



57783 - FUTURE READY FINANCE - TRANSFORMING INTERNAL AUDIT AUDIO TRANSCRIPT

Maria Liano [00:00:05] Hello, I am Maria Liano, and I'm Accenture's CFO for Europe. I'm glad to be here today with Zameer Shaikh, Accenture's Chief Audit Executive and Dave Malcom, Accenture's Global IT Audit Lead. Accenture internal's audit services has been evolving and innovating to be able to identify risk more effectively and timely. As a company with more than five hundred thousand employees serving clients in more than one hundred and twenty countries, managing internal audit is not an easy task. Today, we're going to talk with Zameer and Dave to hear more about our innovative internal audit team and what is coming in the future. Thank you both for joining me.

Zameer Shaikh [00:00:49] Hi, Maria. My pleasure. I look forward to sharing insights with our listeners.

Maria Liano [00:00:54] So, Zameer, can you set the stage for us, please? So what exactly is the internal audit team responsible for and how has the process been managed over the years?

Zameer Shaikh [00:01:04] Sure. So our primary mission is to assess whether the company's risk management, governance and controls as designed and represented by management are adequate and effective. And in doing so, we deal with issues that are fundamentally important to the survival and prosperity of the organization.

Unlike external auditors, we look beyond financial risks and statements to consider wider issues, including operational risks and controls, compliance with corporate policies and procedures, meeting contractual obligations towards our clients, ensuring data privacy and information security, business continuity management, and overall protecting Accenture's reputation. Over the years, like many other internal audit functions, we followed a traditional annual risk assessment process that resulted in an annual audit plan, which was then executed throughout the year and findings reported on an audit by audit basis. However, given the complexities resulting from rapidly changing business and risk environment and the size and scale of a global and dynamic organization like Accenture, we realized the need to transform our traditional annual processes to near real time risk assessment that is agile and considers emerging risks. In terms of the audit approach itself, traditionally, auditors are used to do standard sample testing and assessment of controls. Now, with technology enabling us to test the full population of entries and not only a sample, we actually moved away from asking what has gone wrong because that's available at the click of a button to asking why it has gone wrong so we can remediate the root causes of problems and prevent them from occurring in the future.



Maria Liano [00:03:09] I see. Zameer can you elaborate a bit on what we did to address this change in needs and how did we transform internal audit processes?

Zameer Shaikh [00:03:20] Sure. So we saw the rapidly changing risk environment as an opportunity to reengineer the function by innovating and developing new processes that are future ready. To do this, we took advantage of technology, including those advances that Accenture was implementing in transitioning to a digital and intelligent enterprise. We develop new tools and risk models that are backed by cutting edge technology and analytics, driven by real time data that produce deeper and timelier insights. These tools enable us to analyze trends and identify risks with accuracy and on a real time basis. In turn, this allows our audit team to focus on the most relevant areas of risk for Accenture. In addition, by harnessing the power of technology and data, we're developing predictive analytical models that will enable us to also prognosticate risk insights to our auditors and management. So the ultimate goal is to move to an automated and real time risk assessment process. Better audit teams can adjust their plan and approach as changes occur in the risk environment. We're calling this auditing at the speed of risk.

Maria Liano [00:04:40] I'm sure that it's not an easy task. So Dave what were some of the new technologies your team implemented to create a more real time risk assessment process?

David Malcom [00:04:50] So capitalizing off of our enterprise data lake which is available to all of Accenture, we were able to utilize our analytics tools to tap into all of that data to help us create data driven risk models, which we then visualized through dashboards. And these dashboards are updated in near real time, which allows us to almost immediately identify potential changes and risk. And when we identify those changes, we then, like Zameer mentioned, can in turn make adjustments to our audit plan to make sure we're focusing on the risks that are most relevant at that point in time. So, before we would create an annual audit

plan, we would present it to the audit committee, and it would get approved and we would probably perform that full plan during the course of the year. Now, with all of the technology and the data that's available to us to give us better insights into changing risk, we might only do about half of that plan that we originally committed to and change the other half based on changes that we observe during our more frequent risk assessment reviews that we conduct during the year. So the use of data analytics has not only just changed the way we create our annual audit plan, it also changes how we scope our audits, utilizing that data to ensure that we're focusing our audits on the areas of higher risk and also, like Zameer mentioned, utilizing data analytics to do actual testing on our audit. So, instead of sample testing transactions, which is the traditional approach audit takes to gain assurance that controls are working effectively, we're able to look at full populations of data and provide an opinion on whether or not the controls operated effectively and then going forward, this new capability of predictive analytics. We're really excited about the potential that that has to integrate into our existing capabilities and processes to help us predict risk before it actually manifests.

Maria Liano [00:06:54] Wow, that's impressive Dave. I understand Accenture has been an early adopter in the area of robotic process automation. How is Accenture using RPA to improve our own internal audit function?

David Malcom [00:07:07] Yeah, RPA is a really exciting area for us. Four years ago we took this, and it was really just a proof of concept. We looked at Sarbanes-Oxley IT general controls, which are areas like access management testing, application change management testing. These are controls that are very manual, they're very routine. We do the same testing year over year. When you look at processes that are good candidates to automate, these checked every



box. So we did a proof of concept where we automated the testing of these controls, which then freed up our people's time. To be completely honest, this is audit work that they don't enjoy doing. So we were able to leverage bots to replace that testing that was previously manually done and we were able to reduce the time it took to do it by 80 percent. So now we're looking at other ways where we can deploy automation to help reduce the time it takes to do a lot of our administrative activities, as well as replace manual processes like following up on audit findings. The next area of technology that we're also looking to get into is natural language processing, or it's also known as NLP. So what NLP is it can read documents, mass documents, and identify if there is certain language in them. So, for example, a lot of our audit work involves reviewing contracts to make sure they have the appropriate terms and conditions in them, which, as you can imagine, the size of the contracts we have to review takes a long time to go through to look for the terms that you're trying to find. Now, through NLP, we can mass load a large number of contracts into the tool and provide broader insights into whether or not we have control gaps or missing language in these contracts. We're also looking at NLP to analyze all of the notes that we accumulate from the conversations we have with Accenture leaders and identify key themes that come out of those notes, so where are we seeing trends and leaders bringing up areas of concern multiple times. And that could be an indicator of us that maybe that's an area we need to adjust our plan and pay more attention to. So something that would have been very manual to do today, we're looking to leverage technology to help identify those themes for us.

Maria Liano [00:09:32] Wow, that's fantastic. That's a lot of innovation in this space. Zameer what advice would you give for other companies around keeping their own internal audit function relevant and continuing to add value to the organization?

Zameer Shaikh [00:09:46] Sure, so a couple of

things, right? First, embrace change. The world around us is changing at an unprecedented rate. And if internal audit functions don't embrace change, we will not survive, never mind remaining relevant. Second, use the power of technology to drive change. These are disruptive times, and to be successful, we must not only embrace change but implement change quickly. And technology provides a means to accomplish this. So take advantage of it. Last but not the least, make sure your transformation strategy is well rounded and focuses on all aspects of development to unlock the true value of internal audit. At Accenture, we have adopted a model that we're calling the DNA of internal audit. We've identified six elements that characterize how we work today and will remain critical as we transform into the function of the model. Briefly, these six elements are the following: maintaining an unwavering focus on fundamentals, using digital technology as a key enabler of change, applying innovative thinking large and small in everything we do. Being an agile business partner and trusted advisor providing insightful solutions to our auditors as well as management. And lastly, investing in developing dynamic talent and culture needed for a world class audit function.

Zameer Shaikh [00:11:25] OK, very clear. Thanks Zameer. Dave you have any additional insights to add for other internal functions.

David Malcom [00:11:33] Yeah, I think really it comes down to you need to have the right talent to be able to do this. You need to have individuals that understand technology, that understand data analytics. They don't need to be people that are coding and actually developing the analytics themselves, but they have to have an understanding of how they can be applied to help make them more efficient and leverage them and be more efficient in their roles. You also need to have folks that have a really deep understanding of your business.



So you need to be able to combine that understanding of technology and how that can be leveraged with the understanding of your business environment, where your risks are, and then leveraging your use of analytics to apply to those areas of risk that you've identified. And we've been stressing too that continuous learning and obtaining professional certifications are more important now than ever. We have a very strong training program where we're encouraging our team members to obtain at least 60 hours a year of continuous learning to ensure they have the right skill sets to remain relevant and enable us to become a valued, trusted advisor to the business.

Maria Liano [00:12:41] Agreed. Continuous learning is so fundamental, Dave. Look, this has been an incredible, insightful conversation so thank you both for your time today. Thank you very much for sharing these internal audits innovations with our listeners. Thank you very much.

Zameer Shaikh [00:12:58] Thanks for having me, Maria. My pleasure to be here today.

David Malcom [00:13:01] Thank you, Maria.

Narrator [00:13:04] Thank you for joining today's podcast. Be sure to subscribe to the Accenture Future Ready Finance Podcast series on Apple podcasts or Spotify.

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