Welcome!

IIA Atlanta May Chapter Meeting

Today's agenda

9:00-9:05	Welcome remarks
9:05-9:50	Understanding and leveraging technology in a meaningful way Facilitated session co-presented by EY & Cox
9:50-10:00	Break
10:00-10:55	Maintaining an effective Internal Audit function when change is the only constant Interactive panel
10:55-11:00	Closing remarks

Hosted by







The better the question. The better the answer. The better the world works.

Opening remarks



George Markley

Vice President, Risk and Assurance Cox Enterprises Understanding and leveraging technology in a meaningful way for Internal Audit



Introducing the speakers



Steve Jackson

Partner, Risk Consulting, EY



Simon Wong

Senior Manager, Risk Consulting, EY

What we will discuss today

- The case for case
- Technology trends for Internal Audit
- Practical use cases
- Enabling adoption success

The case for change



A digitizing world

As the global economy rapidly digitalizes, an estimated 70% of new value created over the coming decade will be based on digitally-enabled platform business models.





The case for change



Organizations are managing evolving consumer expectations, new partnerships, dynamic ecosystems, changing industry boundaries, disruptive business models and new competitive domains.



Every industry is changing, and the cycles of change are moving ever faster.



Industry convergence is touching every market segment.



From technology and climate, to geopolitics and trade, the outside landscape is changing dramatically and creating new risks and opportunities for all organizations.



Operating models are shifting - the nature of work is changing due to technological advances; employees have new tools like ChatGPT at their fingertips for everyday use.



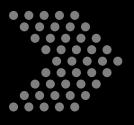
What will the IA mandate be?

IA of the past



Reactive + Policing

- Focus on assurance and base level of trust
- Look primarily at historical data to draw conclusions
- ► Raise awareness on current/past issues



IA of the future



Proactive + Partnering

- ► Focus on strategic topics and engage in strategic discussions and problem solving
- Use predictive and real time data to drive insights and business value
- Anticipate the future/industry trends and the impact on the business



Technology trends for Internal Audit



Last 5 years of automation focus in Internal Audit

Testing procedures

- Data analytics for efficient, comprehensive testing
- Machine learning for anomaly detection and risk analysis
- Robotics process automation (RPA) for repeatable activities

Workflow management

- Platforms like AuditBoard and Workiva for streamlined audit processes
- Power Automate for custom, automated workflows

Status reporting

- Real-time insights with dashboarding and visualization tools like Power BI
- Interactive dashboards for audit tracking and risk monitoring

Common Examples



Automated account reconciliation testing of high-risk accounts, based combination of factors such as abnormal balance



Centralized management of audit testing and request workflows for efficiency and visibility



Visualizing data for management and Board reporting to focus more on creating insights



Looking ahead - leveraging Generative Al's multifaceted power

Information overload Decision complexity Risk mitigation Content creation Resource constraints

Search and summarize

Al-powered search algorithms and natural language processing (NLP) techniques accelerate decision-making by quickly retrieving data and providing content summaries

Content interpretation, theme identification and thematic mapping

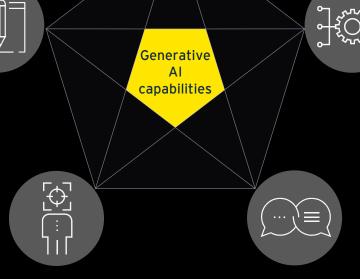
Efficient knowledge extraction, structured organization, data governance and robust security safeguard valuable information assets

Knowledge extraction, curation and management

Analyze and categorize content, identifying recurring themes and trends for easier access and relevance across diverse fields through thematic mapping

Reviewing and decision-making (as an Al agent)

Al decision agents review and recommend decisions, integrating diverse data sources for comprehensive support, utilizing Al/machine learning (ML) models to provide insights and strategies



Content generation and user interface (chatbot)

Al-powered chatbots provide human-like communication through NLP algorithms, offering content generation, query responses and personalized interactions for enhanced user experiences and 24/7 support



Gen Al opportunities for Internal Audit

Risk Assessment

Scoping & Planning

Fieldwork

Reporting

- ► Gen AI tools can provide insights & trends from previous audits and issues
- Gen Al tools can highlight specific risks and help with the drafting of planning documents
- ► Tools like MS Copilot can increase the efficiency of auditors performing testing
- ► A Gen AI chatbot can make the knowledge transfer and onboarding process easier
- Curating working papers and other working documents
- Using summarized meeting notes by co-pilot to set up working paper steps
- Leveraging a tool to summarize and identify key steps in policy documents

► Gen AI tools can create efficiencies in the reporting process

- Helping auditors
 summarize analysis for
 conclusions
- Curate working papers & identify items that can be leveraged on issue sharing

- Understanding key risks associated with a specific audit
- Searching through specific previous issues at a geographical or process level
- ▶ Co-pilot can capture meeting notes during scoping discussions



Practical use cases



Evolution of technology use cases



Crawl **0% - 10%**

Basic task automation like data entry, email response, calendar schedule automation, and setting up recurring tasks.



Walk 10% - 30%

Enhanced capabilities for risk assessment, connecting different applications for workflow management, and research with generative AI.



Run 30% - 70%

Advanced Al-driven document review, report drafting, and transcription of walkthrough meetings to update process documentation.



Fly 70%+

Predictive analytics, trend identification, and fully integrated automation with AI for process documentation and control testing updates.



Applying technology use cases across the IA lifecycle

Automation is becoming more "real" and more "accessible" for internal audit departments of all sizes

Planning and assessment

Execution and documentation

Reporting and communication

Follow-up









Internal Risk Assessment:

- ▶ Process mining
- Bespoke analytics (descriptive, customized)
- Foundational analytics (descriptive, standardized)

External Risk Assessment:

- Geographical risk factors (external risk map)
- External analytics (e.g., digital media, other sources)

Stakeholder needs:

- ▶ Virtual collaboration
- ▶ Intelligent meeting record

Descriptive analytics:

- Risk and control review via process mining
- Data driven audit execution via bespoke or foundational analytics

Predictive analytics:

- Scenario modeling via advanced analytics
- Risk impact predictions

Digital auditing:

 Control and testing automation through Robotics Process Automation (RPA)

- ► IA dashboard reporting
- ► IA video reporting
- ► Report intelligence
- Digital boardroom

- ► Virtual assistant to support IA knowledge management and provide statistics (e.g., chat/voice bot)
- Process automation for recurring follow-up activities (email-reminder, status tracking)
- ► Intelligent meeting record
- Continuous benchmarking and IA function comparison
- Continuous auditing (e.g., weekly, monthly) via monitoring dashboards
- Predictive risk alert (safetynet integration)



Enabling adoption success



Technology transformation is a journey that provides incremental value over time

Set the digital foundations & develop strategy

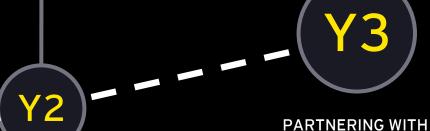
- Redefine the IA process to include a data strategy – people, process, and technology
- Upskill IA team
- Design and build "quick-wins" to show value
 - Understand and document data footprint (i.e., data availability)
 - Identify process areas/risks that are candidates for analytics
 - Design and build proof of concept(s)
 - Share results and insights with organization
- Assess value gained in Y1, and plan for Y2

Automate the basics, expand IA footprint

- Expand on proof of concepts through continuous auditing
- Build analytics on additional high-risk processes/risks
 - Move beyond financial-based audits to operational audits (e.g., IT audits,)
 - Expand into different markets / geographies
- Integrate Analytics with first and second line of defence by leveraging results
- Assess value gained in Y2, and plan for Y3

Establish IA as a business partner and gain adoption

- Shift testing procedures to the first line by establishing a continuous controls monitoring strategy
- Identify opportunities to reduce/scale back traditional audit procedures with use of analytics
- Partner with the business on special advisory projects to build trust
- Continue evaluating the ROI from analytics program



AUTOMATE, EXPAND, PREDICT TO PROTECT

(Y1)

DIGITAL FOUNDATIONS



THE BUSINESS

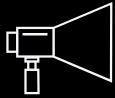
What resources do you need to transform?



Executive sponsorship



Dedicated time



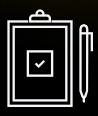
Awareness of available solutions



Training



Someone to help me get started



Any other?



Q&A and wrap-Up



Maintaining an effective Internal Audit function when change is the only constant



Introducing the speakers



Bill Stahl

Sr. Director, Enterprise Risk & Internal Audit, Inspire Brands



Karen Wolfe

Director, Internal Audit, NCR Voyix



Pat Noll

General Manager, Corporate Audit, Delta Air Lines



Ana Krivic

Director, Internal Audit and ERM, Rollins