



2016 IIA INDONESIA 6-8 SEPTEMBER  
**NATIONAL CONFERENCE**



# How does Internal Audit get involved in an organisation's **FUTURE**



**James Fong**  
**Solution Leader | RSA Archer |**  
**Governance, Risk & Compliance**  
**Asia Pacific & Japan**

# Where is Internal Audit Today?

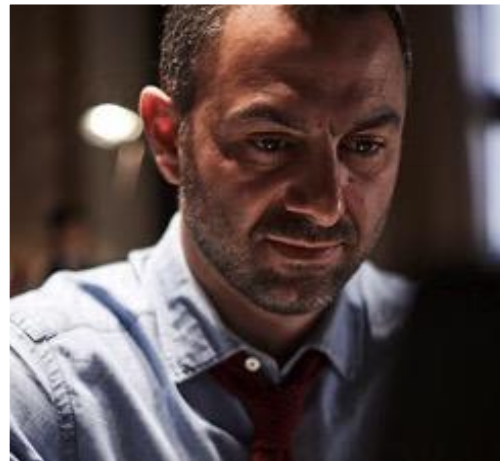
Most companies have internal audit departments – but are they positioned to keep up with changes?

Regulations ↑

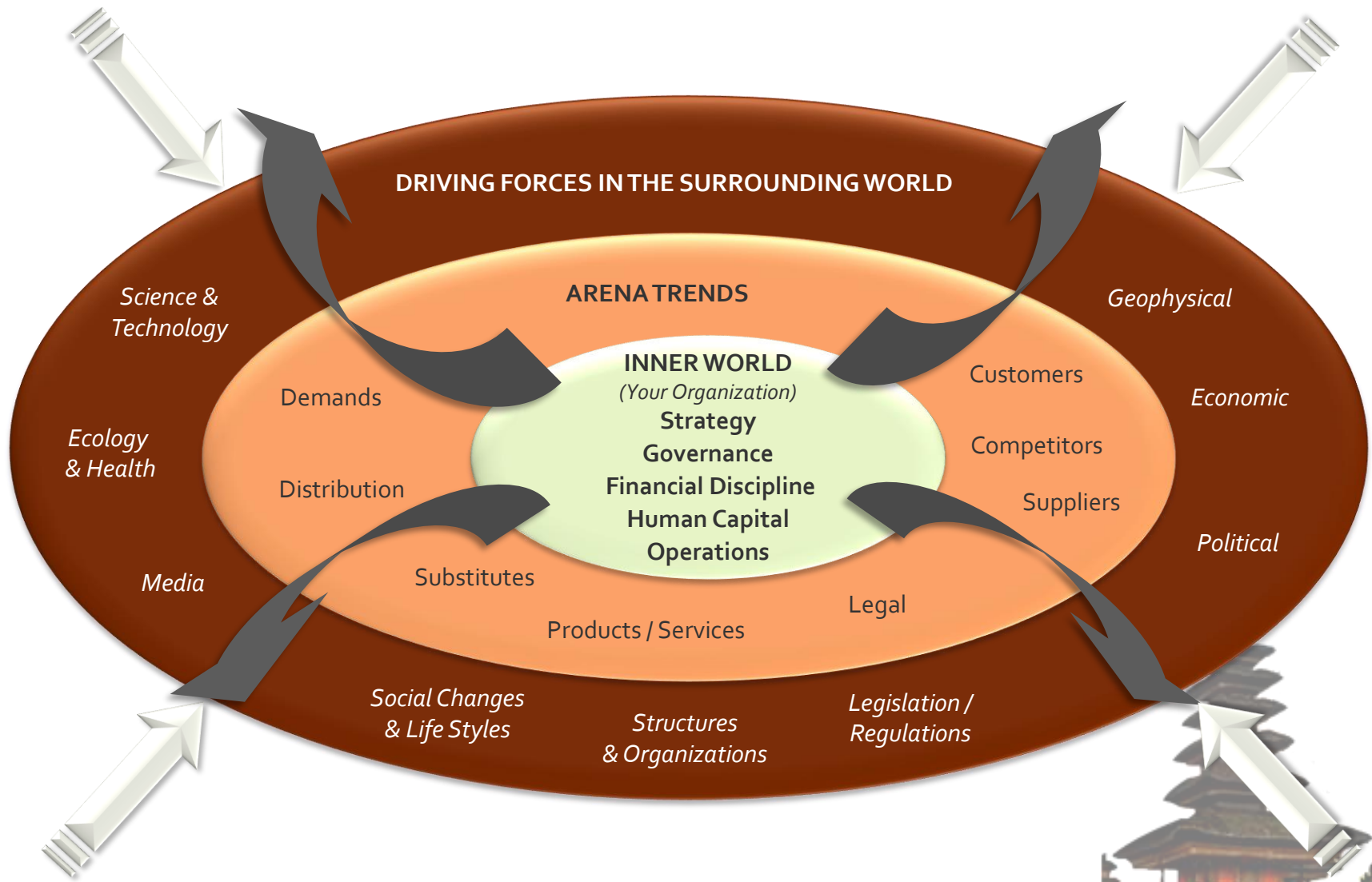
Risks ↑

Complexity ↑

**Rigid, Static Approach Will Not Survive**



# Sources of Risks



$$E + R = 0$$



# The New World of Audit

Audit must rethink the audit approach to drive greater effect and efficiency in their audit planning, execution and reporting.

- Risk Based – linked with Strategy
- Coordinated
- Connected



# High Value Internal Audit....

The below chart lists several high-value audits & projects performed by leading internal audit functions:

<p><i>Business Operations Improvement</i></p> <ul style="list-style-type: none"> <li>• <i>Supply Chain Assessment</i></li> <li>• Global Sourcing</li> <li>• <i>Capital Projects &amp; Contracts</i></li> <li>• Controls Rationalization</li> </ul>	<p><i>Litigation, Investigative, Regulatory</i></p> <ul style="list-style-type: none"> <li>• <i>Regulatory Compliance</i></li> <li>• <i>Anti-Fraud Assessment of Programs / Controls</i></li> <li>• Legal Risk Review</li> </ul>	<p><i>Financial Leakage / Asset Protection</i></p> <ul style="list-style-type: none"> <li>• <i>Spend Risk Assessment</i></li> <li>• <i>Royalty Audit</i></li> <li>• Loss Prevention</li> <li>• Revenue Risk Review</li> <li>• Credit Risk Review</li> </ul>
<p><i>Information Management</i></p> <ul style="list-style-type: none"> <li>• Business Intelligence Diagnostic</li> <li>• Intellectual Property Audit</li> <li>• Records Management</li> </ul>	<p><i>Services Continuity</i></p> <ul style="list-style-type: none"> <li>• <i>Business Continuity Management</i></li> <li>• Disaster Recovery Planning</li> <li>• Crisis Management/Pandemic Audits</li> </ul>	<p><i>Internal Audit</i></p> <ul style="list-style-type: none"> <li>• <i>Internal Audit Quality Assessment Review</i></li> <li>• Internal Audit Transformation</li> </ul>
<p><i>Governance and Management</i></p> <ul style="list-style-type: none"> <li>• <i>Enterprise Risk Management</i></li> <li>• <i>IT Risk Assessment</i></li> <li>• <i>IT Governance Review</i></li> <li>• IT Alignment with Business Strategy</li> <li>• <i>Project and Portfolio Management</i></li> <li>• Due Diligence Process</li> </ul>	<p><i>IT Security and Privacy</i></p> <ul style="list-style-type: none"> <li>• <i>Identity Management</i></li> <li>• Database Security</li> <li>• <i>Data Privacy Review</i></li> <li>• Payment Card Industry (PCI) Audit</li> <li>• Vulnerability Assessment</li> </ul>	<p><i>IT Processes and Operations</i></p> <ul style="list-style-type: none"> <li>• IT Infrastructure Library Benchmarking Audit</li> <li>• <i>IT Asset Management</i></li> <li>• <i>IT Service Management</i></li> <li>• <i>Technology Change Management</i></li> </ul>
<p><i>Application Security, Controls and Configuration</i></p> <ul style="list-style-type: none"> <li>• <i>ERP Security Assessment</i></li> <li>• Pre/Post -Implementation Review</li> <li>• Automated Business Process Control Review</li> </ul>	<p><i>IT Risk Assessment and Planning</i></p> <ul style="list-style-type: none"> <li>• IT Audit Scoping and Risk Assessment</li> <li>• CobiT Implementation Assistance</li> </ul>	<p><i>Technology Infrastructure, Technology Components and Configurations</i></p> <ul style="list-style-type: none"> <li>• Technology Architecture Evaluations</li> <li>• Database Audits</li> <li>• Network Audit</li> </ul>

# ENABLING INTERNAL AUDIT TO MAKE A DIFFERENCE

## The New Standard for Effective Internal Audit

### Navigate the new risk landscape

- Think and act strategically
- Align resource allocations
- Leverage the second line of defense

### Provide deeper insight

- Understand the business
- Deliver advice and best practices
- Leverage specialists

### Cut through the clutter

- Build trust through ongoing dialogue
- Integrated and simplified reporting
- Connect the dots

Value Protection

Value Enhancement

### BUILDING THE FOUNDATION

- 1) Focus more on strategic risks
- 2) Think beyond the scope
- 3) Add more value through consulting
- 4) Facilitate effective, high quality communication
- 5) Elevate stature and perspective
- 6) Align stakeholder expectations

*The Global Internal Audit Common Body of Knowledge (CBOK): 6 Imperatives*

# Planning the Journey

## Siloed

Duplicative efforts, disconnected, rigid execution, basic reporting



## Align

priorities and resources

**Compliance**

## Managed

integrated audit, expanded visibility, improved analysis/metrics



## Manage

audit and compliance cycles

**Risk**

## Advantaged

fully risk aware, identify opportunity



## Make

risk-based audit decisions

**Opportunity**



# 12 Ways the Future Auditor Can Contribute Value

- ✓ Think more strategically when analyzing risk and framing audit plans
- ✓ Provide early warning on emerging risks
- ✓ Broaden the focus on operations, compliance and non-financial reporting issues
- ✓ Strengthen the lines of defense that make risk management work
- ✓ Improve information for decision-making across the organization
- ✓ Watch for signs of a deteriorating risk culture
- ✓ Expand the emphasis on assurance through effective communications with management and the board.
- ✓ Collaborate more effectively with other independent functions focused on managing risk and compliance.
- ✓ Leverage technology-enabled auditing.
- ✓ Improve the control structure, including the use of automated controls
- ✓ Advise on improving and streamlining compliance management
- ✓ Remain vigilant with respect to fraud

## 12 Ways the Future Auditor Contributes Value

By assuming 12 impactful responsibilities, the future auditor becomes a positive change agent, providing an essential sounding board to executive management and the board, and making significant long-term contributions to the organization's success.

Now's the time to raise the bar for the profession. Progressive CAEs are taking the lead and showing the way to achieve the profession's full potential.



protiviti  
Risk & Business Consulting  
INTERNAL AUDITING

To learn more about the future auditor, please refer to *Internal Auditing Around the World* ([www.protiviti.com](http://www.protiviti.com)) and Volume 5, Issue 6 of *The Bulletin* ([www.protiviti.com/jfutureauditor](http://www.protiviti.com/jfutureauditor)).

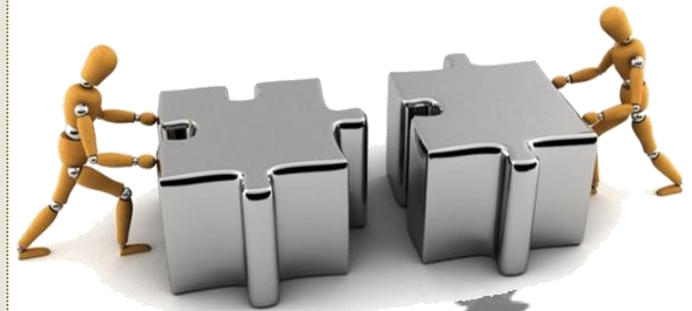
© 2016 Protiviti Inc. An Equal Opportunity Employer. WARD16



# 1. Think More Strategically When Analyzing Risk and Framing Audit Plans

To gain access to the C-suite more frequently, future auditor needs to be relevant and think more strategically when evaluating risk and formulating audit plans.

- **Sound understanding of organization strategy:** Focuses on the risks that matter and ascertains whether someone in the organization is *monitoring the vital signs that indicate whether critical assumptions underlying the strategy remain valid.*
- **Determine what risk matters to the organization:** Facilitate dialogues at the highest levels and understand:
  - Assertions around acceptable or strategic risks that the organization intends to take,
  - Assertion around undesirable or off-strategy risks that should be avoided.
- **Update risk profile to reflect changing conditions and technological trends that impact the organization:** Auditors should play a significant facilitation role in updating the company's risk profile and risk appetite.



# Leverage Technology-Enabled Auditing

*Technology can help automate ongoing monitoring of certain internal controls, track issues, and provide customized dashboards and exception-reporting capability. Intelligent use of continuous auditing and computer-assisted auditing techniques is another important area that increases the future auditor's reach and broadens audit and risk coverage through the use of data mining and analysis tools*

- By using technology, the future auditor is able to devote more time and effort to building relationships with process and functional owners and providing expertise in high-impact areas.*
- A technology-focused audit approach facilitates the future auditor's shift of emphasis to strategic issues and critical enterprise risks by leveraging technology and continuous monitoring approaches to the day-to-day financial, compliance and operational risks to provide timely notification of control issues and anomalies to management.*
- Technology enables the internal audit function to gain more coverage with less effort, provide more analytic insight and offer early warning capability.*



# Question for Boards



- A. Does internal audit provide adequate attention to strategic risk issues? Does it provide insight regarding strategic uncertainties and barriers to the organisation's execution of the strategy?**
- B. Does the Board periodically evaluate the scope of internal audit's activities in view of changes in company operations and the business environment?**
- C. Does internal audit have an appropriate mix of consulting and assurance activities?**
- D. Does internal audit have the stature and access necessary to maximize its effectiveness?**

# Thank You



**RSA**

**James Fong**

Solution Leader | RSA Archer | Governance, Risk & Compliance  
Asia Pacific & Japan

james.fong@rsa.com  
M (65) 8533 1395

[www.rsa.com](http://www.rsa.com)

# RSA Archer®

**Gartner**



*Leader in the Gartner Magic Quadrant for Operational Risk Management, IT Risk Management, Business Continuity Management & Planning*



# RSA®

## AT A GLANCE



RSA Archer eGRC Platform



### GLOBAL OPERATIONS

> \$1B revenue

2,700+ employees

1,000+ technology partners

30+ years of expertise



### CUSTOMERS

**30,000+**  
customers  
worldwide

**48** of the Fortune 50

**92** of the Fortune 100

*including:*

**20** of the top 20 **Manufacturing**

**19** of the top 20 **Consumer Product**

**19** of the top 20 **Financial Institutions**

**19** of the top 20 **Healthcare Institutions**

**19** of the top 20 **Transportation**

**18** of the top 20 **Telecom**

**16** of the top 20 **Energy**

**13** of 15 Executive Depts. of US **Gov** &  
all branches of US **Military**

**10** of the top 10 **Technology**



### AWARDS & RECOGNITION

7 Gartner Leaders quadrants

SC Magazine Awards 2016,  
2015, 2014, 2013, 2012

GSN Homeland Security  
Award 2015

Computerworld Best Places  
to Work 2016