

KAREM OBEID



ARE WE THERE YET?

Thoughts Beyond Internal Audit

The views expressed in this presentation are sole views only and do not necessarily reflect the views any company or Institute I am affiliated with.

[linkedin.com/in/karemobeid](https://www.linkedin.com/in/karemobeid)

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PART ONE: Where we have been



Key Internal Audit Milestones

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Checking and
Compliance

1940s – 1980s

Birth of modern
internal Auditing with
establishment of IIA

System Based

1980s – 1990s

Focus is historical
Generally reports to
CFO

Risk Based

1990s – 2010s

COSO Integrated
Framework
Sarbanes Oxley

Partnership

2010s –

- Supplementary
guidance following
Global Financial
Crisis

- Cyber Risk
- 2017 IIA
Standards update

Value Based

Emerging
(Where we are
now)

Focus is forward
looking insight

Evolution of Internal Audit Updated 2020 (IIA Australia)

Internal Audit 3.0, The Future is Now (Deloitte)



PART TWO:

Where we are now



04



VUCA



The Global Risks Report 2021

16th Edition

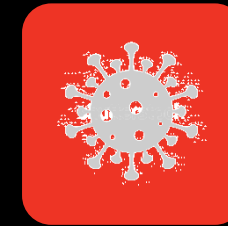
INSIGHT REPORT



In partnership with Marsh McLennan, SK Group and Zurich Insurance Group

Top Global Risk

Clear and Present Dangers (Short Term Risks , 0-2 Years)



Infectious disease



Livelihood crisis



Extreme weather events



Cybersecurity failure



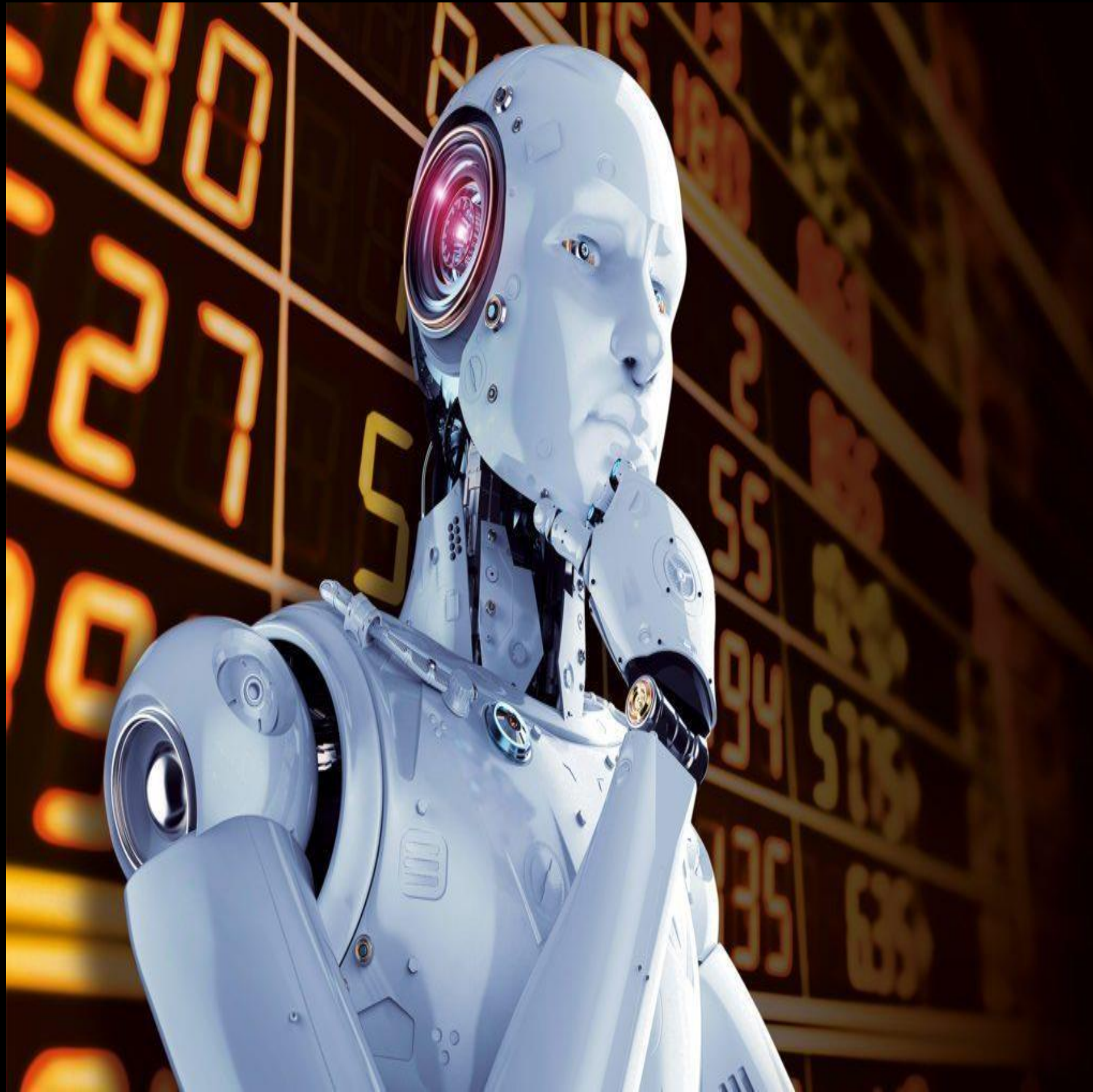
Digital inequity

● Societal

● Environmental

● Technological





85m

Jobs may be automated in 5 years.

**The robot revolution will
create 97 million new
jobs**





Many organizations adapted to the “New normal” due to COVID-19 pandemic and reorganized their way of doing business and practices.





New Trends

● Online Shopping and Robot Deliveries

● Artificial Intelligence

● Digital and Contactless Payments

● 3D Printing

● Robotics and Drones

● 5G and Information and Communications Technology (ICT)

● Virtual private networks (VPNs), voice over internet protocols (VoIPs), virtual meetings, cloud technology, work collaboration tools



"I have your MRI results. Half your brain is clogged with passwords and the other half is clogged with user names."





Working from Home is the “New Normal”

99%

Of the companies are planning sweeping changes to the workplace as a result of Covid-19

78%

Of larger organizations will increase work flexibility while 53% will shrink office spaces

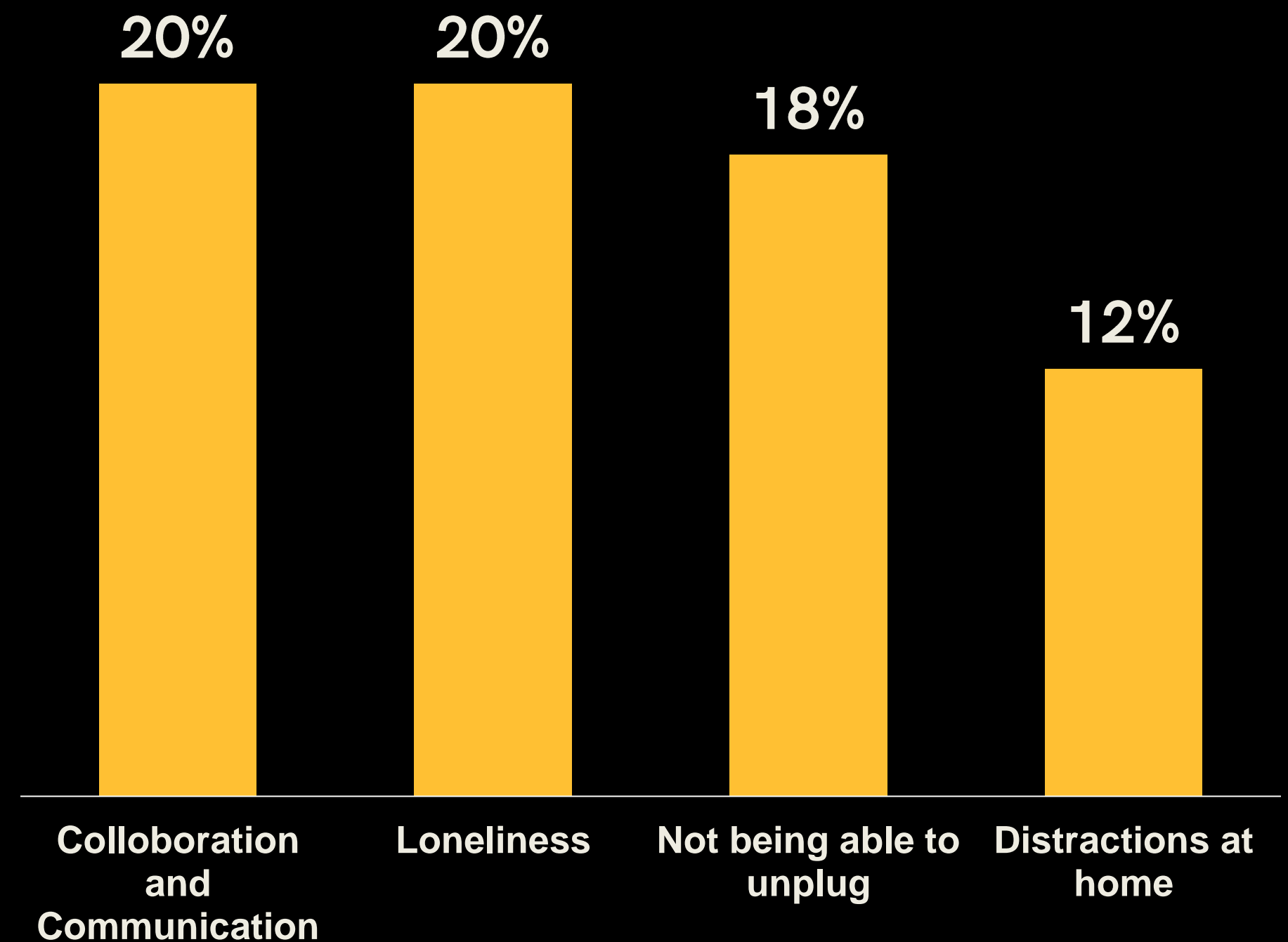
36%

Of the respondents will work from home 15 day or more per month



What's your biggest struggle with **working remotely?**

State of Remote Report 2020





*"I can't remember-do I work at home
or do I live at work?"*





Many professions which were previously considered **unsuited to remote working** are now learning what's possible through goodwill and innovation.



More focus on output rather inputs
Results oriented



Flexible hours
Flexible time zone



Changes in **behaviors**







Social changes



Behavioral Changes

- 1 to 1 meeting
- Less crowded meeting
- Leader Couch
- Results driven Coach



Behavioral Changes



...

A survey, from FlexJobs and Mental Health America (MHA)

- 75% of workers have experienced burnout
- 40% of those polled said it was a direct result of the corona virus pandemic.

02

PART ONE: Where others are



What the CEOs Prioritize



Sustainability strategy

Operate with purpose

Speed as a muscle : Speed and Resilience

Transform in the cloud

Cultivate the talent of tomorrow

What the Boards Want

What areas of governance will have the most significant long-term impact due to the crisis?

60% Incorporating a new set of broader risks into scenario planning

44% Ensuring the ongoing health and safety of the employees

40% Oversight of strategy

36% Oversight of risk management

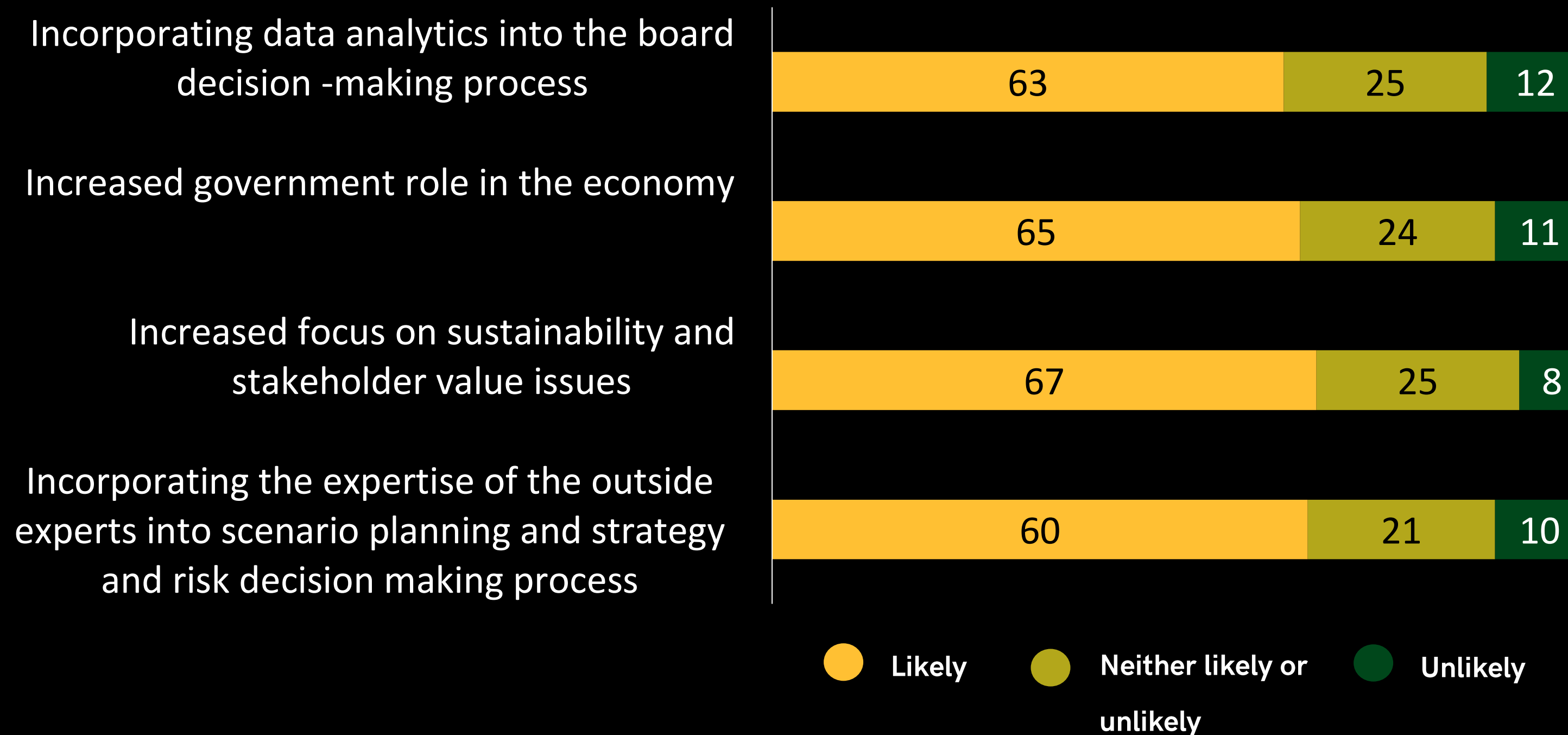
What the **Boards** Want

What areas of governance will have the most significant long-term impact due to the crisis?

4%

of the directors responded that
**OVERSIGHT OF THE AUDIT
FUNCTION** will have the most significant
long-term impact due to the crisis.

Rate the likelihood that COVID-19 will change the long-term trajectory of these trends (%)



What the Audit Committees Think

08

92%

said Internal Audit should provide
insights on and help prepare
for emerging risk

70%

said Internal Audit should spend
more time on advisory
services

63%

said Internal Audit should be **faster**
reporting results of their work.

Stakeholder's Perspective

>50%

Of management believe
Internal Audit does **NOT**
contribute significant
value to organization.

46%

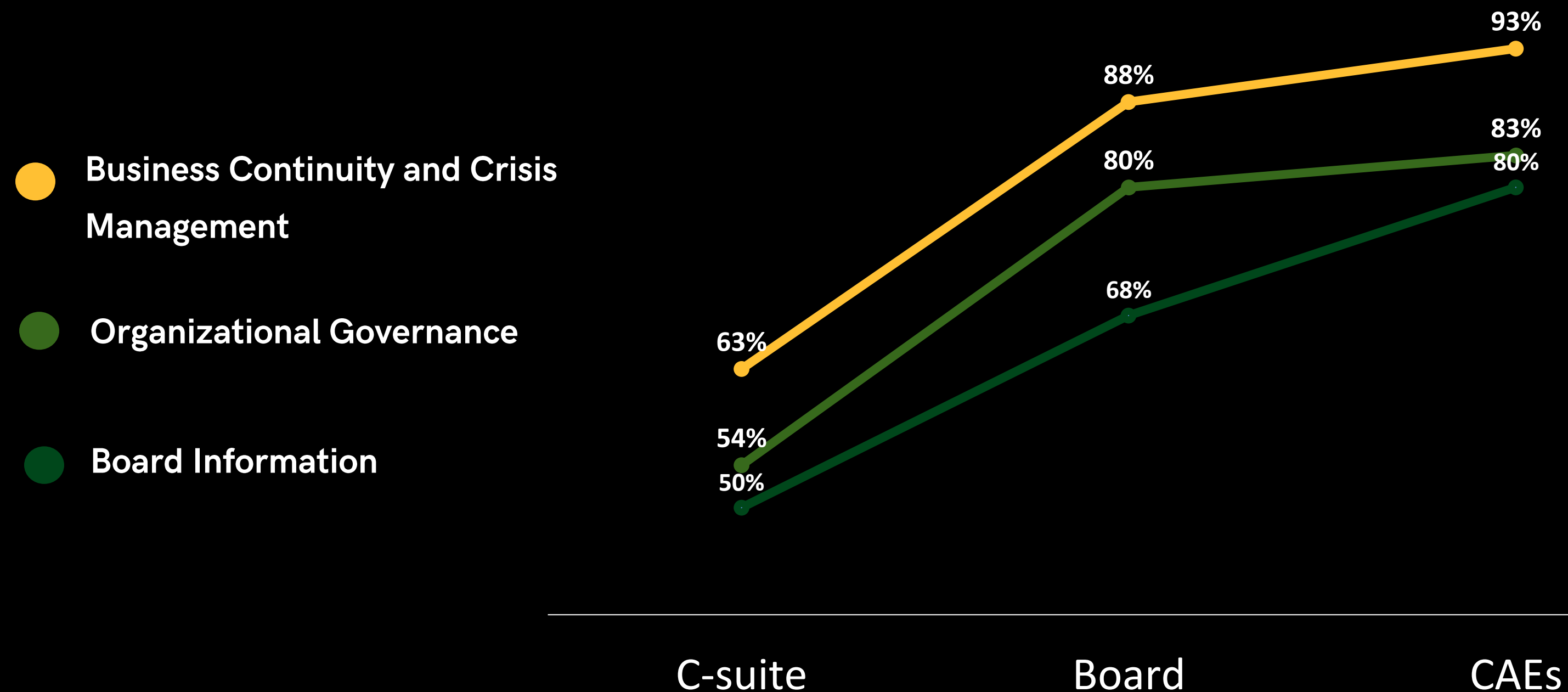
Of stakeholders view
Internal Audit as a
significant value
provider.

77%

Of board members believe
Internal Audit's **current**
level of involvement in
risk is not sufficient.

...

Disparity Ratings





BALANCE YOUR
STAKEHOLDERS' NEEDS

PART FOUR: Into The Future

keep your Radar tuned

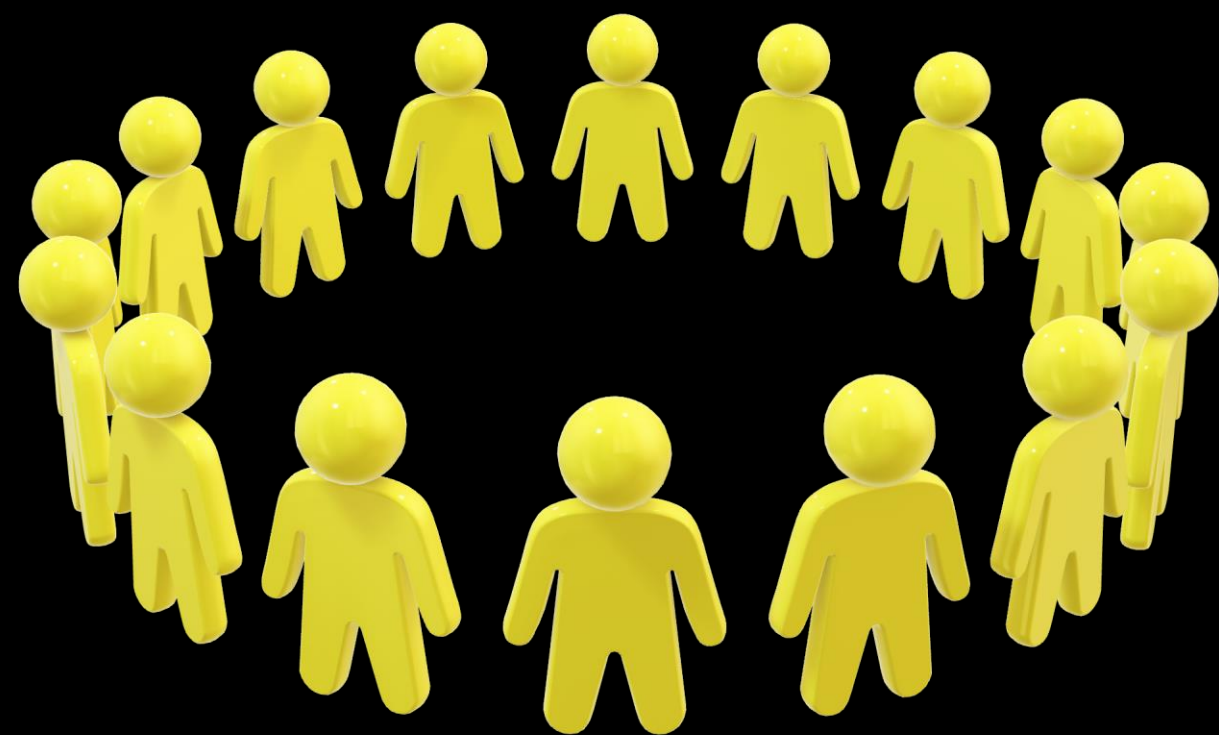




To needs of Stakeholders...

- Shareholders
- Regulators
- Market Research
- Analytics

Alignment

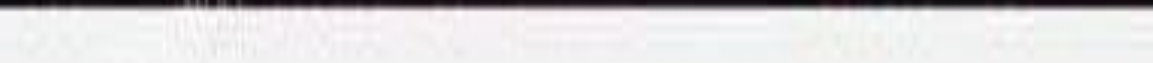


Communication



Coordination and collaboration





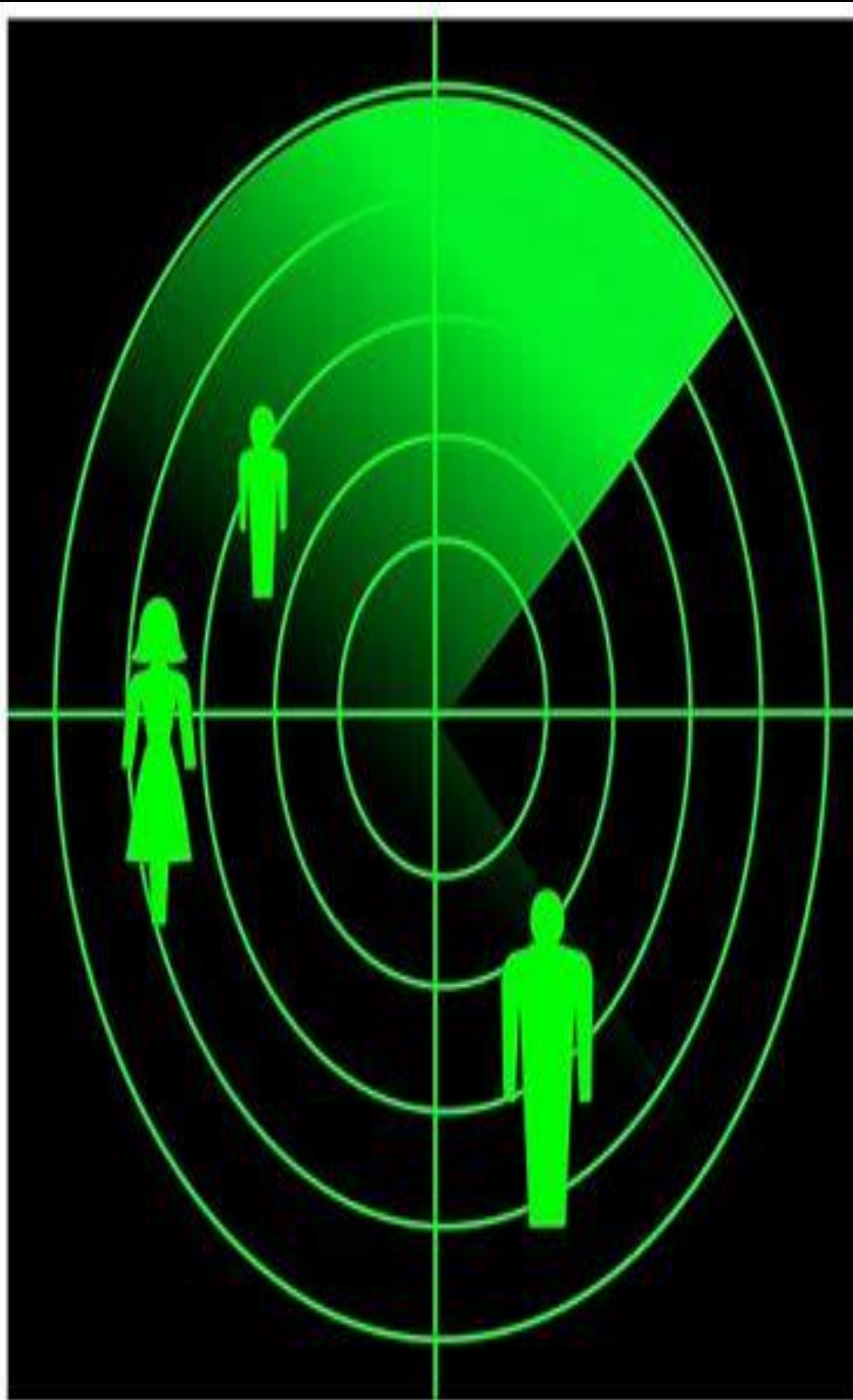
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- **Changes in**
 - **Technology**
 - **Culture**
 - **Behaviors**
- **Risks**
- **Agility**
- **Do more with less**
- **Anticipate**

To your Ambassadors ...

Competencies needed
Competencies Gaps
Career Development
Energy

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INTERNAL AUDIT COMPETENCY FRAMEWORK



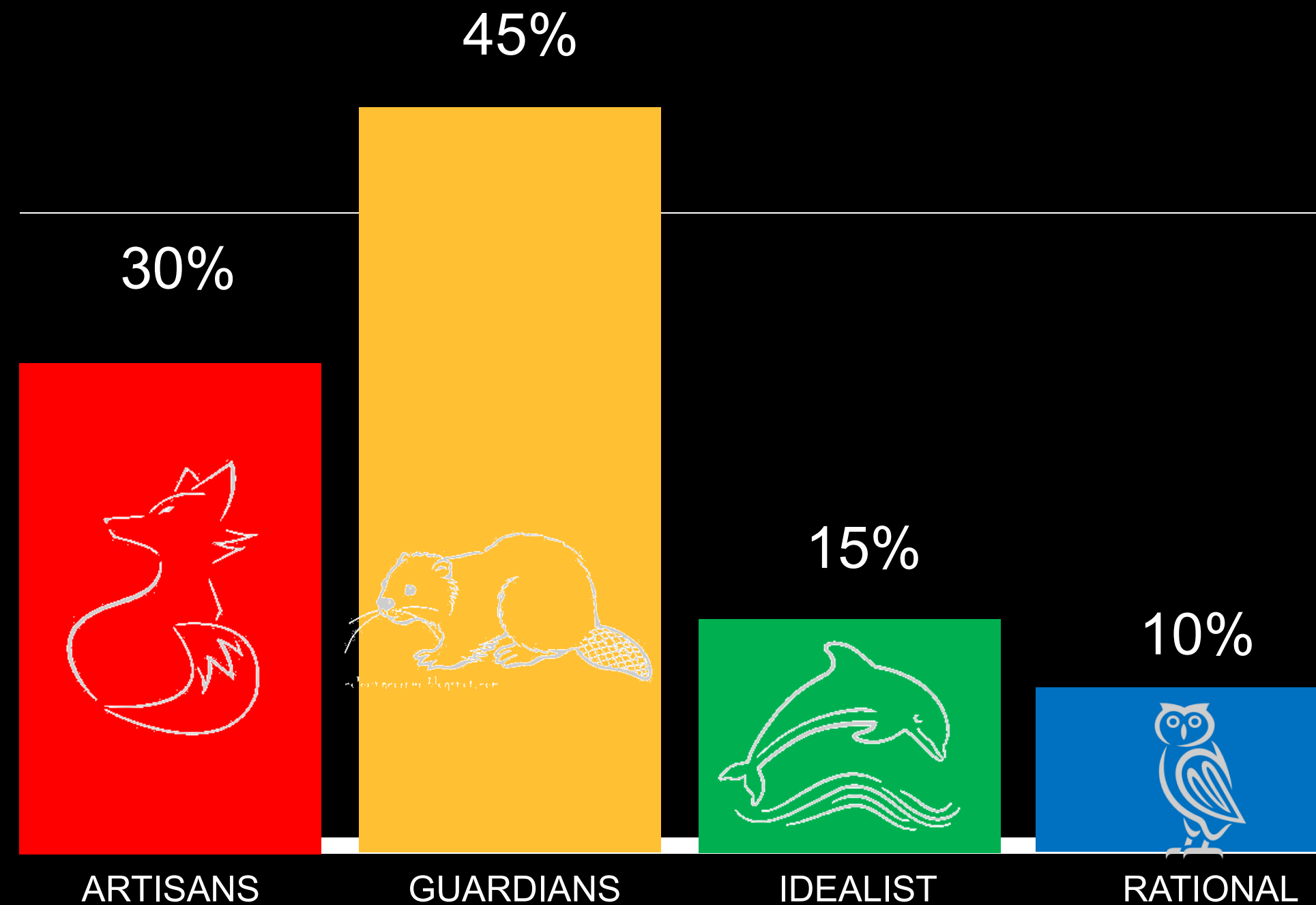
The A Team



Entire **population** is made up of



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To the Internal Audit **Branding**

- **Personal**
- **Department**
- **Profession**

ARE WE THERE YET?

Journey of excellence

