Ways of working towards innovation in auditing: the pros and cons of innovating

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Internal Audit Service Conference – 5 October 2017
Ways of working towards innovation in auditing: the pros and cons of innovating

Theses

✓ We, Internal Audit, need innovation

☐ Run Internal Audit like a business

☐ IA’s organizational setup supports innovation

☐ Innovation in Internal Audit is reality – e.g. RPA
We, Internal Audit, need innovation

How to “get better in what we do today”

How to “become more relevant” to our stakeholders
Run Internal Audit like a business (1/2)
Rethink the business model

Building Blocks of our Business Model

Source: Osterwalder/Pigneur (2014), Business Model Generation (Wiley)
Run Internal Audit like a business (1/2)
Disrupt the business model

Innovation Process - The Agile Innovation Method

Source: EY CognisStreamer (http://www.cognistreamer.com)
IA’s organizational setup supports innovation
Differentiate and innovate around a stable core

**Innovative capabilities** require a research focused approach to delivery that provides freedom to test and validate new concepts with little up-front understanding of possible outcomes.

**Differentiating capabilities** require a focus on value creation, incrementally progress to superior solutions.

**Core capabilities** require a focus on stability, predictability and cost efficiency.

October 5, 2017
Internal Audit Service Conference 2017 – Tobias Albrecht, EY Germany: ‘Ways of working towards innovation in auditing: the pros and cons of innovating’
Innovation in Internal Audit is reality (1/2)
Robotics - Where are we today?

The age of macros & workarounds
Pre-existing basic technologies like VBA, auto hot keys, screen-scraping
Several toolkits, no systematic platform

Strategic platform for tactical change
Broad application (use cases are not function specific)
Rule-based automation of routines (able to follow instructions)
No intelligence (binary decisions only)

Strategic platform for strategic change
Narrow application (use cases require thoughtful consideration)
Non-routine tasks requiring judgment (cognitive capabilities/dynamic rules/artificial learning)
Used rather to increase value than to reduce cost

Structured data as basis for repeatable actions
Unattended service based processing
Cognitive computing utilising unstructured data to make decisions
Innovation in Internal Audit is reality (2/2)
Example: RPA for Control Testing in Sales Audit (3:40 min)

Proof of Concept
Leveraging robotics to perform internal controls testing
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