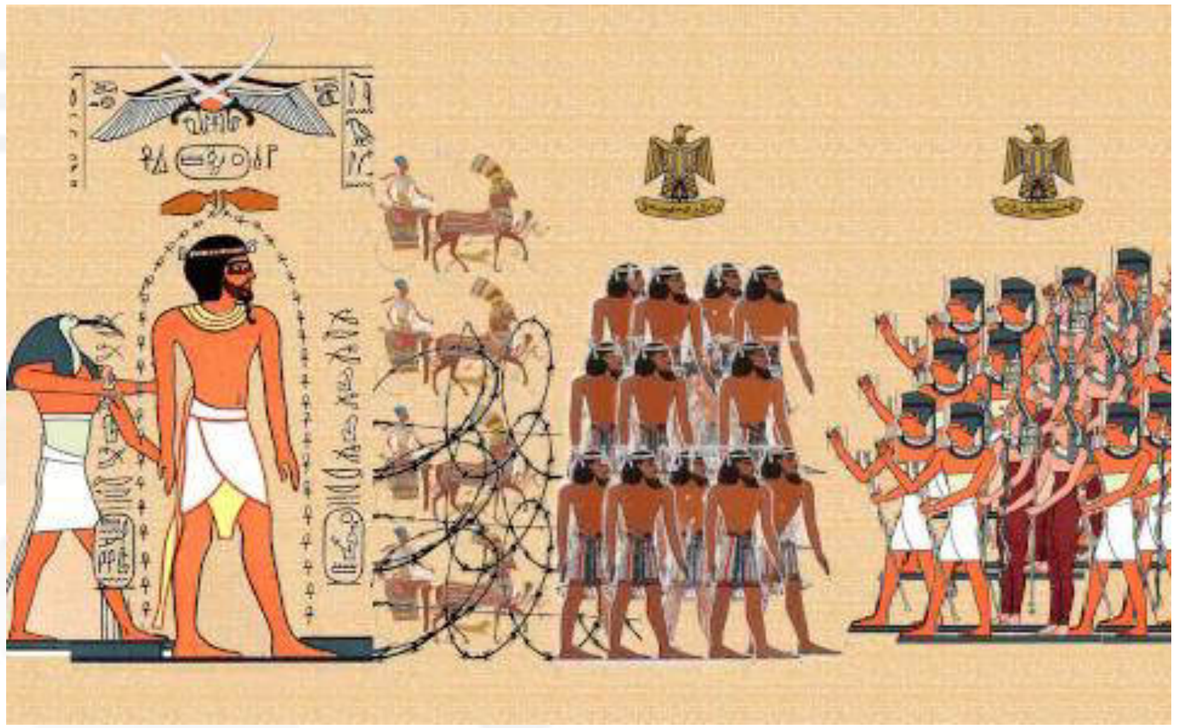
THE NEXT GENERATION

Internal Audit: The Way Forward

Karem Obeid

IIA CONGRES 2017

HISTORY

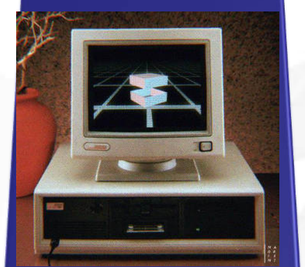


As Time Passed....

3500 BC — RECORD

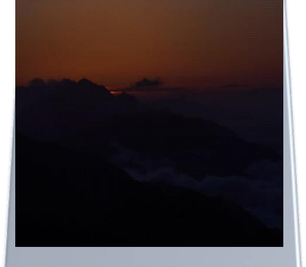
1940s — COMPLIANCE

1980s — SYSTEM BASED APPROACH



2000 — VALUE ADDING and CORPORATE MONITORING

TOMORROW



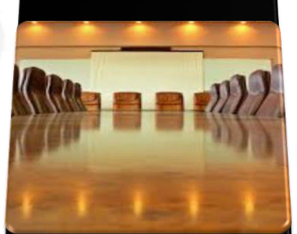
BC | 1900 | 1940 | 1970 | 1980 | 1990 | 2000 | TODAY

1900s — THEFT

1970s — INTERNAL CONTROL

1990s — RISK BASED APPROACH

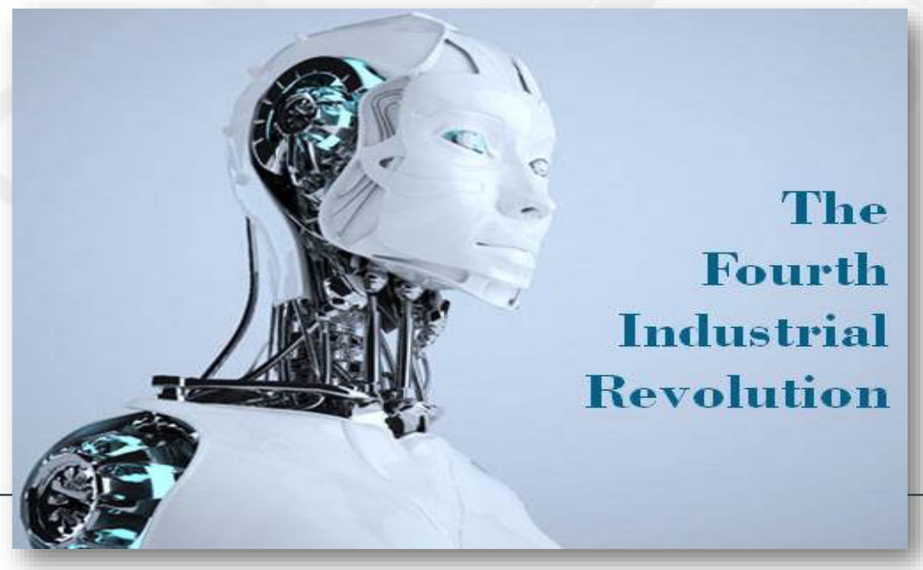
TODAY — CORPORATE GOVERNANCE



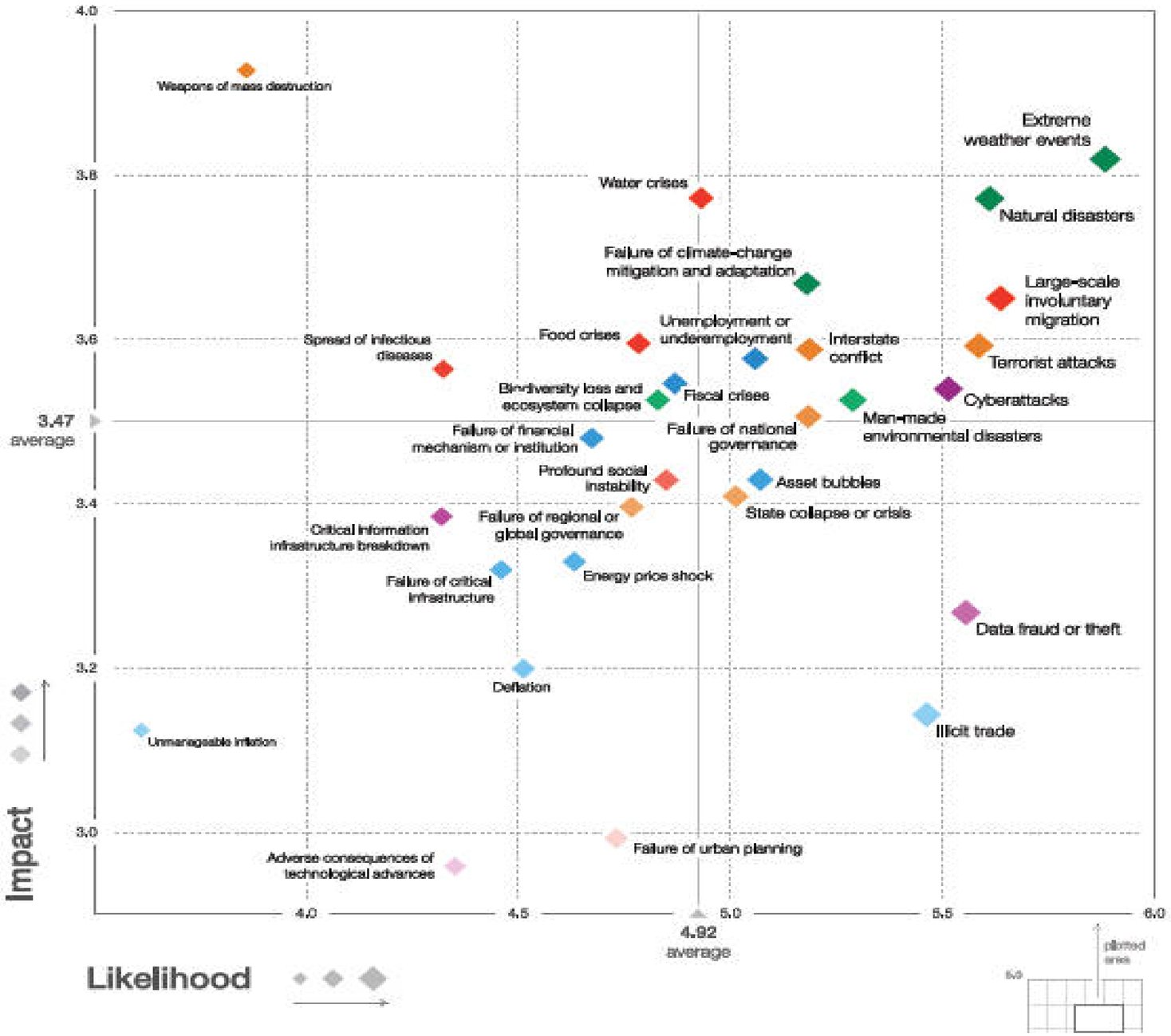
THE NEXT GENERATION IIA CONGRES 2017

CHALLENGE

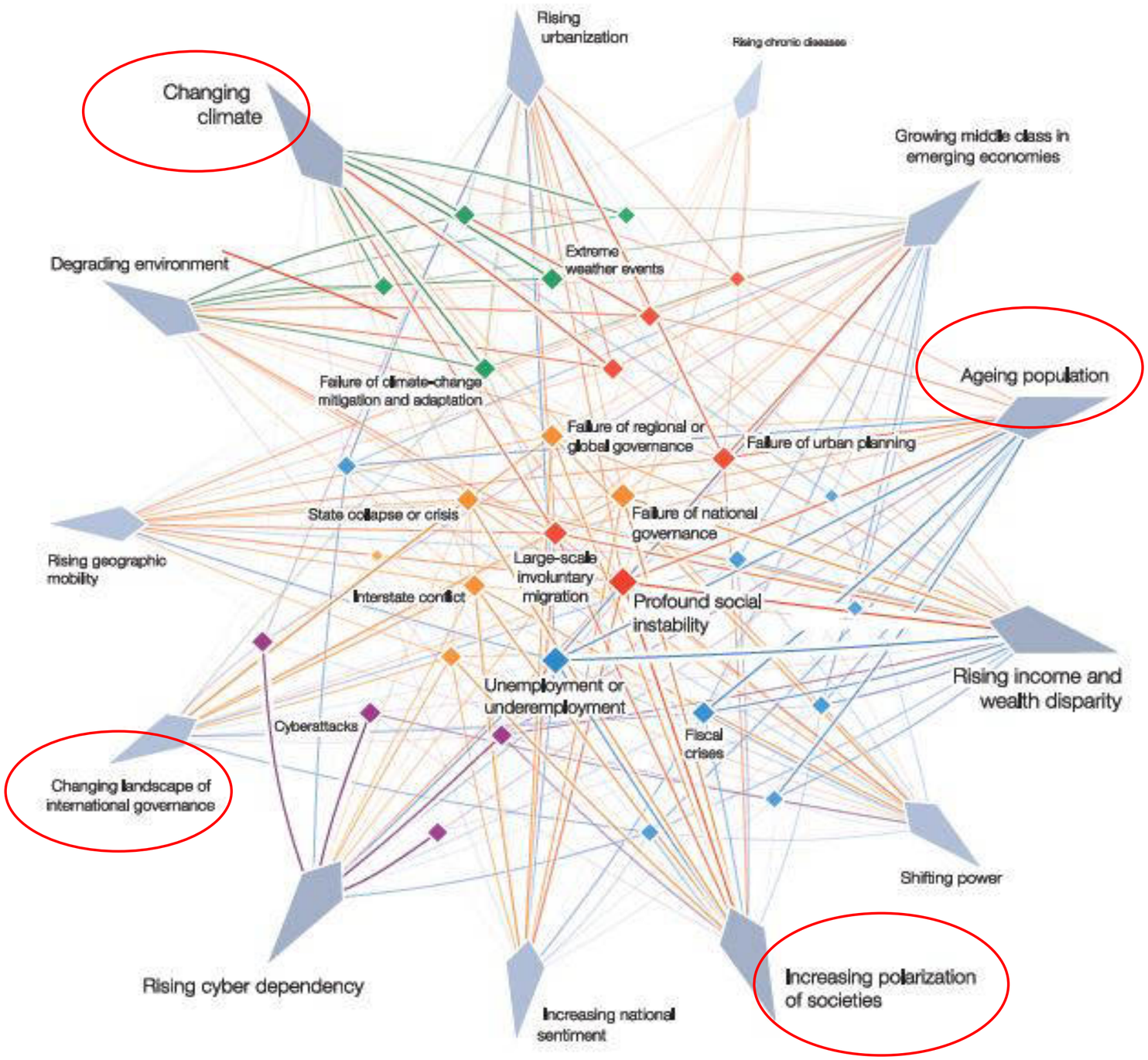
Changing Environment



The Global Risks Landscape 2017



The Global Risks Interconnections

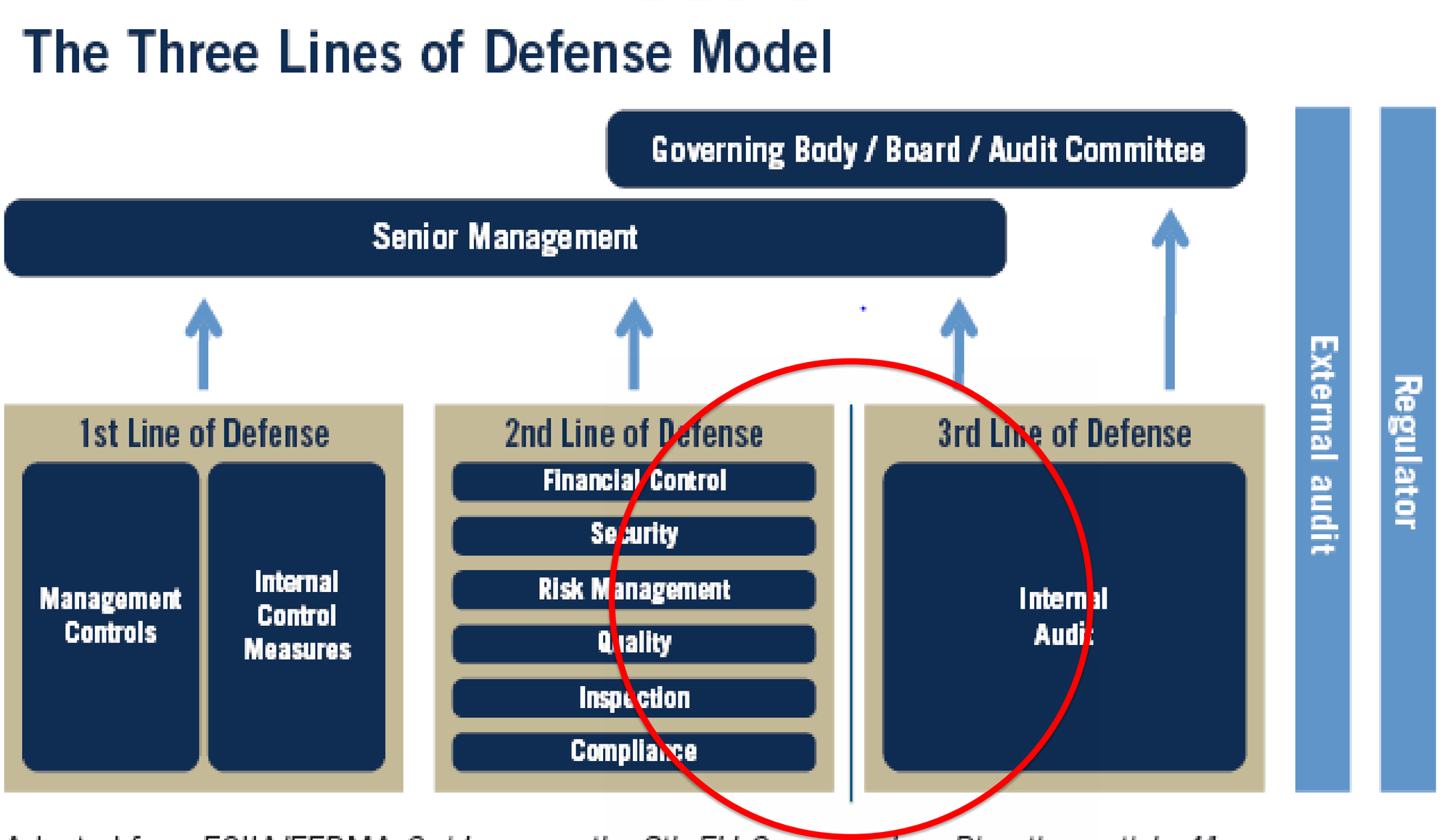


(Source: WE The Global Risks Report 2017)

Changing Environment

Governance and Stakeholders

Three Lines of Defense



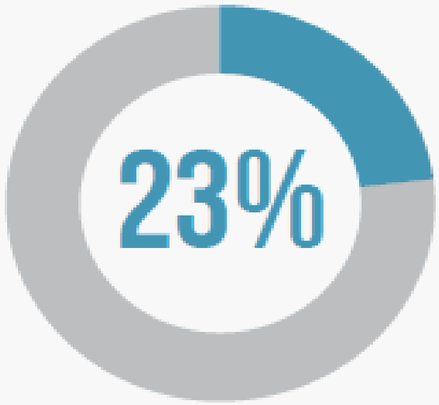
Adapted from ECIIA/FERMA *Guidance on the 8th EU Company Law Directive, article 41*

The Line is getting thinner

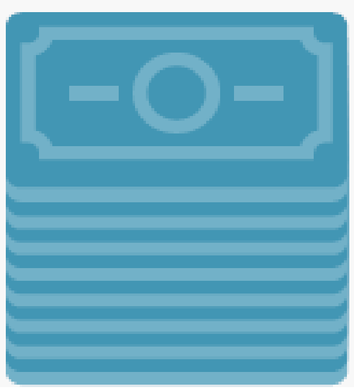
Other Considerations

Scope

$6.3 BILLION
IN TOTAL LOSSES



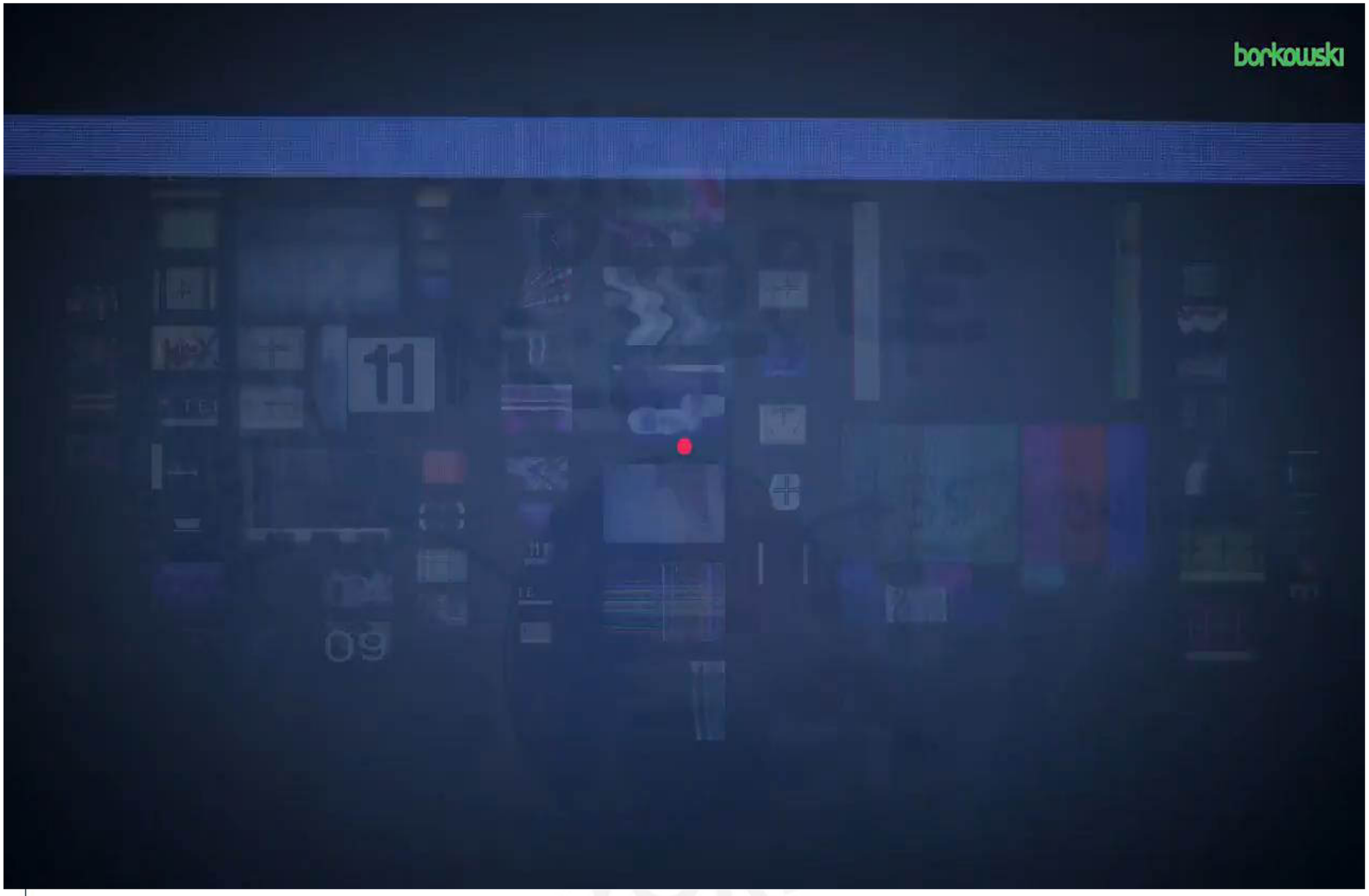
OF CASES CAUSED LOSSES OF
$1 MILLION OR MORE



$150,000
MEDIAN LOSS PER CASE

(Source:2016 Report to the Nations on Occupational Fraud and Abuse, ACFE

Social Media


borkowski

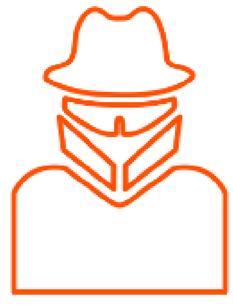
Data & IT Security and Cloud Computing

The average **TOTAL COST** of a breach is

$4 million...

up 29% since 2013

Why costs are increasing?



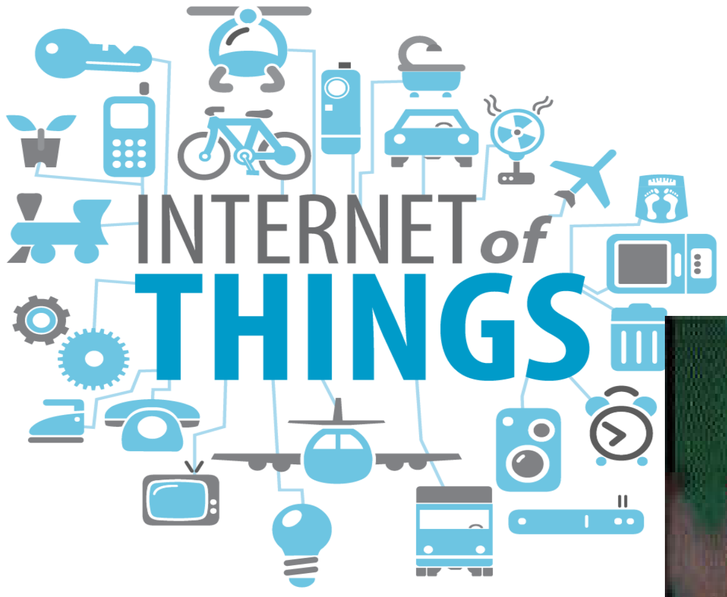
48%

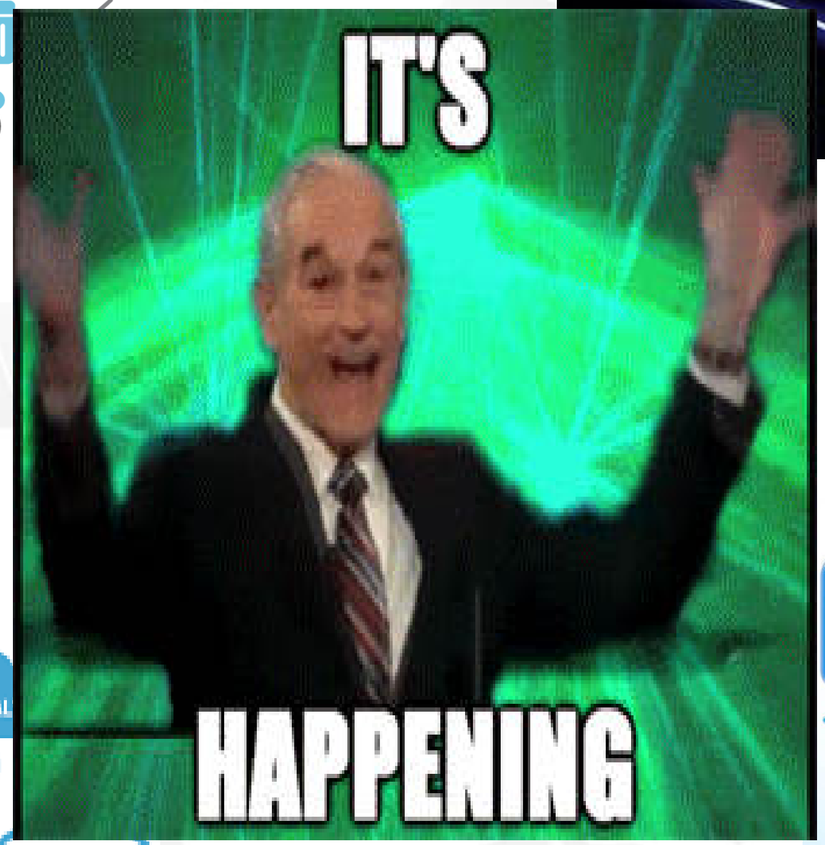
of breaches are malicious attacks... which **cost more** to remediate

(Source:2016 IBM Cost of Data Breach Study

Q
WHAT WILL THE WARRIOR-GUARDIAN OF THE FUTURE LOOK LIKE?

Future Technologies





THE WAY FORWARD

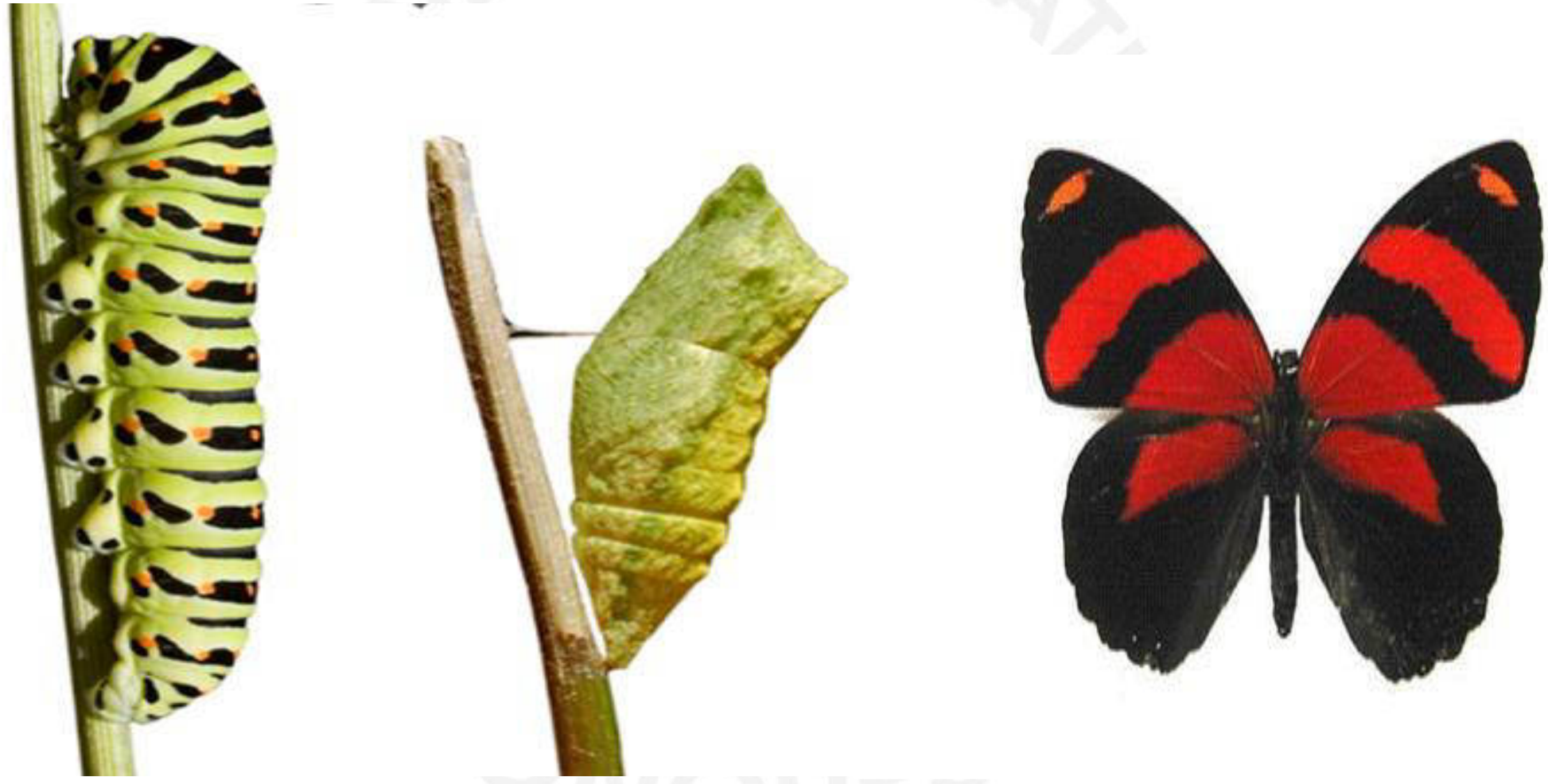
THE NEXT GENERATION
IIA CONGRES 2017

Way Forward

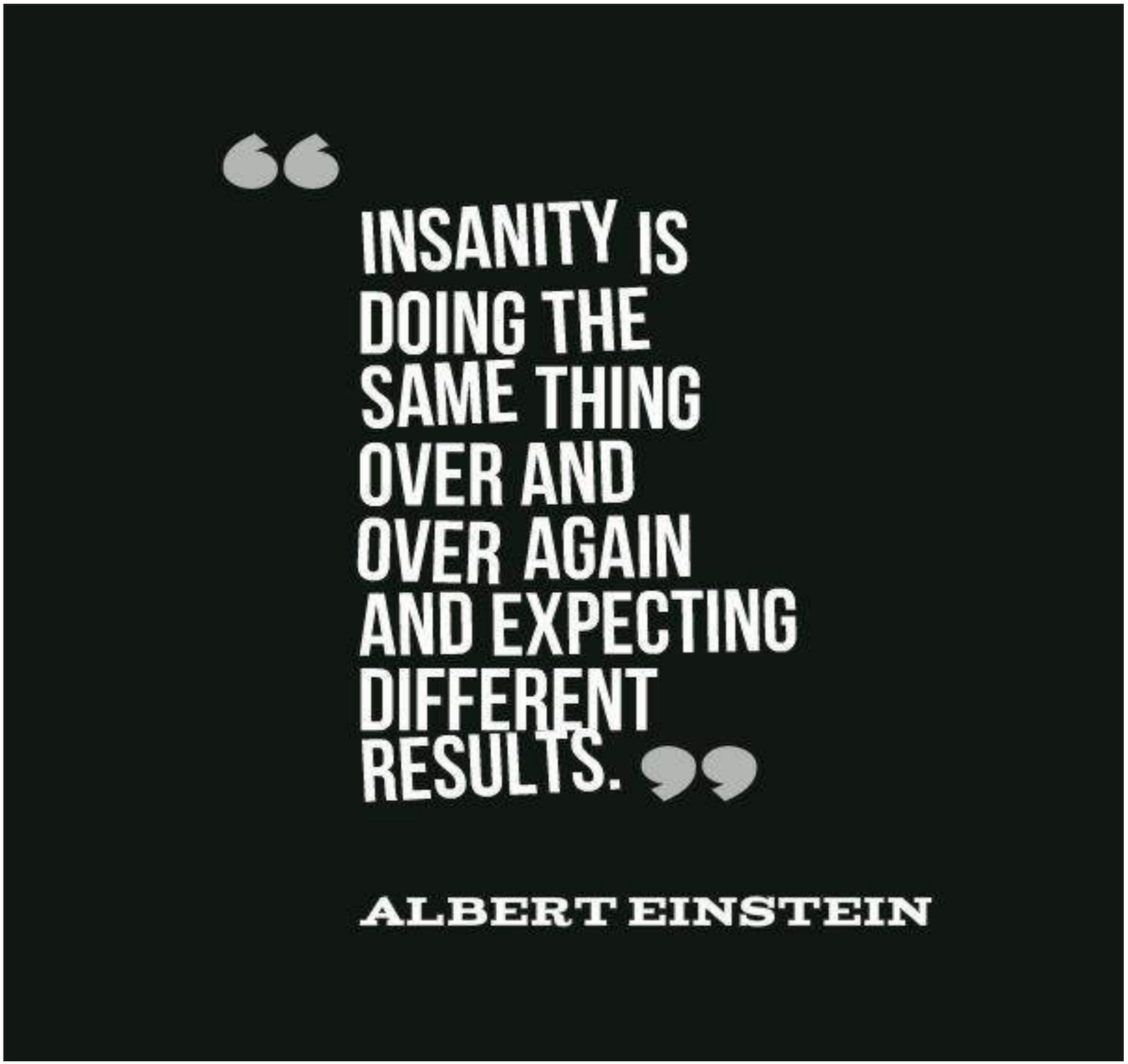
Modern Internal Auditing, to be successful, must be grounded on management support and acceptance and on imaginative service to management…..The auditor must mount continuing campaign to sell his product to executive management and the products he sells must be of quality that will capture and keep management's interest.

Larry Sawyer , 1973

There is a need to evolve and innovate



Governance and Methodology

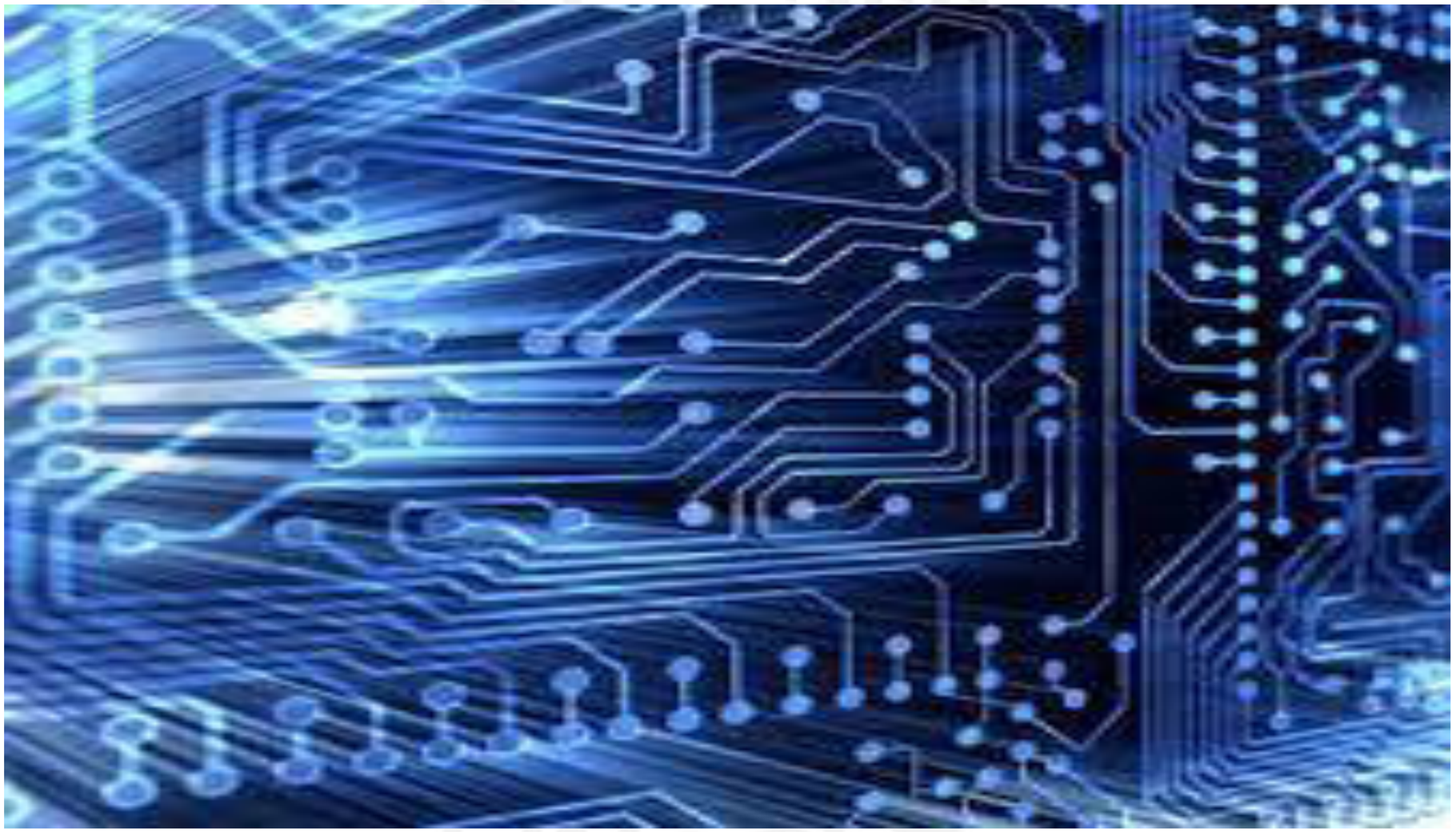

INSANITY IS DOING THE SAME THING OVER AND OVER AGAIN AND EXPECTING DIFFERENT RESULTS.
ALBERT EINSTEIN

Processes

Combined Assurance

Source: IoDSA (2009), King Code for South Africa 2009, Institute of Directors in Southern Africa, 62.

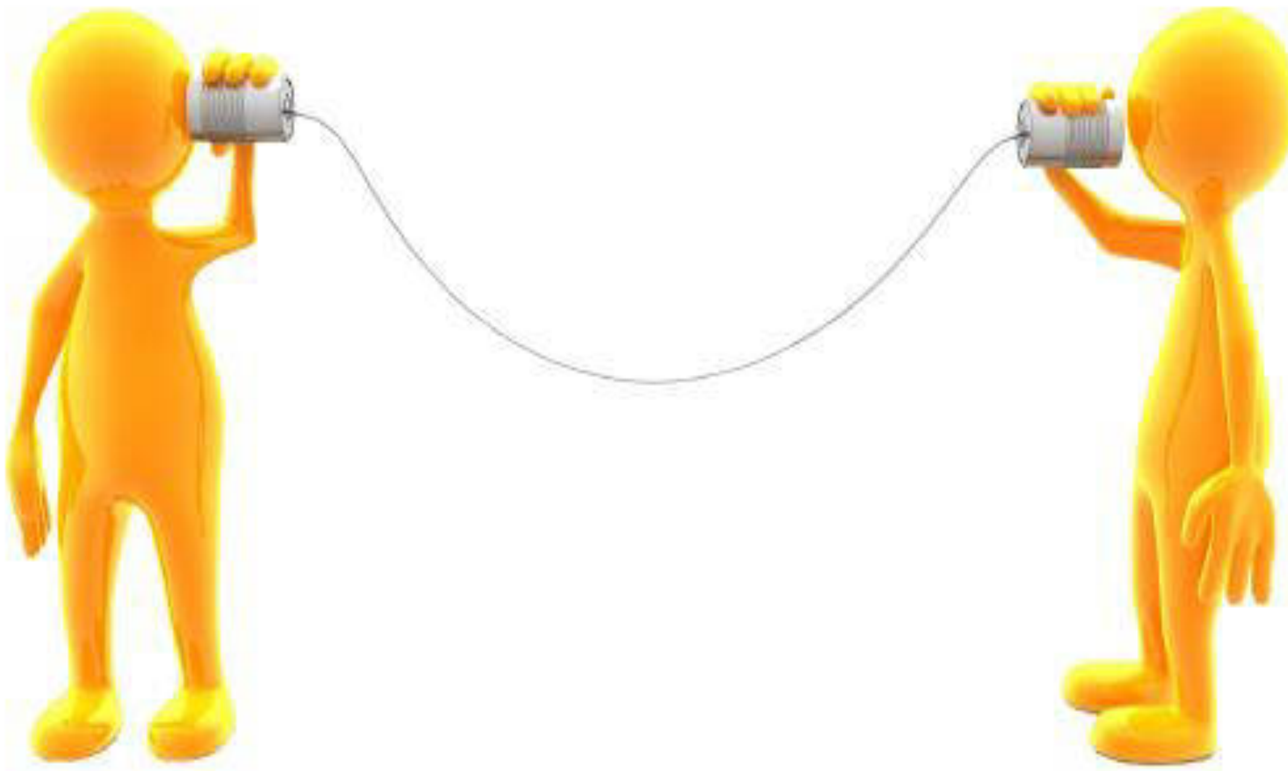
Technology

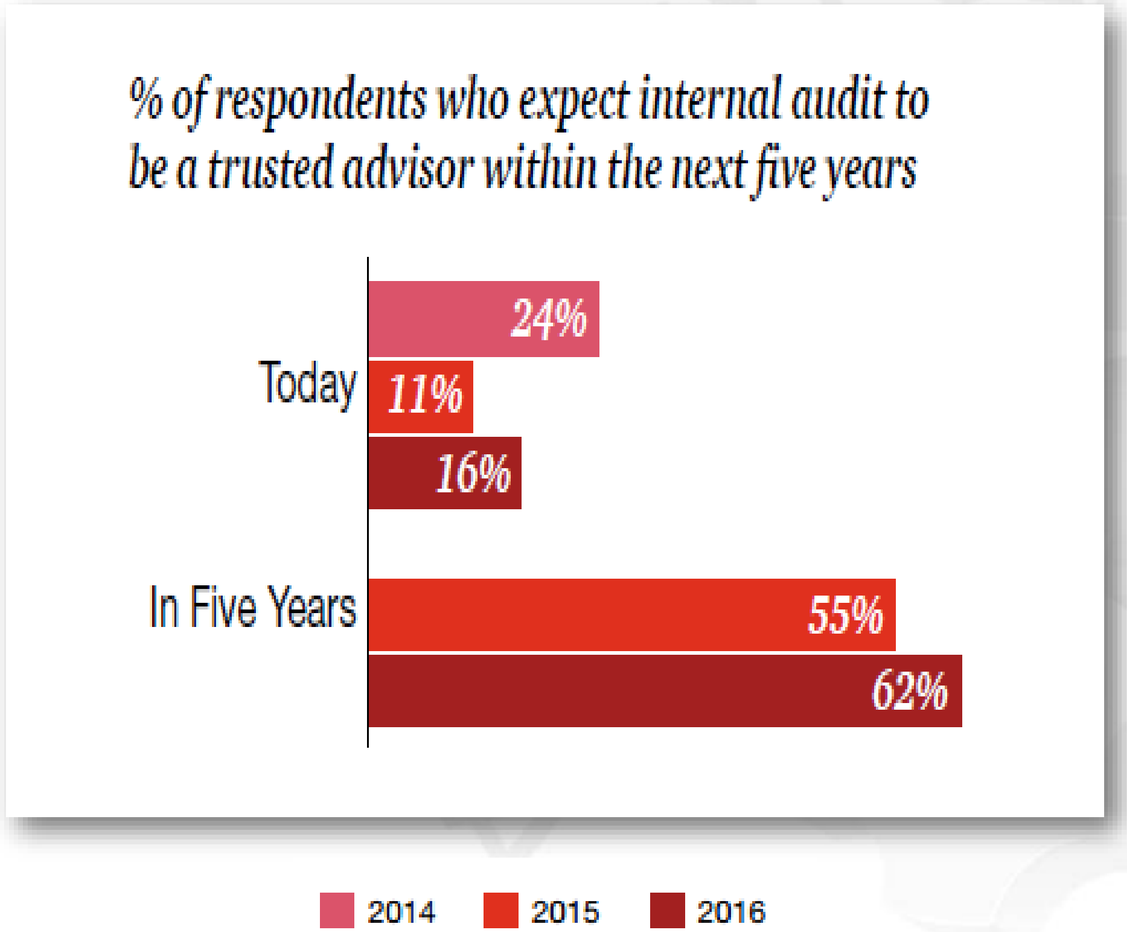


Human Resources

Perception and Branding (Quality)

Communicate Effectively





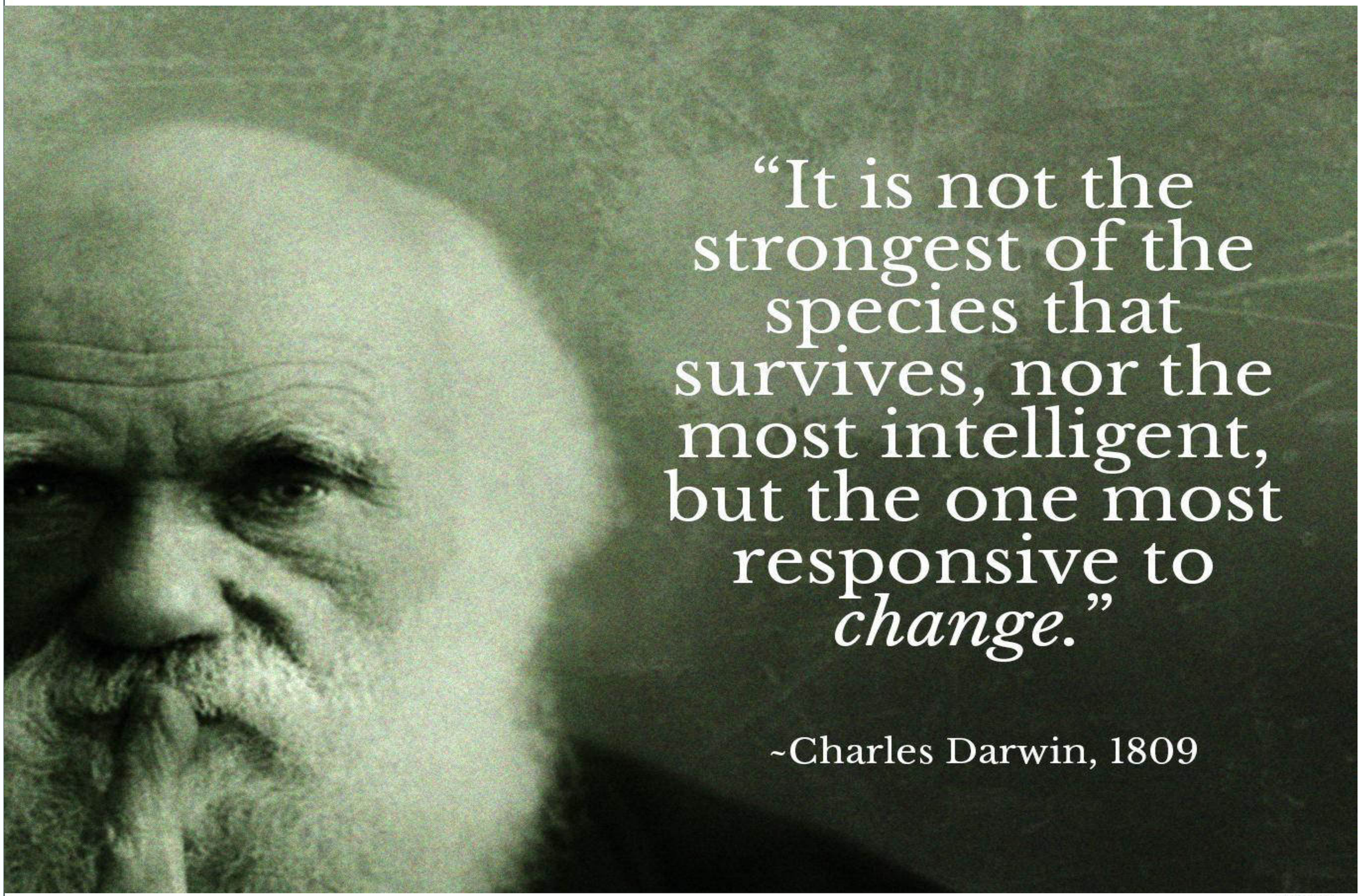
In 2017, just 9% consider Internal Audit a Trusted Advisor*

*Source: *2017 and 2016 PwC State of the Internal Audit Profession*

Causal Relationship of Trust in Leadership

Internal Audit Must Evolve to Keep Pace

Source: 2017 PwC State of the Internal Audit Profession


“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to *change.*”
~Charles Darwin, 1809

Agility

QUESTIONS