

THE INTERNAL AUDIT SERVICE (IAS) OF THE EUROPEAN COMMISSIONS ANNUAL INTERNATIONAL CONFERENCE
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IA team skills and technology

Our journey to utilize automation and robotics

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Background





Role	CAE	VP, Audit & Assurance	CAE
Industry	Telecom	Media & Entertainment	Chemicals
Years	2007-2014	2014-2018	2018 -
Revenue € bn	42,4 (2010)	1,6 (2017)	2,6 (2018)
Employees	132 000 (2010)	5 000 (2017)	5 000 (2018)
IA FTE	32	7	3
Footprint	Global	European	Global
Plants/ legal entities	7/ 130	NA/ ~100	70/ 43
Established in	1865	1889	1920
IT systems	One SAP and fully integrated IT architecture	5 different SAPs, 2 other ERP systems, scattered IT architecture	One SAP and integrated IT architecture
Tools used for IA	ACL, SAP	Excel, ACL	ACL, Robotics, SAP, Every Angle (in implementation)

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What is expected from an internal auditor

FROM ANNUAL RESEARCH BY IIA GLOBAL (CBOK)

2019	1990
Analytical and critical thinking (selected by 72 percent of respondents)	Knowledge, Analytical skills, Application skills, Creative skills, Decision-making skills Communication skills Social skills; Self-analysis skills; Attitudes
Communication skills (57 percent)	
IT general skills (49 percent)	
Risk management (49 percent)	
Business acumen (43 percent)	

Internal audit professionals are expected to operate with the same **agility** that their companies need to exhibit ongoing external volatility. On a professional level, this agility has two dimensions:

- The intellectual ability required to constantly absorb new information; and
- The flexibility that enables to switch priorities and projects quickly and comfortably in response to rapidly changing business conditions.

World is changing, we need to change

Foresight is the act of looking to
and thinking about the future.

*“The world we have created is a product
of our thinking; it cannot be changed
without changing our thinking.”*

Albert Einstein

**Fail fast to succeed
fast – be agile in what
you do...**

WILL ROBOTS TAKE MY JOB?

Accountants and Auditors

94%

Where can we help our organizations?

SOURCE: KPMG - INTERNAL AUDIT AND ROBOTIC PROCESS AUTOMATION

Key opportunities for internal audit within intelligent automation initiatives include the following:

- Internal audit can help to integrate governance, risk, and controls considerations throughout the automation program life cycle as an organization establishes and implements its program.
- Internal audit can help the organization identify opportunities to embed automation-enabled control activities within the impacted business processes and functions.
- Finally, the internal audit organization can capitalize on intelligent automation innovations to increase the efficiency and effectiveness of its own activities.

By utilizing intelligent automation, the internal audit team has the ability to “do more with the same,” including:

- Improve quality and consistency of internal audit processes - Improve efficiency of planning, testing, and reporting activities, creating more time for critical thinking activities - Increase coverage and frequency of testing across the audit universe - Expand the audit scope for individual audits - Move from limited sample testing to full population testing - Manage labor capacity and geolocation constraints.
- Third line of defense could provide assurance on the RPA solution itself that has been implemented in the business. As robots are taking over employees tasks including financial or business critical processes, RPA becomes more relevant to the auditor. Design, implementation and operating effectiveness of controls impacted by RPA is key including additional controls around the RPA solution.

Automation and analytics

Kemira is privileged to have one SAP and harmonized IT architecture

1. Create a strategy and target vision for automation – why and for what?
2. Make interim goals and start with the “low hanging fruits”

TARGET: Automate internal controls and internal audit processes where possible



















- 1: Key controls automation project
- 2: Automate internal audit analytics
- 3: Automate internal audit reports and AC reporting

Kemira IA vision for automation:

Our vision is to follow the leading practices for utilizing automation and robotics in Internal audit cost effectively. Automation and robotics are implemented in internal controls and internal audit process to minimize the manual work and sampling based testing simultaneously swifting focus to process improvement and finding out root causes for exceptions.

There needs to be a business case to support the automation or robotics implementation

Examples of automation opportunities (source Deloitte)

		Analytic Techniques & Dashboards	Robotic Process Automation	Natural Language Processing	Natural Language Generation		
		Risk Assessment	Audit Planning	Design Effectiveness Assessment	Fieldwork	Reporting / Closing	Issue Tracking / Ongoing Monitoring
Key Activities	<ul style="list-style-type: none"> Establish the audit entity universe Assess completeness of audit universe Analyze risk profile of the audit entity Identify audit needs and develop audit plan Conduct business monitoring 	<ul style="list-style-type: none"> Communicate intention to audit Conduct introduction/scoping meeting Complete audit planning memorandum (APM) Develop process understanding Identify inherent risks and key controls Complete risk control matrix Complete audit announcement memo 	<ul style="list-style-type: none"> Perform detailed audit planning Develop testing strategy Review and approve design effectiveness assessment (DEA) 	<ul style="list-style-type: none"> Hold opening meeting Create operational effectiveness testing (OET) work papers and execute testing in accordance with the OET strategy Evaluate operating effectiveness of key controls Draft issues 	<ul style="list-style-type: none"> Produce audit report overview Review issues in the report Conduct overall assessment Draft audit report Issue final audit report Perform audit folder closure Analyze audit budget vs actual Conduct audit team debrief Update risk assessment 	<ul style="list-style-type: none"> Utilize history of issues tracking to develop insights through trends analysis and KPIs Establish continuous auditing 	
Representative Tasks	<ul style="list-style-type: none"> IA compliance risk assessment Location risk assessment visualization Cross business unit/region comparative and flux analysis Continuous business operations monitoring Risk assessment dashboard 	<ul style="list-style-type: none"> Automation of text-heavy documents Profile business operations Exploratory analytics and "what-if" analysis 	<ul style="list-style-type: none"> Automation of IA tasks Data modeling and batched reporting 	<ul style="list-style-type: none"> Population testing Data aggregation and integration Intelligent detection of suspicious logs associated with IT systems 	<ul style="list-style-type: none"> Automated generation of text-based audit reports Data visualization / audit story board Impact quantification 	<ul style="list-style-type: none"> Real-time reporting of frauds arising in financial systems Enhanced dashboarding and reporting Thematic risk identification CAE dashboard Issue tracking visualization 	
Tech	  	  	 	   	  	  	

For illustrative purposes only.

Kemira Case Example – Key Controls automation project

All current Key controls are being assessed in Q3 and Q4 2019 on the potential for automation. Assessment is that about half of the key controls can be automated on some extent (maybe half of these will ultimately be automated - have a business case). In three key controls the assessment has not been conducted yet.

The controls possible for automation are being prioritized case by case with other automation initiatives. Some of the key controls will be automated in 2019 and others are left for 2020. First automation of controls has taken place already.

The benefits for automation are: saved time for organization, more timely controlling and in some cases the robot can test 100% of the population instead of a sample check performed by an individual.

6 controls were identified for removal due to becoming redundant.

