

# **Session 7**

## **State of the Profession – Leading the evolution of internal audit**

*Presented by*

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# STATE OF THE PROFESSION – LEADING THE EVOLUTION OF INTERNAL AUDIT

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Protiviti Perspective provided by Michael K., New York

CURRENT STATE

# CURRENT STATE

Numerous studies of the profession over the past 18 months all point to similar perspectives on the state of the profession.

While the profession has developed over the past decade – focus beyond compliance and financial controls to reaching “into the business” – the progress has not kept up with expectations of our stakeholders.

 <b>Role</b>	 <b>Value</b>	 <b>Resource</b>
<ul style="list-style-type: none"> <li>• The role remains largely unchanged – source of independent assurance and advice to the organisation.</li> <li>• But being compartmentalised by competing provision of assurance and advice.</li> </ul>	<ul style="list-style-type: none"> <li>• Perceived value is falling compared to others in the C-suite.</li> <li>• Not sufficiently agile to changing state of business.</li> <li>• Consequently, budgets are typically static or falling.</li> </ul>	<ul style="list-style-type: none"> <li>• Development required in:               <ul style="list-style-type: none"> <li>• Business acumen</li> <li>• Strategic capability</li> <li>• Breadth and currency of technology</li> <li>• Agility to keep up with the business</li> </ul> </li> </ul>

## A call to action

*Stakeholders reporting Internal Audit contributes significant value*



● 2016 stakeholders  
● 2017 stakeholders

These trends are being seen in markets around the world: US, Australia, Asia, Europe, across many sectors. But they are not universal and there are bright points in organisations where that perception gap does not exist.

# WHAT DO YOU SEE

What is happening here in South Australia?



- The previous comments are based on national and global studies and we have not isolated findings for the South Australian market.
- Some of the drivers of these observations:
  - Regulatory impact
  - Local market dynamics and expectations
  - Local market capability in the profession
  - Progressiveness of business environment

# POTENTIAL SOURCES OF EVOLUTION

Evolution will not be consistent across all organisations.

However, the anticipation is that there will be a “pick list” of likely drivers that will be applicable in different proportions across different organisations/sectors/markets.

# REFORMS



# REFORMS – POINTS TO NOTE

Nothing needs to change in the meaning and role of internal audit – it is in the way in which we implement it.



**Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.**

- Fit for purpose for the organisation and the environment
- Requires inspiration, innovation, investment, drive and commitment

# TABLE DISCUSSIONS

Navigating disruption

Agility/flexibility

Data analytics

Interpersonal dynamics

Transitioning our talent

Integrating risk assurance

Data visualisation

Digitalisation

Identify and report back:

1. One short-term change you can make in your organisations to implement the evolution reform in your organisations.
2. One longer-term change you can make in your organisations to embed the evolution reform in your organisations
3. Anything you think the IIA should do to support the embedding of the evolution reform more broadly.

*Face the Future with Confidence*

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