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Internal Audit Digital Transformation Journey

Session XII
51 WCARS Conference

Jason Ackerman

11/05/2021

Agenda

Meet the presenter

Background

Key takeaways

Illustrative internal audit digital future state

How to implement

Progress toward future state

Wrap up

Meet the presenter

Jason Ackerman

World Bank Group, Group Internal Audit – Professional Practices and Innovation

Jason has 20 years of experience in internal audit, enterprise risk management, digital and operations transformation, and data analytics.

He is passionate about driving innovation through the application of artificial intelligence and human-centered design. Before joining the World Bank, Jason worked in several industries, held Chief Audit Executive and Head of Enterprise Risk Management positions, and provided advisory services to blockchain fintech startup founders.

Background

"If internal auditors are to remain relevant and add real value to their organizations, their speed, flexibility, and proactive approach to problem solving must be optimized."

– The Institute of Internal Auditors

Key takeaways to advance a digital transformation

Expect a multi-year horizon

Onboard a new mindset, e.g., talent model, human-centered design, and an internal audit technology team

Change management and buy-in (internal audit team and management) is a must

Apply an Agile framework, e.g., Scrum, etc.

Illustrative digital internal audit future state

Establish a vision unique to your needs

Dynamic Risk Assessment

Drive multi-year (quarter) plan development process that is:

- ✓ Flexible and agile
- ✓ Data driven and data informed
- ✓ Efficient with innovative approaches to change management and report production, and generates forward-looking risk insights

Systems & Infrastructure Portfolio | Support Environment

Internal Audit Workspace

Create an atmosphere where high performing teams can collaborate, be more productive, communicate effortlessly, and work with confidence to deliver the best value to clients.

- ✓ Unified communication
- ✓ Business application integration
- ✓ Customization and scalability for each IA Team
- ✓ Easy search for content and people; knowledge management
- ✓ Automation

Team Workspace | Support Environment

Data Analytics

To deliver products and services to bring intelligence to auditors' specific business domain, help them be more efficient and productive, and minimize their delivery cycle time.

Support Environment

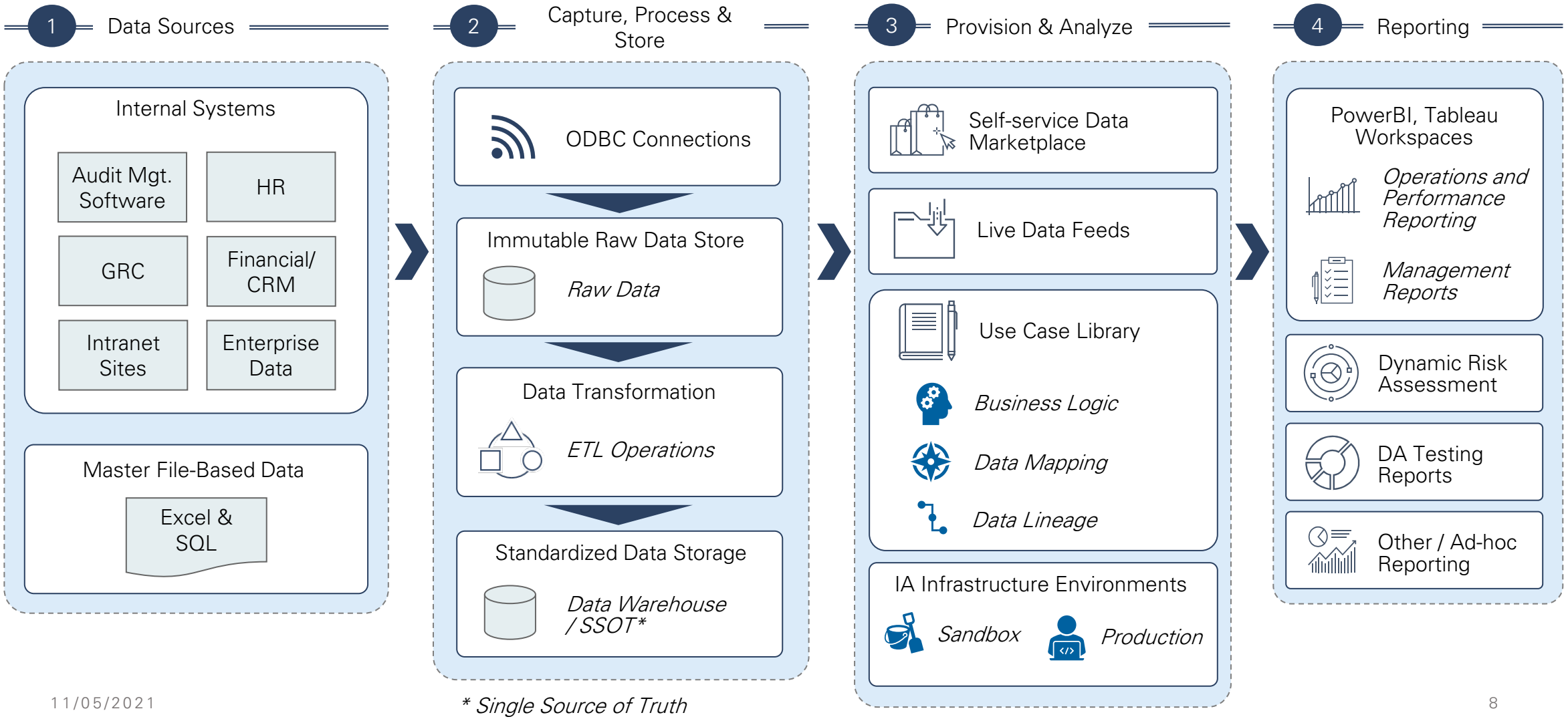
Single Source of Truth

To establish a central data environment and DataOps program to access and report on all information relevant to activities in a timely and consistent fashion, significantly reducing manual effort and human error.

Systems & Infrastructure Portfolio

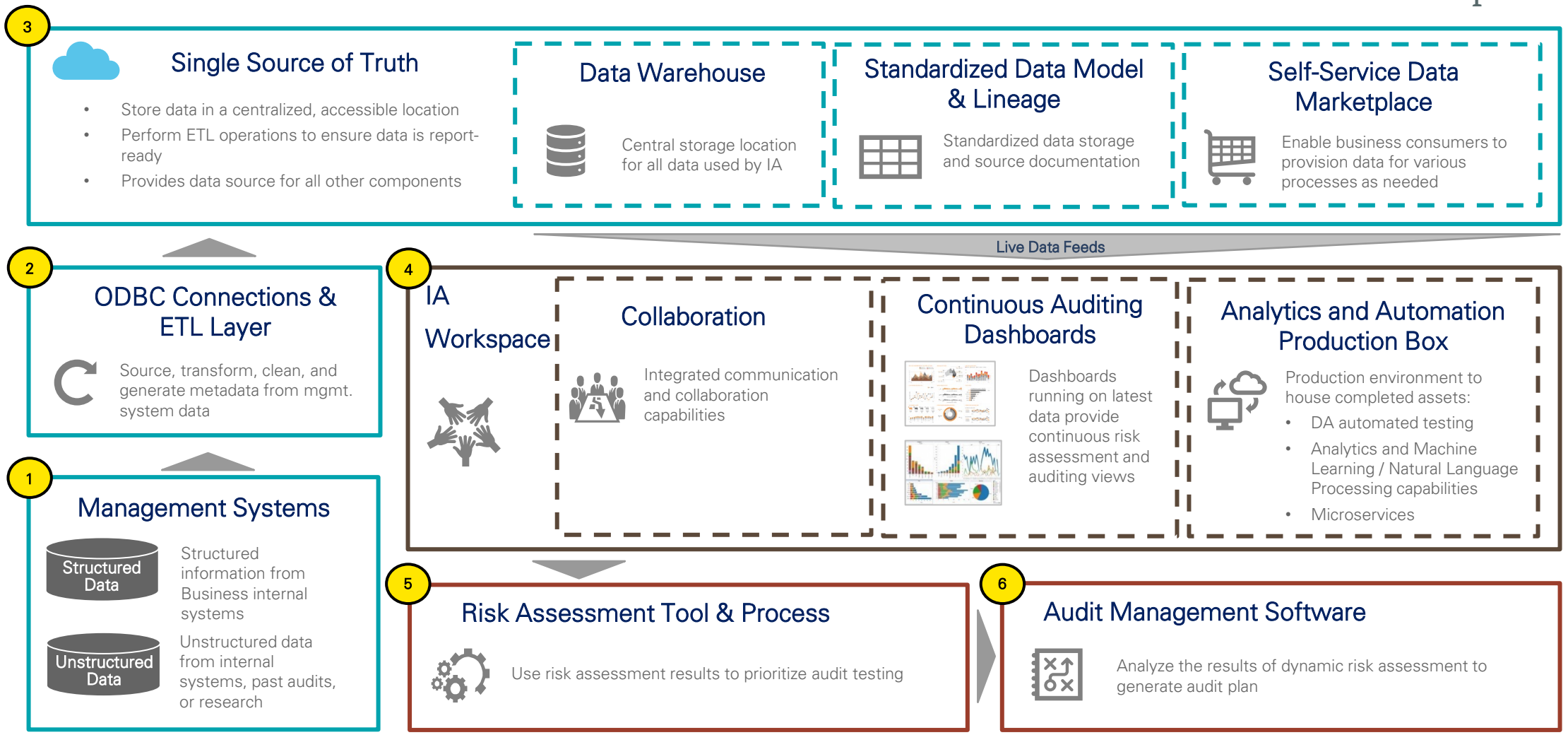
Illustrative overall technology & data flow

End-to-end technology view illustrates the data flow and storage post-internal audit digital transformation.

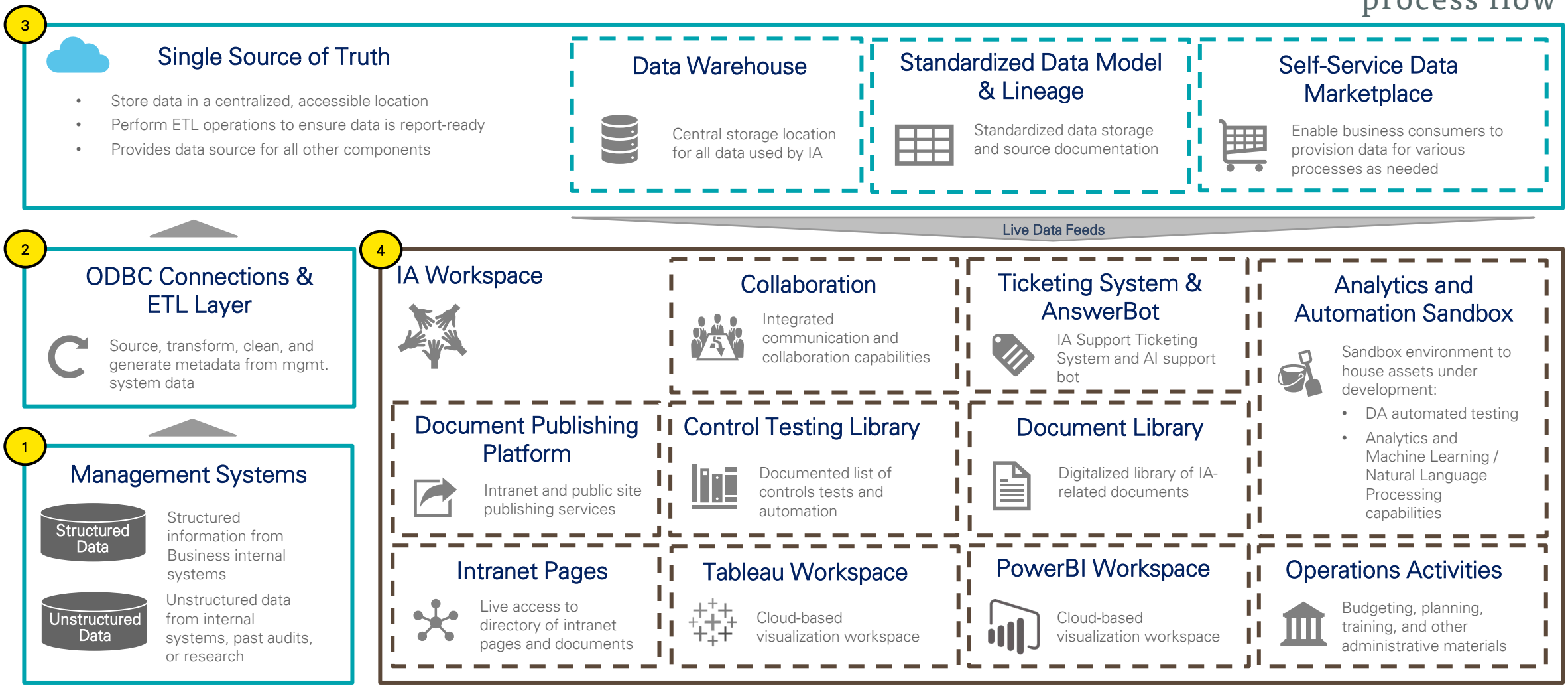


* *Single Source of Truth*

Illustrative audit application / process flow



Illustrative enabling application/ process flow



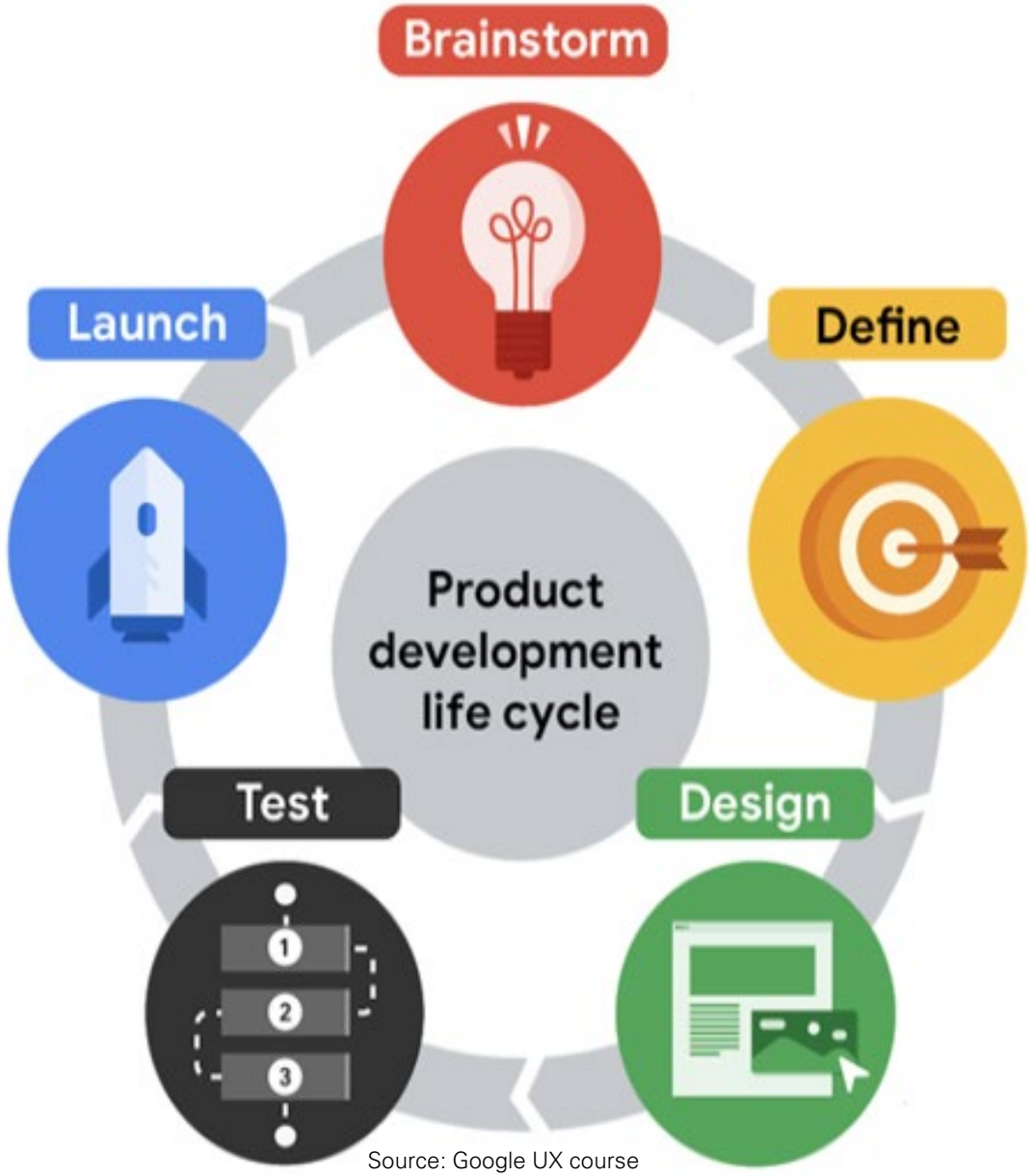
Legend: Systems & Infrastructure Portfolio | Support Environment | Team Workspace | # Sequence Number

How to implement, a design and product mindset

New mindset, the internal audit app

Believe that you are building products and services for internal audit

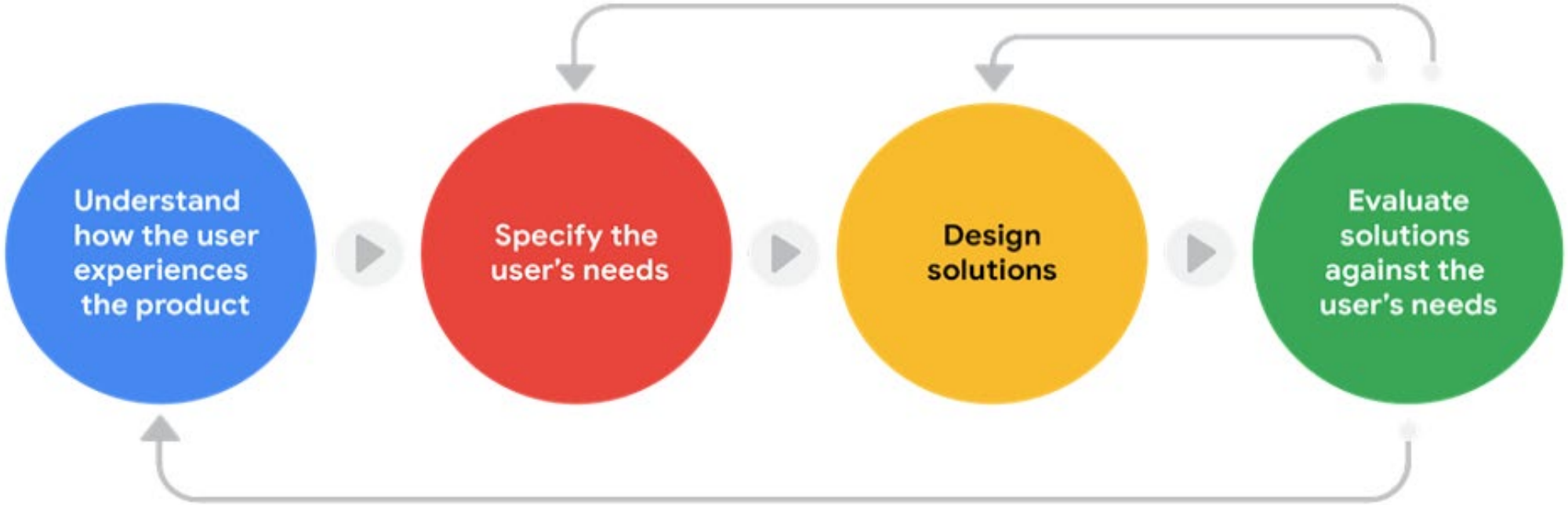
‘Building’ something will frame your approach differently vs. providing audit teams with just tools, techniques, or technology



Source: Google UX course

User centered design

An iterative process considering the auditors' story, emotions, and the insights you've gathered about them



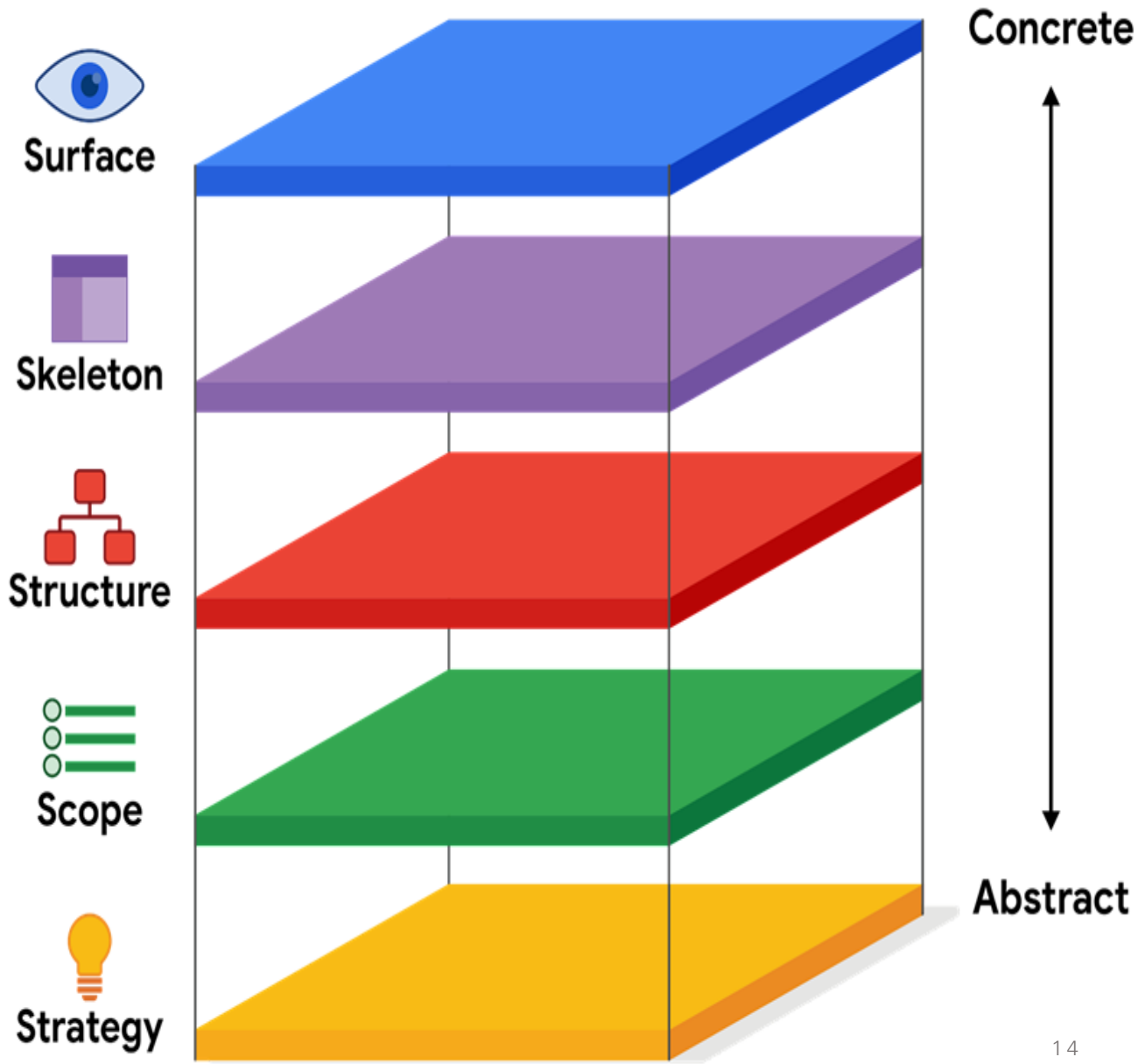
Source: Google UX course

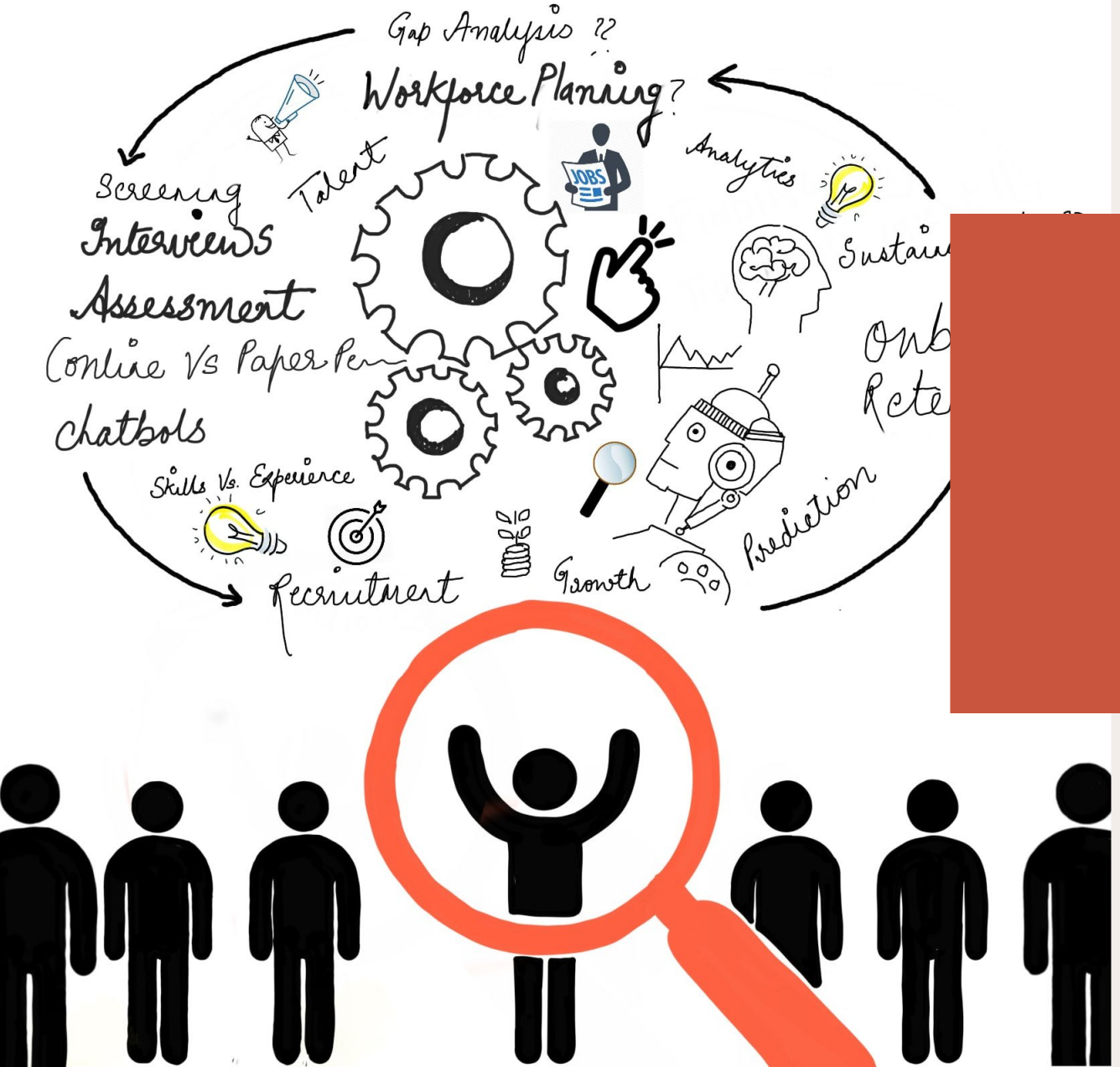
UX design approach

Google UX example

Each layer is dependent on the one below it to turn an idea into a product

Google guide to design: https://design.google/library/io-2021-our-definitive-guide-design/





How to implement, talent management mindset

Talent model

Digital literacy requires an investment, a change in recruitment preferences, career development, training, etc.

Goal:

Ensure that IA's resources possess the digital skillset required to best leverage the benefits of new digital capabilities

Expand on current digital literacy program and develop a digital, DA curriculum to upgrade skillsets across personnel

Tailor training to resource competency

Auditor Digital, DA Curriculum

Focused on developing fundamental data analytics and automation skills such as ETL operations and data profiling

Technical Digital, DA Curriculum

In-depth, technical skillset training focused on advanced analytics and automation capabilities, such as machine learning

Resources permitting, build a technology capability, e.g. equivalent of CTO, developers, analysts, designers, product owners…

Future state capabilities

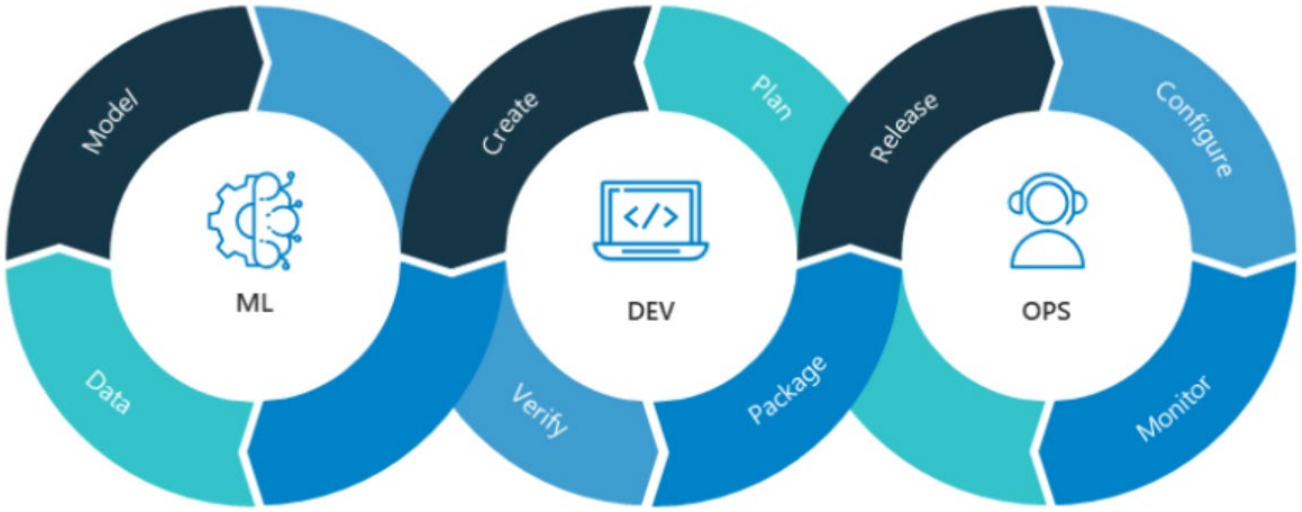
Role & Skills: Data science (Python, R, Databricks); software developers, communications (storytelling, visualization); ML engineering

Accelerant : UX | design thinking

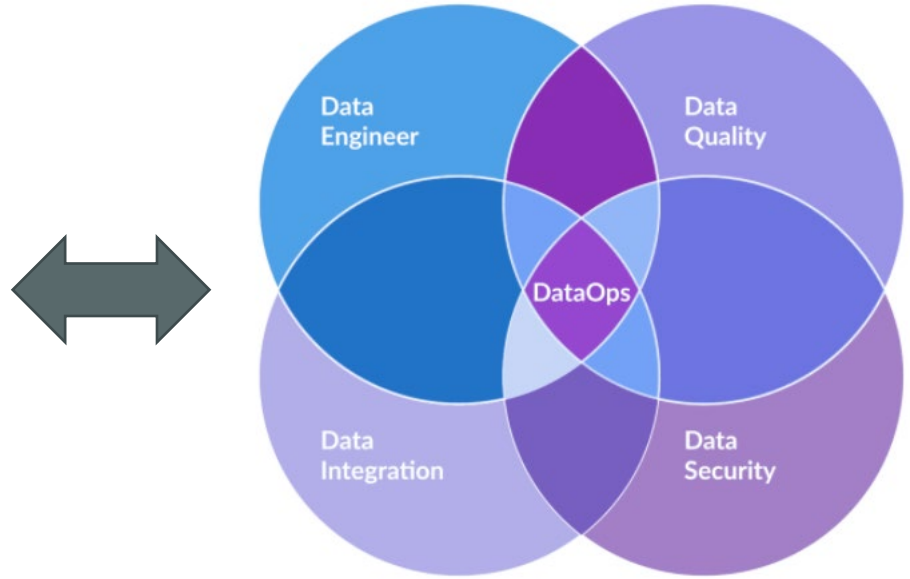
Frameworks: DevOps | DataOps | ML Ops

“Ops”

DevOps – practices to unify software development and IT operations, offshoots include ML Ops and DataOps



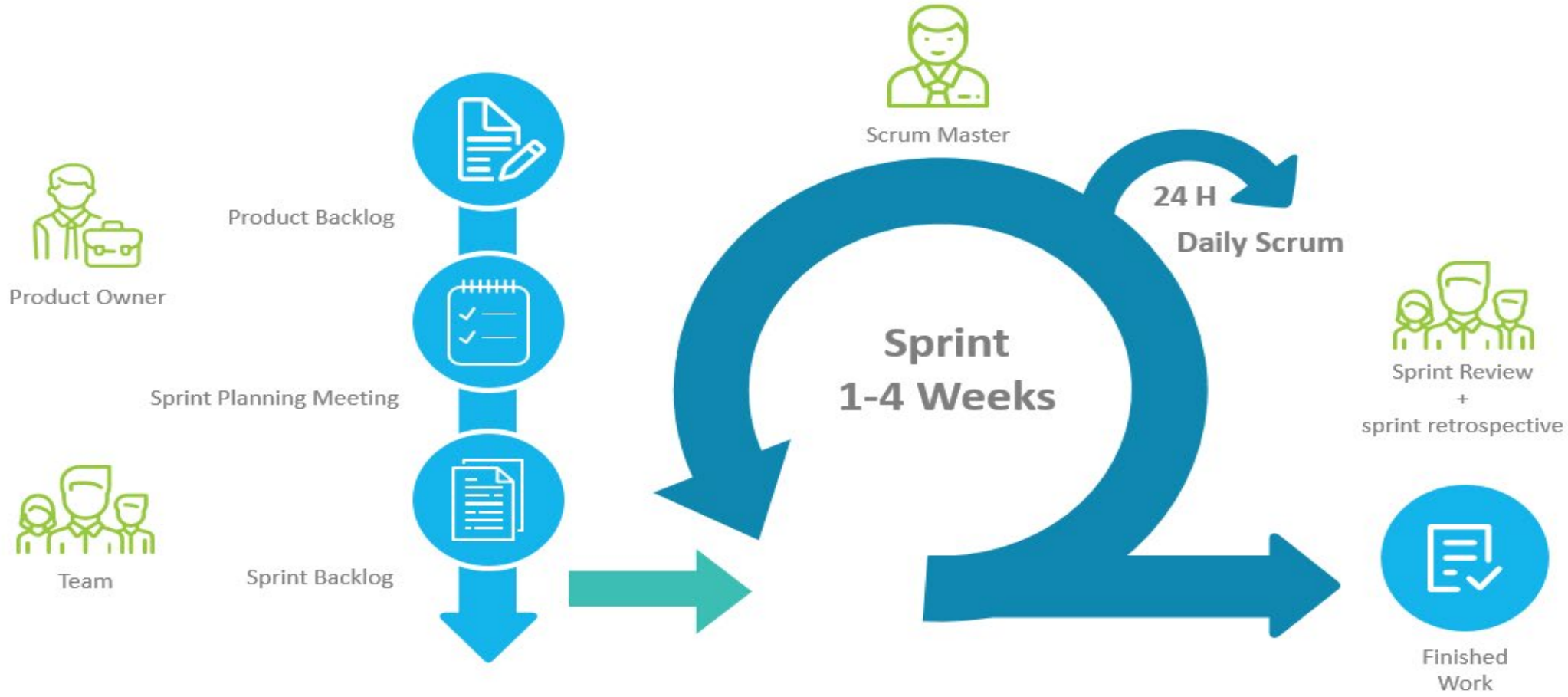
Source: blog post by Ajitesh Kumar. September 2021



Source: K21Acedemy.com

Scrum example

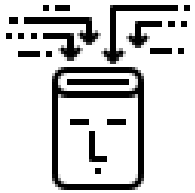
One of several agile frameworks for teams to 'ship' relevant, useable products or services that drive an internal audit function's strategy and progress toward a digital future state



Change management

Why change management?

Sceptics will ask why internal audit needs a technologists, programmers, etc.



Internal auditors will need to upskill, some could be reluctant

McKinsey & Company

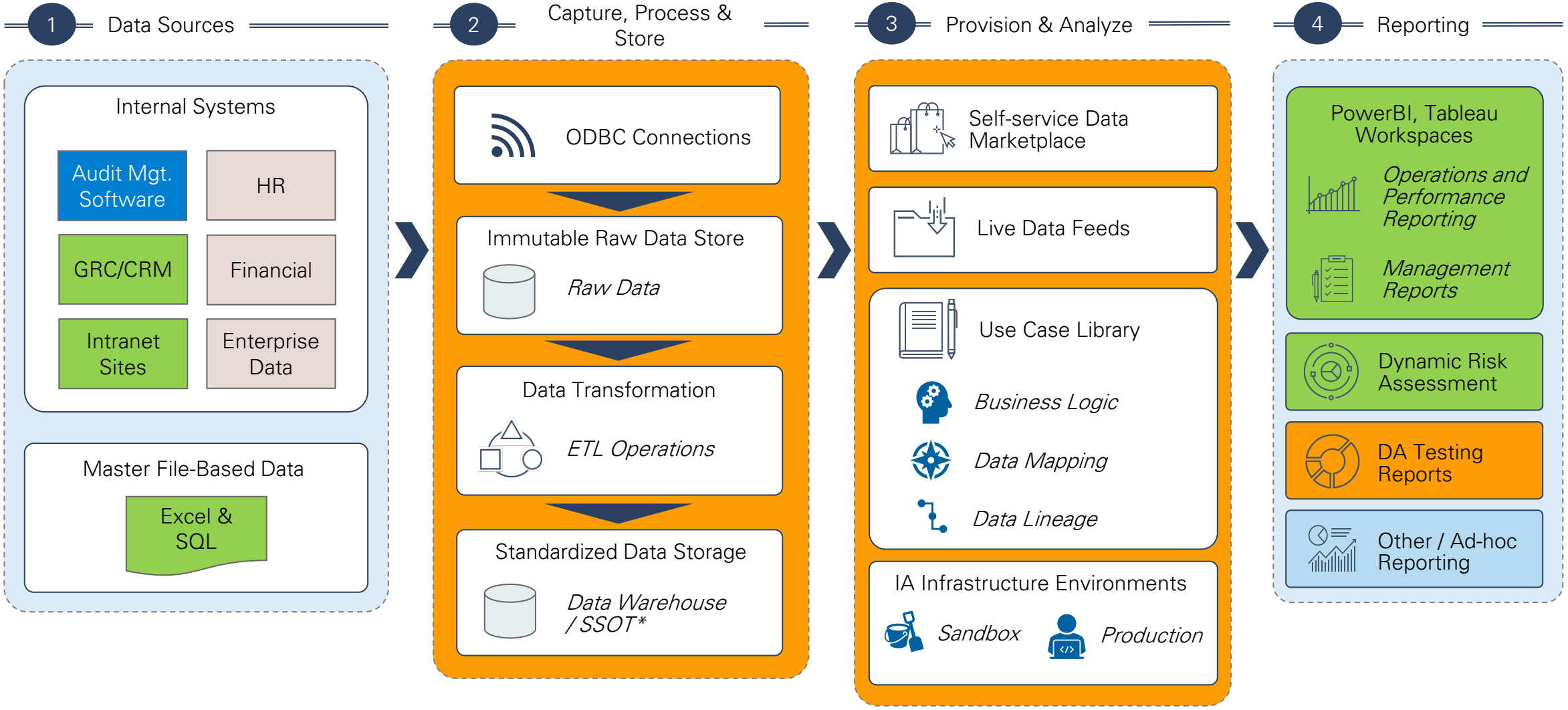
Source: 'The four building blocks of change', McKinsey Quarterly, April 11, 2016

There are many change management frameworks and guidance, pick an approach that is suitable to your needs

Progress toward internal audit future state

Progress toward future state

Key:
- Pending, design & resources
- Continue to mature
- Upgrade in process
- N/A, corporate system
- Varied maturity levels



Examples of near-term efforts

- ✓ Data science platform in production, prepare to scale risk intelligence services
- ✓ Continuous auditing dashboard program
- ✓ Digital literacy, auditor UX and design template, ‘self-service design’
- ✓ Enhance ETL and data pipelines, automation, and knowledge management bot

Thank you

Jason Ackerman

jasonackerman1@gmail.com

https://www.linkedin.com/in/jason-ackerman-0225491