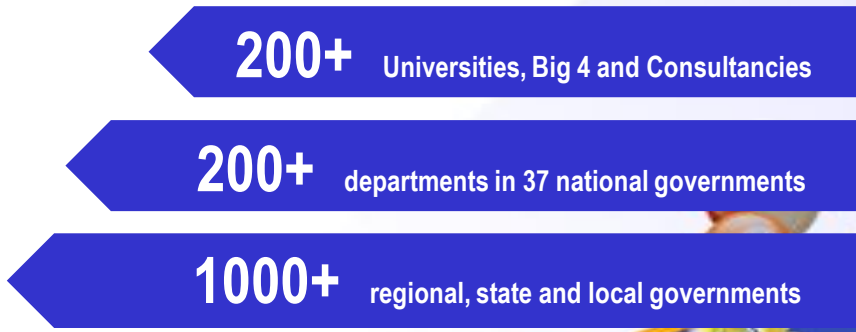
The New ACL – Next Generation Audit, Risk and Compliance Technology

- Founded in 1987
- 250+ Employees
- Offices and hosting in North America, Europe and Asia
- The ONLY global provider of cloud based, data-driven audit, risk and compliance (GRC) technology solutions
- Used by > 19,000 organizations in 150+ countries

Commercial



Sector, Education, Consulting



33k Users in >40 Worldwide LinkedIn Groups

ACL's Vision

*“Our vision is a world where
audit, risk and compliance
professionals are an
organization’s most sought after
people”*

Is your team the “most sought after”?





Internal Audit

From the IIA Definition

“Designed to add value and improve operations”

GRC

From the OCEG Definition

“A capability to reliably achieve objectives”



What is Your BIGGEST Challenge?

*“Putting my work in
an executive context so
management ‘gets’ the
value”*

42%



How? Think Bigger and Use Technology!



Software as a Service (SaaS) and Cloud Computing





What the hell is cloud computing? ... I mean, it's really just complete gibberish.

- - Who Said This? 2008

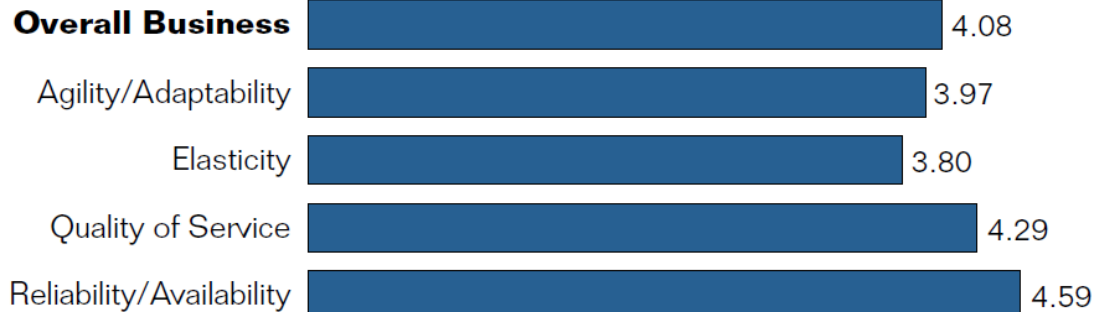


Larry Ellison – Founder and CEO of Oracle - 2008

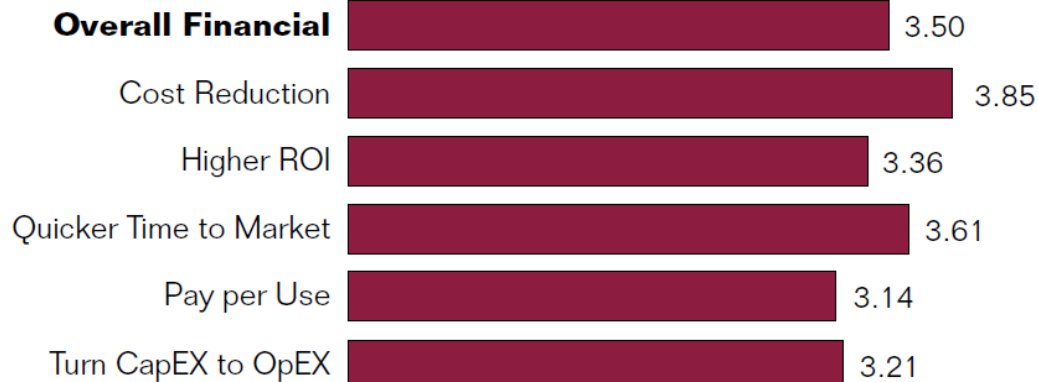


What And Why The Cloud?

Key Benefits of the Cloud*



Business Enablement



Financial Performance



Environment



Or Simplified

EINSTEIN'S SECOND THEORY

$$E=M^2C$$

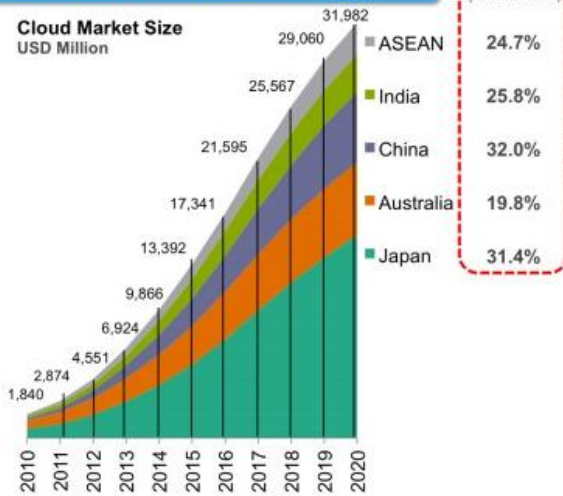
efficiency =
migrating to cloud



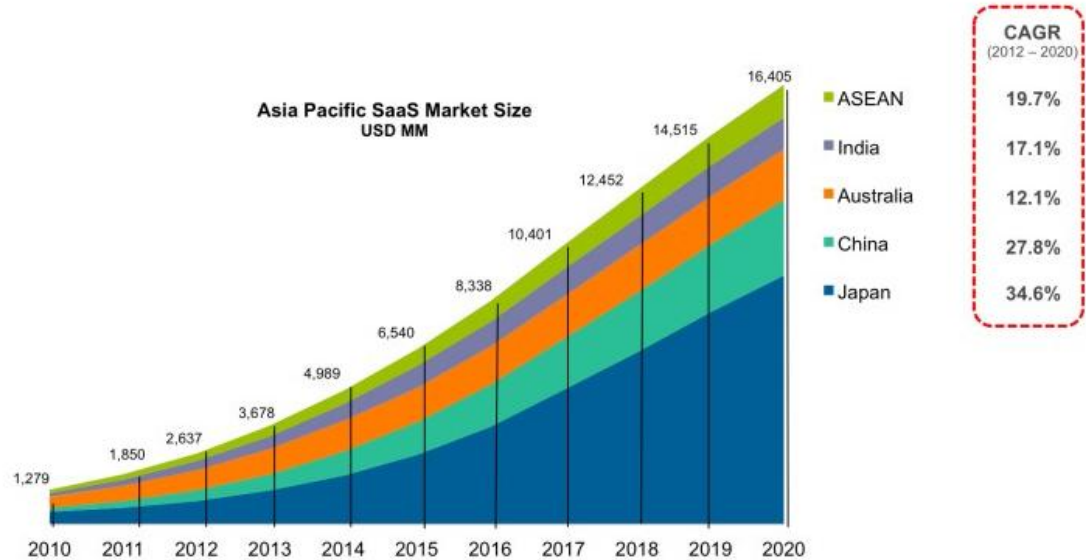
Cloud Myth #1 - Cloud Adoption Is Only Happening In North America and Europe

Reality: Asia Cloud Spending Already US \$10B in 2014 growing to \$32B in 2020

These Five markets combined account for approximately 85% of the total FY'12 Asia Pacific cloud market size

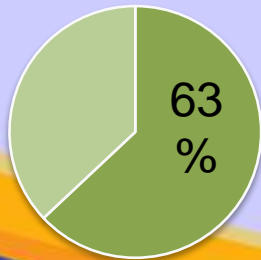


SaaS Market Forecast Across Asia Pacific

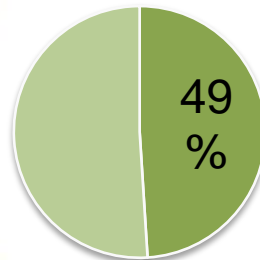


Audit, Risk and Compliance Teams in Asia and Latin America Leapfrogging Developed Economies with more than 60% adopting cloud within next 2 years*

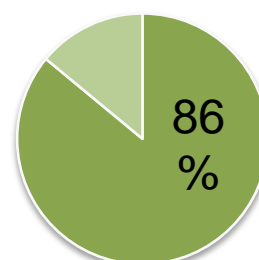
Asia Pacific



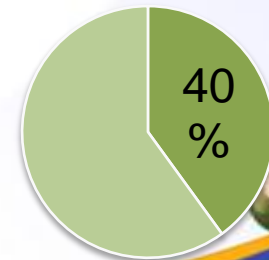
EMEA



Latin America



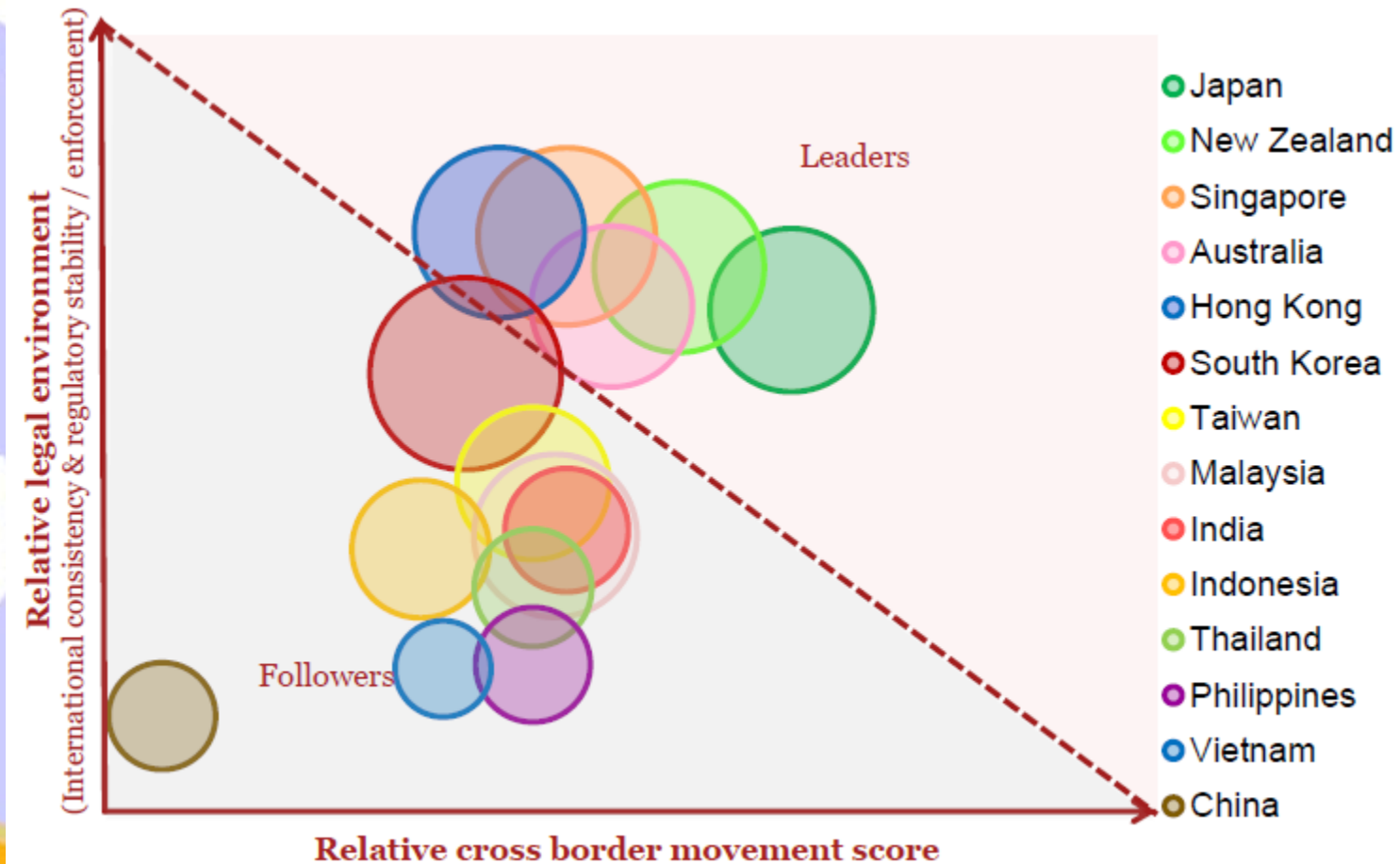
North America



*Sources: Sizing The Cloud Markets In Asia – Forrester, 2012. ACL Global GRC Technology Pulse Survey, 2014

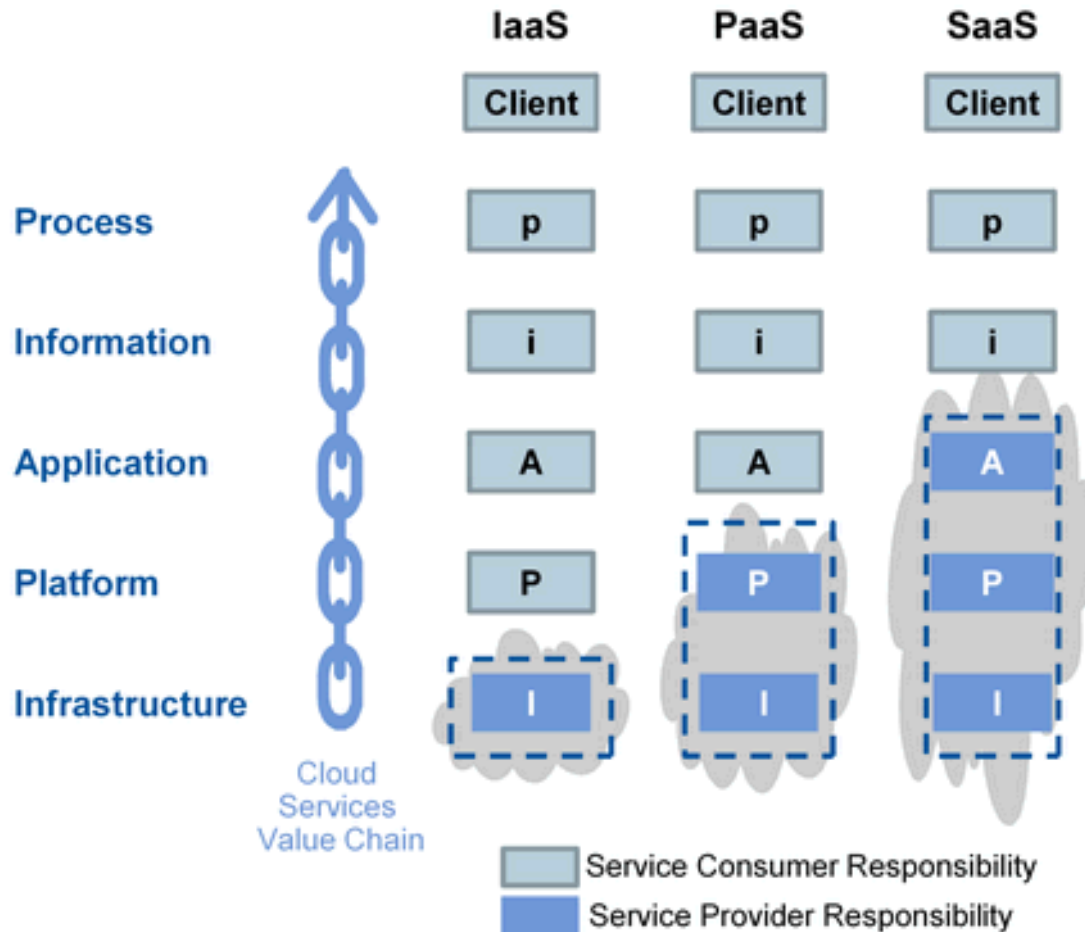
Myth #2 – Regulation Prohibits Cloud Adoption

Reality: Regulation Varies But Enables The Majority of Business Use Cases



Myth #3 – The Cloud Is Less Secure

Reality: Not Necessarily More or Less Secure But Shared Control Responsibility



ERM For Cloud Solutions – A Shared Universe



“Given the opportunities cloud computing affords and the potential magnitude of its risk impact, cloud computing should be considered in the organization’s overall governance activities.” (COSO ERM For Cloud Computing, 2012)



Cloud Risks, Responses and

Risk	Response
Unauthorized cloud activity	Cloud policies and controls
Lack of Transparency	Assessments of cloud provider control environments
Data Security, compliance and jurisdiction	Data classification policies and processes
Management oversight and Relinquishing Direct Control	Management Oversight and operations monitoring controls
Noncompliance with regulations	Monitoring of external environment



Cloud Technology – Takeaways

1

**Benefits
Outweigh
Risks**

2

**Asia Is
Growing
Fastest**

3

**Change
How Your
Team
Works**

4

**Add Value
To Your Org
By Guiding
Controls**



Remember Larry? Looks Like He Finally Got It - 2012



“Oracle’s got 100+ enterprise applications live in the cloud today.”



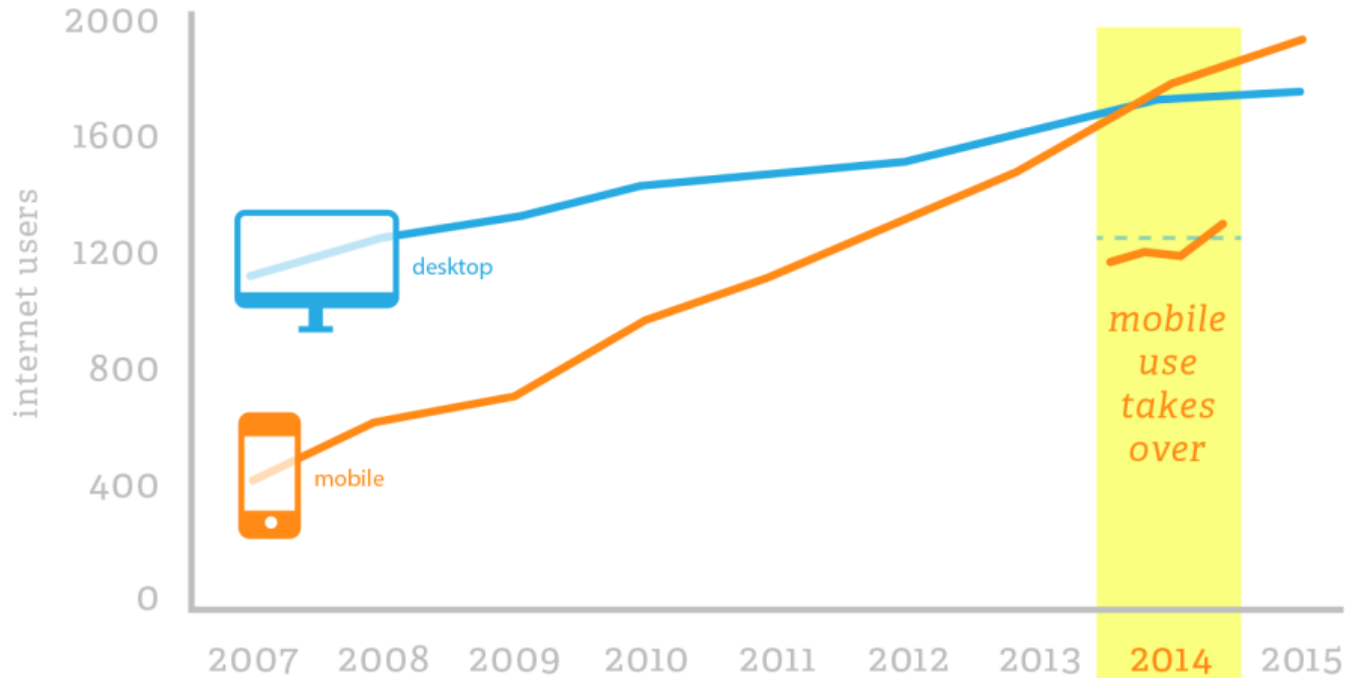
The Mobile Revolution



Mobile Technology Adoption Reaching Tipping Point

2014: YEAR OF THE Mobile Revolution

MOBILE INTERNET USE WILL OVERTAKE DESKTOPS THIS YEAR.

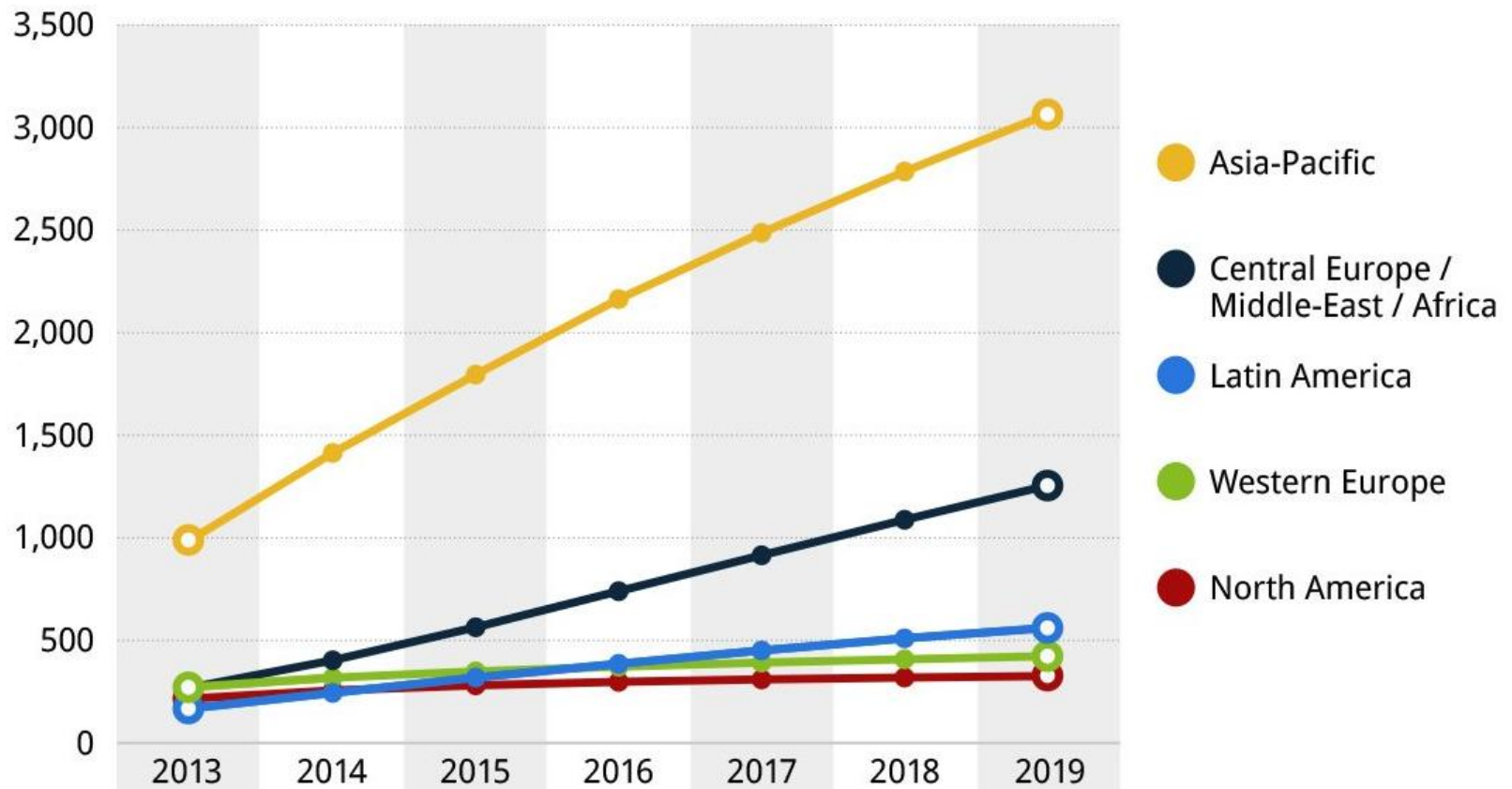


Source: ComScore



Asia Leads The Way

Estimated number of smartphone subscriptions by region (millions)



Benefits - Efficiency

Real World Example: Real-time mobile view of all audit project activities across teams, anywhere, any time

Efficiency

- Hardware Reduction
- Paper and Printing
- Reduced Visits
- Internal Communications
- Real Time Intelligence
- Idle Time Use

The screenshot displays a mobile application interface for a Project Manager. The top navigation bar includes the title 'Project Manager' and the current project '2013 SOX Review IT'. A sidebar menu on the left lists various project stages: Dashboard, Project Planning, Fieldwork (highlighted), Project Reports, Reviews, Findings (with a red notification badge '19'), Statuses, To-Dos (with a red notification badge '1'), Requests, and Timesheets. The main content area shows details for a 'Section Settings' for 'Infrastructure Systems User Access Management'. A dropdown menu is open, listing 'Steps' such as Overview (highlighted), Narratives, Risk Control Matrix, Walkthroughs, Test Plan, Q1 Testing, Q2 Testing, Q3 Testing, and Q4 Testing. Below the dropdown, a 'Section Completion Status' section lists five steps with progress indicators: Step 1 (in progress), Step 2 (in progress), Step 3 (completed), Step 4 (failed), and Step 5 (failed). The bottom of the screen features a 'Need some help?' section with links for 'View welcome introduction', 'View quick start guide', and 'Contact Support'.

Benefits - Effectiveness

Real World Example: Instant signoff speeds project completion process

Effectiveness

- Process Transformation
- Increased Revenue
- Operational Improvement

The screenshot displays the Fieldwork mobile application interface. At the top, the status bar shows the time as 13:42 and various system icons. The app header includes the 'Fieldwork' logo and navigation icons. Below the header, there are three tabs: 'OVERVIEW', 'PREPARE PLAN' (which is selected), and 'EXECUTE'. Under the 'PREPARE PLAN' tab, there are two sub-tabs: 'RISKS' (selected) and 'PROCEDURES'. The main content area shows a risk entry with the text: 'Audit attention is not focused on the areas of greatest risk'. Below this text, there are two fields: 'Impact: High' and 'Likelihood: Low'. Further down, there is a section titled 'Project Plan Sing-Offs' which contains three rows, each with a role and a 'Sign-Off' button:

Role	Action
Preparer Sign-Off as preparer	Sign-Off
Detailed Reviewer Sign-Off as detailed reviewer	Sign-Off
General Reviewer Sign-Off as general reviewer	Sign-Off

Below the sign-off section, there is a field labeled 'Next Reviewer' which is currently empty. The bottom of the screen shows a standard Android navigation bar with back, home, and recent apps icons.



Benefits – Error Reduction

Real World Example: Leverage device sensors (camera, microphone) for evidence collection

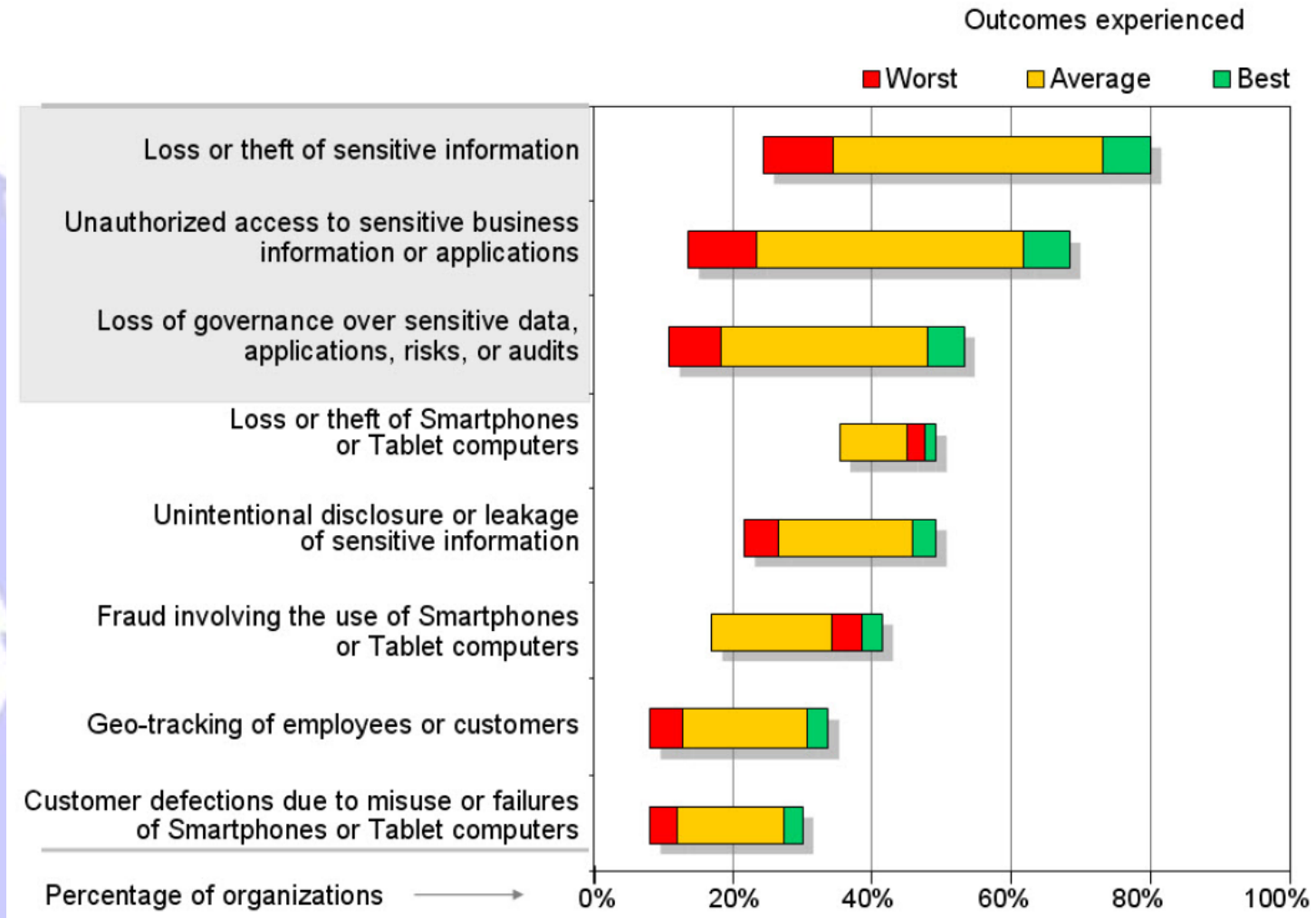
Error Reduction

- Reduced Cycle Times
- Direct Data Entry
- Automated Processes
- Always Up To Date Information

Who says selfies aren't useful?



With Transformational Benefits Come New Risks



Profile of Best In Class – Effective risk management and controls

More Business Benefits

- Highest Revenue and Profit levels compared to peers
- More immediate Access to business information and applications

Fewer Risks

- Lowest loss or theft rates involving sensitive information
- Lowest level of business disruption than peers

What's Different

- More employees using smartphones and tablets
- More practices to manage risk
- More controls to manage risk
- More frequent training and assessments
- More frequent reporting
- Higher spend on information security

Mobile Technology – Takeaways

1

**Benefits
Outweigh
Risks**

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Next Generation Data Analytics and Visualization

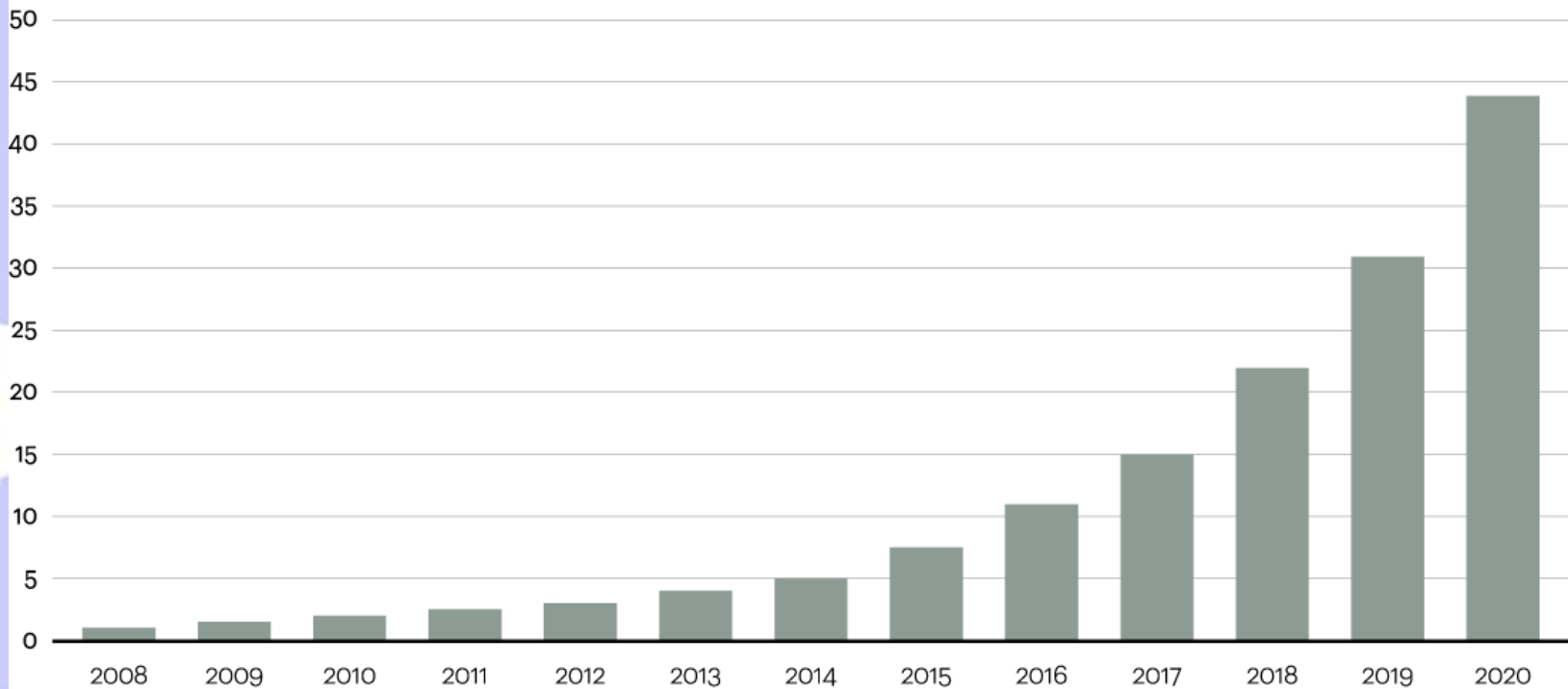


Organizations Are Increasingly Drowning In Data – But Lacking In Insight

Figure 1

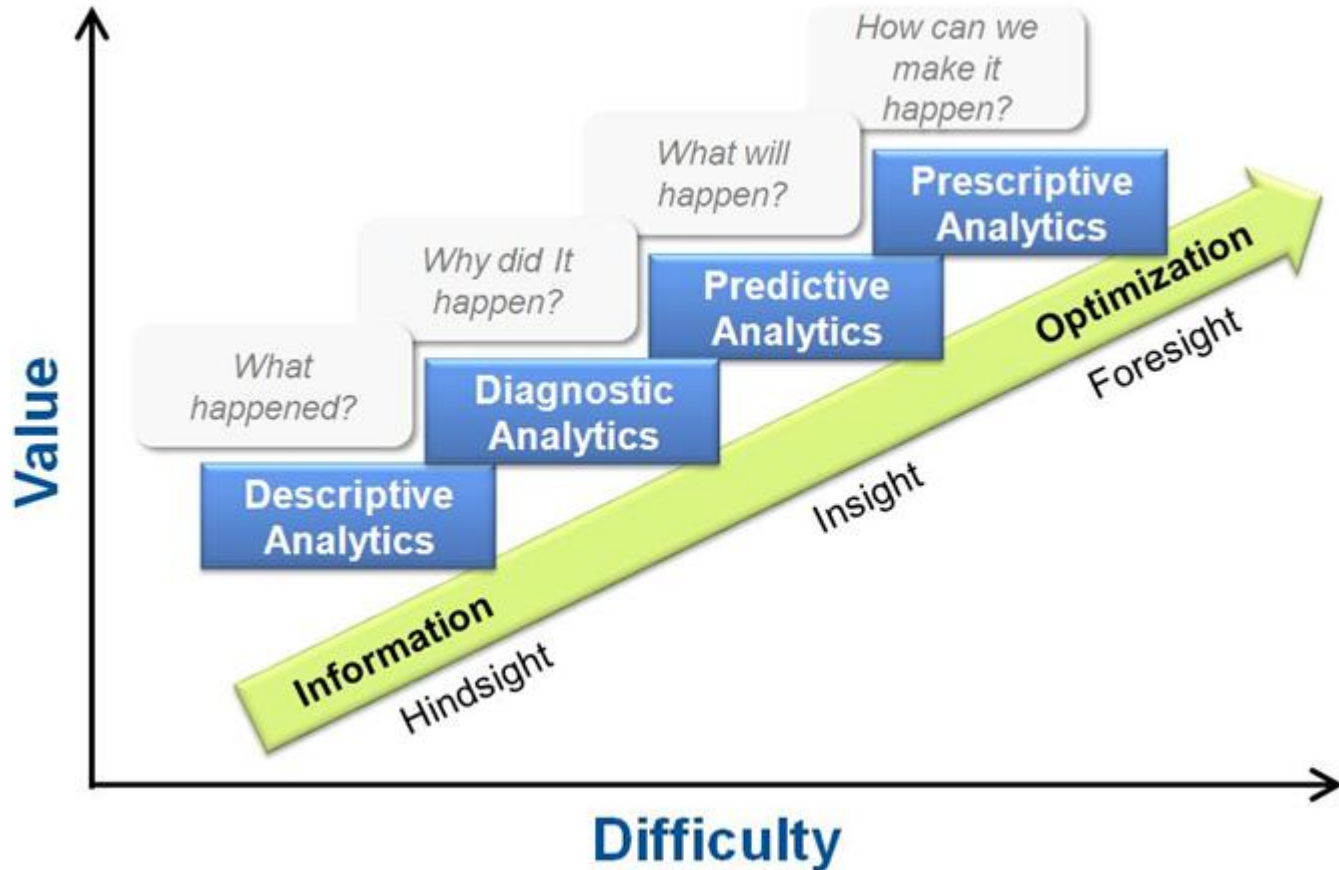
Data is growing at a 40 percent compound annual rate, reaching nearly 45 ZB by 2020

Data in zettabytes (ZB)



Source: Oracle, 2012

Analytics Are No Longer A Nice To Have And Skills Are In High Demand



By 2015, 4.4 million jobs globally will be needed to cope with big data but only a third of those jobs will be filled.*





Action is the foundational key to all success.

- - Pablo Picasso



How The Strategic Use Of Data Analytics Can Make You Sought After

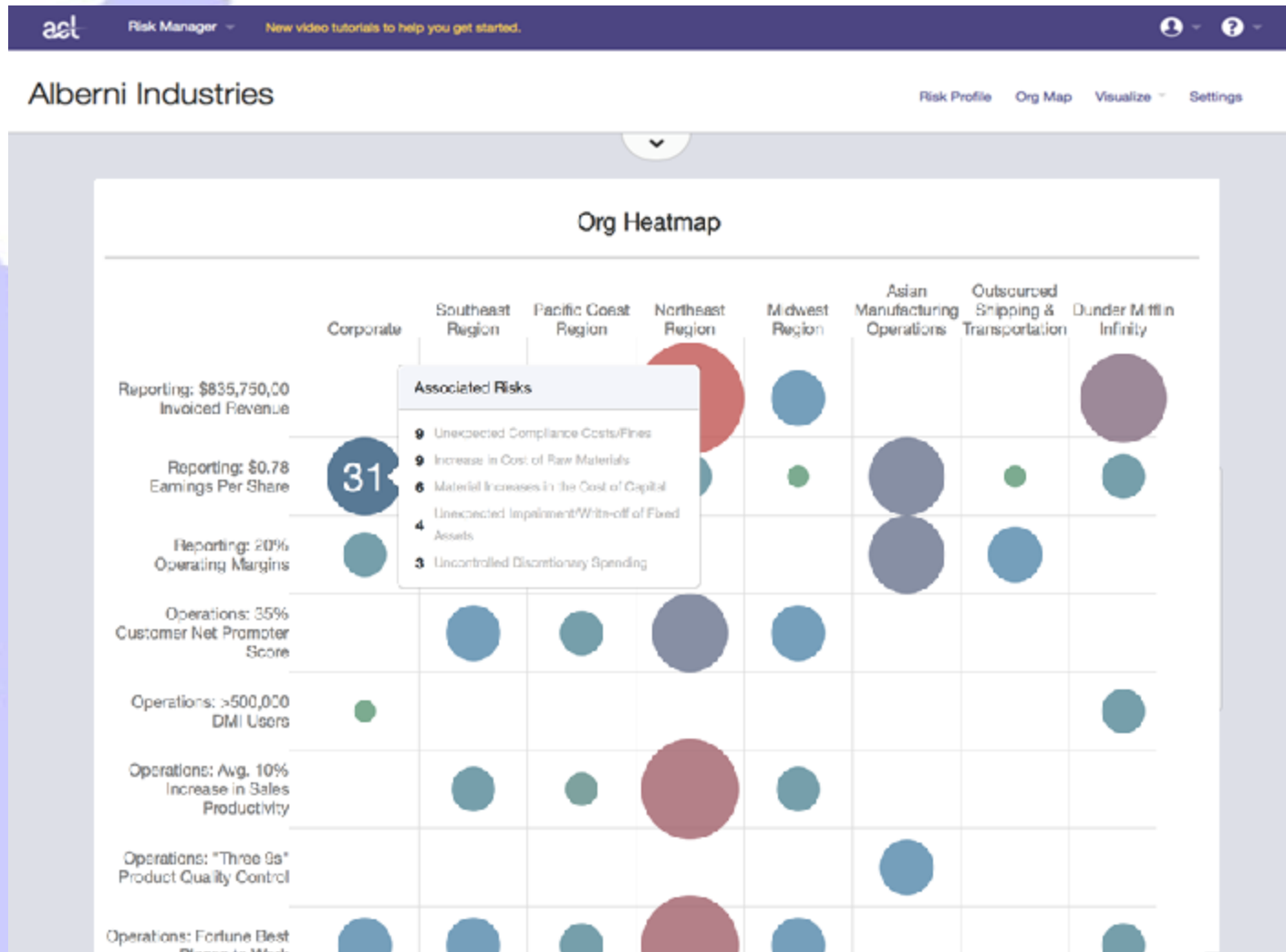


Action

Turn **INSIGHT** into



Relate Risks To Organizational Goals and Performance



Understand and Quantify the Full Impact and Future Potential of Risks



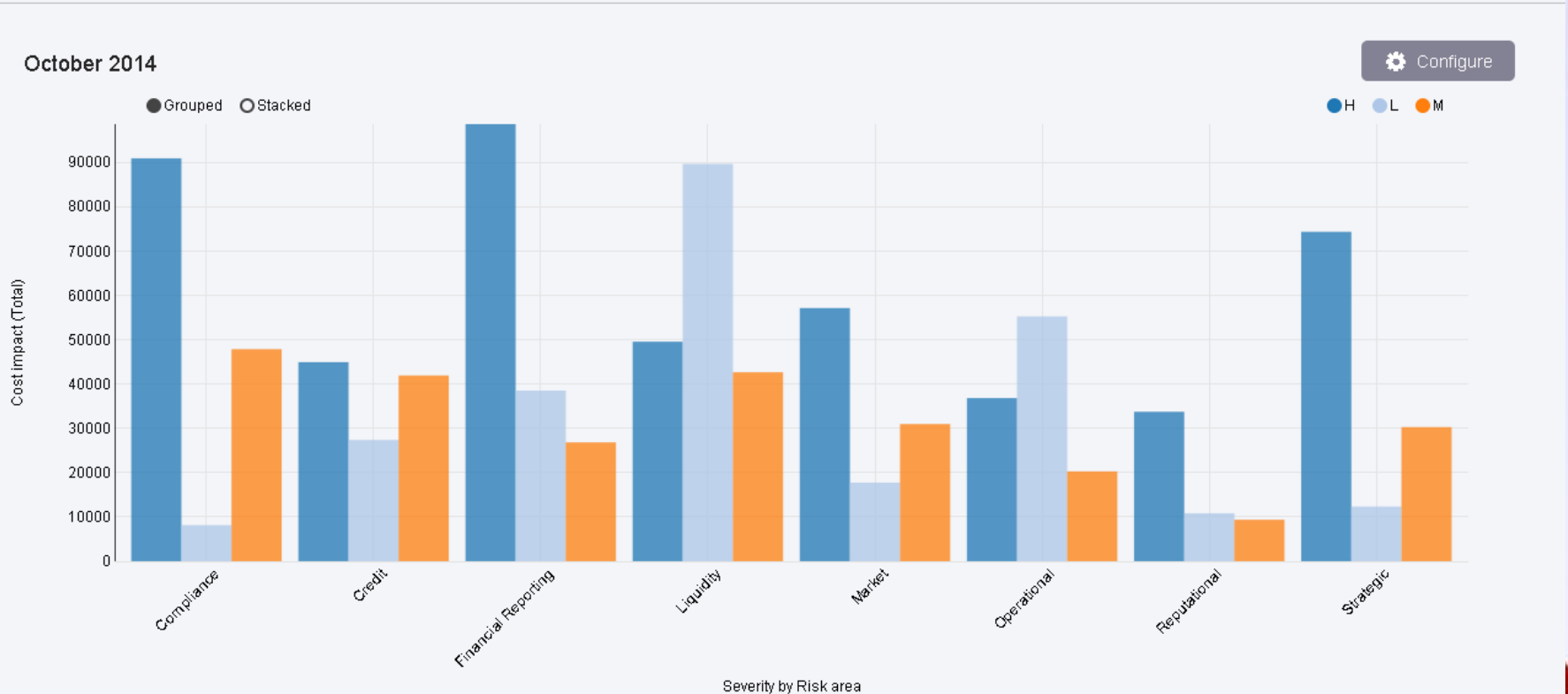
Tell A Story Your Audience Can Understand and Act On

Audit Name Issue Id Issue Description Enterprise Risk Area Severity Cost Impact

Cost Impact of Findings From Mitigation Efforts to Enterprise Risk

Filters Table View October 2014

October 2014 [203 Records]



Audit Name	Issue Id	Issue Description	Enterprise Risk Area	Severity	Cost Impact
Purchase to Payments Audit (Analytics Enabled)	25	Vendor records were found to be missing critical elements of data.	Reputational	H	\$5,351
Purchase to Payments Audit (Analytics Enabled)	26	The IT team did not secure access to the purchasing module	Credit	M	\$4,571
Anti Bribery and Corruption Internal Control Framework	27	Conflicting duties exist within the purchasing department	Compliance	L	\$6,342
Purchase to Payments Audit (Analytics Enabled)	28	Our purchase order total amount did not match the amount of the invoice, calculated as cost items. Therefore, it appears an overpayment was made to the associated vendor. After further investigation, we determined the difference was caused by a sales commission that should not have been paid.	Compliance	H	\$7,147
Operational Audit	29	Adjustments to fixed assets in the Los Angeles location exceeded the allowable threshold. We determined the variance was due to improper recording in the prior period.	Operational	H	\$3,221
Branch Audit	30	Out of 5822 invoices paid during the period, we identified 21 where we could not identify a record of related goods being received. Upon further investigation, we determined that the missing	Operational	H	\$9,458

Which View Would You Show Your CEO?



Risks of NOT Using Data Analytics and Visualizations

Invalid Assumptions and Partial Truths

- Why guess when you can know?
- Deliver hard facts based on 100% coverage

Identify Issues That Are Difficult to Action

- Not knowing the full impact of an issue can result in incorrect prioritization
- Analytics enable you to identify issues with detailed specificity that are easily prioritized and actioned

Fail To Get Management's Attention And Response

- Drown them with data but bury the information by delivering detailed reports that are time consuming to read and unlikely to get a timely and appropriate response



Technology CAN Help Make You Sought After

1

Change the way your team works and collaborates across your organization

2

Cover more ground, faster, with less effort

3

Put your work into executive context

4

Help your organization navigate change

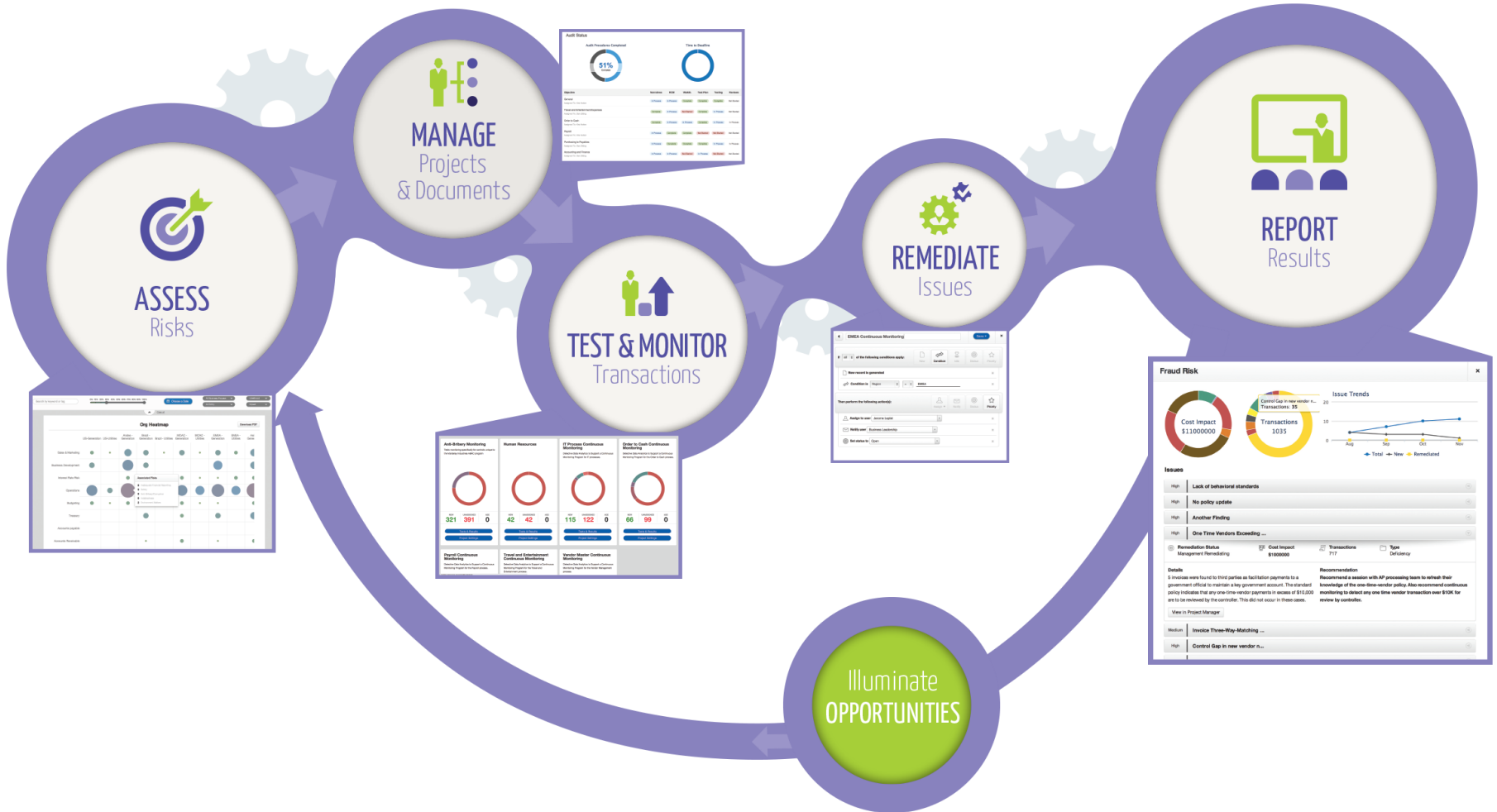
5


Deliver and demonstrate value



ACL's Next Generation Audit, Risk and Compliance Technology Platform

Data-Driven, Cloud Connected, Mobile Enabled





If you want something you've never had, then you've got to do something you've never done.

• - Thomas Jefferson

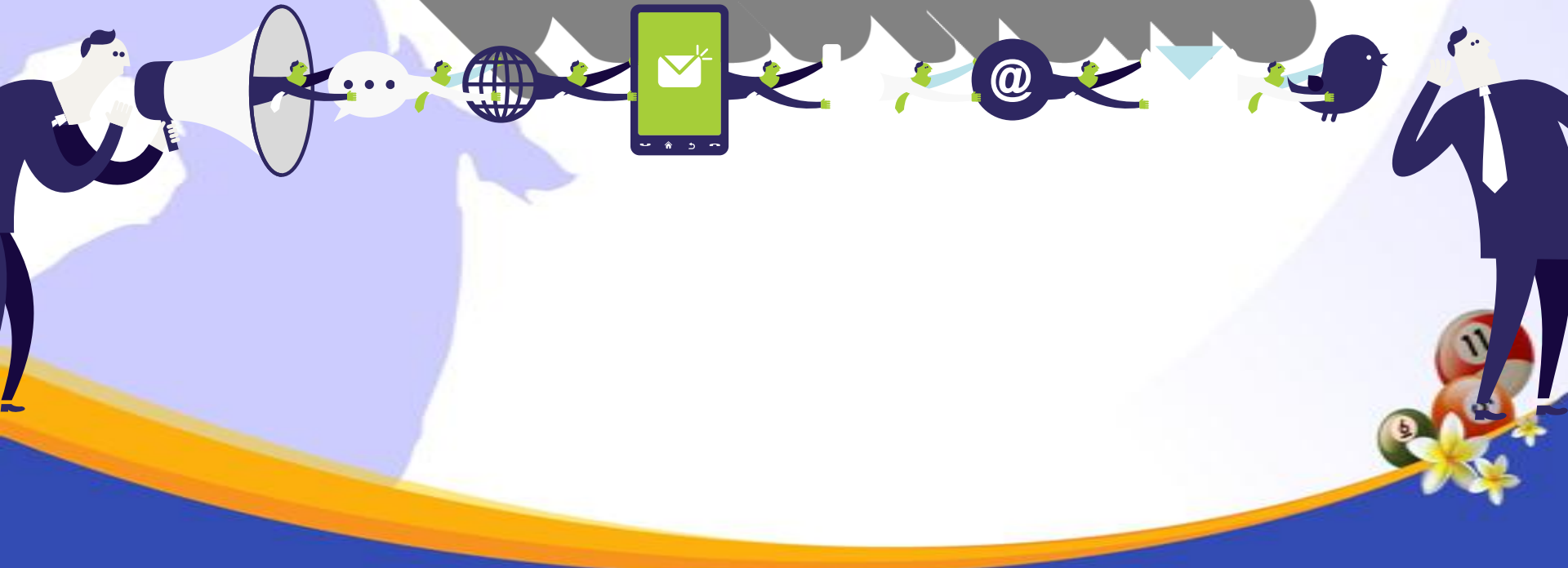


AlSCO Case Study – Creating New Value

<http://www.acl.com/portfolio/acl-grc-audit-management-software-case-study-with-alsco/>



Questions



Thank You!



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