

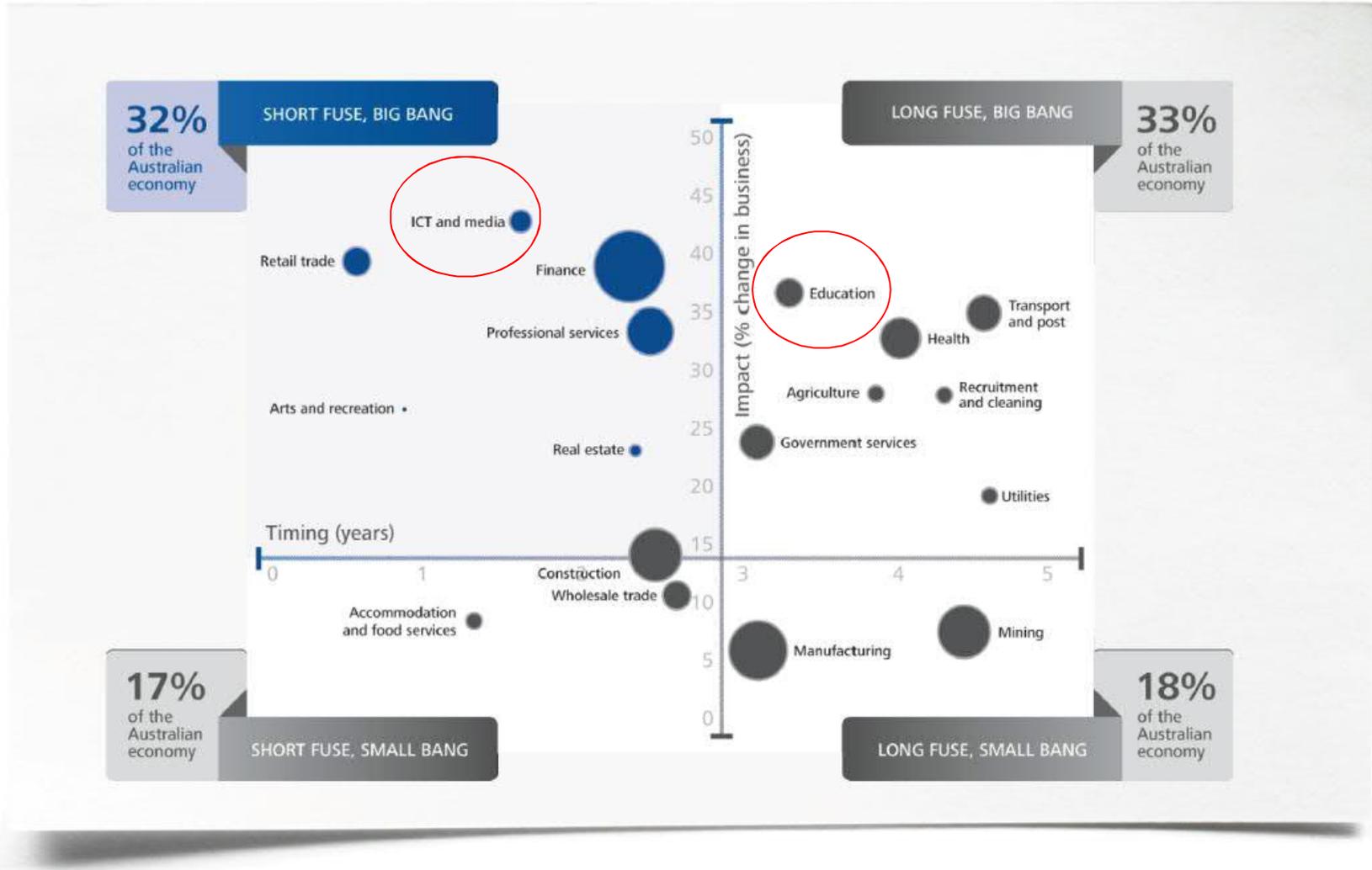


# The role of Internal Audit in times of change

NSW IIA Members Meeting – June 2014

*Know the Worth of Risk*

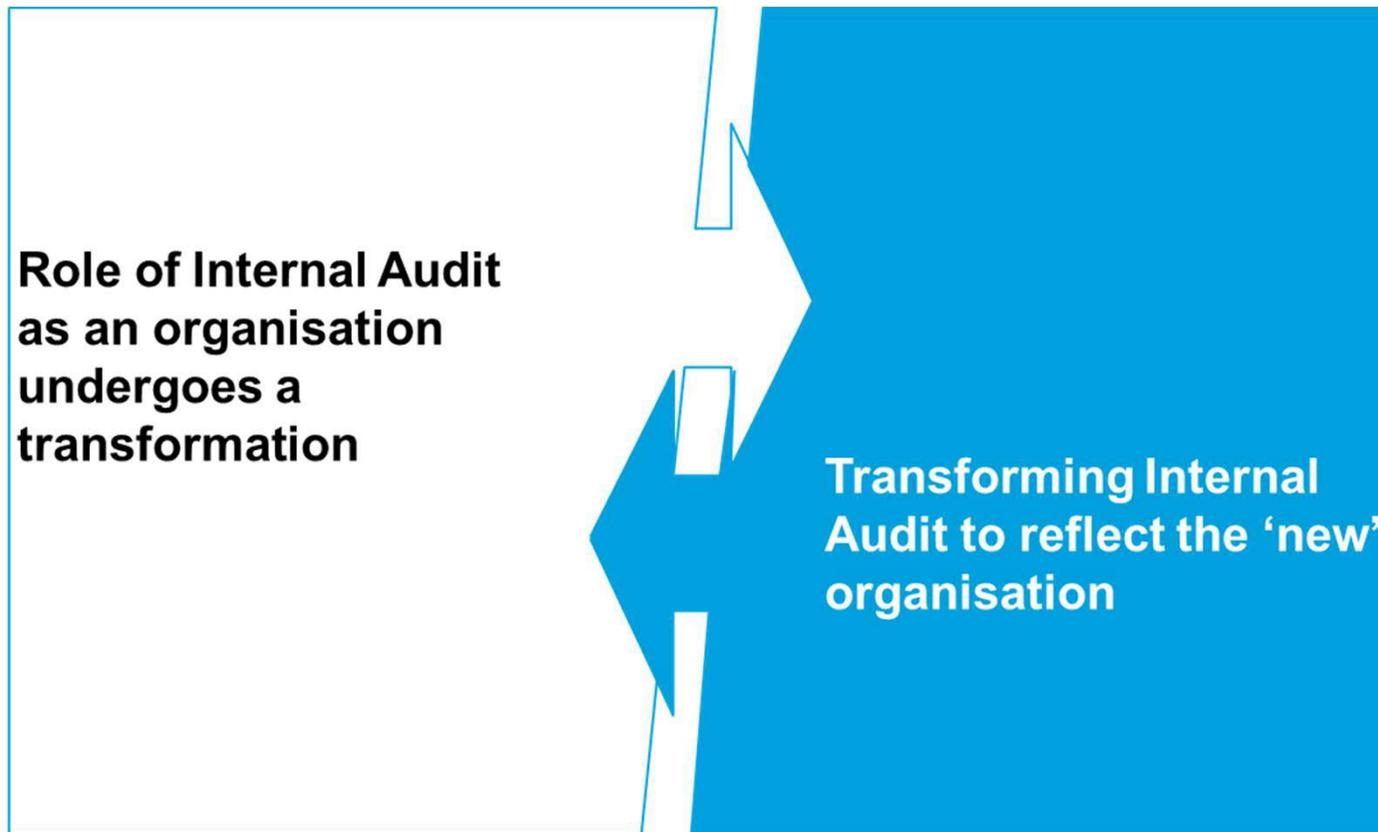
# Catalysts of change



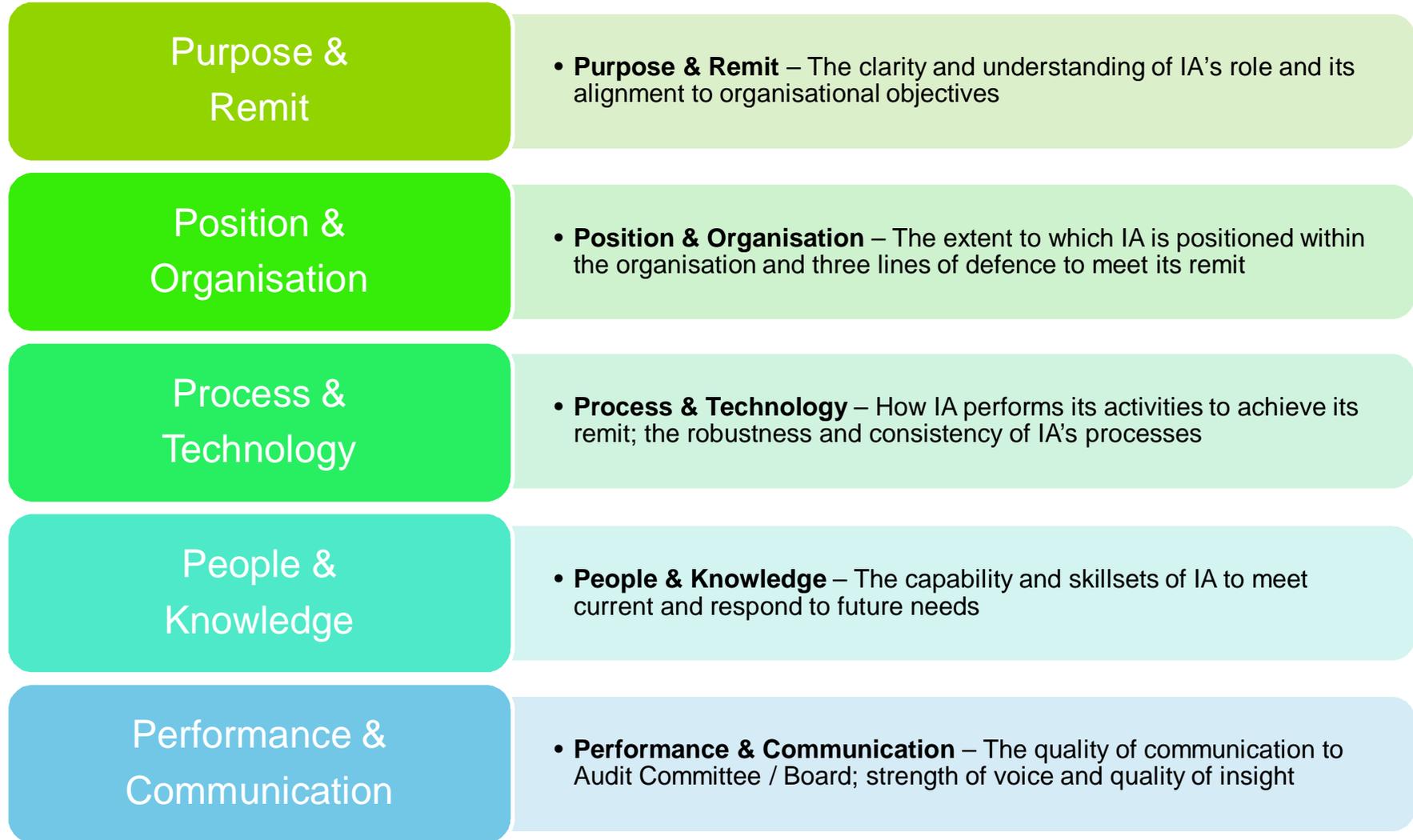
Source: Deloitte, Building the Lucky Country #2 Digital disruption Short fuse, big bang?



## Impact on the Internal Audit function



# A framework for Internal Audit performance



## Purpose & Remit

The clarity and understanding of IA's role and its alignment to organisational objectives

### Activities of Internal Audit

- Expanded Responsibilities
  - Projects
  - Risk
  - Niche risk areas
- New Business
  - Mergers and Acquisitions
  - JV's / Alliances / Partnerships
- Closures
  - Close down
  - Transition / hand-over

### Transforming Internal Audit

- Alignment of Expectations
  - Internal Audit Strategy
  - Start with corporate objectives
- Consider the Corporate Group
- Consider the 'Extended Enterprise'
- Communication throughout the organisation
- Understand and Communicate the Trade-offs

## Position & Organisation

The extent to which IA is positioned within the organisation and three lines of defence to meet its remit

### Activities of Internal Audit

- Revisit of IA's structure and position
- Work with the Risk function and other assurance functions / providers
- Assurance mapping

### Transforming Internal Audit

- Reporting Lines
- Seat at the Table
- Co-ordinator of Assurance
- Position to reflect the Strategy

## Process & Technology

How IA performs its activities to achieve its remit; the robustness and consistency of IA's processes

### Activities of Internal Audit

- Nature of Activity
  - Process design assessments
  - Validation of the case for change
  - Framework review – set up for success?
- Truncation of the reporting process
- Linkages in reporting to key organisational objectives / themes
- Control self assessment build

### Transforming Internal Audit

- Revisit Audit Planning
  - Planning horizon
  - Discretionary time and agility
  - Nice to have vs must have
- Revisit Audit Mix (i.e. operational, compliance, technology, finance)
- Revisit Audit Techniques and Focus

## People & Knowledge

The capability and skillsets of IA to meet current and respond to future needs

### Activities of Internal Audit

- Formation of unique teams to address specific risks and issues.
- Project team involvement

### Transforming Internal Audit

- Talent and Skills Model
- Staying Connected
- Knowledge Sharing
- Getting your good people involved

## Performance & Communication

The quality of communication to Audit Committee / Board;  
strength of voice and quality of insight

### Activities of Internal Audit

- Truncated reporting process
- Interactive / user friendly reporting
- Theming and root cause analysis
- Workshopped / co-designed solutions

### Transforming Internal Audit

- Maintain a strong voice
- Analysis vs Information
- Revisit Continuous Improvement Plan  
– does it fit the revised IA Strategy?
- KPIs
- Timeliness

# Questions



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