

# The future of Internal Audit

## Internal audit trusted, and disrupted

### How is the internal audit function responding to enterprise disruption and adapting to earn stakeholder trust in today's current environment?

#### The challenge

In this new reality, organizations are experiencing a number of significant challenges:

-  > Rapidly changing technology and digital acceleration
-  > Shifting regulations, social expectations and cultural understanding
-  > Talent shortages and new ways of working
-  > Emerging risks
-  > Budgetary pressures
-  > Unprecedented changes in business and operating models

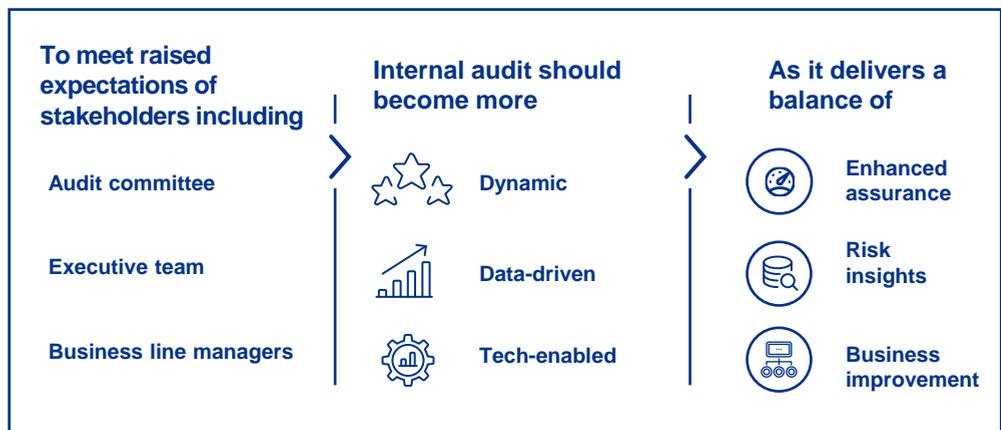
**All these forces are driving extensive organizational transformation. The effects of this disruption are permeating to internal audit functions, presenting challenges along with opportunities to shine.**

#### The opportunity

“Organizations have, as a result of sheer necessity, made decisions faster, collaborated better, adopted new technologies faster and even eradicated long-standing hierarchies and silos. But the challenge now is to sustain those improvements over the long term. Defining a clear approach for the future of work will likely be critical, with a focus not only on the digital technologies required, but also on strengthening internal trust, leading with empathy, re-inventing relationships with employees, managing diverse blended workforces and workplaces, supported by a clear purpose and values to help ensure that employees remain motivated.”<sup>1</sup>

— Nhlamu Dlomu, Global Head of People, KPMG International

Achieving this demands new thinking and value proposition with a different lens on risk, new capabilities, and even new delivery models. Alongside these expectations, internal audit is compelled to work more efficiently, creating more value by providing actionable insights in less time with potentially limited resources.



<sup>1</sup> Source: KPMG 2020 CEO Outlook: COVID-19 Special Edition

## The future Chief Audit Executive (CAE) Agenda

### Stakeholder engagement and trust

Internal audit knows its top stakeholders and takes the time to foster a relationship of trust attuned to their needs

### Digital acceleration

Leverage technology with organizational goals in mind, and use it to enable program and project level work

### Data, analytics and insights

Enterprise data is available and used, and new data is curated by internal audit. This data is used to provide risk insights and enhanced assurance through broader audit coverage



### Strategy and value management

Internal audit strategy considers a mix of enhanced assurance, risk insights and business improvements attuned to stakeholder needs. Strategically important and future-focused emerging risks are prioritized

### New ways of working

Where services are delivered, the competencies that enable that delivery, and the way audit teams work has to be revisited to help retain the right talent

### Operating model agility

Audit activities are responsive to disruption, flex with the business strategy throughout the year, and consider coordination with other lines of defense

## Actions to accelerate your internal audit transformation

The hardest part is often knowing where to start; these are some actions to take to start or continue transforming your internal audit function today.



**Establish a strategic vision for internal audit,** aligned to the organization's vision

**Collaborate with other lines of defense** and consider how they are aligned to the risk universe when building the audit plan

**Change the profile of delivery capabilities** by investing in technology, analytics and critical thinking skillsets

**Align data needs to internal audit's assurance objectives** with a tactical plan for obtaining and managing data in a flexible way

**Think big while starting small, focusing on pilot concepts** to help make change achievable

**KPMG firms are here to help, wherever you are on your transformation journey.**

## Contact us

For further information on how KPMG professionals can help your business, please contact us:

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