

The PwC Internal Audit

Internal Audit. Expect More.

*Building your capabilities
through the data-enabled
internal audit function*

**Data-enabled
Internal Audit**

“Advancing capabilities in Data & Analytics is recognised as one of the most pressing priorities for most Internal Audit leaders. It totally changes the game – from using a reactive model on risk monitoring, we can now take a proactive approach by employing powerful predictive analytics tools.”

David Toh, Internal Audit Leader, PwC Singapore



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Why is it important?

Many Internal Audit (IA) functions have dipped their toes into data analytics supporting the IA lifecycle and have liked the results they have seen. Whilst some want to co-source with an experienced IA data practitioner to deliver their data-enabled needs, others want to ensure that their capability is developed and nurtured in-house.

Such an approach can bring great benefits to not just the credibility and sustainability of IA but also rewarding new career opportunities for IA teams.

On the flip side, however, this is a major endeavor with a range of key decisions from technology to skills to resourcing to IT to organisational models. Usually, you cannot do this alone.

What is on your mind?

Where do I start?

I know I need to build up capabilities in data to support IA, what should I focus on first?

What do I already have in place?

I have tinkered with data analytics but I am not sure whether what I already have is fit for purpose?

What's ready for data analytics in my IA plan?

Are there audits in my plan which are ripe for data-enabled auditing? Is this a good place for a pilot?

What skills capabilities do I need and where do I get them from?

What balance do I need to strike between audit knowledge and data expertise, can I move from external support to internal capability?

Which technologies are hot right now?

What do I need to be aware/afraid of?

How do I engage the systems owners and IT function to make this happen?

What sort of resistance can I expect?

I already have a data analytics initiative.

How can I make it more compelling or deliver benefits sooner?

How do I avoid stepping into the second line of defence?

Where should the lines be drawn?

How do I build a business case for data in IA?

How much will it cost and what will be the enduring costs?

Our point of view

Start with a vision – this provides the context which will support the business case and determine the types of skills and technologies you need. Start small, build confidence and then proceed.

Your methodology might change – recognise that your activities, types of issues and the way in which you report will alter and this needs to be reflected in your methodology.

Don't be wooed by the lure of technology – take the time to map out your requirements from routine analytics, to risk assessment diagnostics, to process areas in focus etc. Only when this is clear, consider the technology that will enable it.

Data is relevant throughout the entire IA lifecycle – from Risk Assessment to Audit Committee reporting. Consider the capabilities needed to address not just fieldwork but risk assessments, scoping, issue management and reporting.

Building data capability in your IA function is a major change activity – organise your programme to reflect this with stakeholder management, behavioural change and even accept that some of your current team members may not be capable of adapting to a data-enabled world.

It's all about engagement – IT and the business need to be on the journey with you or they might be disruptive. Get them on board early.

You need an operating model

– think about how you will sustain the data-enabled IA function; from how it will be organised, structured and how it might evolve.

Keep it fresh – always monitor the effectiveness of your data capabilities, look to the horizon for new technologies and learn from others.

How can we help?

- Create the business case for data enablement in IA.
- Co-develop the data change programme from vision to 'business as usual' across the entire IA life-cycle.
- Run your data change programme.
- Select the audits where a data-enabled approach is most relevant.
- Assess your current capabilities including people, process and technology.
- Advise on the right people and technologies to meet your requirements, both now and in the future.

When to act

- Are you under pressure to deliver efficiency and value in internal audit?
- Have you made a commitment to use data analytics in IA and make it happen?
- Do you want to create new career opportunities in your IA function to attract talent?
- Is your business using data analytics in the first and second line of defence and you need to catch up?
- Are you paying for licenses of data tools but not using them?
- Have you had a play with data and found it fruitful that you want to industrialise it?
- Is there a downward pressure from the Board to make IA more relevant through the power of data analytics?
- Are you working in a data rich environment and you need to provide assurance?

What you gain



Credibility with your stakeholders.



More insight with less effort, more coverage and greater likelihood of turning your insights into practical actions.



Sustainability and agility – an IA function which can keep pace with your changing business. Data audit can be creative and forward looking.



The ability to move to leading indicators of risk rather than lagging behind.



Career progression and staff retention.



Delivering value

In a range of audits for a transport client, we used data analytics to assist scoping, early assessment and sample selection. For example, in a review of recruitment, we have selected cases where there are known fails in segregation of duties between recruiters and hiring managers. This has allowed audit fieldwork to be more focused and allowed us to report high level issues on the whole population.

For a central government client, we worked alongside in-house auditors who have IDEA capabilities to see how we can support them in reporting their findings in a more effective way to illustrate the coverage and range of issues they have found. We are doing this through both visualisation and linkage to other audit findings to provide greater quantification of historic sample findings.

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