Internal Audit Plan

Hvilke hot topics burde du vurdere i
internrevisjonsplanen for neste år?
12. Desember 2019

EY
Building a better
working world

Agenda

- Who are we?
- The internal audit cycle
- Building the internal audit plan
- Hot topics

Who are we?

Christine Sandnes
Manager

Karianne Bøe Hasle
Associate Partner

Who are you?

- Name
- Title
- Number of employees in the GIA function
- Expectations for this session

A generic overview of the Internal Audit cycle

Needs assessment

- Identify and meet key stakeholders
- Complement with internal and external sources of risks
- Build independent risk universe and categorize these into themes

Internal Audit Plan

- Analyze risks methodically and select prioritized internal audit responses
- Demonstrate the reasoning and demonstrate the intended value
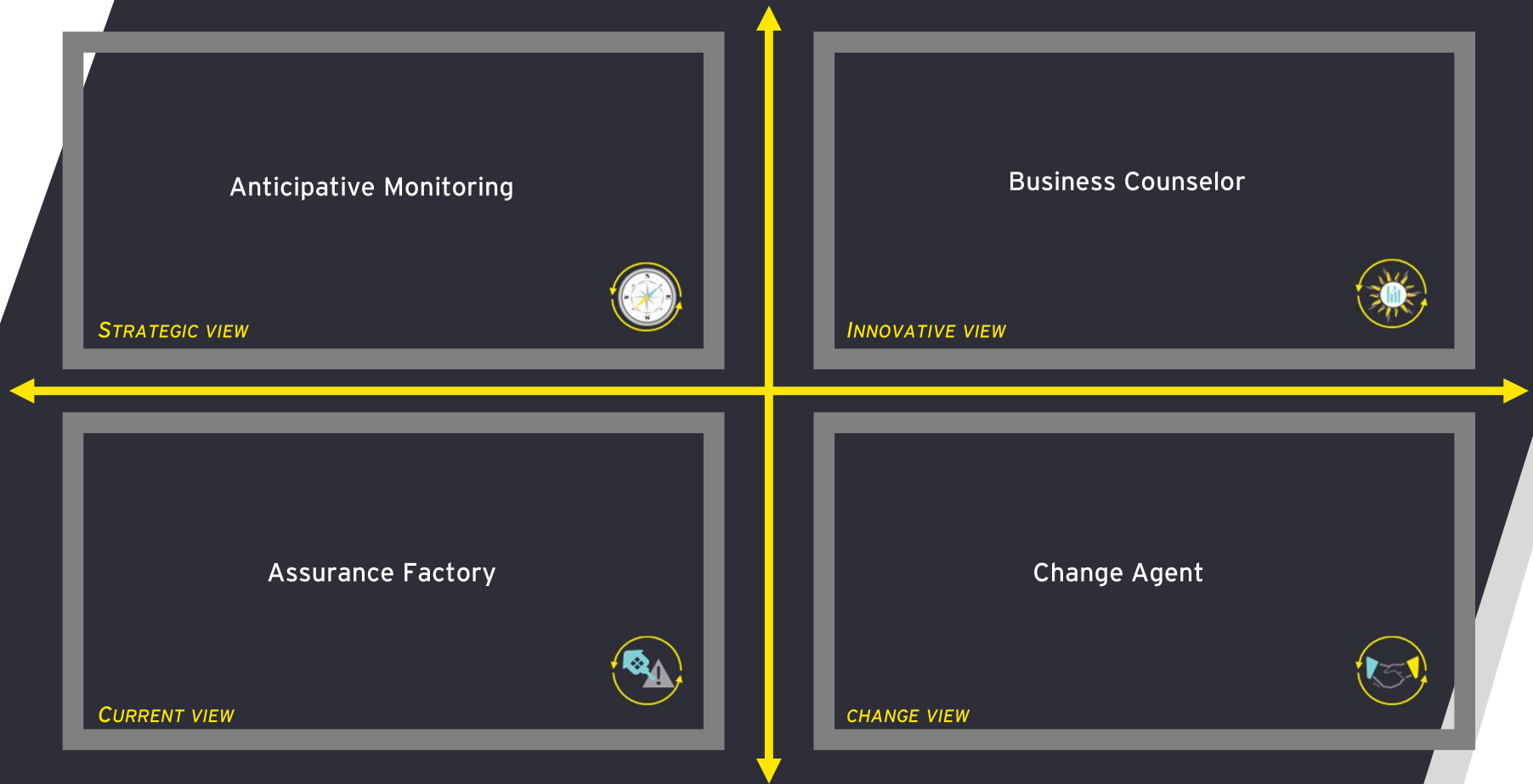- The Audit Committee will be asked to give their approval

Execution

Communication

Acknowledging the different mandates of Internal Audit

Anticipative Monitoring

STRATEGIC VIEW

Business Counselor

INNOVATIVE VIEW

Assurance Factory

CURRENT VIEW

Change Agent

CHANGE VIEW

How does your audit plan for 2020 look like?

- Status of planning p.t.

- Number of audits?

- Thematic audits (e.g. cyber) or assurance audits?

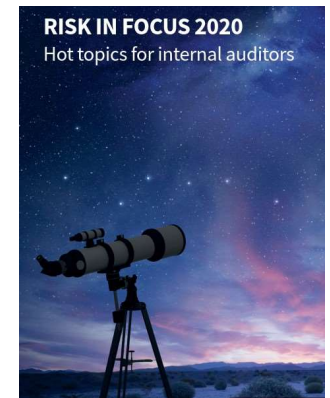# We aimed for a broad coverage of key stakeholders of the final plan

Group executive management

► Constructive improvement suggestions
► Partner on mitigating risk in the operating model

Line of Defense

► Coordination
► Knowledge exchange

Stakeholders

Board of Directors

► Assurance and trust around strategic implementation, governance and operating model effectiveness
► Transparent and direct communication

Operational Management

► Sharing of good practice and relevant insights
► Root cause based recommendation to close gaps
► Advocacy towards Group Executives

We complemented this with internal and external sources of risks

Sources

- ERM report
- Sector trends
- Stake holders
- Board trends
- Result PY IA plan
- IA trends
- Global Data
- Peer Comparison

Board Reports

Top priorities for boards in 2019

EY Center for Board Matters

EY

IIA Reports

RISK IN FOCUS 2020
Hot topics for internal auditors

Grow Beyond Borders and Risk Scan
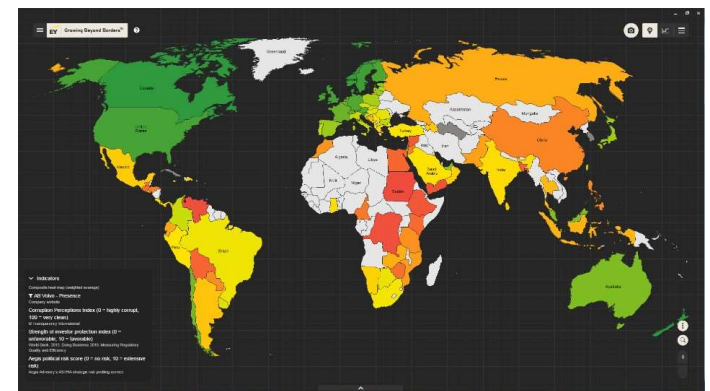
And boiled this down to an independent risk universe that was analyzed
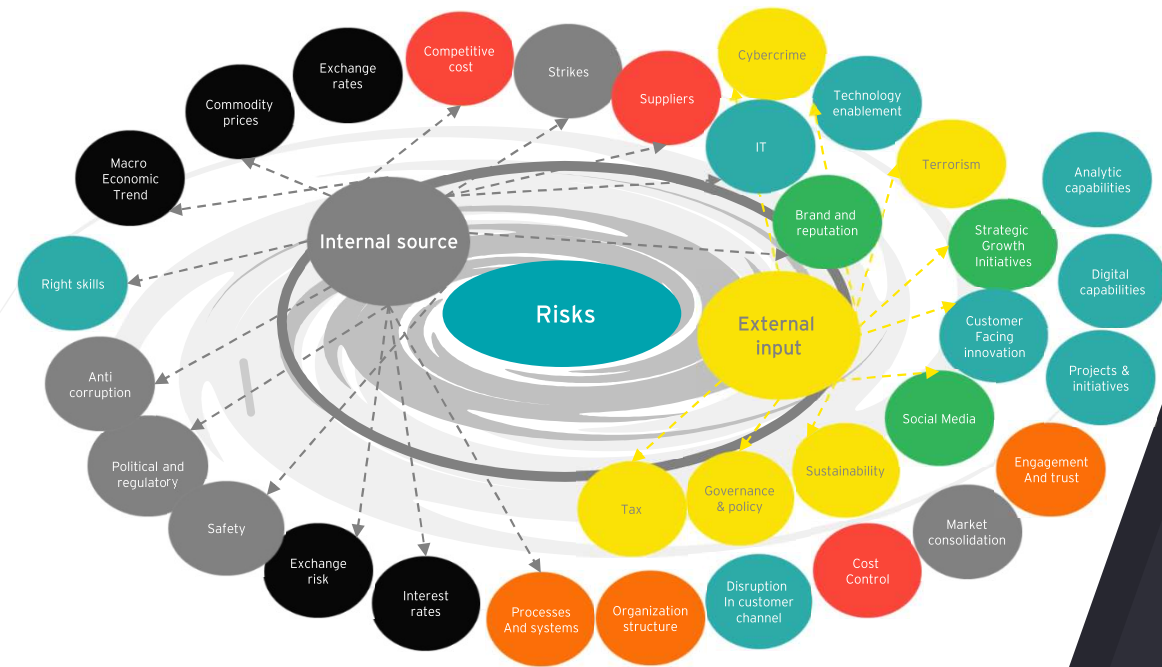
How we reasoned in analyzing risks

Alignment
Based on what we hear, perceive and see matters for the company in e.g. the strategy & objectives

Categorization
Take a holistic view of the risks and reduce siloed responses to one department

Challenge
Bring external perspectives from the sector and insights from leading companies

Coordination
Considering areas that have been recently covered by other risk functions, or where activities are currently ongoing

Prioritization
Identifying the areas that add most value and in which the 1st line management is perceived to struggle the most

Professional judgment
Using sound judgment and learnings, e.g. the root causes and conclusions from last years plan

What are your experiences in the audit planning process?

- What is working good?

- What could have been done better?

- Critical SuccessFactors?

An overview of more hot topics

Cyber Security
Social engineering and technical security

Regulations
Increasing regulatory burden

International Trade
The trend of globalization is reversing

Digitalisation
Challenges in realizing benefits
from investments in digital projects

Future Workforce
Reinvention of work through technology,
culture and demographics

Third Parties
Looking beyond third parties

Governance
Adopting to change requires more flexibility,
teaming, collaboration

Social Media
Changing dynamics of customer and
stakeholder interaction

Sustainability
Increasing expectations create
opportunities and risks

Financial risks
From low returns to rising debt

And deep diving into some of them

Cyber Security
Social engineering and technical security

Regulations
Increasing regulatory burden

International Trade
The trend of globalization is reversing

Digitalisation
Challenges in realizing benefits from investments in digital projects

Future Workforce
Reinvention of work through technology, culture and demographics

Third Parties
Looking beyond third parties

Governance
Adopting to change requires more flexibility, teaming, collaboration

Social Media
Changing dynamics of customer and stakeholder interaction

Sustainability
Increasing expectations create opportunities and risks

Financial risks
From low returns to rising debt

Sources: IIA report Risk in focus 2020 and EY's view

Have you audited some of these areas before?

- Are these topics relevant for your audit plan?

- Any lessons learned?

- How are we going to audit these types of topics?

The Board
Questions and worries

How many virtual employees do we
have in our workforce? Will retirement and pensions still be relevant?

How many cyber attacks have we
experienced last year and what was the cost?

Have we performed a scenario
analysis for a hard Brexit?

How are we considering the reputational risk
regarding social media activities?

Have the digital investments delivered on their business case?

EY

Future Workforce

Trend | Work is being re-invented by demographic (e.g. millennials) , technical (AI and robots) and cultural drivers.

Risk | The emphasis shifts from knowledge to skills, humans to machine partnership and from retirement savings to workplace protection. This creates a risk for the employer brand, social contract and talent mix.

Response | Provide the Board an understanding of the organizations preparedness and current gaps for the future workforce.

Scope

HR Governance

Capability maturity assessment

Talent Management

Objectives

Evaluate whether the HR policy and steering documents support the transition and protect the Employer Brand.

Perform a gap analysis between the current state and future state of skills and leadership.

Evaluate whether the right talent internally is recognized and rewarded, and alternatively recruited.

Methods

Steering document review

Gap Analysis

Talent analysis

Cybersecurity

Trend
Cyber threats are one of the top 10 risks that boards currently face, as they have become increasingly sophisticated, frequent.

Risk
The risk concerns both maintaining availability of services, products and the security of their operation

Response
Provide the Board an understanding of how effectively the organizations assets are protected

Scope

Cyber Management System

Social Engineering

Technical Vulnerability

Objectives

Evaluate the current status of the Cyber Security governance (framework, governing documents, roles and responsibilities)

Evaluate how employees respond to external cyber threats

Evaluate how effectively the IT environment is protected against external cyber threats

Methods

Benchmark with ISO 27001

Phising emails to employees

Penetration test by hackers

Digital
Transformation

Trend Companies are investing in new technology and projects to protect and expand shareholder value.

Risk New investments are not effectively prioritized, and the yield of current investments is not sufficiently measured and monitored. Upon completion of projects the organization is not rapidly adopting the new service or product as planned.

Response Provide the Board an understanding of Digital Maturity of the organization, how effectively digital projects are governed and what impedes the adoption rates.

Scope

Digital projects

Digital Maturity

Workforce adoption

Objectives

Reviewing the business plan for a sample of strategic projects against the outcomes to assess the delivered value.

Document and benchmark selected back and front office processes against an external database to identify gaps and opportunities.

Map and evaluate the adoption rate of key investments and perform root cause analysis together with employees to understand barriers to success.

Methods

Project management review

Benchmark

Change management review

Social Media

Trend | Social Media is a trending risk globally as it has changed the dynamics of interaction with customers and other stakeholders.

Risk | The operating model does not effectively support coordination and aligned content, reducing the customer experience and engagement.

Response | Provide the Board an understanding whether the Social Media activities aligned with the strategy and how well are the Social Media activities supporting the company's vision

Scope

Risk Assessment

Operation model

Content analysis

Objectives

Determine whether key risks are identified, assessed and managed.

Assess whether the strategy, organizational structures, mandates and resources are effective.

Analyze the content in key channels and benchmark this against internal goals and external peers.

Methods

Workshops

Taxonomy review

Analytics

International Trade

Trend | Geopolitical tensions in the last years, accompanied with better equipped trade authorities, have put Trade Compliance on top of the Boards list.

Risk | The risks range from business disruption, complying with new requirements to optimizing costs for tariffs and duties.

Response | Provide the Board with a response on the risks associated with the strategy, readiness to respond to changes and disruption and/or its compliance with regulations and taxes.

Scope

Trade regulations

Tax

Contingency plans

Objectives

Evaluate the organizations risk taking, readiness and processes to adhere to changing trade regulations.

Evaluate the processes and controls to accurately and correctly declare e.g. tariffs and duties.

Assess whether the business can mitigate the risk of disruption effectively and timely.
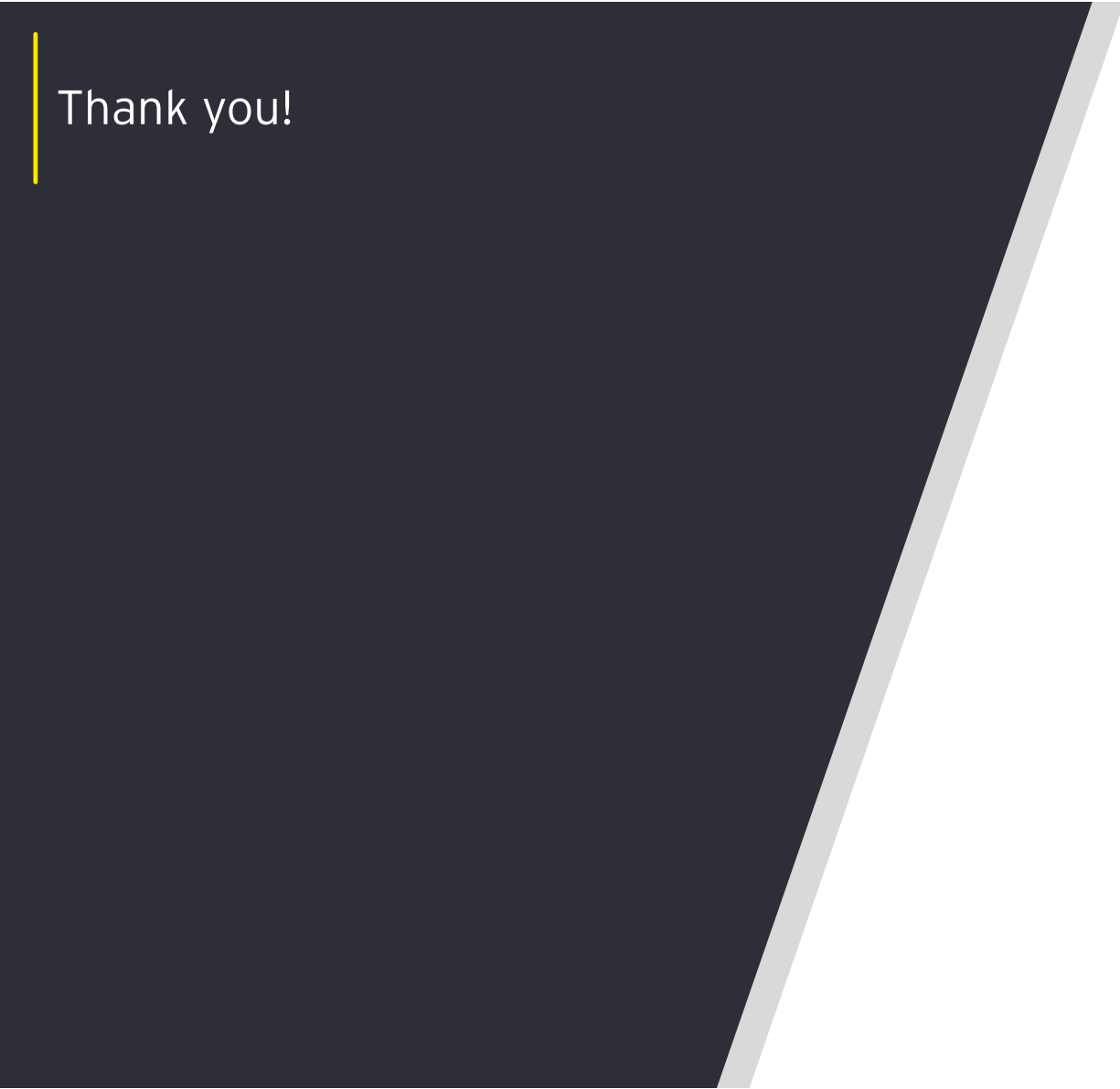
Methods

Trade compliance assessment

Analytics

Scenario analysis

Are these areas relevant for your audit plan?

- Are these topics relevant for your audit plan?

- Are there other topics you rather would include?

Thank you!