Internal Audit | Builds | Success

Internal Audit beyond imagination

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Please fasten your seatbelts we are ready to take off

Internal Audit beyond imagination
WHAT DOES IT MEAN FOR YOU?
https://pollev.com/gilber967

How do you see the Internal Audit in the future ?

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The Impact of evolution on Internal Audit

Imagine that it’s a beautiful day, the sun is shining, the birds are singing and You just went out for coffee in your garden

Suddenly, you saw a snake,
few meters from you …….

What do you feel ?

Fear, disgust

A desire to run a way

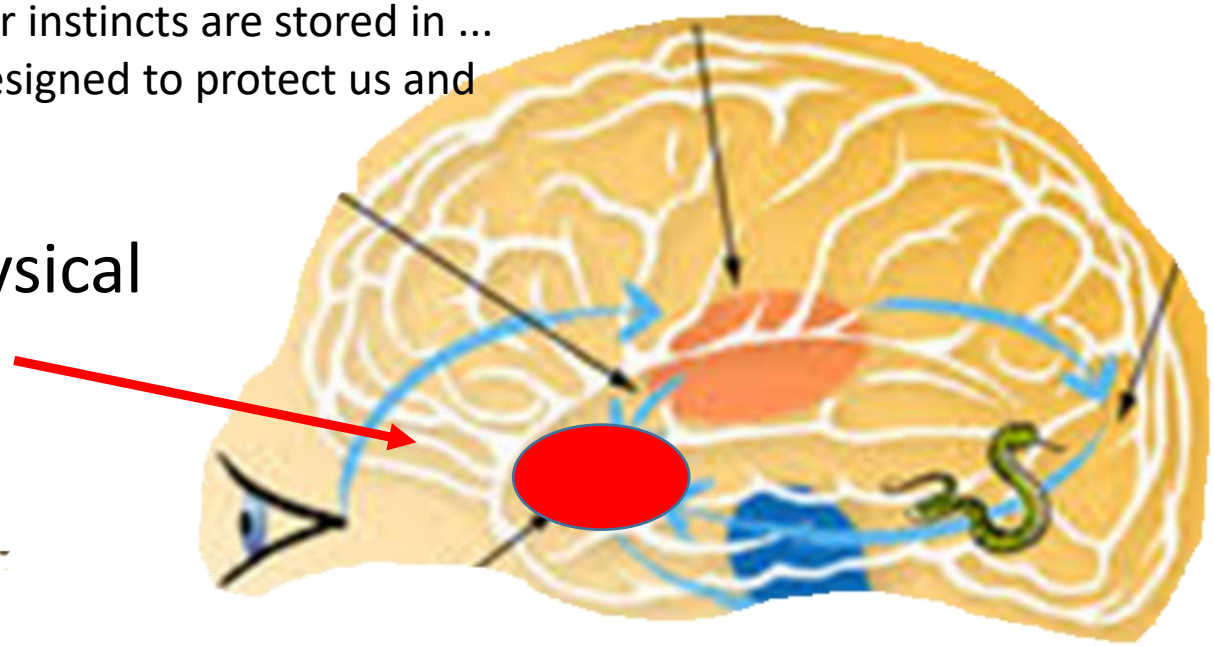
Want to hurt it

What is the reason for your feeling ?

Millions of years of evolution ……

Millions of years of evolution have caused our brains to have an area in which all our instincts are stored in ... those automated actions designed to protect us and help us survive

It's something physical



Instinctual needs

Recent studies have shown that a person's response to AUDIT …… triggers a reaction in the same area of the brain as reaction to fear

This means that the attitude toward AUDIT is instinctive

If this is the case then how can we make a change ?

In my view, Audit beyond imagination is making a DNA change. changing the attitude toward audit

For me, Internal Audit beyond imagination is:

The need to change is clear

The time for the change is now

What do we need to do in order to make the change ?

In 6 points

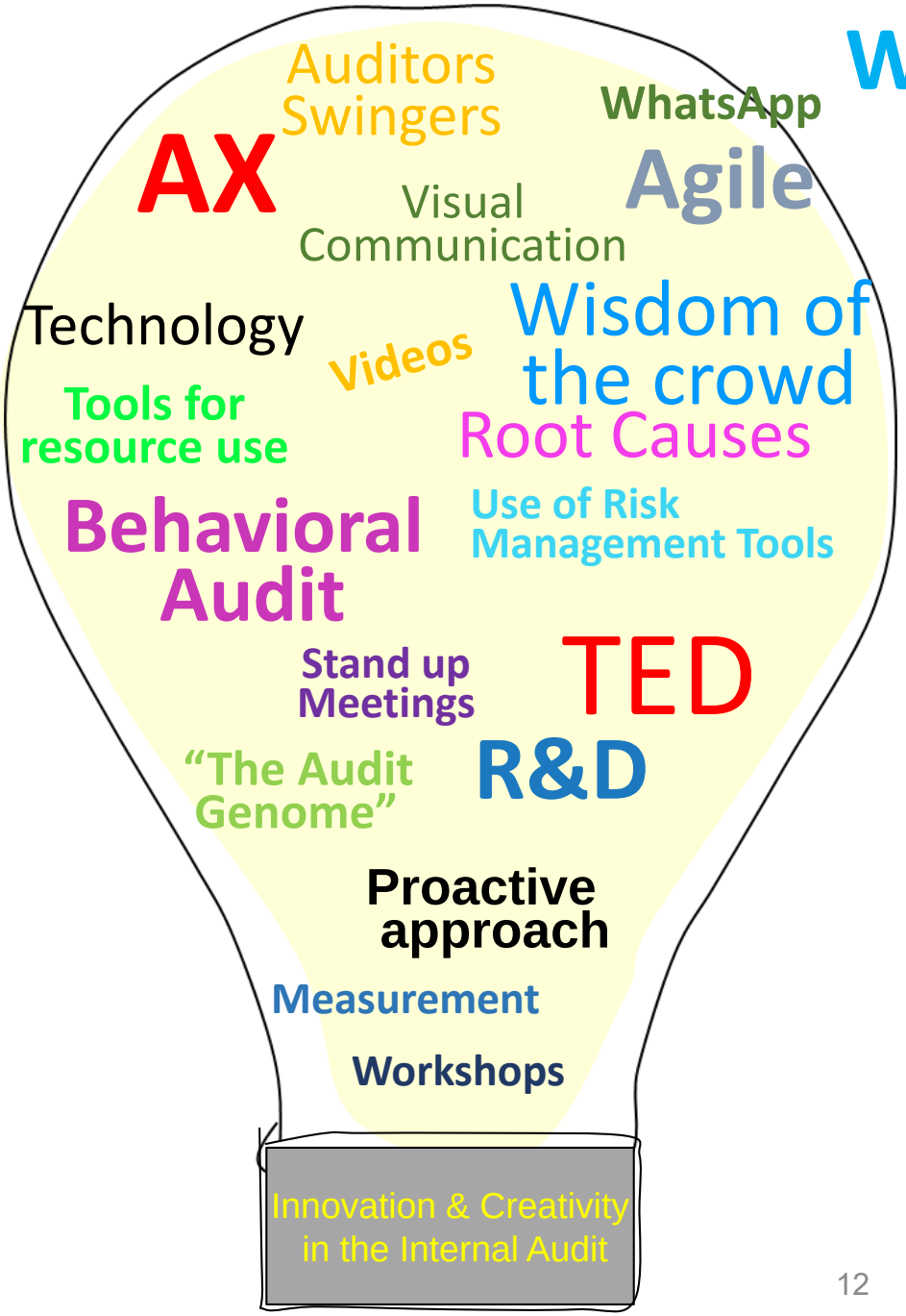
1. Look in the mirror
2. Change our State of mind
3. Modify our Tools and work processes
4. Improve our Reporting, Communication and Marketing
5. Measure the Internal Audit Effectiveness and Efficiency
6. Invest in our professionals/recruit talents

In 2 words

CREATIVITY

&

INNOVATION



What is Innovation & Creativity for me ?

- State Of Mind
- Everyone has it
- We Just need to use it
- Be ready to make mistakes
- Enjoy the process
- Use the Start Up concept
- Encourage/reward/value - creativity

Look in the mirror

When was the last time, if at all, we've asked ourselves…

Who are we?

What our auditees think of us?

What value are we bringing?

In your Opinion How does the Auditee see the AUDIT ?

2

1

The IA - SWOT

S

- Statutory Position
- Holistic view

O

- Technology
- Organizations are looking for ways to improve efficiency
- A change of Stakeholders expectation

W

- CAE's mind set
- Nobody likes Audit
- Bad reputation
- Stagnation and slow changes
- Long training process
- Difficulty to quantify our value
- Marketing

T

- Stereotypes
- Competition -Increase in the number of functions that refer to controls (Compliance Officer, Risk Manager, SOX, CISO, Consultants, CPA)
- Fast changes that require new areas of expertise
- Organizations are looking for COST REDUCTION

CX

Customer Experience

Customer Experience is a personal-emotional experience,
that a customer experience over the duration of his relationship with that supplier

A methodology that enable us to Walk In our customer’s shoes, to learn how our costumers feels

KAPWING

NEW TERM

AX

Auditee Experience

Auditee Journey

Tools and Work Processes
Root Causes
Behavioral Economics
Technology
ON LINE Audit
Agile
Resource utilization
Wisdom of Crowds

542

Wisdom of Crowds

The **wisdom of the crowd** is the collective opinion of a group of individuals rather than that of a single expert. A large group's aggregated answers to questions involving quantity estimation or general knowledge has generally been found to be as good as, and often superior to, the answer given by any of the individuals within the group

Questionnaires

workshops

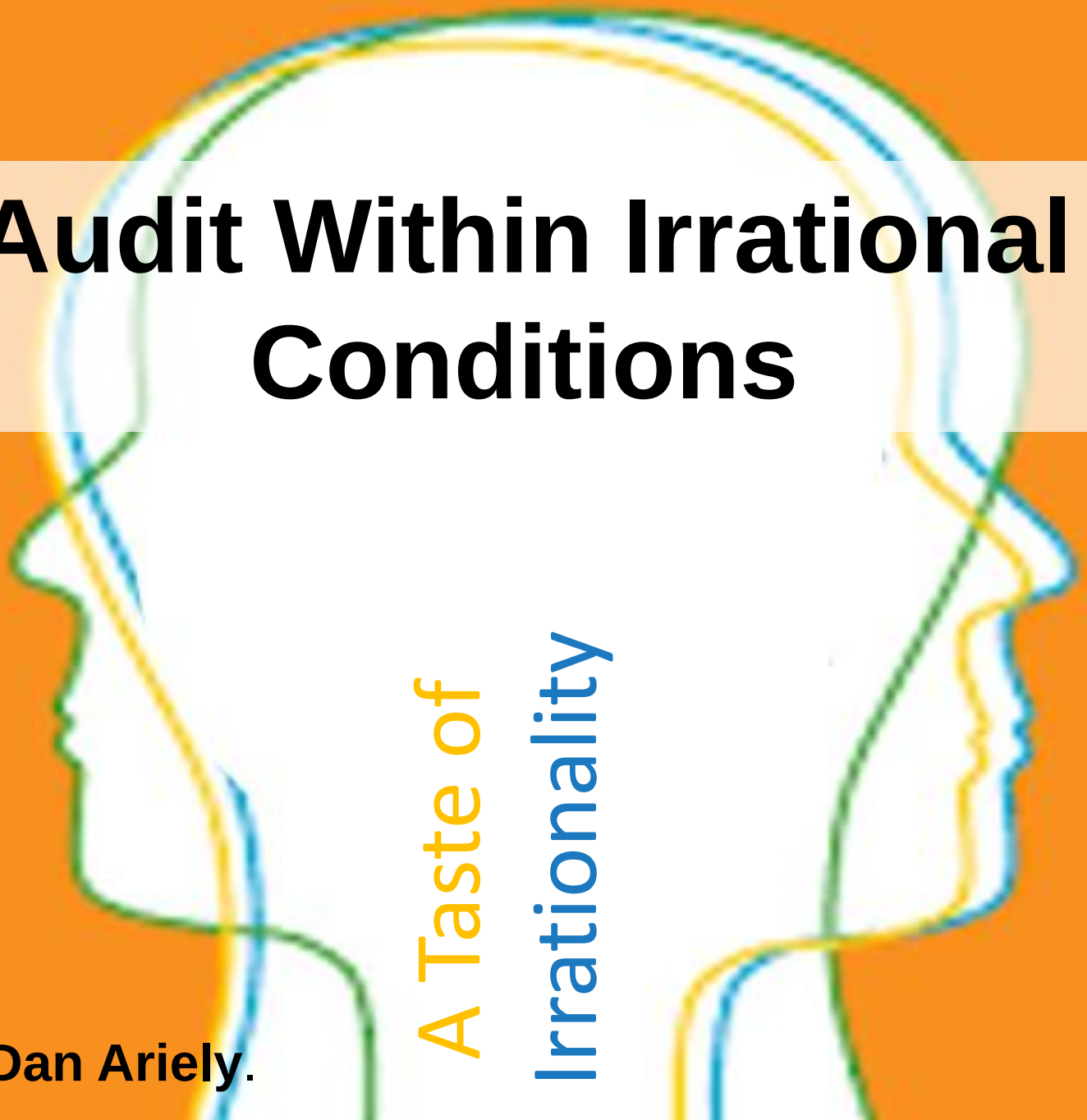
RM workshop

WNTBF workshop

Recommendation workshop

Root Causes + Wisdom of Crowds

Audit Within Irrational Conditions



Dan Ariely.

Behavioral Economics

- Classical economic theory assumes that individuals make decisions based on rational behavior

- What's the innovation of behavioral economics? (Dan Ariely, Daniel Kahneman)?

- People make decisions not necessarily based on rational considerations.

- If this the case its possible to influence someone's behavior and decision making using psychological tools .

A given recommendation can Save the organization 2 Million $

How would the Auditee respond?

Assuming auditees are human beings – how do we take that information and use it in the Internal Audit work?

Behavioral Tools

1. Auditee Journey
2. People don't like to be surprised
3. People don't like to make decisions – help them
4. Most people find it easier to accept an opinion that is based on authority and norms
5. People prefer to adopt their own ideas
6. Visual Communication has a major impact on decision making
7. Work on the "memory"
8. "Pain of Payment"

Agile Internal Audit

Agile

- Originally a software development methodology
- Agile aims to reduce costs and time to delivery, while improving quality.
- At first, it sounded crazy, but after I got out of my patterns (my box), and rely look into it, I found s real potential in the method

What does it mean for the Internal Audit?

Agile Internal Audit is the mindset an Internal Audit function need to adopt in order to focus on stakeholder needs, accelerate audit cycles, drive timely insights, reduce wasted effort, and generate less documentation.

More focus approach

Value-driven

Proactive approach **rightproject** at the right depth/focus

"

Less bureaucracy

Continuous communication with all stakeholders

More, Better and Faster Value to our stakeholders

Be quick and flexible vs. confined to a plan

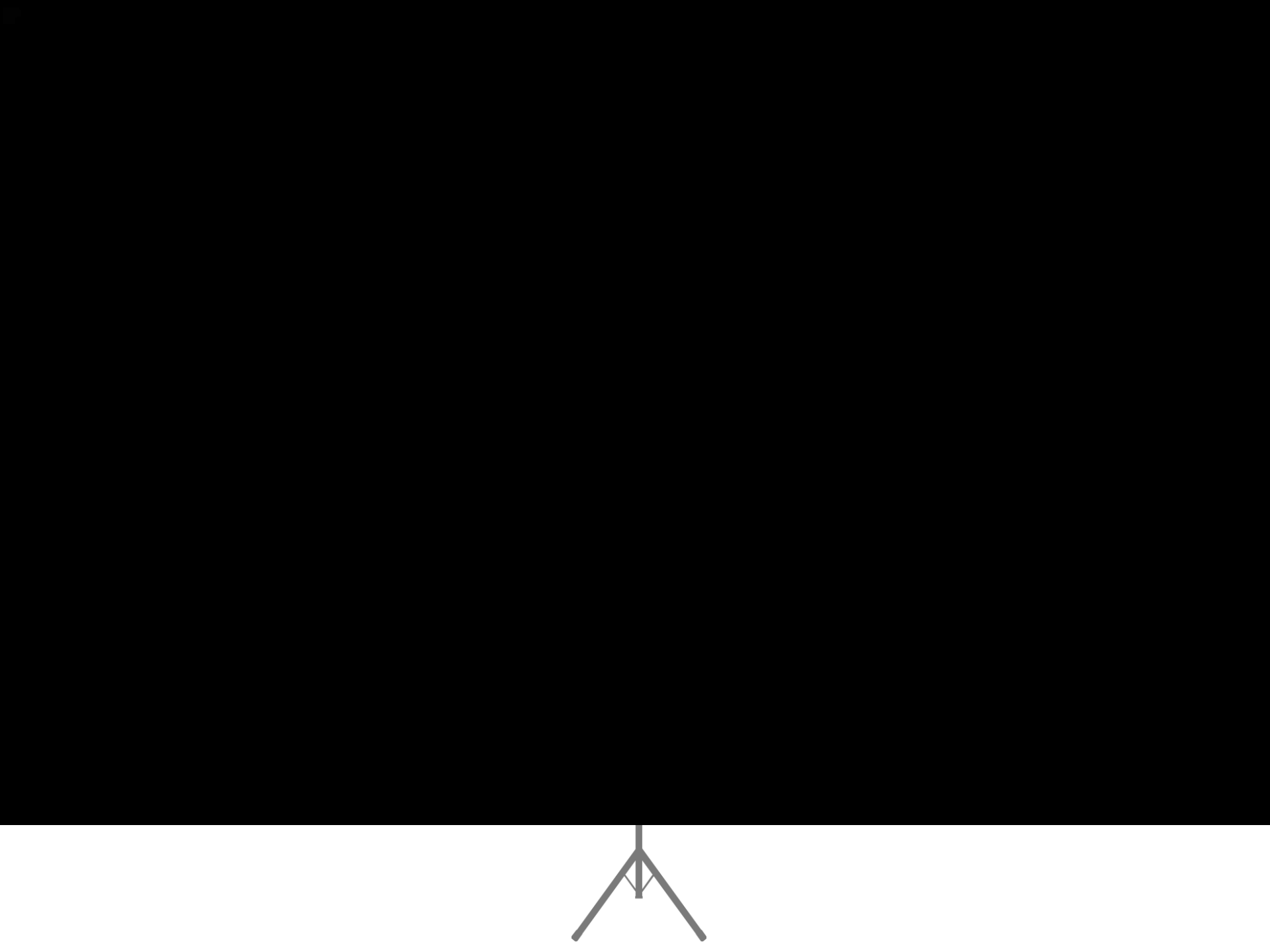
Sprint cycles vs. long and huge projects

Decide "as "you go

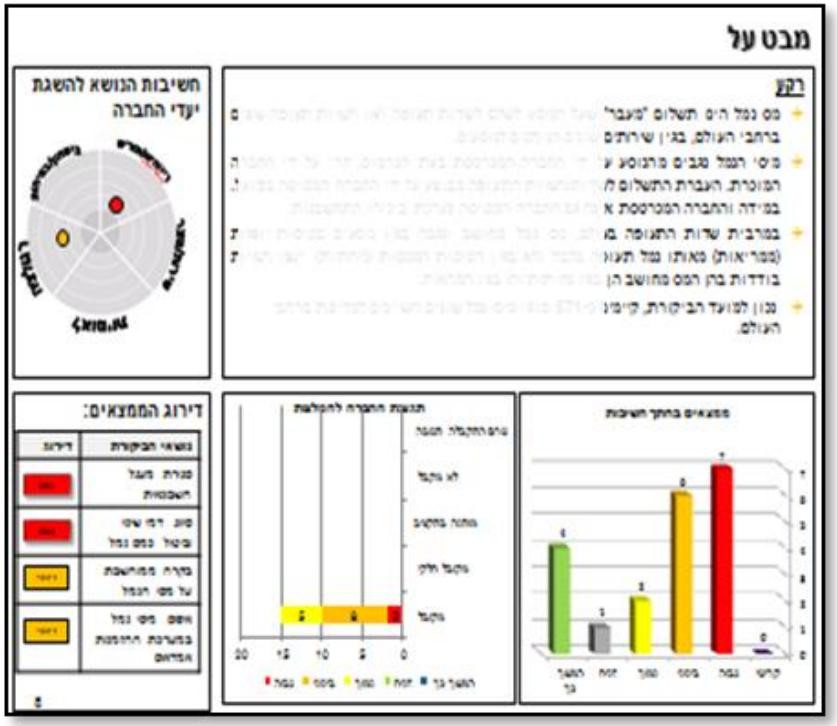
More audits in the same (or less) time

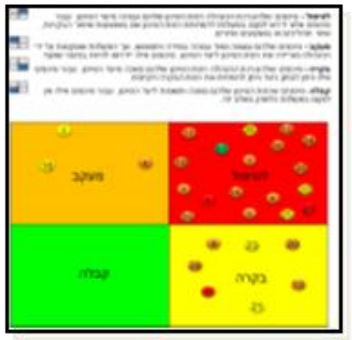
Report - Communicate - Market

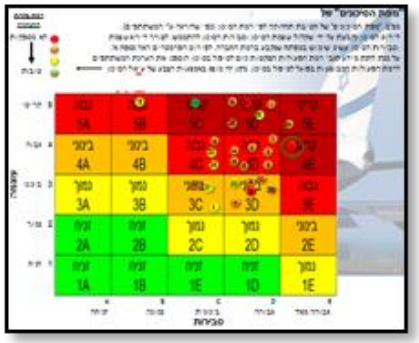
TED
Visual Communication
Digital outcomes
(videos, messages)
ANNUAL REPORT
Audit reports as Work of art
INFOGRAPHICS
WORKSHOPS
Risk management
Recommendations
prioritizing
Air removal
Constant communication with stakeholders



Visualization







AUDIT REPORT

TED
Ideas Worth Spreading

Tools from the TED's world – that we need to use more

- **The presentation is a journey - where you take the audience from his current point to where you want to bring him…**
- **Use of the force of imagination and visualization**
- **Use a story (create a connection with the audience), Use of words, Eye contact / a smile**
- **Use humor but to a degree**
- **Keep your ego outside the room**
- **From simple to complex**
- **Light the spark of curiosity**
- **Use of metaphors, examples, visuals accessories, sound**

Help my dream come true

TED AUDIT

Audit Professionals

Audit Professionals

1. We need auditors with New set of skills (less classic)
2. Recruitment and retention of employees
3. New generation of Auditors (different priorities)
4. Training processes
5. Do we need to change the skill set of IA Manager from Audit Expert to Project Manager ?

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