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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.

Table of Contents

CHAPTER ONE: **Where we have been**

CHAPTER TWO: **Where we are now**

CHAPTER THREE: **Where others are**

CHAPTER FOUR: **Into the Future**



02



02

PART ONE: Where we have been



Key Internal Audit Milestones

03

Checking and Compliance

System Based

Risk Based

Partnership

Value Based

1940s – 1980s

Birth of modern internal Auditing with establishment of IIA

1980s – 1990s

Focus is historical
Generally reports to CFO

1990s – 2010s

COSO Integrated Framework
Sarbanes Oxley

2010s –

- Supplementary guidance following Global Financial Crisis
- Cyber Risk
- 2017 IIA Standards update

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)





ARE WE THERE YET? THOUGHTS BEYOND INTERNAL AUDIT

PART TWO: Where we are now

35

04



VUCA



The Global Risks Report 2021

16th Edition

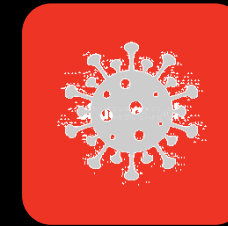
INSIGHT REPORT



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





THE NEW NORMAL

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."



TECHNOLOGY



CULTURE



OFFICE



BEHAVIOR





08

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%

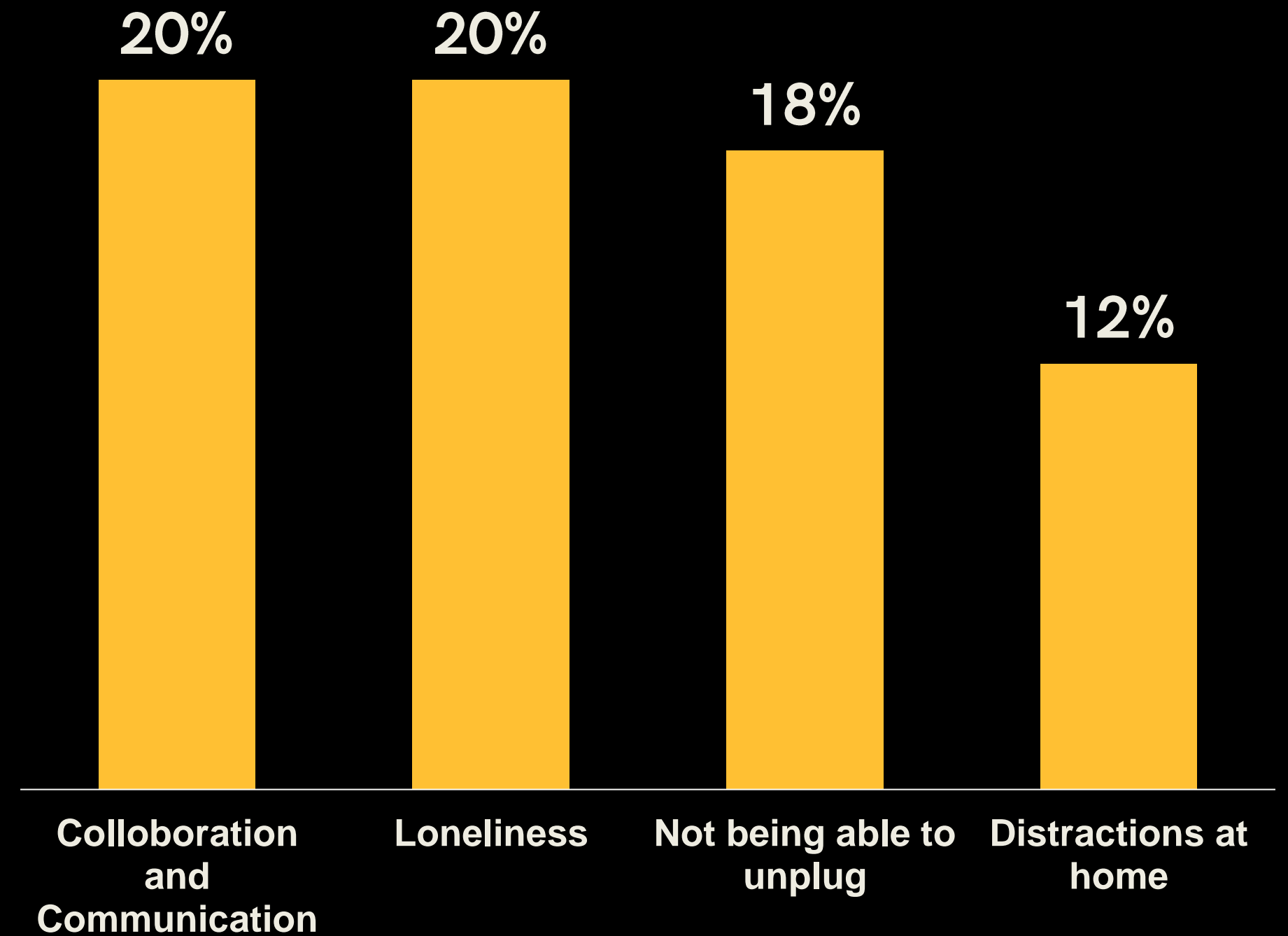
Of larger organizations will increase work flexibility while **53%** will shrink office spaces

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

08

- Sustainability strategy
- Operate with purpose
- Speed as a muscle : Speed and Resilience
- Transform in the cloud
- Cultivate the talent of tomorrow

McKinsey & Company- What matters most? Five priorities for CEOs in the next normal-How leaders can adapt to a very different future- Sept 21.



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

What the Boards Want

4%

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

What the **Audit Committees** Think

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92%

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

70%

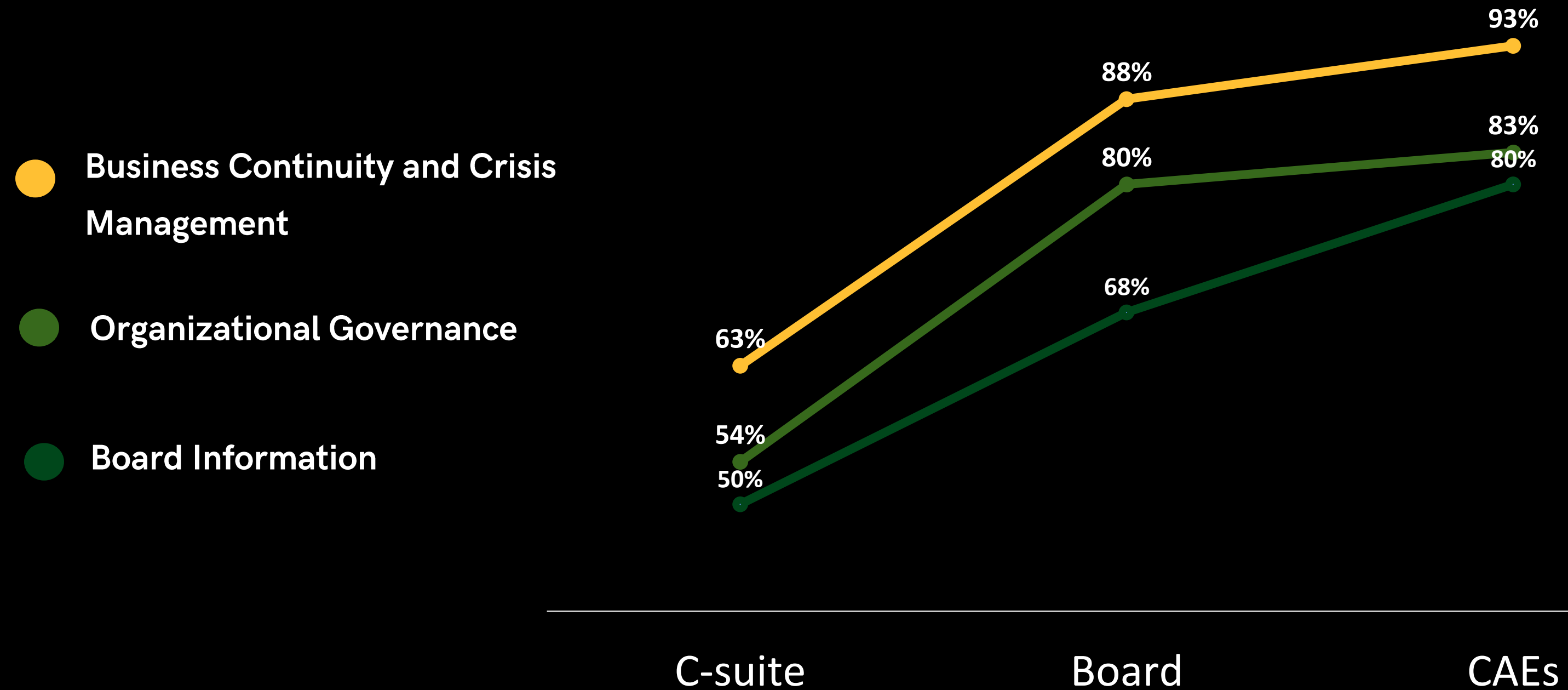
said Internal Audit should spend **more time on advisory services**

63%

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



Disparity Ratings





BALANCE YOUR
STAKEHOLDERS' NEEDS

As for the Auditors :The results is



13



ARE WE THERE YET? THOUGHTS BEYOND INTERNAL AUDIT

PART FOUR: Into The Future



14

keep your Radar tuned

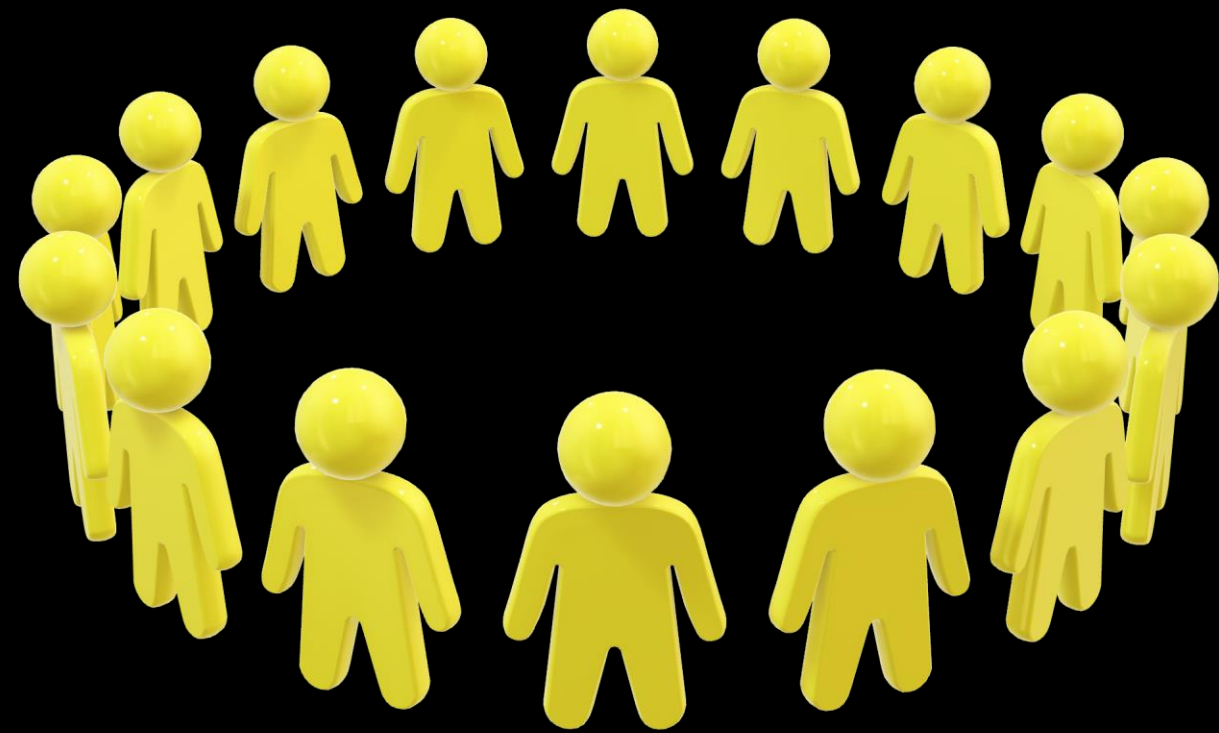




To needs of Stakeholders ...

- **Shareholders**
- **Regulators**
- **Market Research**
- **Analytics**

Alignment



Communication



Coordination and collaboration



To Environment

...

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





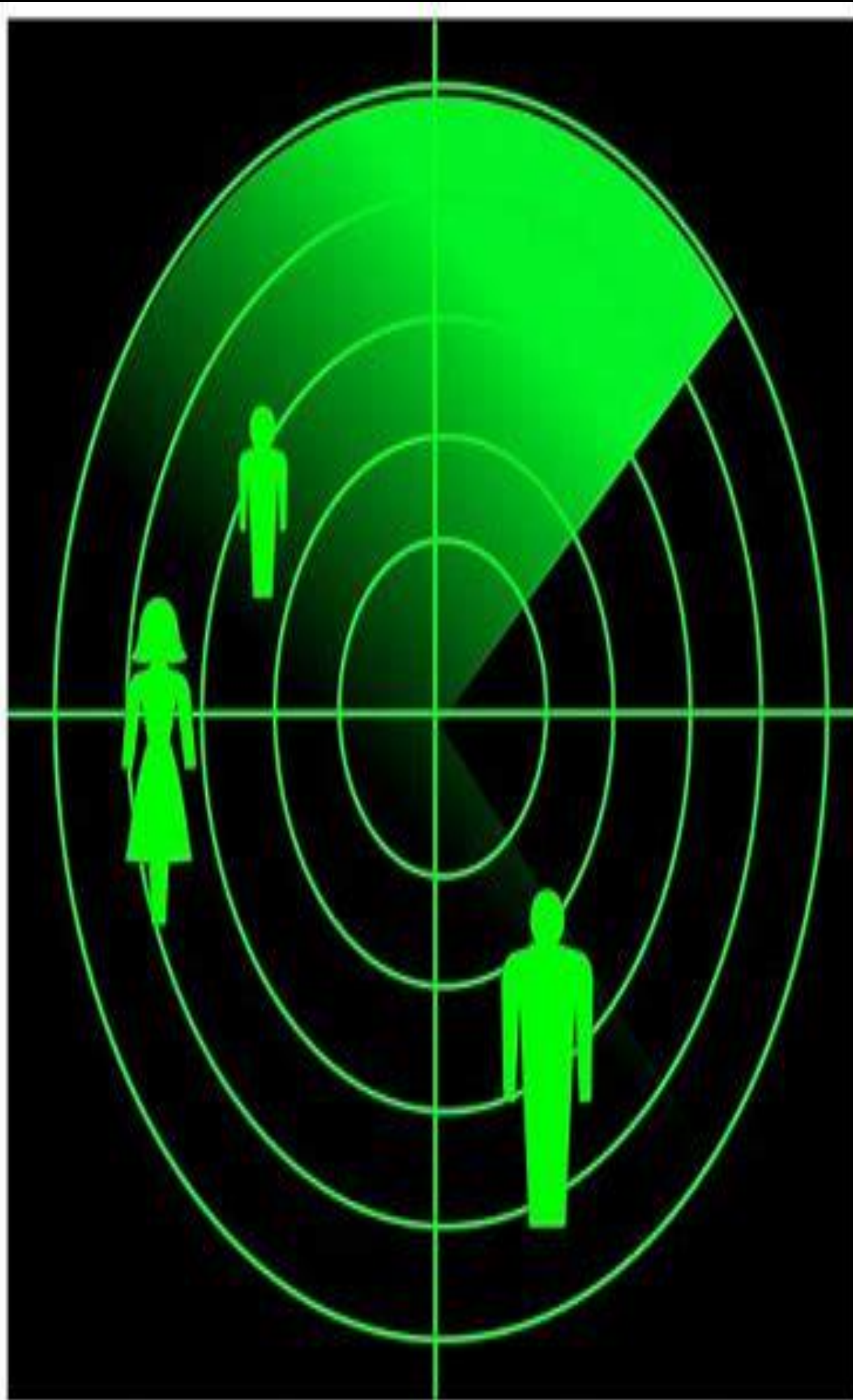
To your Ambassadors ...

Competencies needed

Competencies Gaps

Career Development

Energy



15

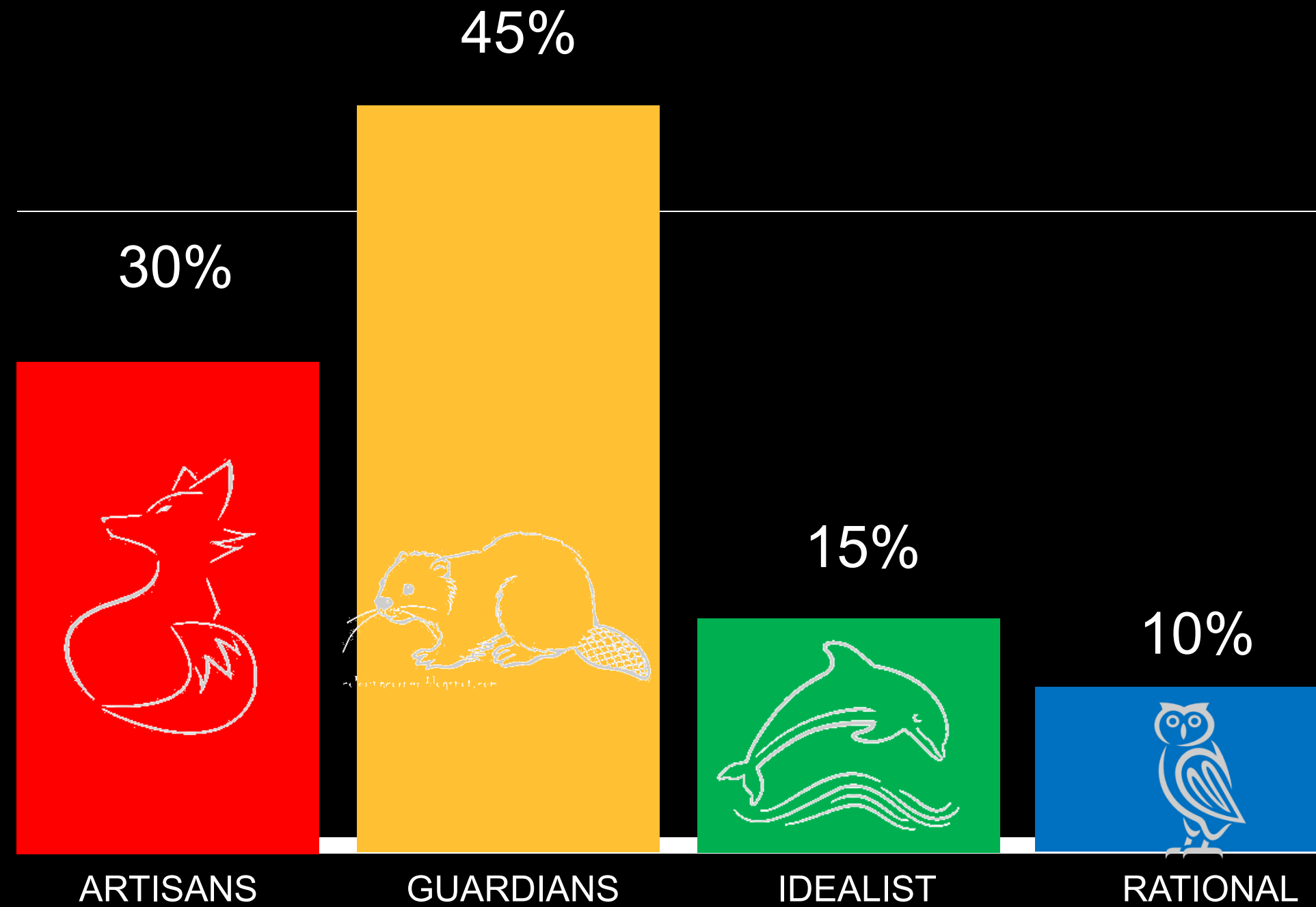
The A Team



Entire population is made up of



46



Source: Keirse.comudit Insights 2019



To the Internal Audit **Branding**

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

ARE WE THERE YET?

Journey of excellence







Contact me

For questions or concerns

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