



Internal Auditors' Response to Disruption and Innovation

By Dr. Margaret Christ



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Introduction

This study addresses the following questions:

- What innovations & disruptions have affected organizations and their Internal Auditors?
- How has Internal Audit responded (or struggled to respond) to these innovations?



Approach

- 5,000 surveys sent to IIA members
- 162 survey responses
- 11 CAEs interviewed



“We are living through the most profound changes in the economy since the Industrial Revolution. Technology, globalization, and the accelerating pace of change of yielded chaotic markets, fierce competition, and unpredictable staff requirements.”

Bruce Tulgan, American Business Writer



“The pace of change is so great, there is always something else going on. What that says to me is that you have to have strategic vision and peripheral vision. Strategic vision is the ability to look ahead and peripheral vision is the ability to look around, and both are important.”

Carly Fiorina, former Hewlett-Packard CEO

Question Asked of Internal Auditors

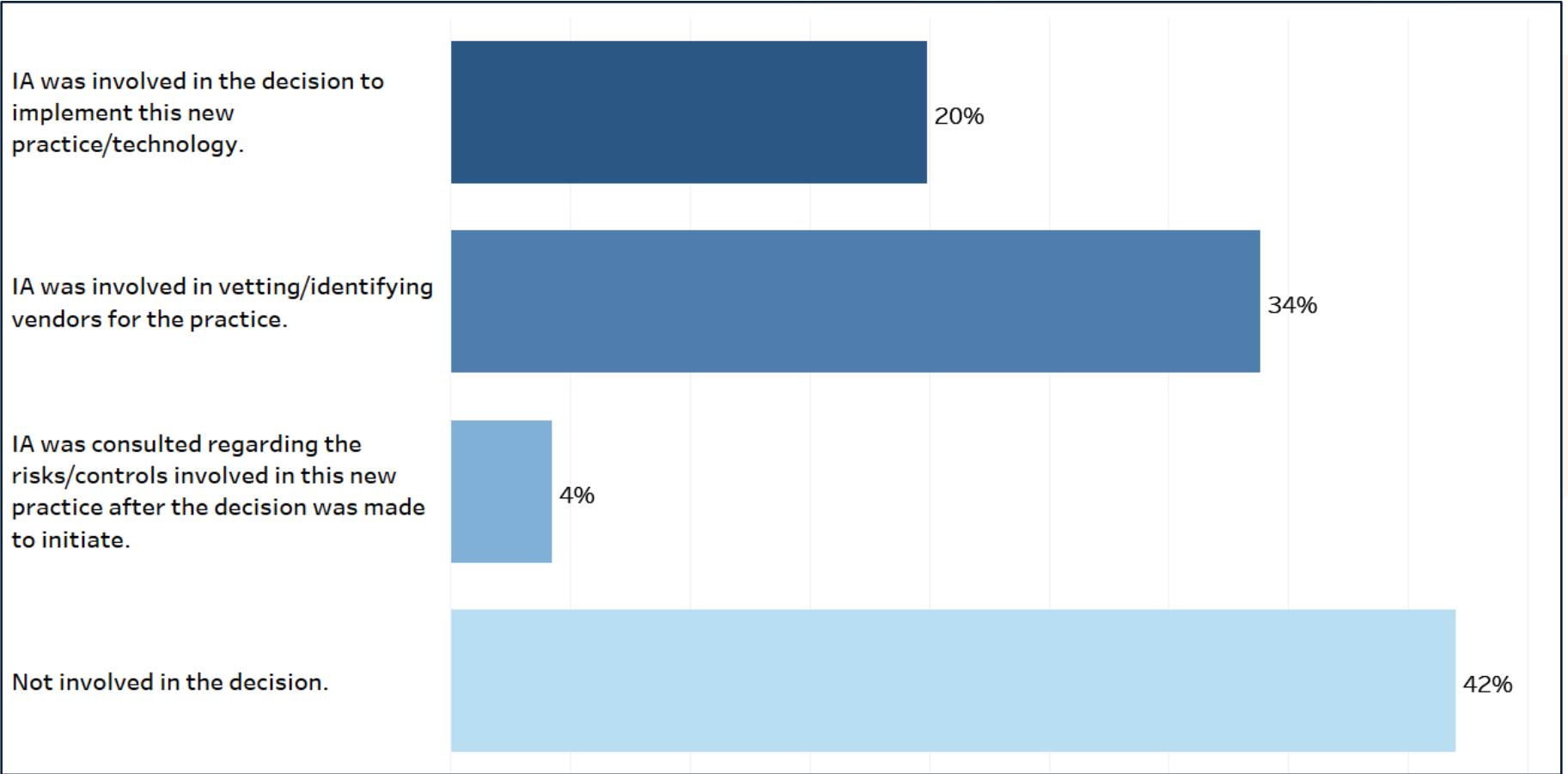
What innovations are your organizations currently implementing?

1. Data Analytics
2. Cloud Computing
3. Agile Processes
4. Mobile Technology
5. Robotic Process Automation (RPA)
6. Continuous Auditing
7. New Organizational Strategies
8. Artificial Intelligence / Machine Learning
9. Regulatory Changes
10. Digitalization
11. Other Innovations

Internal Audit's Response

- Involvement of Internal Audit in the decision to innovate
- Changes Internal Audit has made in response to innovation
- Evaluations of Internal Audit's preparedness and effectiveness to the innovation

IA's Involvement in the Decision to Innovate

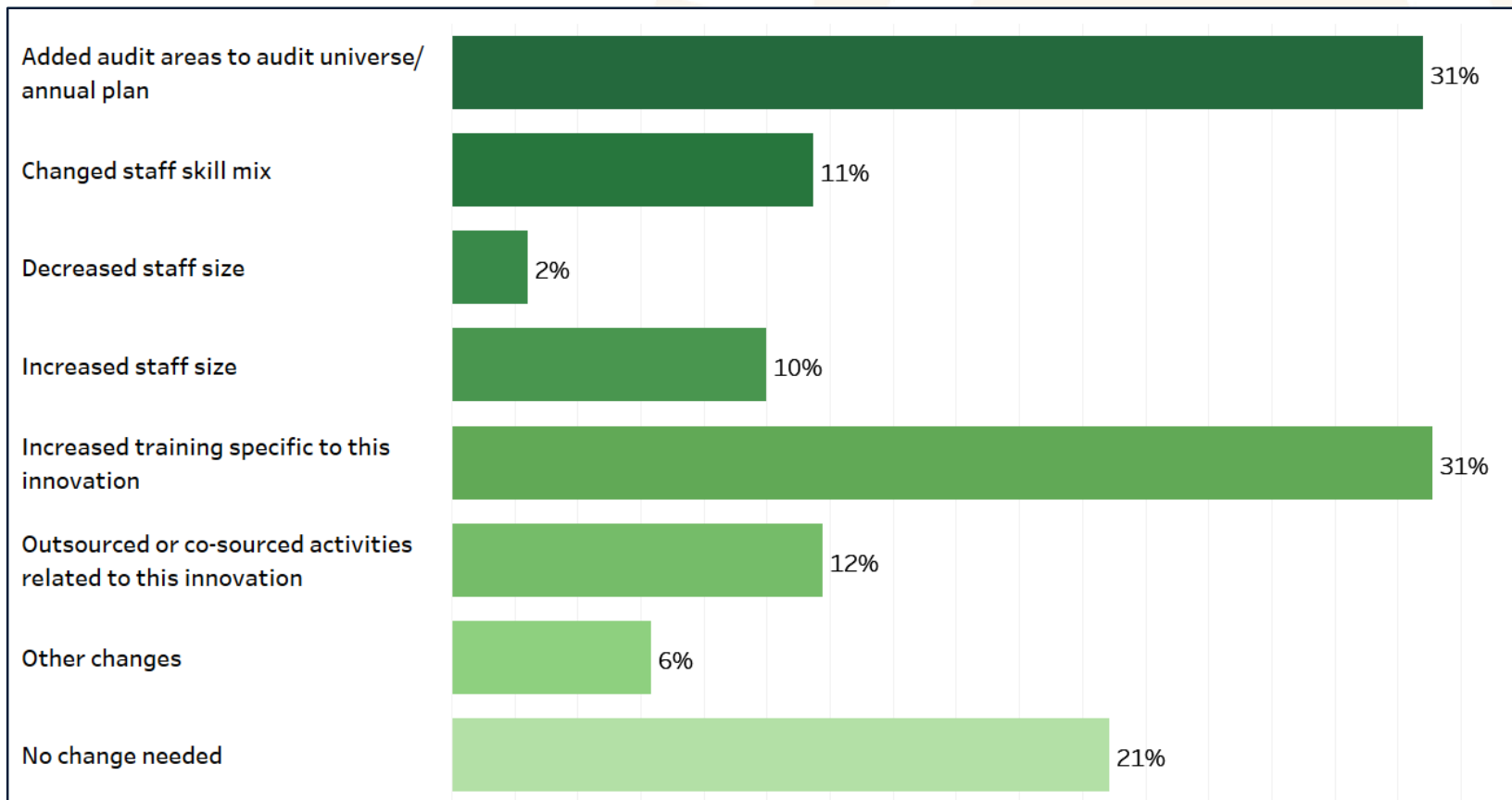


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Changes IA Made in Response to Innovation



Evaluations of IA's Preparedness & Effectiveness Related to Innovation

- Overall, respondents believed they were neither prepared nor unprepared for the innovation.
- Respondents also believed they were neither effective nor ineffective in their response to innovation.

General Response to Innovation

Our analysis yielded three key insights:

1. IA does not have a seat at the table
2. Lukewarm ratings Internal Auditors give themselves regarding preparedness & effectiveness
3. Innovation stretches and requires Internal Auditors to change



Questions?

Let's continue the conversation!

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