MetricStream | **Playing the Internal Audit Card in Changing Business Environment using 5 Critical Technological Capabilities**

Introduction

The business environment today is undergoing a tremendous makeover and organizations are challenged with changes which are sometimes disruptive to their operating environment. Internal Audit function of an organization and its implications play an important role in providing value while keeping with the pace in the changing times. This article outlines the challenges and provides novel insights on the value measurement and value creation of internal audit function from change and capability perspective.

Trends, Challenges and Solution

The business environment has observed significant changes such as increased regulatory stringency, heightened board oversight, risks emerging from social media, constant changes in technology and an increase in the complexity of the business processes. Several other factors like faster pace of operation due to increased real-time business processes, mounting pressure to be agile, sector disruptors, need to add shareholder value and increasing demand for quality improvement and innovation demands significant changes in operations.

Owing to these changes, it is vital for organizations to step up their Internal Audit function to be more proactive than reactive, to be precisely risk based, pro linear with real time information to identify and act on risks instantly, and to ensure collaboration between perspectives to deliver value.

The concept of integrated approach has been coined as a one-stop solution for solving the above challenges in this volatile business environment. Most of the organizations strive to reach the integrated level of maturity, however falter due to ineffective use of technology which is evident from the recent survey reports clearly indicating gap between organizations recognizing and actualizing the technology.

Following are the 5 critical technological capabilities, which can support an Internal Audit function to step up and provide value to effectively manage risks. These include:

1. **A Robust information model** which provides logical associations between multiple auditable entities, risks, organizational structures and geographies.

2. A cohesive **Integrated GRC platform** that allows consolidation of all crucial operations in an organization rather than isolated point solutions.

3. **Collaboration and streamlined workflows** using automation, delivering a cost effective and progressive audit process.

4. **Real time metrics, business intelligence and visualization** which provide ability to bring elements such as state of audit, risk, KRI, actions from findings and other metrics on common platform; providing valuable risk insights and intelligence; and identify potential opportunities for improvements.

5. Capability to rapidly **adapt to changes** in business processes and operations to meet future requirements.

These 5 core technology capabilities deliver value from Internal Audit in terms of reduced operational cost through automation; improved visibility through more timely, current information and removal of costs due to inconsistency. Thus, gearing up by revamping the way they operate to adapt to the business changes, playing an important role in providing value