

PwC's 2019 State of the Internal Audit Profession Study

2019 Risk Management, Internal Audit and Compliance Survey



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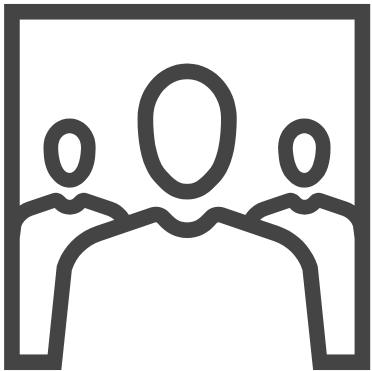
Joining you today....

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PwC analyzed more than 150 emerging technologies before identifying these **Essential Eight** we believe will have the most significant impact across sectors.



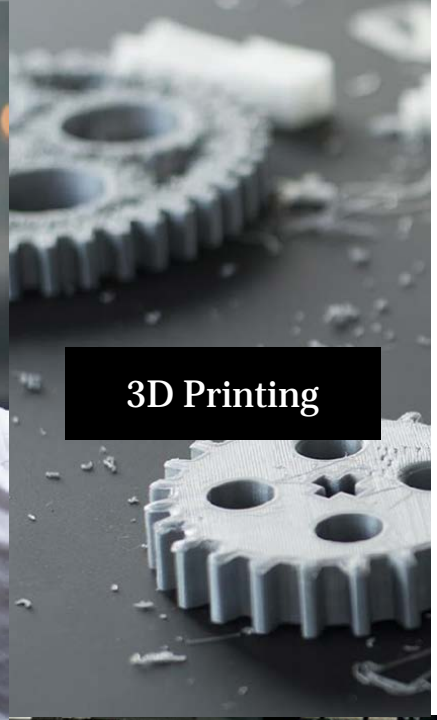
Augmented Reality



Drones



Virtual Reality

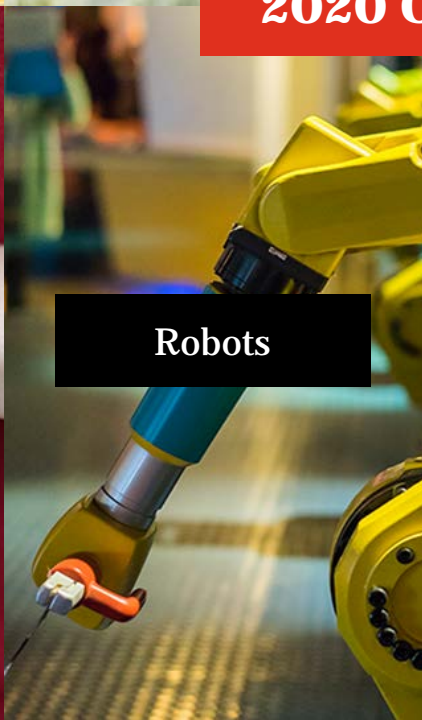


3D Printing

2020 Outlook



IoT



Robots



Blockchain



Artificial Intelligence

2019 Global Risk, Internal Audit and Compliance Survey

2,073

Business leaders

27

Industries

99

Participating countries



Risk management function
15%



Internal audit function
25%



Compliance function
9%

Benefits of a digitally fit risk function...



Better position their organizations to make smarter risk decisions



Faster progress and greater-than-anticipated payoffs on digital technology investments and smarter risk taking



Follow six habits to help their organizations be smarter risk takers



Focus on how the 3LD work together to leverage data and technology in new ways to manage risk



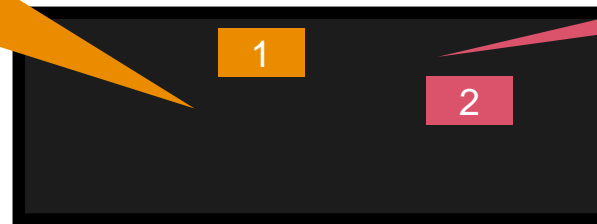
What does the expression “internal audit digital fitness” mean?

Anticipate and respond to risk events at the pace and scale that the organisation’s digital transformation requires

Having the skills and competencies to provide strategic advice to stakeholders

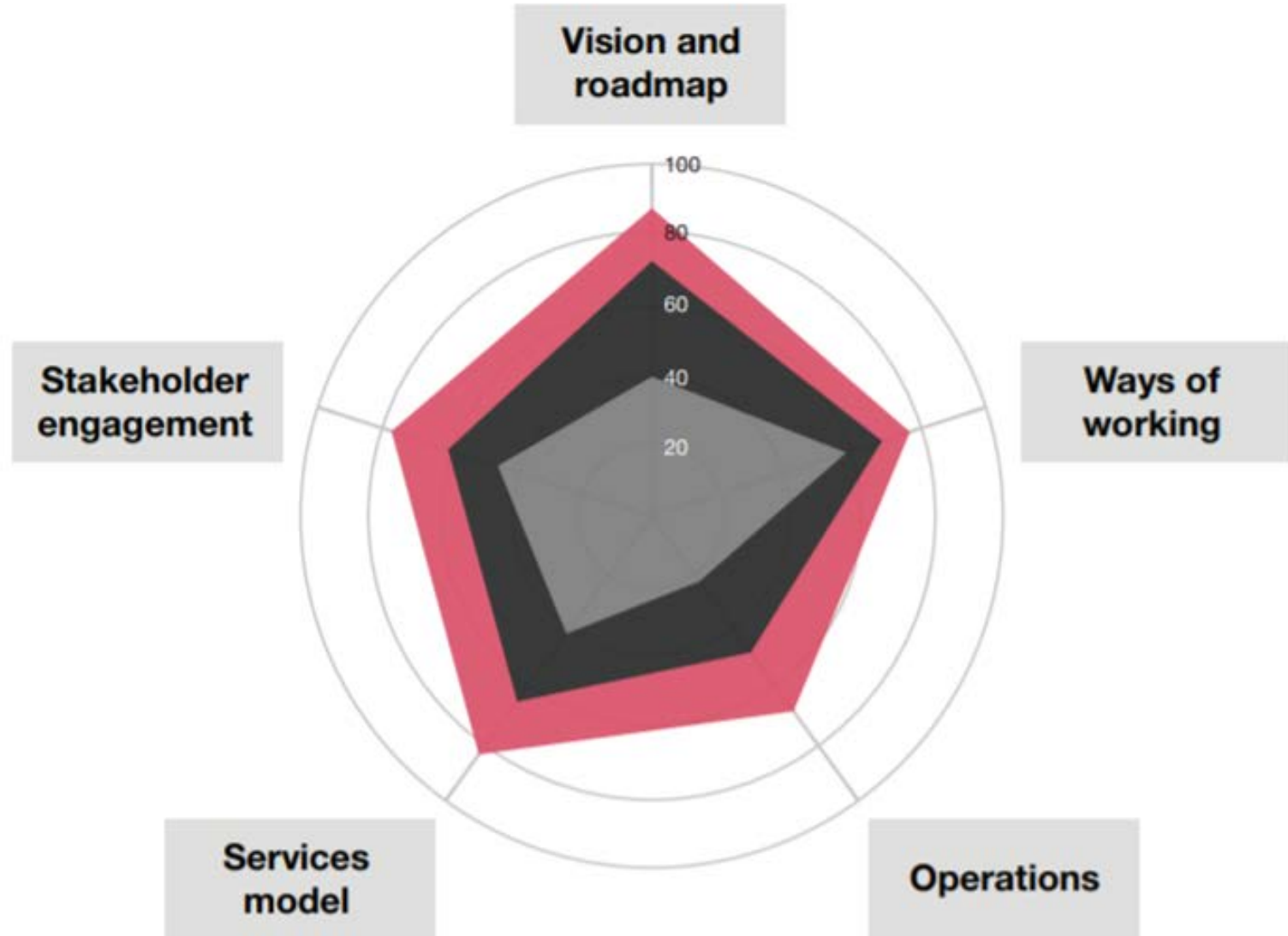
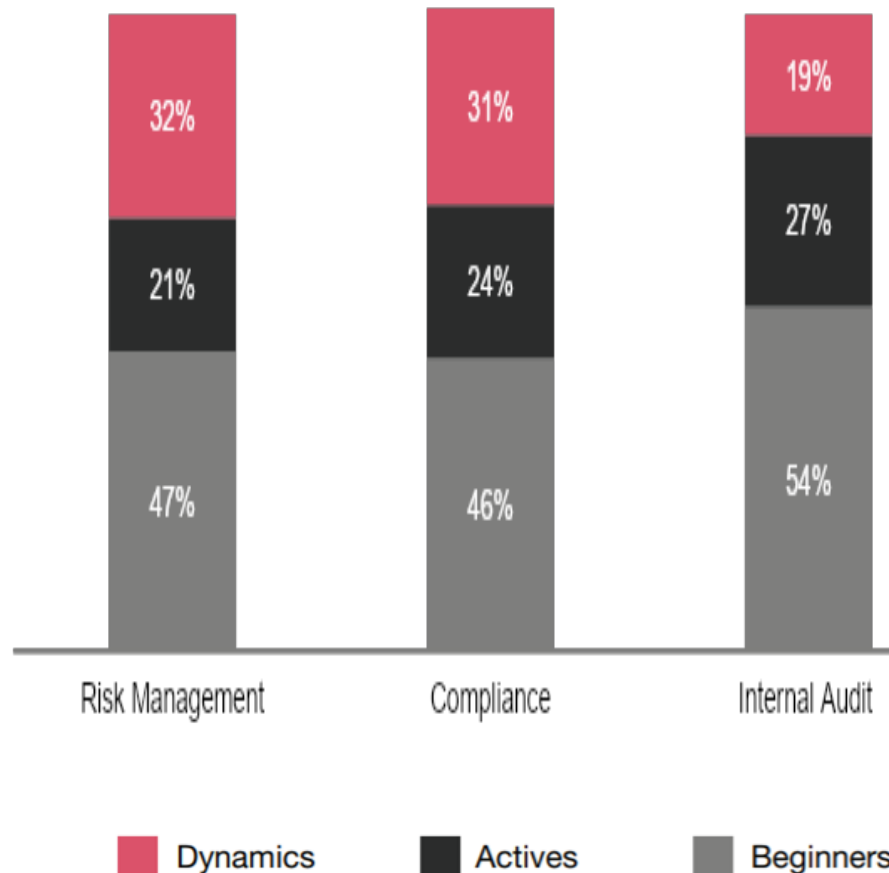
Changing the function’s processes and services to become more data driven and digitally enabled

Provide assurance with regard to risks from the organization’s digital transformation



Digital fitness was measured across five dimensions

How does each function fare in digital fitness?



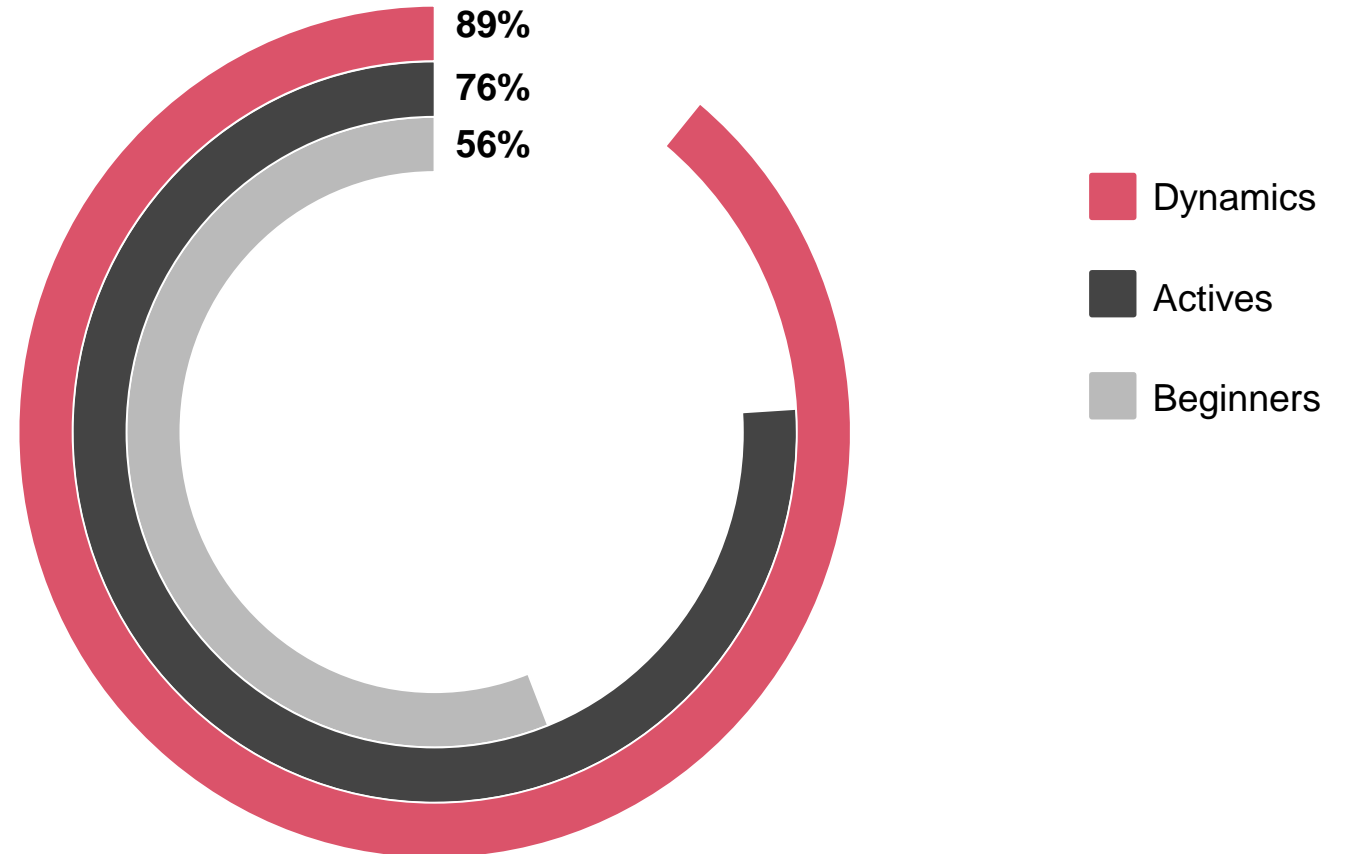
The payoffs of being a Dynamic are significant

Benefits to organizations with Dynamic risk functions:

- Faster progress on their digital journey
- More confidence in taking risks consistent with their strategy
- More effective management of digital-related risks
- More value than anticipated from their digital investments



Effective at managing risks on digital journey



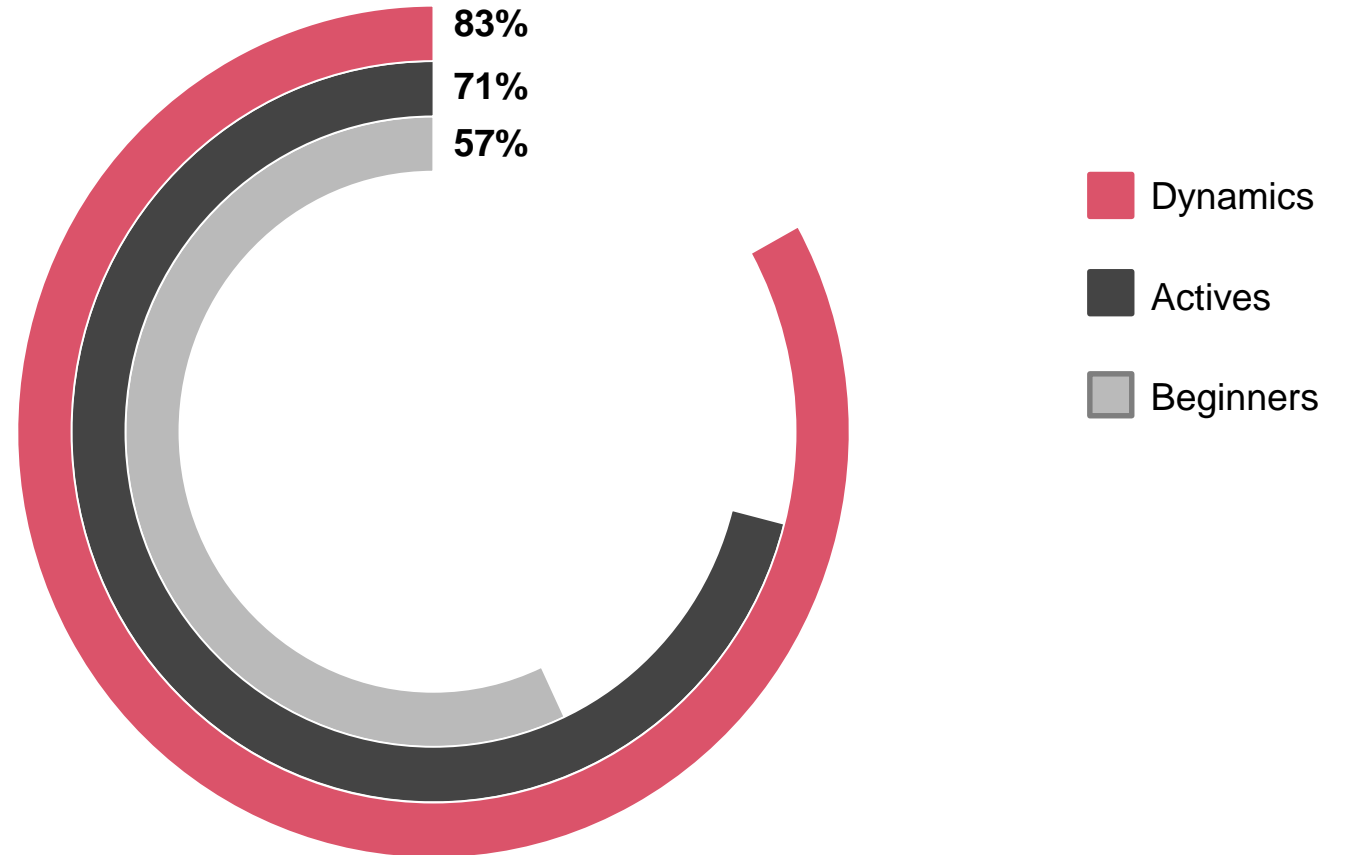
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Ahead of or on track with digital roadmap



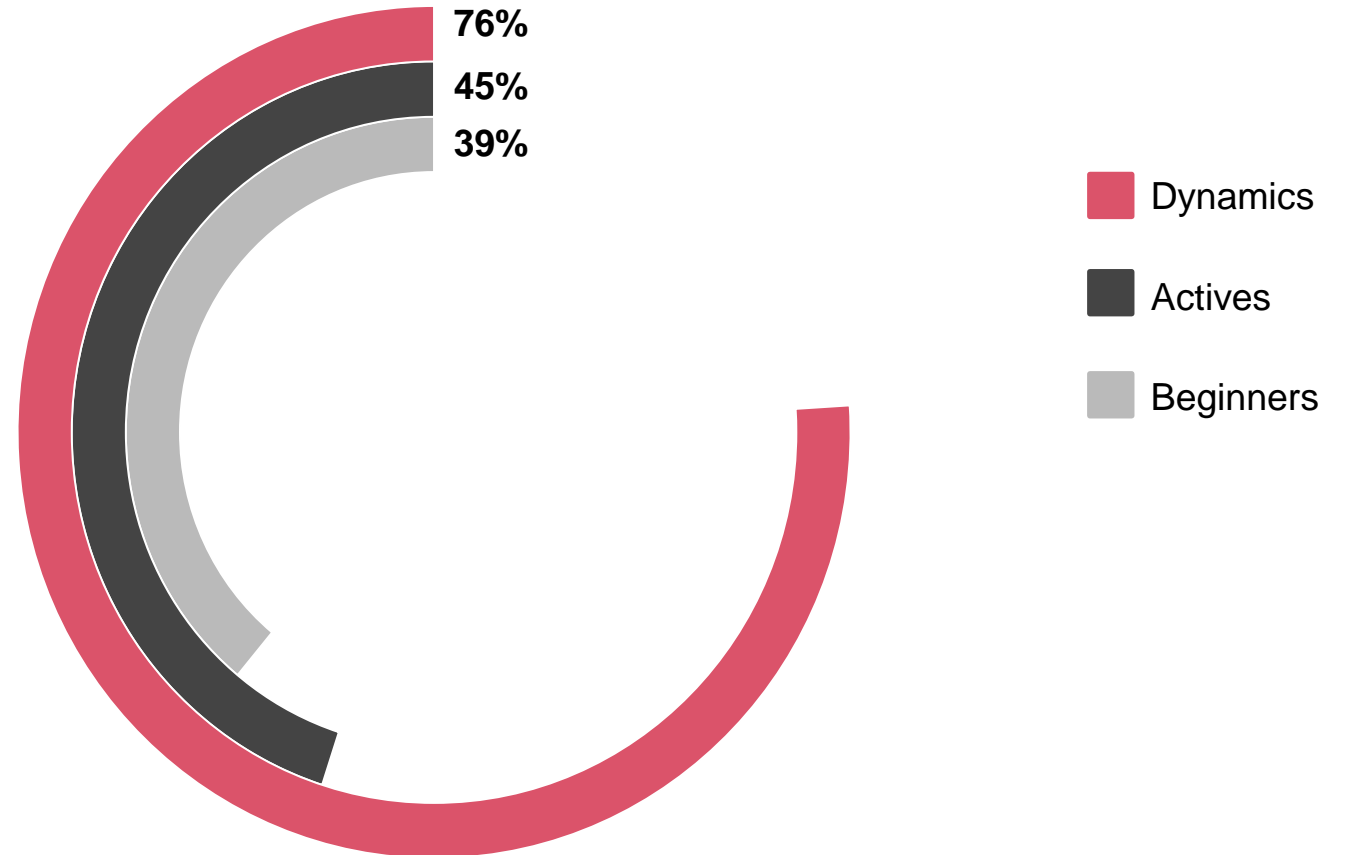
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- More value than anticipated from their digital investments



Meeting or exceeding expectations of better decision making



How Dynamics stand out – The six habits of smarter risk takers

Go all in on the organization's digital plan

1

Upskill and inject new talent to move at the speed of the organization

2

Find the right fit for emerging technologies

3

Enable the organization to act on risks in real time

4

Actively engage decision-makers of key digital initiatives

5

Align to provide a consolidated view of risks

6



Priority habits for Internal Audit

Upskill and inject new talent to move at the speed of the organization

Creatively source talent to build the function's digital skills and invest to protect the talent you have

2

Find the right fit for emerging technologies

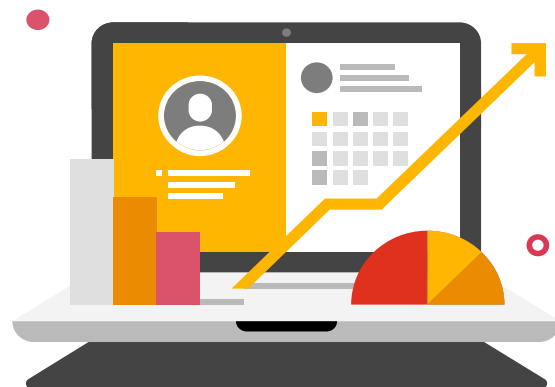
Audit and advise on emerging technologies, and use them to streamline the function

3

Enable the organization to act on risks in real time

Build capabilities to deliver assurance at the speed the organization requires

4



Dynamic internal audit functions creatively source talent and invest to upskill

85%

of Dynamic internal audit functions are empowering specific individuals on the internal audit team as specialists to support the function

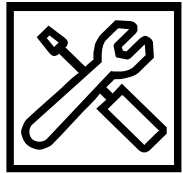
84%

of Dynamic internal audit functions are implementing training programs to enhance the team's technology skills

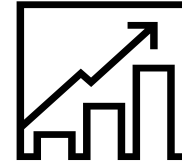
68%

of Dynamic internal audit functions partner with the organization in digital initiatives to increase Internal Audit's digital knowledge

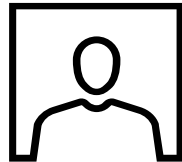
The IA professional of the **future?**



Accounting / MIS degree



Data insights



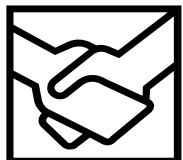
**Professional skills:
relationship skills,
agility, care, empathy**



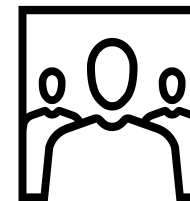
**Data
visualization**



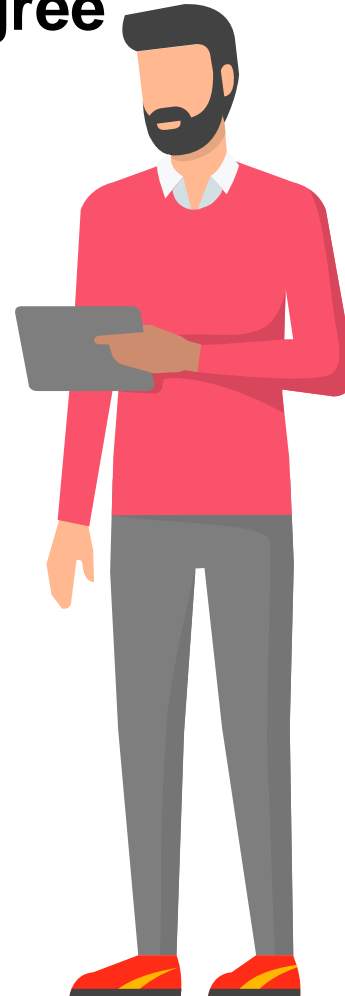
**Storytelling with
data**



Data wrangling



**Project
management skills
& change
management**



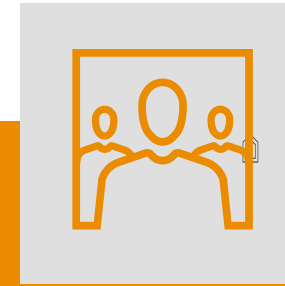
New world, new skills - PwC invests to digitally upskill our workforce



**Rolling out programs
to digitally upskill our
276,000 people**



**Helping organizations
prepare their
workforces to
anticipate skills
needed for the future**



**Making upskilling a
focus of our
community initiatives**

Technology impacts every single job in an organization

PwC Case Study



Investing in world class development for our people

- 100% partner and staff digital upskilling
- Launching *Digital Accelerators* to self-disrupt
- “*Be well, work well*”



Digitally enabling our business

- Data “on demand”
- *PwC Ventures*
- Using emerging technology

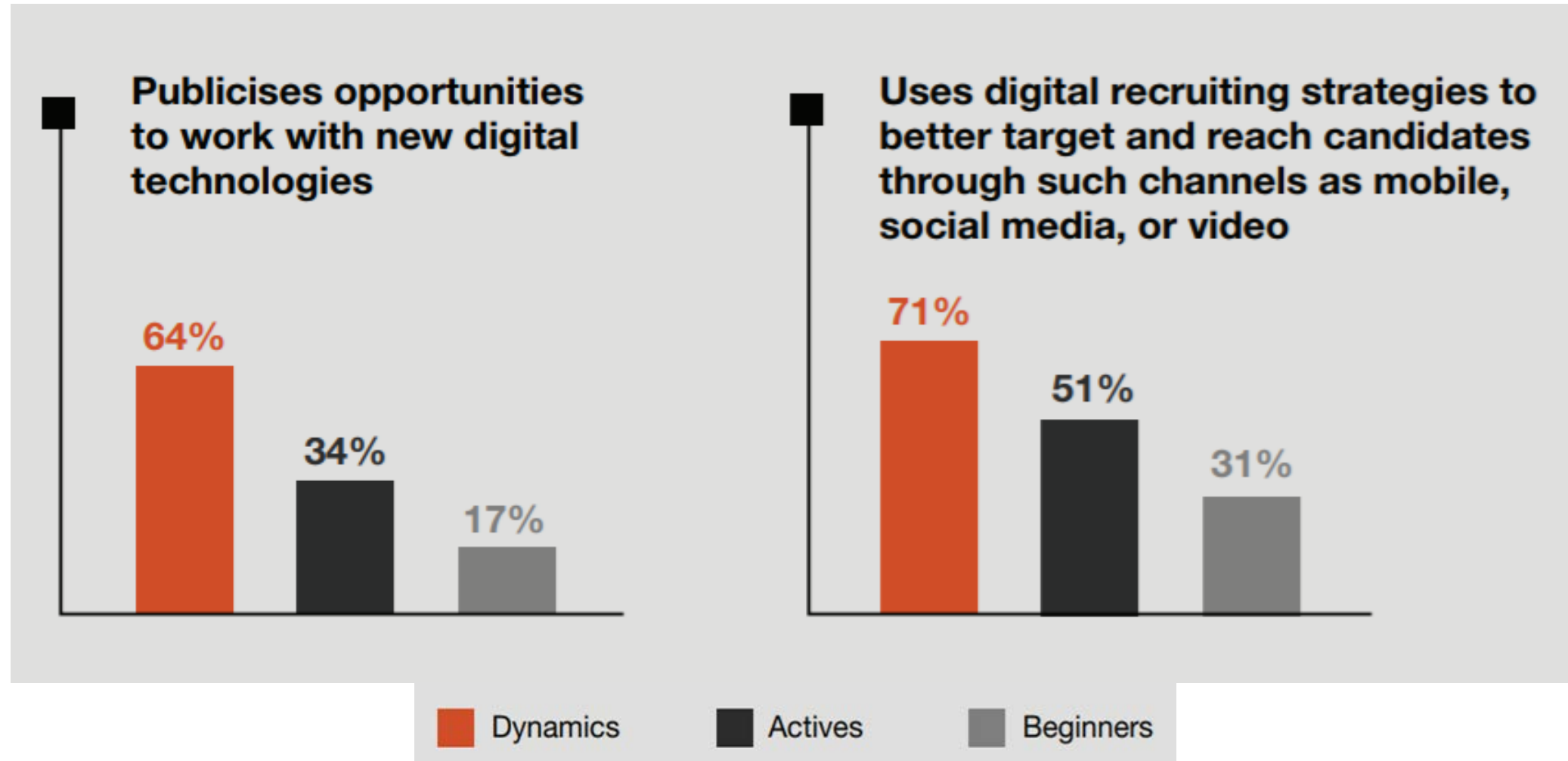


Delivering an exceptional experience

- *PwC App Store*
- Cutting edge collaboration tools and office technology
- Simplified processes through use of artificial intelligence and bot technology

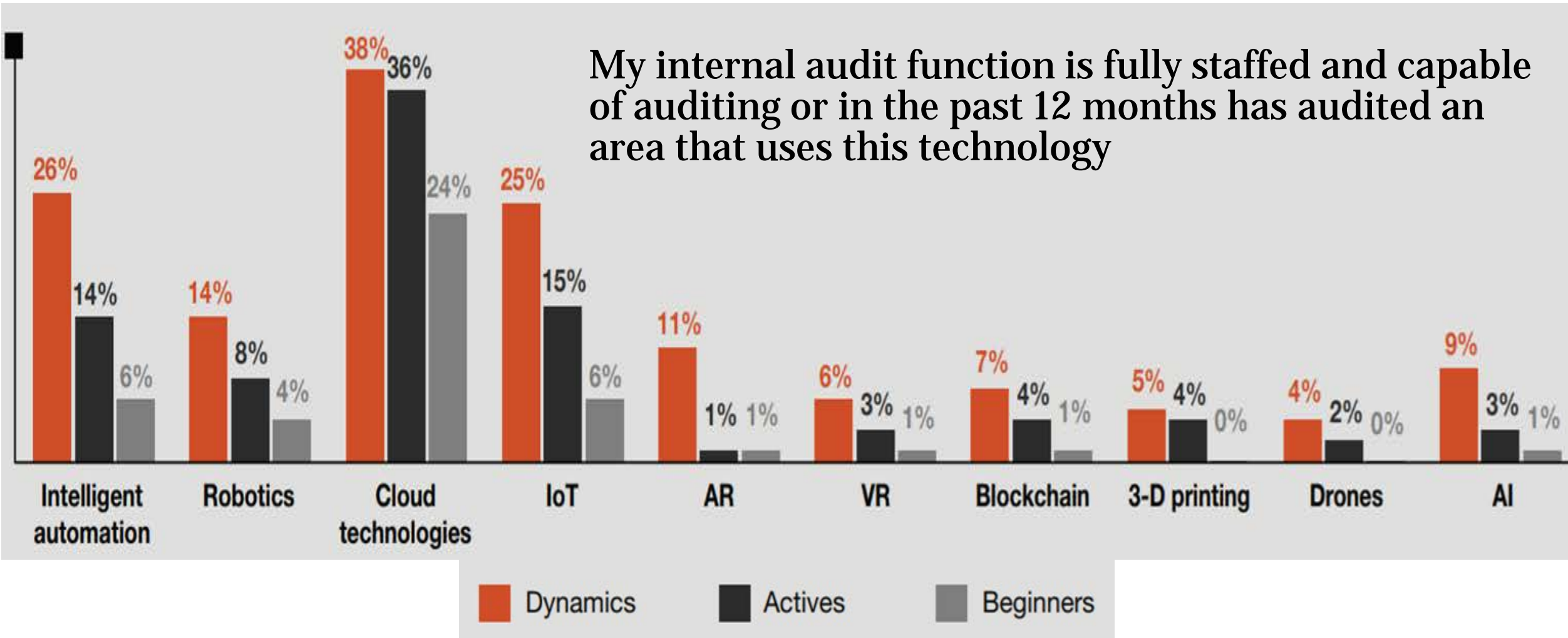
Dynamic internal audit functions put digital first in recruiting

My internal audit function:



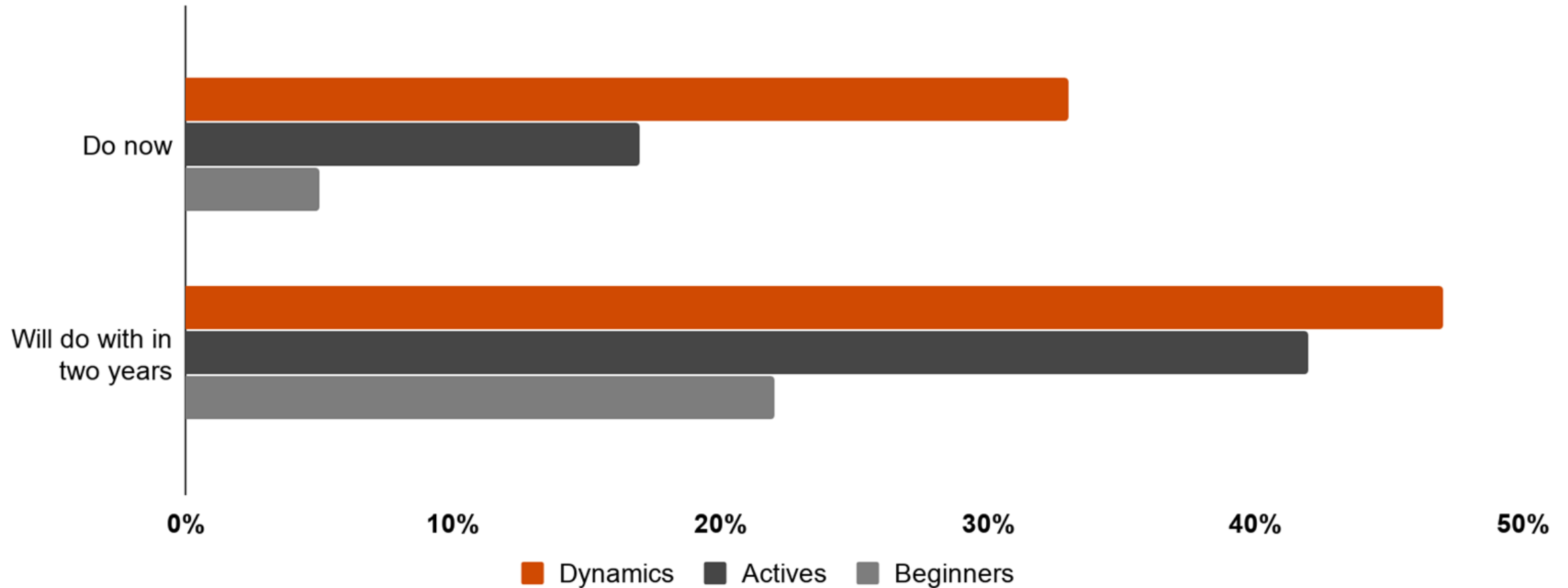
Dynamic internal audit functions are preparing to audit emerging technologies

My internal audit function is fully staffed and capable of auditing or in the past 12 months has audited an area that uses this technology



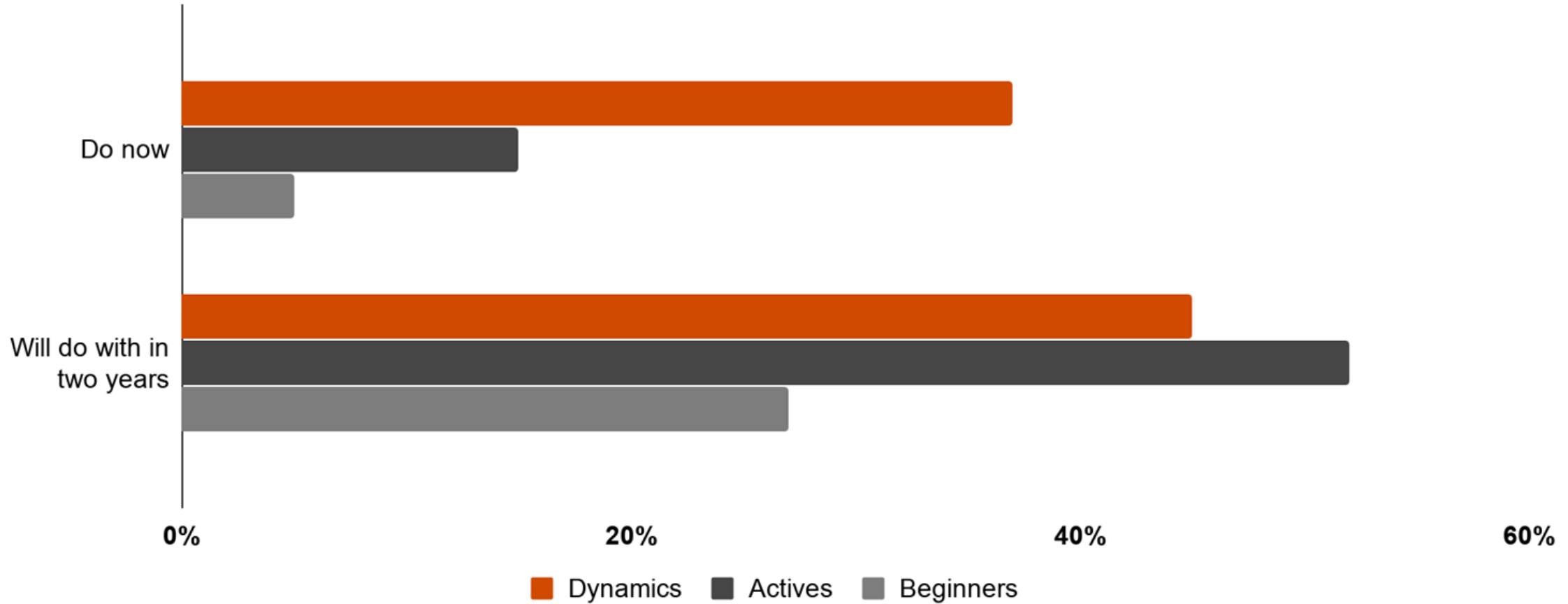
Dynamic internal audit functions are beginning to find ways of using emerging technology in their work

Artificial Intelligence for such tasks as full population testing, controls or risk modeling



Dynamic internal audit functions are beginning to find ways of using emerging technology in their work

Robotic process automation for monitoring or routine tasks (data retrieval, audit testing, etc.)

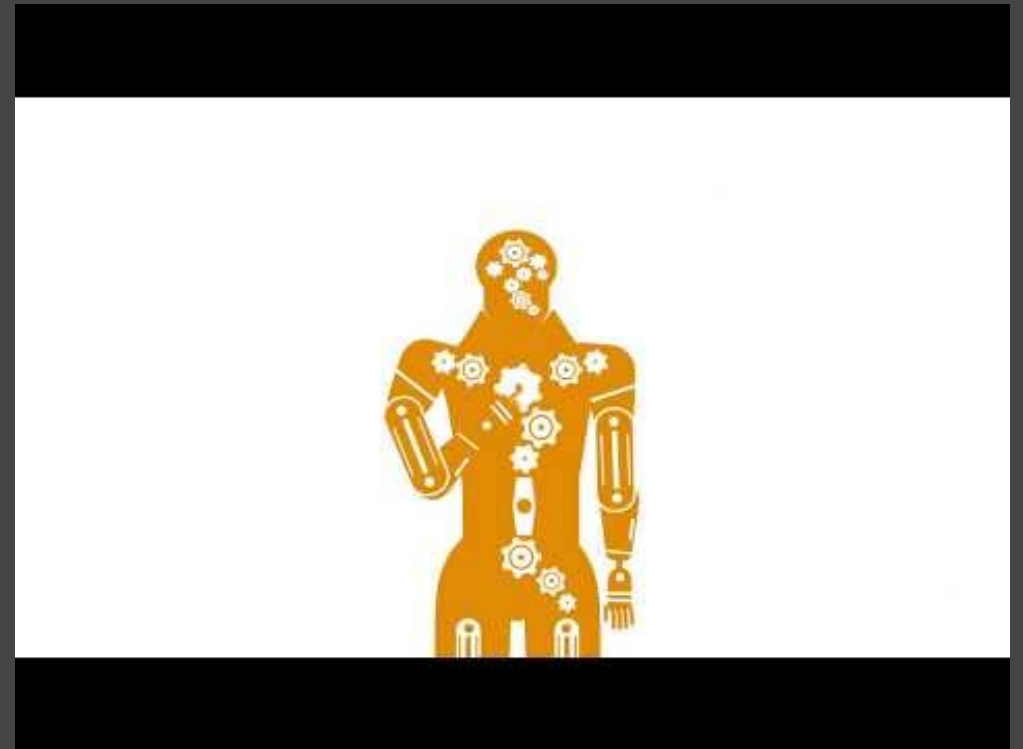


Automating control testing and operating effectiveness

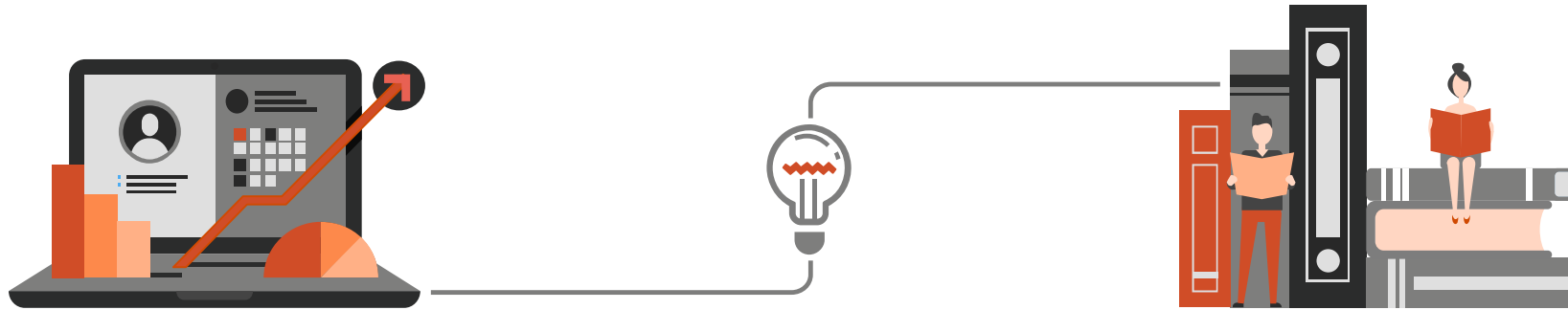


Robotic Process Automation (RPA) and other technologies are automating:

- end-to-end user access approval testing
- selecting samples
- pulling and testing evidence
- completing and uploading workpapers
- to watch the video, visit the following link:
<https://youtu.be/oreDg8BqZbo>



Dynamic internal audit functions use data and technology to create more powerful insights and deliver assurance at greater speed



78%

of Dynamic internal audit functions develop new services based on the availability of digital technologies

80%

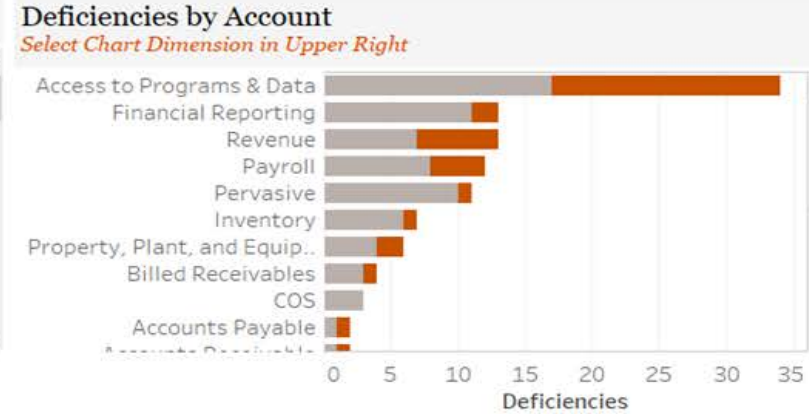
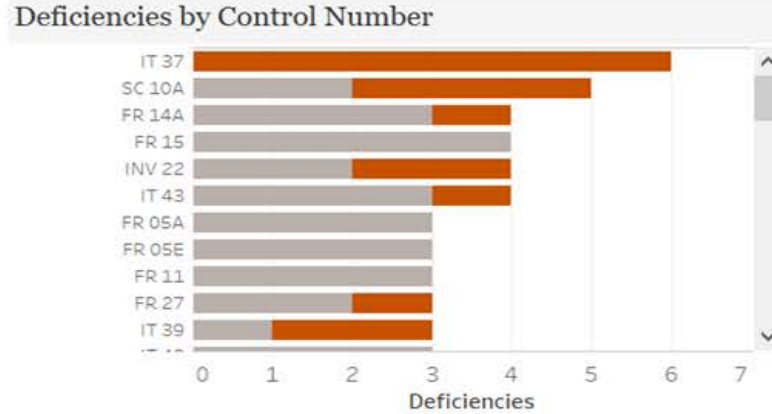
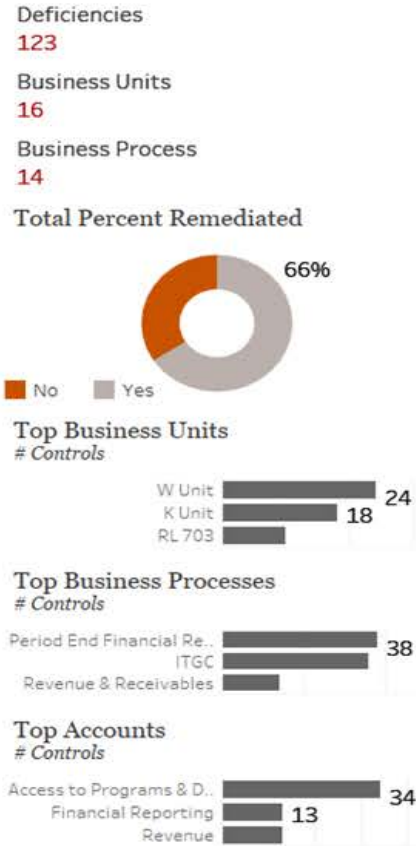
of Dynamic internal audit functions change the audit plan more frequently than they used to

78%

of Dynamic internal audit functions perform more-frequent risk assessment than they used to

Visualization provides impactful results to your organization

Summary of Aggregated Deficiencies



Select Dimension
User may adjust the dimension for the chart in the upper right corner

Account

Dashboard Filters

Business Unit
(All)

Business Process
(All)

Account
(All)

Control Number
(All)

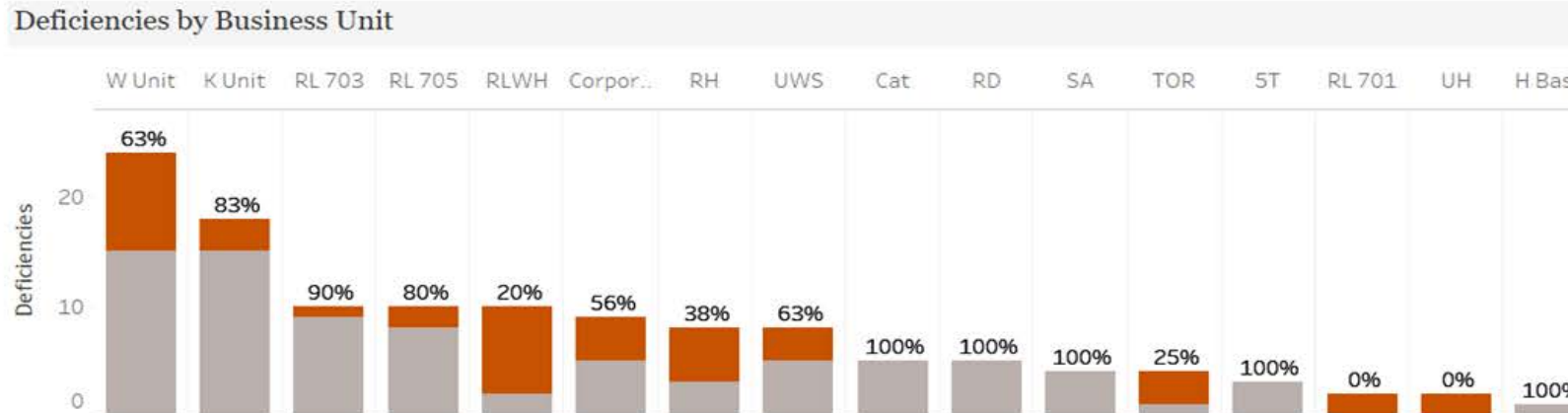
Period
(All)

Remediated
(All)

Pot. Miss. Material
(All)

Compensating Controls
(All)

Remediation
■ No ■ Yes



Details

Control Number	Business Unit	Remediated	Final Conclusion	Business Process	Account	Identified By	Compensating Controls	Weakness	
AP 22	RD	Yes	CD	Period End Financial Reporting	Accounts Payable	Management	Null	Null	Hover for Desc
	W Unit	No	CD	Purchases & Payables	Accounts Payable	PwC	Null	Null	Hover for Desc
C 16	RL 701	No	CD	Treasury - Cash & Investments	Cash	PwC	Null	Null	Hover for Desc
	W Unit	No	CD	Treasury - Cash & Investments	Cash	PwC	Null	Null	Hover for Desc

Visualization provides impactful results to your organization

SOX deficiency dashboard in detail

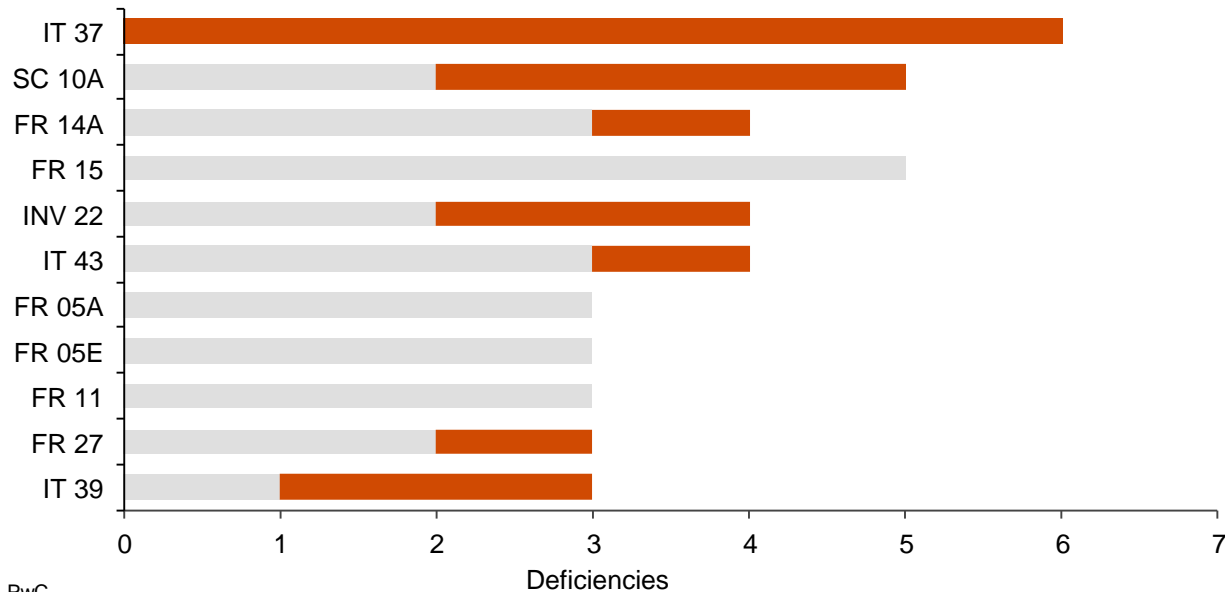
Summary of Aggregated Deficiencies



Total Percent Remediated

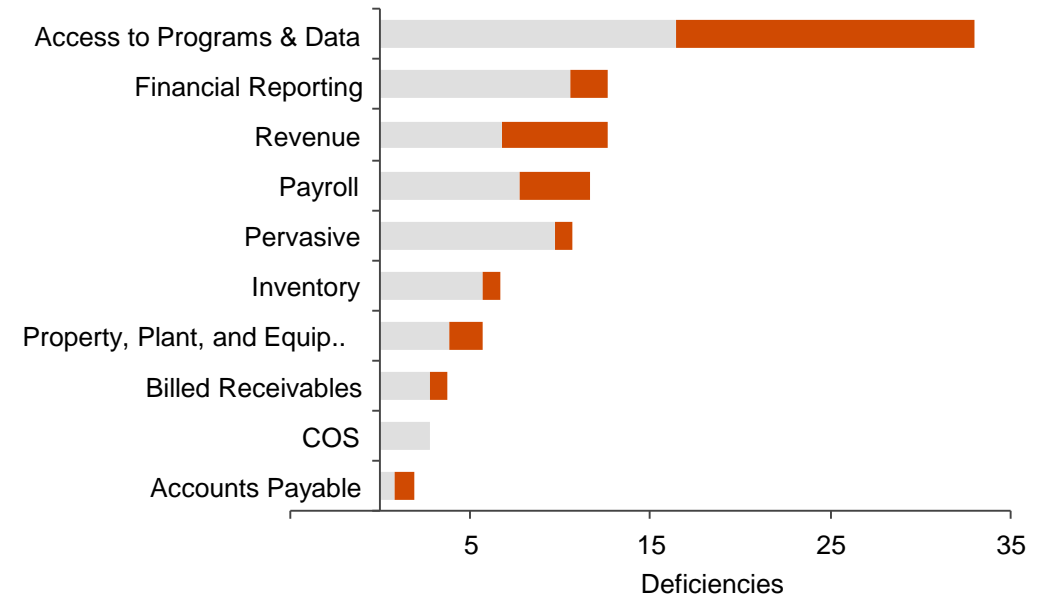


Deficiencies by control number



Deficiencies by Account

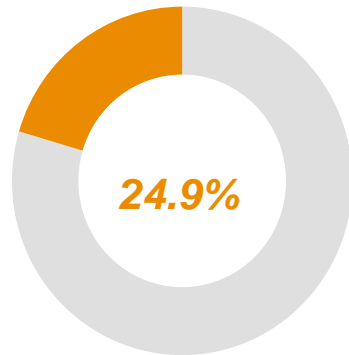
Select chart dimension in upper right



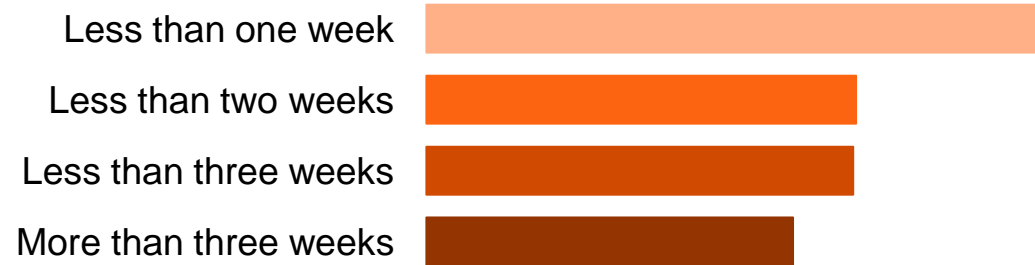
Visualization provides impactful results to your organization

SOX Reporting dashboard in detail

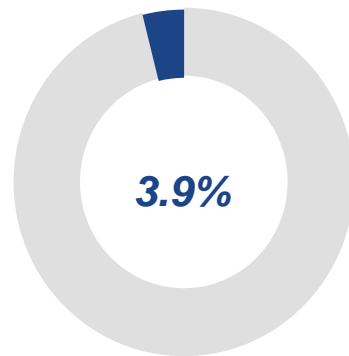
Percentage of pending support



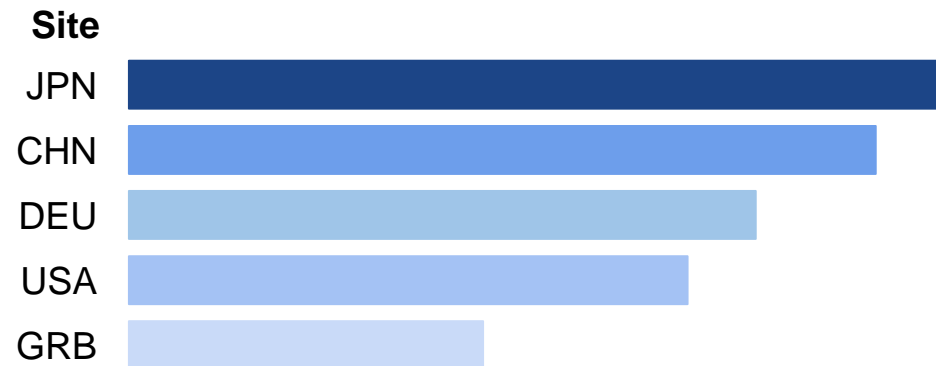
Pending support aging



Percentage of Issues



Top 5 sites with Confirmed Exceptions



Visualization provides impactful results to your organization

SOX Reporting dashboard in detail

Report Details

	Site	Status	Start date	No. of inscope controls	No. of controls tested	No. of exceptions	Weeks outstanding	Percentage outstanding
1	ARE	Out of Field	3/15/2019	133	41	0	3	27.8%
2	ARG	Completed	5/1/2019	124	29	0	3	27.4%
3	BEL	Completed	4/1/2019	130	28	0	0	20.0%
4	CHE	Completed	3/15/2019	129	21	0	0	23.3%
5	CHN	Completed	4/1/2019	128	33	35	1	23.4%
6	IND	Out of Field	4/1/2019	128	37	0	3	21.9%
7	JPN	Out of Field	5/1/2019	136	36	41	1	27.2%
8	POL	Out of Field	5/1/2019	129	30	0	3	26.4%
9	RUS	Completed	3/15/2019	130	27	0	2	23.1%
10	SWE	Completed	5/1/2019	122	30	0	0	21.3%
11	USA	Out of Field	5/1/2019	124	35	27	0	26.6%
12	AUT	Out of Field	5/1/2019	138	34	0	3	28.3%

Company

Comp...

Comp...

Site Status

Planning

Completed

Fieldwork

Out of Field

Aging

Less than..

Less than..

Less than..

More than..

Sort by:

Site

The digitally fit internal audit function – Six ways to advance

Assess your internal audit function's current staff –

Consider recruiting talent with more data capabilities; invest in training **1**

Consider building an ongoing data governance audit – critical to achieving the ongoing success of many of the emerging digital technologies **3**

Collaborate with the other lines of defense to help the organization develop a common digital governance platform

2

The digitally fit internal audit function – Six ways to advance

Align with the other lines of defense – develop a common point of view on risks

5

Follow a consistent framework to identify and evaluate activities throughout the internal audit life cycle

4

Identify new data-driven and technology – driven capabilities and service offerings in order to monitor high-risk areas in real time

6

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