



Government  
Internal Audit  
Agency

# Internal Audit – staying relevant in a changing world

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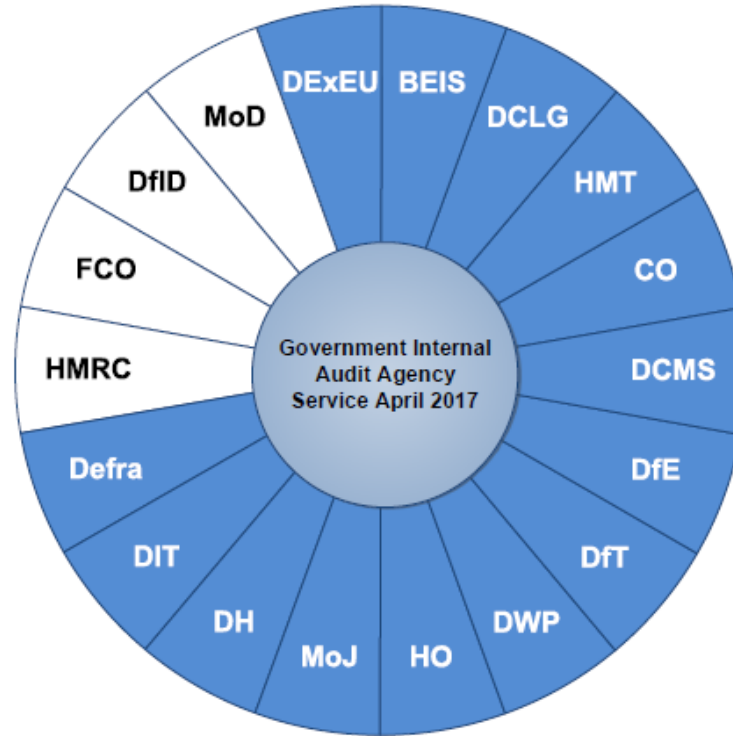
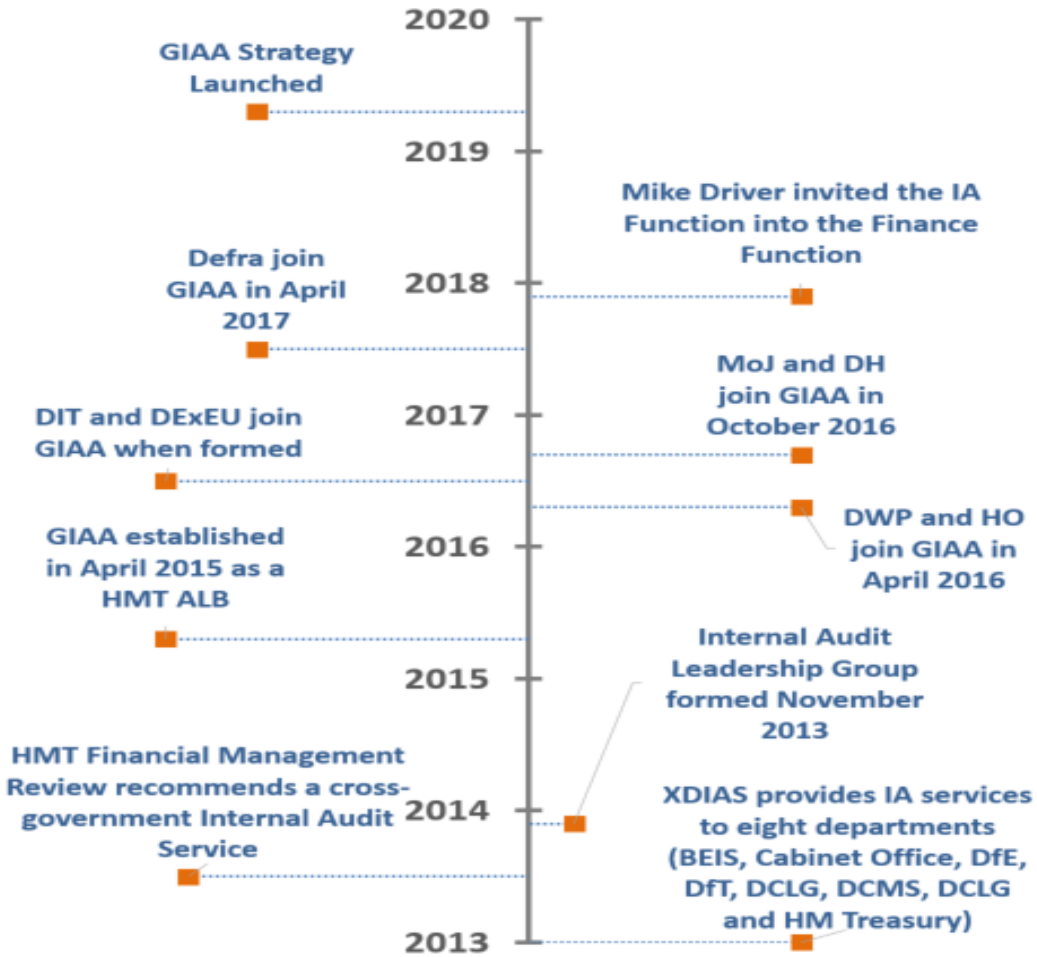
## Will cover....

- About UK Government Internal Audit Agency
- Changing context – challenges and opportunities
- Implications for internal audit
- How GIAA is responding

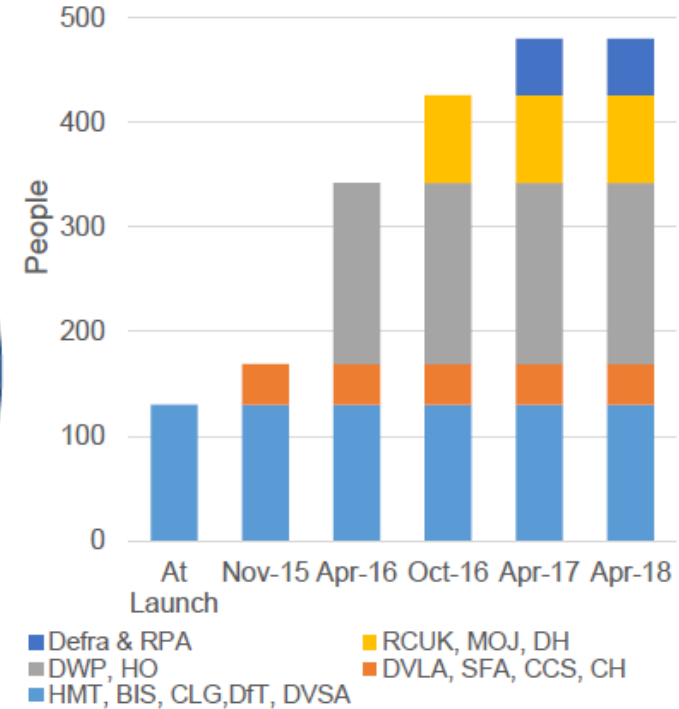


# About the Government Internal Audit Agency

## History of IA Function



Coverage and growth of GIAA across major government departments





# Context - challenges and opportunities

*“Compared with the Industrial Revolution, we estimate that [this] change is happening **10 times faster** and at **300 times the scale**, and roughly **3000 times the impact**”*

McKinsey, 2015

Dobbs, Manyika, Woetzel (2015), No Ordinary Disruption



# 1) Risk just got riskier

## Volatility, scale, pace



*“the magnitude and severity of risks affecting [their] organisations are greater in 2019 than in the prior year...” (Protiviti 2019)*

Common themes in top 10:

- Cyber security
- Succession and retention
- Heightened regulation
- Technological change



## 2) Accelerating technological change



*“As fast as innovation has multiplied and spread in recent years, it is poised to change and grow at an **exponential speed** beyond the power of human intuition to anticipate”*

McKinsey, 2015  
Dobbs, Manyika, Woetzel (2015),  
No Ordinary Disruption

*“Data ethics and AI governance will be the next decade’s ‘culture audits’ ”*

Richard Chambers  
President and CEO IIA Global



### 3) C21st organisations

*Current forms of control are “increasingly outdated...as both organisations and the world has changed”*

Cardinal, Kreutzer, Miller (2017)



#### Nature of controls:

20 <sup>th</sup> C	21 <sup>st</sup> C
Coercive	Enabling
Formal	Informal
Singular	Holistic



## 4) Challenges to external audit market

### Implications:

- 3 lines of defence
- standards, codes, regulation
- public trust

Expectation Gap



INDEPENDENT REVIEW  
THE QUALITY AND  
EFFECTIVENESS OF AUD

CALL FOR VIEWS  
LAUNCH DATE: 10 APRIL 2019  
RESPOND BY: 7 JUNE 2019



Kingman Review says FRC should be replaced 'as soon as possible'







# Implications for internal audit

To stay relevant internal audit needs to adapt – and quickly

Methods



Technology





Skills





# Our response – GIAA strategy 2022

 better insights, better outcomes 

**Our mission:** *Our people provide objective insight so that central government can achieve better outcomes and value for money for the public – better insights, better outcomes*  
(why we exist)

**Our offer:**  
(what we do)



**Our contribution:**  
(what we bring)



**Our strategy:**  
(areas of focus)



**Our values: Trustworthy, Professional, Collaborative, Respectful, Principled**



## End note...

*“For the internal audit profession...the decades to come will offer a **great opportunity for transformation** that will bring us closer to being **indispensable**....Those who adapt to the changing landscape will serve as **trailblazers**”*

Richard Chambers (2019), *The Speed of Risk: Lessons Learned on the Audit Trail*, 2<sup>nd</sup> ed.