



Increasing visibility and value of the technology internal audit function

Click to start



Raising technology internal audit's (IA) profile



As we progress into 2023, technology internal auditors should consider opportunities to raise their profile and boost their value to the company. Technology IA's role is likely to be more challenging this year than in the past. Most businesses are anticipating strong economic headwinds and are already investigating—if not actually implementing—cost-saving measures, like hiring freezes or even reductions in force. Also, as expectations from regulators, boards, and investors continue to increase, the need to develop and maintain effective, data-driven compliance metrics is more vital than ever.

There are several steps technology IA can take a to add value to the business, increase its visibility, and find ways to do more with less or limited personnel. To be successful, IA will need to:

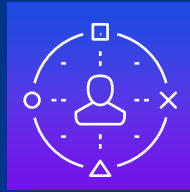
Establish and build credibility and trust with the business. This will get technology IA a seat at the table with senior management, enabling it to be more involved in strategic planning and major project implementations. For example, in addition to providing assurance over operational risks, technology IA must evolve and be able to provide both short- and long-term strategic advice regarding investments in emerging technology.

Understand the overall organizational structure and tactical and strategic goals and challenges so IA can better assess the shifting risk landscape. By learning more about the business, its short and long-term plans, and investment decisions, technology IA will be better positioned to advise the board, audit committee, and executive leadership teams of the risks associated with strategic plans and investments.

Integrate innovative and more efficient technology-based audit methods. This includes taking advantage of automation, artificial intelligence (AI), data and analytics (D&A). These tools will allow technology IA to accomplish more and make up for limited personnel. They also will enable it to offer deeper insights into the operations and risks facing the business.



Three keys to adding value and increasing IA visibility



In addition to possessing exceptional auditing skills, technology IA team members need to possess or develop broader skill sets that may not have been as essential in the past. To increase their visibility and value to the business, team members should demonstrate their ability to think critically, solve problems, and adapt to the shifting risks of changing technology. In addition, they'll need to refine their technological skills so they can take advantage of constantly evolving software and D&A programs. Effective use of new technologies will allow technology IA to provide data-driven analysis more effectively and quickly.

This won't happen overnight. So if you haven't already started, now is a good time to establish a plan to begin the journey. Here's a closer look at how technology IA can demonstrate credibility to business leaders, provide meaningful insights into business risks, and make these aspirations a reality.



Key #1

Develop and expand skills

Businesses are investing in emerging technologies that keep evolving at an ever-increasing rate. Accordingly, technology IA needs to stay agile and flexible and equip themselves with the skills and capabilities necessary to keep pace and accomplish these tasks (see sidebar on right).

They'll need to be highly skilled and knowledgeable in the full suite of technologies deployed by the business (including AWS, Azure, Robotic Process Automation (RPA), AI, Cyber IAM tools, threat-intelligent software, etc.). IA may not be the ones implementing these initiatives, but they'll need to understand their purpose, the associated business risk and be able communicate with the business sponsors.

In order to facilitate technology IA in acquiring these necessary skills, organizations need to be willing to invest in training programs that upskill existing team members. Alternatively, or in addition, they can augment their staff with third-party specialists.

Investing in the skills of the future



85%

of the respondents stated they will be investing in artificial intelligence and machine learning specialists in the near future



55%

of the respondents stated they will be investing in cloud security skills this year

Key #2

Deliver real-time assurance for large-scale, high cost investments

Providing real-time assessments of risks in terms of operations, services, and products is another goal to which technology IA aspires. This will help it gain greater credibility and trust with the business units.

Historically, technology IA has been called upon after the fact to identify why an issue occurred; that is no longer good enough. To bolster their reputation and value to the organization, technology IA should move beyond simple assurance over risks and controls and become strategic advisors, providing assurance over transformation and IT investments. To get a seat at the table, IA will need to establish trust and credibility with project leaders. IA should bring a value proposition of the breadth of skill sets, independent view, and knowledge of the business.

Boards and Audit Committees are seeking their IA's independent perspective on large, strategic initiatives **before** spending millions of dollars on programs that are likely to end up being ineffective or, worse yet, potentially expose the business to new risks. Therefore, it's becoming essential for the technology IA team to assess business change in real time and uncover potential problems before they occur. By using D&A and automation, technology IA can provide real-time assurance that enables the organization to nimbly respond to emerging organizational risks arising from areas like strategic initiatives, major systems implementations, or acquisitions and integrations.



Nearly half of surveyed businesses are making plans for future investment and implementation of emerging technologies.

KPMG's 2022 Global Tech Report.



Case study: Technology IA's review of major systems implementation

A company was overhauling its ERP system over a multimillion-dollar, multiyear deployment. To satisfy Board and Audit Committee requirements, the technology IA function needed to provide assurance timely without burdening project stakeholders. The broad scope of the implementation required subject matter professionals with a variety of skill sets who could command buy-in from project leadership.

Solution:



By demonstrating its credibility in a wide range of relevant risk areas, technology IA was given a seat at the table for the project's governance committee and engaged with IT subject matter experts based on the pressing topic at hand. The team attended weekly sessions with the project leads to determine program status and risk in real time. This enabled the technology IA team to observe in-flight project activities as well as provide observations, insights, and strategic solutions to the core project governance team in real-time across a range of project topics. IA demonstrated a flexible, more agile approach to engagement, delivering more rapid, focused audit memos versus a more traditional audit report at the end of the engagement.

Results:



Having the technology IA team on the governance committee added more than just audit assurance. The team members brought a diverse set of skills to the table, adding value to the governance committee and offering it a broader organizational perspective when project issues arose. They were able to identify "gaps" in capabilities and risk protection before they became problems and provided enhanced, real-time monitoring and reporting to executive leadership regarding project risks. This allowed the project team to consult with IA in real time and course correct to avoid costly missteps.

Key #3

Take advantage of new technology

Technology IA is increasingly relied upon to provide insight into controls and processes that are currently under development or recently implemented. As organizations adopt new, possibly disruptive technologies—and deal with evolving cyber threats—the technology IA team needs to stay on top of these developments and offer insights into how their organization should respond.

To provide meaningful insight, team members need to adopt evolving and innovative technology to assist with risk assessment and audit execution, including deploying automation, RPA, advanced D&A, and AI. These tools can help to identify previously unidentified trends, anomalies, and areas of risk.



Key #3

Take advantage of new technology

Automation, RPA and AI:

Many businesses have or are in the process of automating their operations using RPA and/or some type of AI software. Using similar tools, the technology IA team is ideally suited to help identify which manual processes are the best candidates for automation in terms of maximum ROI and lowest potential risk.

RPA areas that IA should consider automating include:

- Audit workflows and tasks including evidence request and collection, approach/methodology steps, control owner approval, lead sheet generation, SOC report review, testing review and approvals, status reporting, issue tracking, and remediation
- Continuous monitoring / periodic automation including: data feeds for monitoring APIs and interfaces, using tools to check folders for files/evidence and then processing them
- Transaction testing and trending or full population testing including: variance analysis, maker/checker, approval limits, user access reviews completeness and accuracy, system configuration testing, substantive testing of application controls, complex calculations, or reconciliation reperformance
- Parsing large files such as AWS JSON security parameters

By gaining personal experience with automation, technology IA can help their organization:

1. Identify areas that are ripe for automation
2. Identify risk concerns that may arise from the adoption of new technology
3. Help the business embed risk management into the design of automated processes and controls
4. Deliver maximum value from automation initiatives

Data & Analytics:

An effective D&A program provides a window into an organization's risks and controls, helping detect emerging risks, highlighting gaps and weaknesses, and evaluating alignment between compliance and business strategy. The combination of D&A with the power of AI that allows for continuous monitoring of controls and processes enables technology IA to review entire datasets rather than a sample of transactions. This, in turn, enables technology IA to provide better, more accurate, real-time results and deeper insights to senior management.



Case study: D&A boosts IT service management audit

A technology IA team wanted to conduct a comprehensive IT service management audit with a data-first approach. The organization had limited experience conducting analytics in this space and lacked standardization of their service management data globally.

Solution:

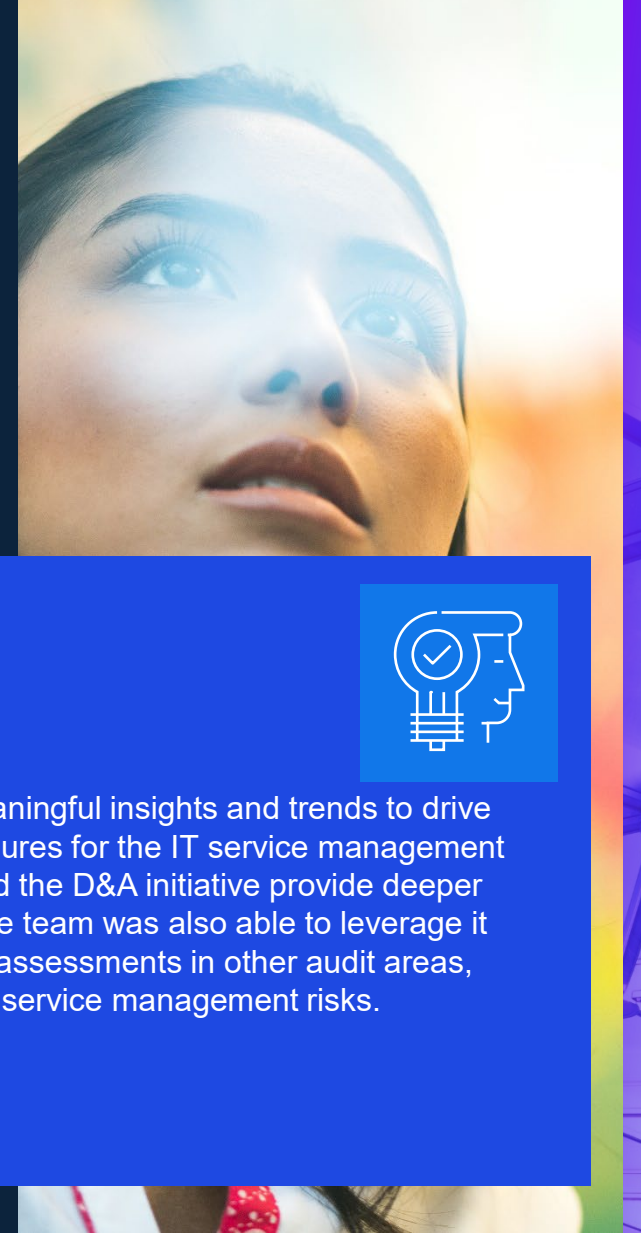


The technology IA team, with KPMG's help, built an analytics program based on key risks across their IT service management domains. This required close collaboration with each of the service areas in order to compile data on the frequency and types of risks they face, as well as the consequences (actual and potential) of these risks. KPMG then worked with the technology IA team to design and implement a solution that aggregated and standardized the incident, problem, and change data from the enterprise's service management platform.

Results:

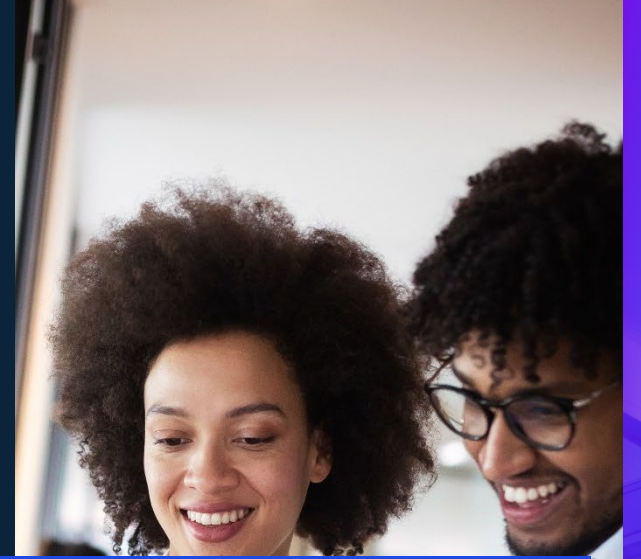


These analytics provided meaningful insights and trends to drive deeper, targeted audit procedures for the IT service management audit. Additionally, not only did the D&A initiative provide deeper insights to the IA team, but the team was also able to leverage it for future audit planning, risk assessments in other audit areas, and continuous monitoring of service management risks.



Case study: Employing intelligent risk assessments to drive the business

A financial organization discovered that it had a limited ability to identify and collectively monitor risk metrics. As a result, it was unable to track and react to the real time business impacts of their risks. Large amounts of data needed to be collected and protected, but because of the way the company was structured, the processes used to acquire data were disparate and difficult to modernize. As a result, the business had limited insight into the risks that should be monitored, aggregated, and prioritized.



Solution:



With the help of KPMG's Intelligent Risk Assessments programming, the company was able to gain data-driven insights that enabled enhanced risk decision-making. This Intelligent Risk Assessments solution automated the collection and stratification of data from various common sources and delivered real-time insights to the technology IA team. The programming utilized algorithms to quantify risks, clearly identify areas in need of special attention, and set the risk appetite to drive a proactive risk management strategy.

Results:

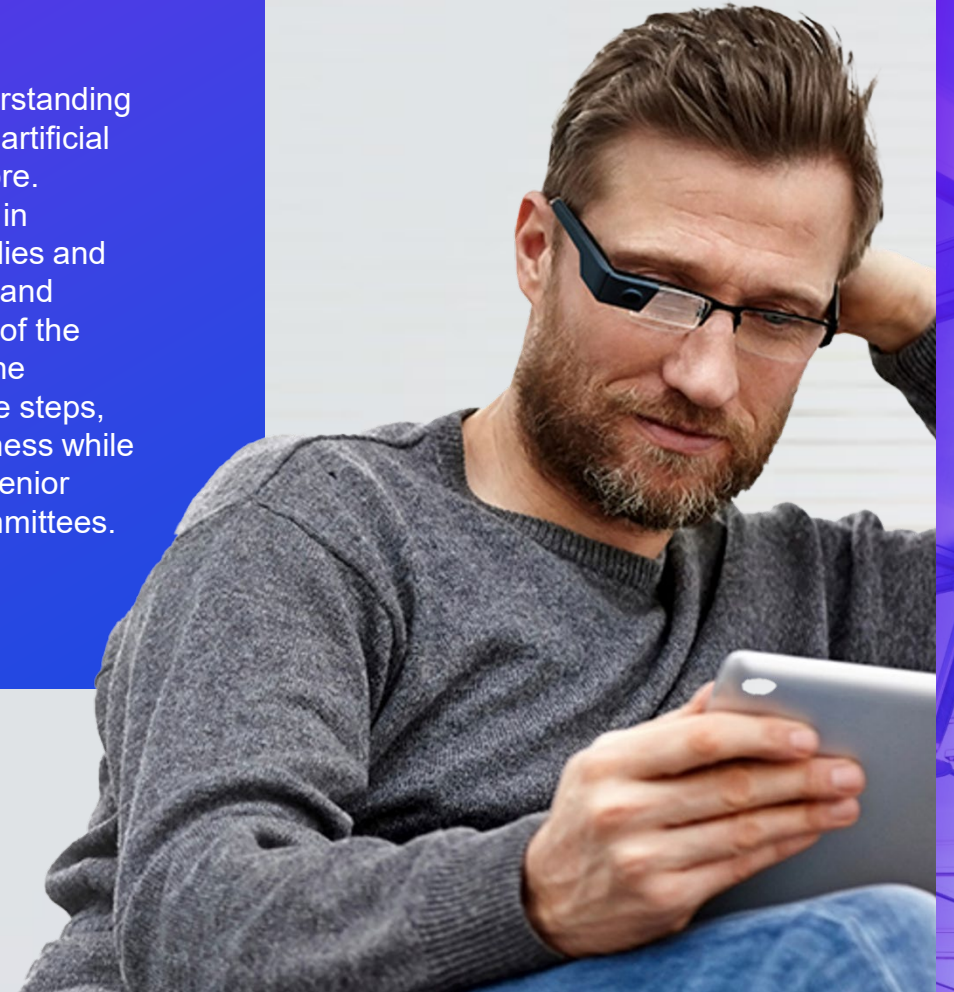


The use of the program allowed technology IA to integrate multiple data sources to form a more comprehensive view of risk. The real-time monitoring resulted in broader, deeper, and more timely insights to drive activity by the audit team and management. The organization found that the integrated and real-time risk monitoring drove a better allocation of resources in terms of investments against the most important risks at the most important time.

Final thoughts: Prepare for a challenging and changing environment

The business outlook for the remainder of 2023 appears to be a challenging one. Technology IA will likely be faced with the burden of having to do more with fewer people. To increase their visibility and value to the organization, team members will have to be able to think critically, solve problems, provide insights into current and potential risks, and be adaptable to an environment of constant change and continuous learning.

This means becoming proficient in understanding and employing new technology such as artificial intelligence and D&A so they can do more. Mastering this technology will be critical in enabling technology IA to detect anomalies and risks in business processes, operations and controls; improve the speed and quality of the audit; and offer real time assurance to the business and regulators. By taking these steps, technology IA will add value to the business while enhancing its reputation in the eyes of senior management, the board, and Audit Committees.



How KPMG can help you



KPMG brings a dynamic, data-driven approach to internal audit so you can use insight—not hindsight—to anticipate critical enterprise risks, enhance assurance, and increase resilience. We help organizations like yours modernize their internal audit by combining an agile approach and data-driven solutions including data analytics, automation, artificial intelligence, and machine learning.

Our approach helps you achieve:

- Enhanced assurance and resilience through use of technology
- Deep insights into risk
- Business improvement and impact

Rapid changes in business models, regulatory requirements, and technology disruption present opportunities for internal audit growth. To provide enhanced value, internal audit must harness data and emerging technologies and challenge the status quo. In doing so, it will help reduce risk, improve controls, and identify potential efficiencies and cost benefits across the organization. We can help your IA department achieve these goals and facilitate your company's strategic and growth priorities.

Read the KPMG 2023 Global IT Internal Audit Outlook

This timely, insight-filled KPMG report will examine how global organizations can propel their technology internal audit function into the future.

Drilling down into effective ways for technology IA to bring a strategic point of view to the business, this report offers holistic risk assurance, adopt creative methods to attract talent, and embrace innovative new ways of working.

Learn more [here](#).



Connect with us

For more information about how KPMG can assist and improve your internal audit team, please visit our [Technology Risk website](#) or contact one of the following KPMG professionals:



Richard Knight

Principal, Advisory
Technology Risk
T: 703-286-8393
E: raknight@kpmg.com



Matt Tobey

Principal, Advisory
Technology Risk
T: 480-459-3601
E: mtobey@kpmg.com



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

MADE | MDE148017A

