

Breakout 1: Reimagining the Internal Audit

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Reimagining Internal Audit

The internal auditor of the future

June 13, 2023



Meet today's presenter



Stacia Vernon

Senior Manager
Financial Services Consulting

Stacia Vernon is a senior manager in Crowe's financial services Consulting practice with a specialization in internal audit. Stacia has 10 years of experience providing risk-based operational consulting services and leading engagements for financial service organizations. Stacia is primarily responsible for end-to-end project management, including planning and managing internal audits, assessing the design and operating effectiveness of internal controls and reporting key findings and recommendations to key stakeholders including management, the Audit Committee, and those charged with governance.

Stacia's primary areas of expertise is financial institution internal audit and risk management. Stacia has industry expertise Enterprise Risk Management (ERM), Sarbanes-Oxley/FDICIA, the COSO internal control assessment, trade finance, and foreign-owned banking.

Stacia lives in Bethesda, Maryland with her husband, toddler, 2 dogs, and 2 cats.

Learning objectives

1

Determine tangible ways to **make your internal audit practice more human-centered.**

2

Discuss steps for aligning project and process goals to the organization's strategic road map to support a **sharper business advocacy approach.**

3

Consider **how data and technology can be leveraged** to aid continuous improvement and to standardize activities.

4

Identify ways to **incorporate experience checkpoints** at every stage of an internal audit.

This session is for
forward-thinking
internal auditors.





Why you're here.

A low-angle shot of a man in a tan suit and blue tie, holding a white tablet and looking upwards. He is standing in front of a modern glass skyscraper with a white metal frame. The building's facade is composed of many rectangular windows and vertical structural elements.

Internal audit is in need of a **change**.



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! Problem 1

We are forcing people
to be hall monitors and
bean counters.



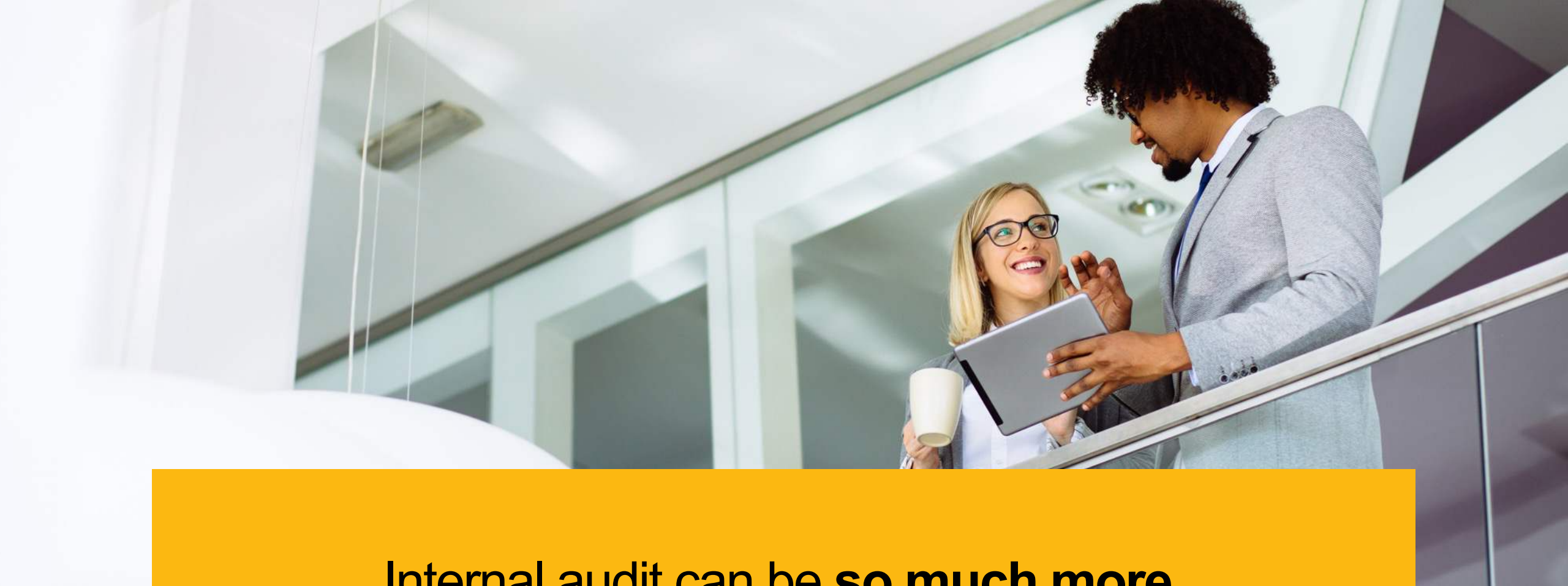
Internal audit is in need of a **change**.

! Problem 1

We are forcing people to be hall monitors and bean counters.

! Problem 2

Clients want more from us.



Internal audit can be so much more.

There's an opportunity to become **much more to our clients.**

Assurance

- ✓ Providing feedback about risk posture
- ✓ Usually existing in the current state, business-as-usual context

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Advisory

- ✓ Vetting new ideas and opportunities
- ✓ Providing pre-launch, real-time feedback

Where do you see your internal audit effort allocated between assurance and advisory?

- A Mostly assurance (85%+) with incidental advisory
- B Highly assurance (70-84%) but more serious about advisory
- C Even balance between assurance and advisory
- D More advisory than assurance
- E Don't know



Where did this all start?

Internal audit as we know it
is about to **change**.

**Our industry
is undergoing a change
similar to what human
resources has seen.**





The internal auditor of the future is a
human-centered business advocate.

Are you human?
And do you work
with other humans?

A

Yes

B

No

C

Sometimes I wonder ...

D

I'm actually a robot

E

Don't know

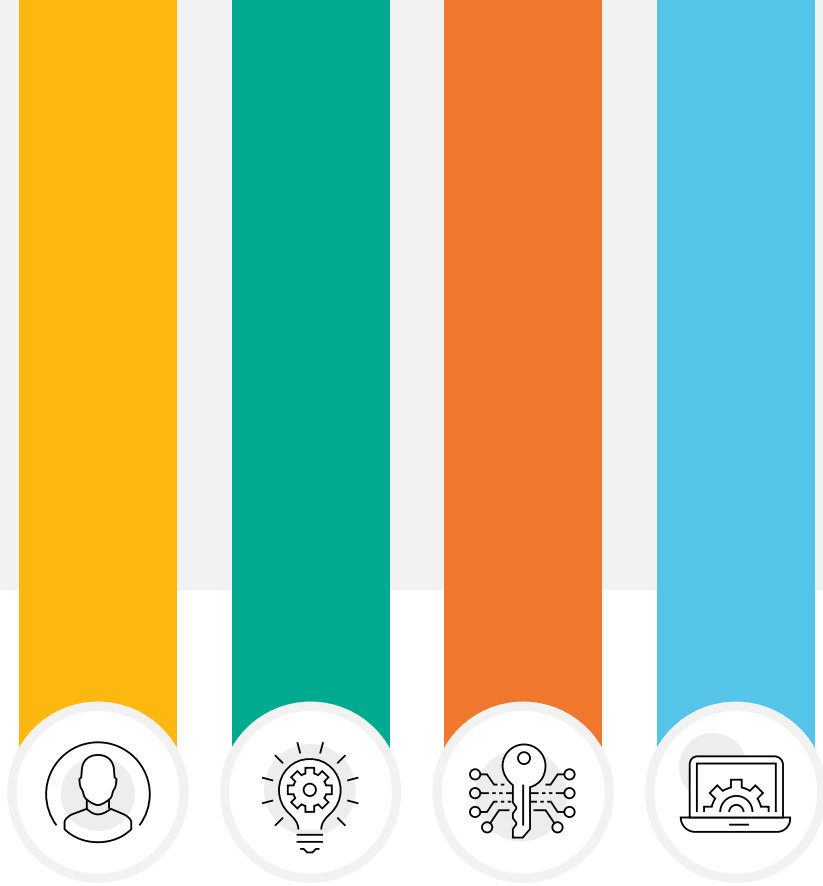


Change is coming
for internal auditors.

A man and a woman are shown in profile, smiling and looking towards the right. The woman has dark curly hair and is wearing a dark green shirt with a yellow and brown floral pattern. She is holding a white marker. The man is wearing a light blue shirt. They are standing in front of a presentation board that is partially visible on the right side of the image. The background is a blurred office setting.

Change is coming
for internal auditors.

**What will internal audit
look like in 3-5 years?**

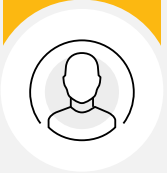


Four pillars that will form the future of internal audit



Pillar 01

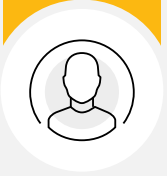
Be human



Pillar 01: **Be human**

When you can make your client's job easier, it:

- ✓ Streamlines processes
- ✓ Reduces risk
- ✓ Builds trust



Pillar 01: **Be human**

Build trust through empathy.



Pillar 02

Get more strategic



Pillar 02: **Get more strategic**

Start with the end in mind.



Pillar 02: **Get more strategic**

Start from near-zero.



Pillar 02: **Get more strategic**

Start from near-zero.

A few questions to test this:

- ? How much of the audit effort is focused on emerging issues vs. business as usual?
- ? Have we adjusted – or should we adjust – anything in the plan for the changing landscape?
- ? Is this year's audit plan what last year's projection said it would be?
- ? How many individual audit segments could refer to the previous year's audit program?



Pillar 02: **Get more strategic**

Ask yourself:

- ? How aligned is the internal audit effort to the company's top strategic priorities?
- ? Is internal audit giving feedback on what can prevent these strategic priorities from happening?

**How aligned does
your internal audit
effort feel to your
company's top
strategic priorities?**

- A** Fully or nearly fully aligned
- B** More aligned than not
- C** About half-aligned
- D** Not very aligned at all



Pillar 03

Gather (and use) smarter data



Pillar 03: **Gather (and use) smarter data**

Where data analysis provides incredible value:

- ✓ Risk assessment and scoping
- ✓ Sampling
- ✓ Large population evaluations (anomaly detection)

Challenges for data:

- ! Data availability and integrity
- ! Manual controls



Pillar 03: **Gather (and use) smarter data**

**Align your data to
risk/control matrices.**



Pillar 03: **Gather (and use) smarter data**

**How can you use
better data – but in a way
that's scalable for you?**



Pillar 04

Leverage technology

Which pillar forming the future of internal audit do you feel most invested in further developing?

- A** Be human
- B** Get more strategic
- C** Gather (and use) smarter data
- D** Leverage technology

Take a moment to imagine...

Take a moment to imagine...

At the end of every interaction...

Take a moment to imagine...

At the end of every interaction...

Someone smiles and says,

“Thank you”

Take a moment to imagine...

At the end of every interaction...

Someone reaches out to say,

"Do you have a minute?"

Take a moment to imagine...

At the end of every interaction...

Someone says,

**"Internal audit
helped us so much."**

**This future isn't
out of reach.**



This future isn't out of reach.

Download “How to become the internal auditor of the future” here:

www.crowe.com/iia





Smart decisions. Lasting value.™

Q&A

Any further questions?

Drop me an email stacia.vernon@crowe.com

Thank you.

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