

The evolving role of Internal Audit



The necessity to develop smart city technology has brought about big data and transformation initiatives, which in turn fuel business operations and break down the complexity of presented data, eventually seeking to provide an overall assurance for the process flows. Internal audit functions have to respond to these changes within the business operations as a process of managing values and improving the quality of life.

Businesses and organizations across the Middle East are embracing the innovation economy as a fundamental proposition to increasing the efficiency and effectiveness of internal audit processes. Due to the complexity of operations in organizations, innovators have developed digital data transformation as a mechanism for enhancing a true and fair view of inherent and residual risks, as well as of adopted controls within the audit process. For several decades now, the internal audit function had incorporated progressive automation, aiming at economic efficiencies and quality production. Before the implementation of automated processes, the internal audit functions had faced different evolutionary methods for centuries. Firms have rendered technological advancement, particularly automated processes, as a strategic control mechanism for effective operations, while also taking into consideration the unaccounted risks present in business operations.

While the global financial crisis of 2008 spurred firms, particularly those in the financial sector, to seek changes in their audit resources, the technological revolution of the 21st century has influenced the internal audit systems of organizations due mainly to the development of artificial intelligence (AI), robotic process automation (RPA), and smart city communication technologies. Globalization also enabled companies to operate in different countries while controlling resource allocation at the same time. Automated systems were used to channel resources effectively across all branches along with processing data for decision-making.

The use of AI in the internal audit functions further ascertains and confirms the human analytics and decision-making process. While these systems consist of augmenting features that replicate human intelligence on operation, the RPA is a subset of AI that comprises structured input and business logic of the activities of an organization.

This tool aims at manipulating data, interpreting business processes, and triggering communication among other digitalized systems.

Moreover, the RPA tool is integrated into the systems of organizations with the support office system functions to grasp the entire overview of data. The RPA tool and AI have offered several opportunities for organizations and increased the internal audit responsibilities. In this case, the utilization of advanced RPA and AI in internal audit have developed the smart city technologies which refer to the modern design of cities using advanced information and communication technologies incorporated within urban centers for quality resource utilization. The necessity to develop smart city technology has brought about big data and transformation initiatives, which in turn fuel business operations and break down the complexity of presented data, eventually seeking to provide an overall assurance for the process flows. Internal audit functions have to respond to these changes within the business operations as a process of managing values and improving the quality of life.

Ever since the development and implementation of automated internal audit systems, firms have experienced several benefits vis-à-vis the manual practices and template plans, allowing them to cover a wider range of data compared to the standard sample approach. For instance, computerized systems enhance the cost-effectiveness of a firm, as 40 to 80 percent of investments often cover

relevant cost functions. Automated internal audit systems increase the data quality at organizations and provide more accurate processed data. In this case, software robots do not make consistent decisions, but rather, are configured to provide a consistent approach to solving problems. Automated systems also enable firms to monitor data flow continuously during any given period of time throughout the year. Automated systems also accommodate for a higher capacity and increase the speed of information at organizations, enabling them to perform a more effective decision-making process. Finally, automated internal audit systems improve control over operations, making actions correspond to results.

The evolution of automated internal audit systems has positively contributed to the general performance of organizations across the Middle East. These systems have given organizations the opportunity to improve the process of internal audit. They have also attracted various competent resources in a multinational context, allowing organizations to operate in different nations while utilizing a unified decision-making methodology. ●

By **Elias Ma'ayeh**, Partner and **Sharif Barakat**, Director, Risk Advisory, Deloitte Middle East

Endnotes

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