THE AGILE INTERNAL AUDIT DEPARTMENT

Norman Marks, June 2014
I swear, the next person who uses the term "agile" in a business meeting is going to get their ass kicked!

via SocMedSean.com
The End of Business as Usual

Rewire the Way You Work to Succeed in the Consumer Revolution

BRIAN SOLIS

Author of Engage!
The Internet of Things
WHERE IS YOUR....

- Data
- Manufacturing!
- Strategy
Creating an agile organization

By Peter Cheese, Yaarit Silverstone and David Y. Smith

The new business environment will favor those companies able to execute strategy faster, with more flexibility and adaptability, and move their companies ahead briskly.
“If the rate of change on the outside exceeds the rate of change on the inside, the end is in sight.”

Jack Welch
A TIME OF “PERVERSIVE, ONGOING UNCERTAINTY” – MCKINSEY
MANAGE RISK AT THE SPEED OF THE BUSINESS
What is our job?

Is it to perform audits?
Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Assurance = peace of mind
Consulting = make a difference
<table>
<thead>
<tr>
<th>Metric</th>
<th>Achievement</th>
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<tbody>
<tr>
<td>Percentage of audit plan completed</td>
<td>98%</td>
</tr>
<tr>
<td>Number of audit findings</td>
<td>Up 10%</td>
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<tr>
<td>Recommendations accepted and implemented</td>
<td>90%</td>
</tr>
<tr>
<td>Auditee survey results (average from 0 to 5)</td>
<td>4.3</td>
</tr>
<tr>
<td>Cost savings (duplicate payments, vendor overcharges)</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Internal audit budget</td>
<td>2% below budget</td>
</tr>
<tr>
<td>IIA Quality Assurance Review</td>
<td>Generally complies</td>
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WHAT IS ASSURANCE? PEACE OF MIND
To: Chair, Audit Committee
From: Head of Internal Audit
Annual Internal Audit Report

We have completed the internal audit plan, which was designed to address the more significant risks to the organization.

In our opinion, based on the work performed, the systems of governance, risk management, and internal controls system provide reasonable assurance that the more significant risks are managed within organizational tolerances.
“... expectations have risen, and all internal audit functions need to rise to this new floor: providing assurance on a broader range of critical risks and clearly communicating deeper insights.”
Provide Assurance at the Speed of the Business
Fewer than half of the 1,800 respondents are satisfied that internal audit delivers the value to the company it should (45%), and that the internal audit plan properly focuses on the “critical risks to the enterprise” (49%)
PROVIDE ASSURANCE
THAT MATTERS
PROVIDE ASSURANCE ON WHAT MATTERS
PROVIDE ASSURANCE ON WHAT MATTERS NOW!
PROVIDE ASSURANCE NOW!
ON WHAT MATTERS NOW!
JUST IN TIME – ASSURANCE AT THE SPEED OF BUSINESS

- Continuous risk monitoring
- Continuously updated audit plan
- Audit at the speed of the business
- Assurance when it is needed
- Continuous reporting
OPPORTUNITIES FOR AUDITORS

- Use the tools of today and 2020
- 20-20 Analytics at your fingertips
- Sentiment analysis/social media monitoring
- Continuous auditing/monitoring
- Put risk in hands of management
1. Focus on providing assurance that matters, when it matters
2. Skate to where the puck is going to be
3. Find a way to use technology ourselves
CAN YOU HELP THE BUSINESS MANAGE AT SPEED?
THE GREATEST DANGER FOR MOST OF US IS NOT THAT OUR AIM IS TOO HIGH AND WE MISS IT, BUT THAT IT IS TOO LOW AND WE REACH IT.

MICHELANGELO
1) TURN IGNITION KEY.
2) SHIFT INTO DRIVE.
3) PRESS FOOT FIRMLY ON THE THROAT OF MEDIOCRITY.

Mercedes ad
THANK YOU!

Norman Marks, CPA, CRMA
Evangelist for Better Run Business

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