



## Internal Audit Megatrends

# Internal Audit Automation



Automation technologies and systems offer Internal Audit teams powerful capabilities for developing efficiencies, enhancing data quality, reducing operational overhead, and establishing a foundation of trust and resiliency. While the promise of automation is clear, the path to operational success is rarely a straight line. However, understanding the keys to a successful program is critical to avoiding less than expected return on investment and the possible degradation of organizational confidence. This quick summary provides some insights and actions you can take to drive automation for Internal Audit.

### 5 things you should know

**An effective automation program requires a strategic vision** for how these tools, techniques, and capabilities can help to drive your Internal Audit agenda.

**Time savings is often important, but it is not usually the main driver for automation.**

The reduction in error rates, greater assurance, and the ability to create an automated baseline of audit procedures across all entities are key drivers of automation programs in Internal Audit functions.

**Business auditors may hold considerable knowledge** of where automation can have the greatest impact, and they are critical to creating a robust pipeline of automation candidates.

**Upfront investment in operating model development is a common indicator to set up a future automation program for success** by implementing the frameworks, governance, and enabling technology required to govern and manage automation lifecycles.

With a multitude of automation tools available, **understanding your unique business environment and capabilities should precede any automation technology choice.**

### 5 actions you can take

1

Take the time to **consider the potential strategic impact and develop a future-state view** of an automation-powered Internal Audit department.

2

**Bring key stakeholders together early in the process to decide on the goals of automation**, how to measure success against those goals, and develop and track against formal key performance indicators (KPIs).

3

**Educate and engage auditors in the generation of automation candidates** to create more strategic choices and avoid future organizational push-back.

4

**Invest the time in developing your automation operating model and enabling tools**; this can create the ability to scale, increase organizational visibility, and drive greater return-on-investment.

5

**Thoroughly evaluate your data and technology environment and the nature of your automation use case** prior to considering automation technology vendors to drive assurance in the choice of technology and delivery models.



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When a **global financial institution** wanted to explore automation strategies and opportunities across multiple geographically dispersed teams, they engaged Deloitte for its Automation Strategy Lab to bring things together. Providing a background of industry and technology knowledge, Deloitte designed a full day of design thinking activities customized to the client's specific needs. In a facilitated session spanning multiple geographic regions, including in-person and remote teams, the lab helped the group to identify the goals and key performance indicators that would be used to drive automation prioritization. Then, after providing a baseline of knowledge in automation and artificial intelligence technologies, teams moved from topic to topic, creating hundreds of automation candidates. Finally, each location was able to share their ideas and insights and the outcome of the session went on to provide the foundation for future automation activities.

When a **global financial services institution** was looking to accelerate the transformation of its Internal Audit testing procedures, they deployed Deloitte's Analytics and Automation Factory model, which is designed to provide order and scale to large digital programs. Under the Factory umbrella, the company designed an operating and governance model suitable to advanced technology. Through the deployment of the web-based workflow tool, or "Factory Floor," the client was able to increase organizational participation, manage intake processes and performance reporting, and drive the workflow behind the day-to-day creation of bots. Today, the Automation Factory is running at full speed and has produced more than 2,000 automation and analytics assets.

When a **large computer equipment company** needed to expedite the development of Internal Audit-related automations, but did not want to distract their subject matter experts from their critical work, they deployed one of Deloitte's Automation and Analytics Development Pods. The Pod of handpicked professionals were assembled and quickly established an operating and technology model that enabled them to leverage their deep knowledge of Internal Audit procedures while developing automations within the client's technology infrastructure. Working closely with key client Internal Audit stakeholders, the Pod was able to produce automations and tangible results in a matter of months and ultimately provided the development scale to the client without the normal operational overhead.

For a **global pharmaceutical company**, the drive to automate Sarbanes-Oxley (SOX) testing of 80% of IT General Controls had clear benefits including a reduction in required testing hours, a lifting of the operational burden associated with manual data extraction, and higher overall accuracy. As the Deloitte-run program progressed and the operating model, technology, and data came together across hundreds of tests, cross-project benefits came to life. Today, while the automation of testing provides growing benefits, teams are working to expand automation into the day-to-day audit testing, and new automation generated insights are being applied to create key risk indicators used in the annual risk assessment process.

For more information or to explore other Internal Audit Megatrends:

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