

Audit Management

Managing risk across your enterprise with ClearRisk



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01. Maximizing Efficiency and Value: The Audit Leader's Challenge

Whether you manage an audit team of five or fifty, whether in a traditional office or working remotely, the primary challenge for modern audit leaders is to implement an audit program that is efficient, cost-effective, and value-adding. To achieve this, audit leaders must focus on automation and efficiency to free up resources for more significant projects. Fortunately, auditors now have unprecedented access to technologies that enable automation, which can help them reach high levels of efficiency, productivity, and value. The most innovative audit leaders understand that utilizing these technologies is crucial for creating top-performing audit teams that play a vital role in their organization's success.

ClearRisk offers a thoughtfully curated collection of insights designed for audit leaders to use, share, and discuss with their teams. Each section is crafted to provide valuable strategies for enhancing efficiency at every stage of the audit process, along with best practices for integrating automation into their audit workflows.



02. Planning an Audit from Scratch- The Problem



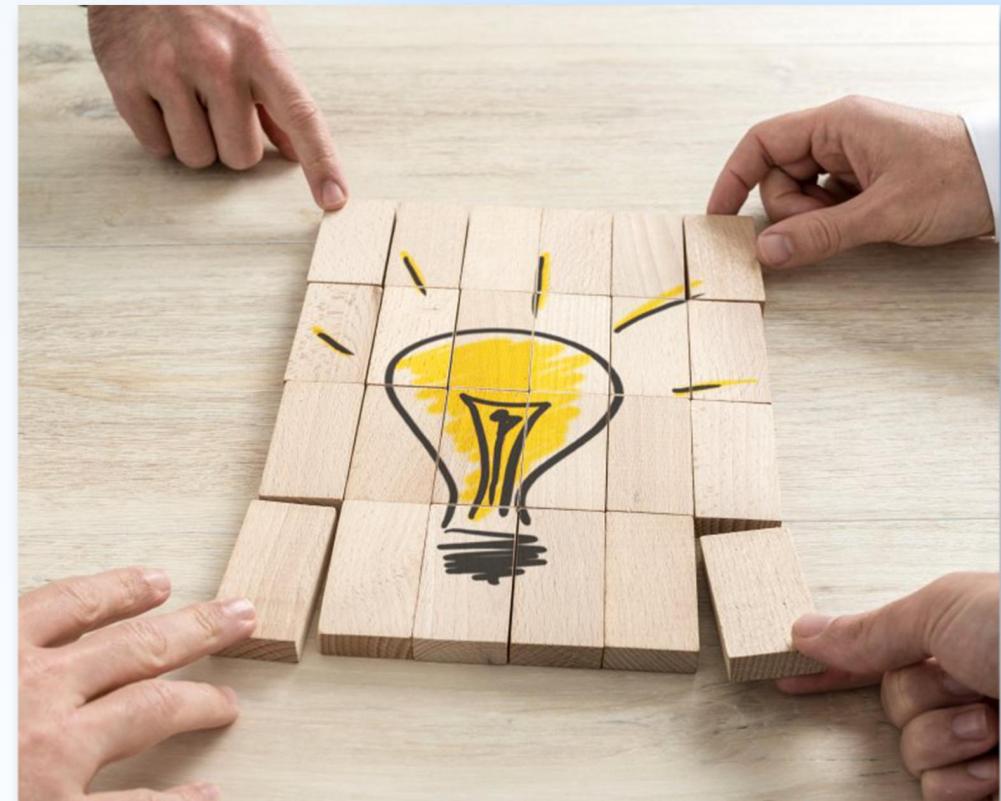
Given the current circumstances, audit teams need to become more adaptable. However, they sometimes lack the knowledge or subject matter expertise required to provide assurance in areas that have not been audited before. Unfortunately, these areas often include processes crucial to an organization's strategy and key objectives. In such situations, auditors might begin by searching online for "how to audit XYZ" or "XYZ audit program," but this often results in a limited project scope that involves testing a few controls, noting exceptions in the audit report, and then moving on to the next audit. This method not only fails to meet the needs of the audit client but also negatively impacts the performance and reputation of internal audit.

What steps can internal auditors take to prepare a more thorough scope for their internal audit projects?



The Solution

Auditors who develop and document custom audit programs from the ground up, rather than relying on checklists or template programs found online, are better prepared to audit areas that are not typically examined. When internal audit can focus more of its time and resources on aligning with the organization's strategy and key objectives, the resulting benefits can grow significantly.



Step 1: Initial Audit Planning

Every internal audit project should start with the team having a clear understanding of why the project is included in the audit plan. Before beginning fieldwork, the following questions need to be answered and approved:

1

What is the reason for including this audit project in the internal audit plan?



2

How does the process contribute to the organization's goals and objectives?



3

Which enterprise risk(s) does this audit aim to address?



4

Has this process been audited before, and if so, what were the outcomes of the previous audit(s)?



5

Have there been any significant changes to the process recently or since the last audit?



Step 2:

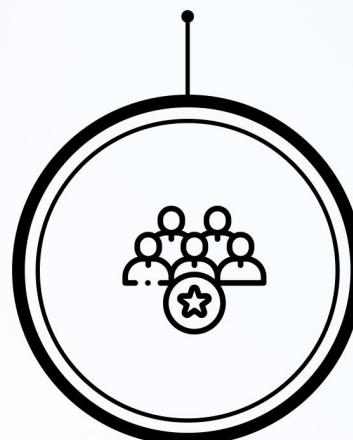
Risk and Process Subject Matter Expertise

Conducting an audit using internal company information is useful for evaluating the operational effectiveness of a process's controls. However, to keep up with the business's evolving landscape and ensure that key processes and controls are properly designed, it is crucial to seek external expertise. To assess the design of the audited process, consider using at least one of the following resources:

A Subject Matter Expert (SME) from a Big Four or other consulting firm



Membership in the most relevant trade association



Recent articles from leading business publications such as WSJ.com or HBR.org



Thought leadership from sources like Deloitte, Protiviti, RSM, or The IIA



Step 3: COSO's 2013 Internal Control Integrated Framework

Although it is widely used for Sarbanes-Oxley compliance, internal auditors can also utilize COSO's 2013 Internal Control – Integrated Framework to develop a more thorough audit program. Beyond identifying and testing control activities, internal audit should aim to identify and assess the other elements of a well-controlled process.

- Examine COSO's 2013 Internal Control components, principles, and key focus areas.



Step 4: Initial Document Request List

Requesting and obtaining documentation on how a process functions is a crucial step in audit preparation. Before beginning audit planning, the following information should be requested to understand the process, relevant applications, and key reports:

- All policies, procedure documents, and organizational charts
- Key reports used to monitor the effectiveness, efficiency, and success of the process
- Access to essential applications used in the process, along with an assessment of whether these applications were used remotely
- A description and inventory of master data for the process being audited, including all data fields and attributes

Once you have an understanding of the process through the initial document request, you should seek access to the master data for the processes being audited to analyze trends and assist in making detailed sampling selections.

Step 5: Preparing for a Planning Meeting

Before meeting with business stakeholders, internal audit should conduct an internal meeting to confirm a high-level understanding of the objectives of the process or department and the key steps involved. To prepare for a planning meeting with business stakeholders, the following steps should be taken:



Outline key process steps using a narrative, flowchart, or both, emphasizing information inflows and outflows, and internal control components.



Validate draft narratives and flowcharts with subject matter experts, if available.



Develop an initial pre-planning questionnaire, including internal audit's draft responses, to facilitate a pre-planning meeting with key audit customers. This should include questions about the impact of COVID-19 on the business.

Creating the questionnaire after conducting initial research sets a positive tone for the audit and demonstrates that the internal audit is informed and ready. Once this research is complete, the internal audit team should meet with their business stakeholders to verify their understanding of the process.



Step 6:

Preparing the Audit Program

Once the internal audit team has confirmed their understanding of the process and the associated risks, they can create an audit program. The audit program should include the following details:

- Process Objectives
- Process Risks
- Controls Mitigating Process Risks
- Control Attributes, such as:
 - Whether the control is designed to prevent or detect a risk event
 - Frequency of the control (e.g., daily, weekly, monthly, quarterly, etc.)
 - Whether the control addresses a fraud risk
 - Whether the control is performed manually, by an application, or both
 - An initial assessment of the risk event (e.g., high, medium, or low)
- Testing Procedures for Controls to be Examined During the Audit, including:
 - Inquiry: asking how the control is performed
 - Observation: physically witnessing the control being executed (if possible)
 - Inspection: reviewing documentation that provides evidence of the control being performed
 - Re-performance: independently executing the control to verify the outcomes



Step 7: Audit Program and Planning Review

Audit programs, particularly those for processes that have not been previously audited, should undergo several levels of review and receive approval before finalization and the commencement of fieldwork. The following individuals should review and approve the initial audit program and the internal audit planning procedures before fieldwork begins:

Creating the questionnaire after conducting initial research sets a positive tone for the audit and demonstrates that the internal audit is informed and ready. Once this research is complete, the internal audit team should meet with their business stakeholders to verify their understanding of the process.

Internal Audit Manager
or Senior Manager

Subject Matter Expert

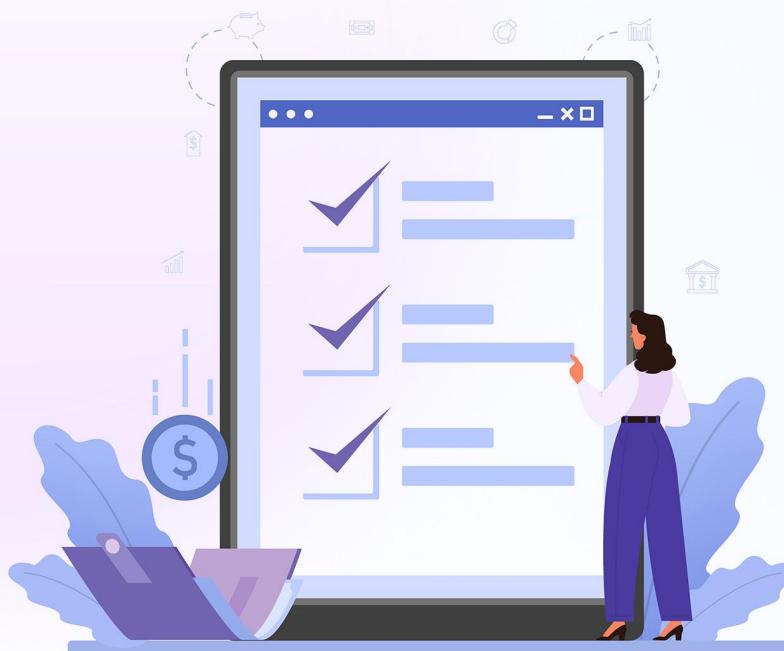
Chief Audit Executive

Management's primary point of contact
for the audit (i.e., Audit Customer)



Key Metrics to Track in Your Audits and Audit Plan

As internal audit departments continually face pressure to reduce costs, it's crucial to demonstrate their value as contributors to business goals. Performance metrics convey the effectiveness of internal audit activities and how well they align with the organization's objectives.



What Distinguishes Good Metrics from Others?

Key performance indicators (KPIs) are measurable metrics that show how effectively an individual, department, or organization is achieving its main objectives. Clearly defining goals and monitoring relevant KPIs offers valuable evidence that internal audit activities align with and support the organization's strategic goals.



03. Tips for turning Audit Clients into allies



The Problem

As planning moves into fieldwork, it's important to consider the mindset that internal auditors bring. Internal audit teams often have a reputation as the company's regulators, or "bad cops," focusing more on identifying issues than acknowledging good performance. This negative perception can lead to apprehension and influence the expectations of audit clients, particularly those undergoing an audit for the first time.

The Solution

When audit clients understand the objectives of internal audit and how they relate to the broader context, they tend to have more realistic expectations for the engagement and are more likely to provide valuable insights about where the actual risks and issues lie. When audit clients feel understood, comfortable, and aligned with the internal audit team, they become better collaborators. This collaboration leads to improved audit outcomes and helps the internal audit function more effectively provide the organization with the tools needed to mitigate risk.



04. Audit Evidence Collection Checklist



Collecting evidence is a crucial part of any audit, but if the documentation is not handled properly, it can lead to confusion, frustration, and even regulatory violations. According to IIA Standard 2330, good evidence is “sufficient, reliable, relevant, and useful information to achieve the engagement’s objectives.” Auditors must also consider how to request, collect, and properly store the documentation. While the content, organization, and format of workpapers may differ depending on the organization and the nature of the engagement, it is essential to maintain consistency by applying best practices throughout the audit. The checklist below outlines three sections with best practices for managing evidence during different stages of the audit. Depending on your industry, you may work with both hard copies and electronic files. We have included recommendations for both scenarios, as well as tips for those working in a hybrid environment.

Requesting and Tracking Evidence

Requesting and tracking evidence manually can be a time-consuming task. Be specific when creating your tracker or use software designed for this purpose.

- Identify the appropriate, reliable source for audit evidence.
- Determine if the evidence can be self-collected or if assistance is needed

- If evidence cannot be obtained internally, assess whether an external organization or third party can provide it.
- Request evidence within date ranges that align with the audit scope.
- Clearly specify which data to include if the evidence is extracted from a system.
- Log all relevant data related to the request, including:
 - Document name
 - Description
 - Contact name for the request
 - Time and date sent
 - Follow-up attempts
- Consider jurisdictional restrictions related to data and document movement across borders.
- Request that all screenshots include date and timestamps.
- Ensure files are sent through approved, secure channels with encryption as needed.

Gathering and Handling Evidence

When collecting and managing hard copy or digital evidence, consider the chain of custody and data security.

Hard Copy Evidence

Keep documents well-organized

Protect data in open office settings

Store hard copy documents (both originals and copies) in locked drawers

Redact or return any documents containing personal identifiable information (PII) that are not required as evidence



Collect original documents and maintain custody of them

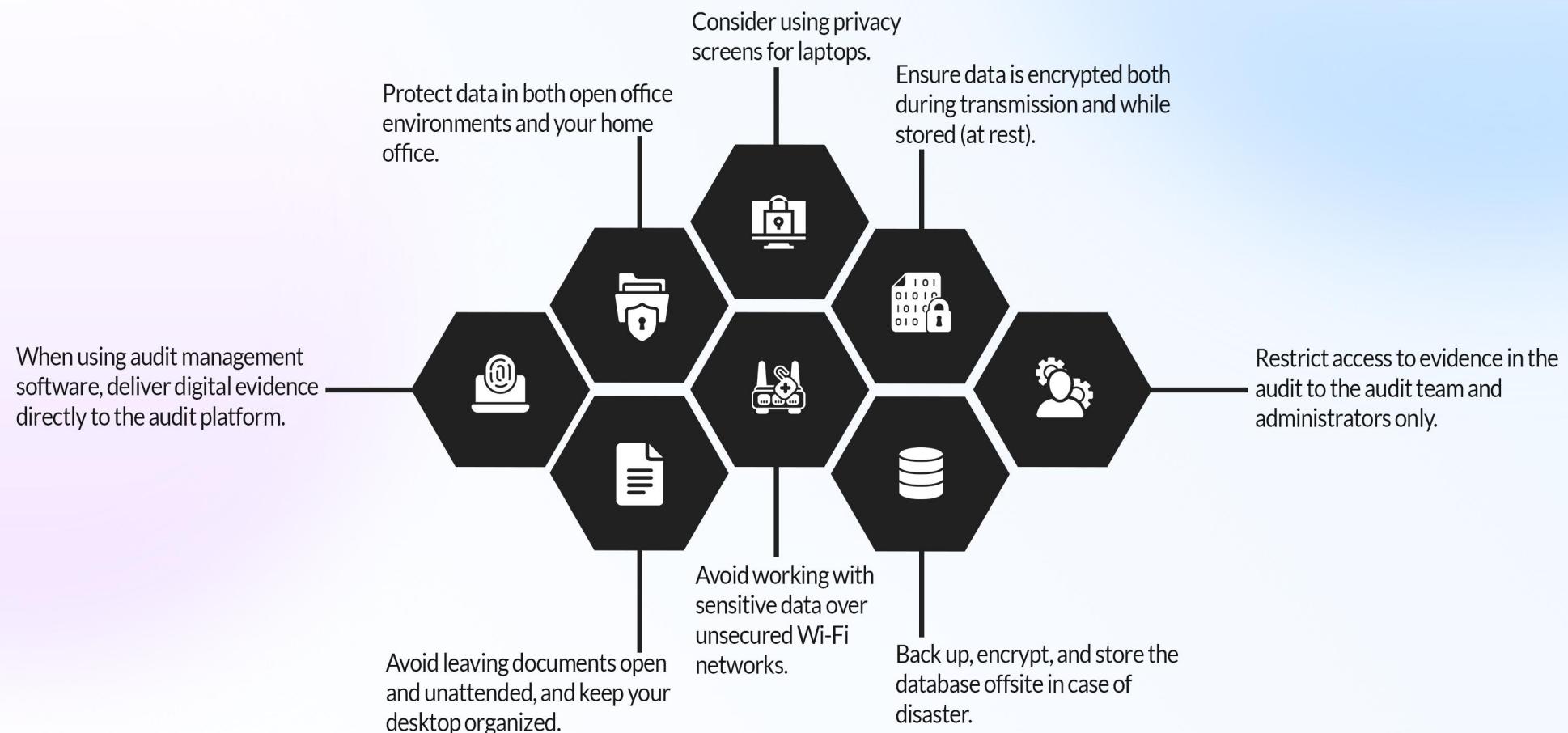
Avoid leaving documents in plain sight and maintain a clean desk policy

Ensure data protection in home offices as well

When handling hard copy originals, scan or copy them to prevent compromising the originals

Document the methods used to collect evidence in enough detail to allow for reperformance

Digital Copy Evidence



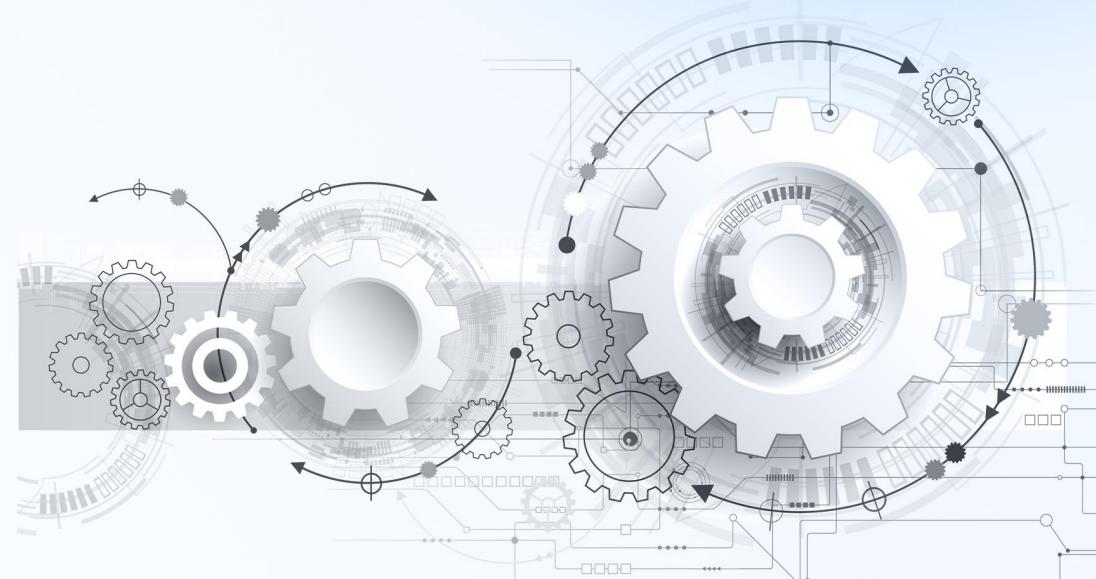
Using and Disposing of Evidence

After the audit is complete, ensure that the final evidence is scanned into the file, originals are returned, and copies are appropriately destroyed.

- Update the tracking sheet or system.
- Evaluate the information received to confirm its accuracy and completeness.
- Reference the evidence within the context of the working papers.
- Remove any unnecessary or unreferenced documents from the audit file.
- Return original documents and destroy copies that do not need to be retained as evidence.
- Note if any audit evidence is under a legal hold requiring retention.
- Destroy files according to the audit data retention policy, both physical and digital copies.

Supporting Audit Evidence Collection with Technology

While it is possible to manage the process manually using spreadsheets and email follow-ups, more effective methods are available today. Technology significantly enhances audit evidence collection and management, particularly in a hybrid work environment. Audit management systems offer features for requesting and managing evidence, which streamline the creation, sending, and follow-up of requests. By following the best practices outlined in the checklist above and utilizing technology, you can improve your ability to collect, organize, and use documentation more efficiently.



05. 10 Best Practices for Fieldwork Execution

Your fieldwork process might have been disrupted by ongoing remote work conditions. Once fieldwork begins, common obstacles include scope creep and delays caused by information gathered during walkthroughs. Many of these issues can be avoided by adhering to the following best practices:

Set Expectations Early

01

Establishing and managing expectations with the client from the start is crucial to preventing scope creep. When outlining the audit scope in an engagement letter, include a process for escalation and approval to broaden the scope if any additional procedures are required during testing.

Schedule Recurring Status Update Meetings

02

Proactively arrange regular status update meetings (ideally weekly) with all stakeholders throughout fieldwork. These meetings should provide updates on testing status, any delays, and potential findings. This approach ensures that the final audit report summarizes discussions already held, helping to avoid last-minute surprises.

Conduct Walkthroughs Before Fieldwork

03

Walkthroughs should be conducted before fieldwork begins and before audit document request lists are sent to the client. Audit delays often occur when additional documentation is needed due to new information gathered during walkthroughs. Testing attributes should be documented after walkthroughs to ensure a clear understanding of the process.

Start Fieldwork When All Requests Are Fulfilled

04

Inform audit clients that the initial fieldwork timeline assumes all requested documents are received by the first day of fieldwork. If there are delays in obtaining provided by client (PBC) documents, remind the client that the engagement timeline will be affected.



05

Prioritize Testing of Complex Areas and Previous Findings

When deciding which sections to test first, focus on complex areas and those with previous audit findings. These areas are most likely to produce findings and will undergo significant scrutiny, so it is important to allow sufficient time for follow-up discussions.

06

Communicate All Potential Findings Promptly

Ensure that all findings are communicated, reviewed, and agreed upon with management before the closing meeting to avoid surprises. Since findings typically lead to additional testing procedures for confirmation, identifying and communicating potential findings early helps ensure there is enough time for further testing if necessary.

07

Allocate Time for Follow-Up

Ensure that workpapers are reviewed with sufficient time for follow-up with the client. Ideally, all testing should be completed before entering the audit reporting phase.

08

Maintain Alignment with the Audit Client

When presenting findings in the closing meeting, start with "As we discussed..." before detailing the findings. This approach helps ensure that both your audit team and the audit client are aligned in their communication, leading to a smoother report issuance process.

09

Maintain an Audit Log

Maintain a log of all changes made to the testing attributes and reconcile these with the engagement scope document. Before concluding fieldwork, reconcile the original and final testing attributes to ensure no attributes were inadvertently omitted or altered. This practice will also aid in discussions about scope creep if additional findings require extra procedures.

10

Introduce Fresh Perspectives

For audits with standardized programs across different categories, consider rotating team members. Aim for a balance by keeping at least one subject matter expert on the audit while rotating the others out. This ensures fresh perspectives, helping to identify issues that may have been previously overlooked.

06. Best Practices For Audit Report Writing



An audit report should be a dynamic document that is developed throughout the audit engagement. If you start writing the report only at the end of the engagement, it limits your ability to integrate the messages you want to convey while planning the audit and noting potential findings during fieldwork, which could result in a report that feels outdated.

An effective audit report clearly communicates the objectives, scope, and findings of the audit engagement and inspires its readers to implement the internal audit's recommended actions. In this section, we will discuss best practices for writing impactful audit reports that achieve their intended goals.



07. Tips For Writing An Effective Executive Summary



Know Your Audience

Understand who will be reading the report. The executive summary should provide an overview of the detailed report that resonates with every executive officer who reads it. It's important to consider your organization's culture, as some may be more cross-functionally collaborative while others are more compliance-focused. Not every stakeholder will be a technical expert. For instance, if the report is going to the CFO and includes IT audit findings, ensure that the issues are understandable without requiring IT expertise.



Eliminate Unnecessary Details

The executive summary should be concise, ideally 1-2 pages. Strive for brevity while effectively summarizing each point, as the detailed report will contain more in-depth information. Use numbers and percentages to emphasize key points and remove any unnecessary descriptive language.





Make It Understandable for Everyone

Whether the audit report is presented to operations or IT personnel, the executive summary should be written so that everyone can easily comprehend the terminology and complexity of the writing. A good guideline is to explain each point in a way that individuals at all levels of experience and expertise within the company can understand.

Tips,

- Avoid using complex vocabulary. If readers need a dictionary to understand your report, it weakens your message.
- Steer clear of acronyms and specialized terms that may not be understood by everyone in the organization.
- Use analogies for important ideas or concepts that might be overlooked. When used correctly, they can enhance understanding and emphasize key points.
- Utilize bullet points wherever possible.



Make It Easy to Read

For any significant point, whether it's a major finding or a positive one, capture the reader's attention as succinctly as possible. Determine your key takeaways or messages and use visual formatting to direct your audience's attention to each message.

Tips,

- Tables can be more effective than blocks of text in illustrating a finding.
- Use numbers or percentages to describe facts whenever possible.
- Highlight key points you want to emphasize by using bold, underline, italics, or color.

08. 10 Best Practices for writing a Digestable Audit Report



Reference Everything

Include a Reference Section

Use Figures, Visuals, and Text Stylization to Enhance Readability

Note Key Statistics about the Entity Audited

Create a "Findings Sandwich"



Ensure Every Issue in Detailed Observations Includes the 5 C's

Include Additional Facts and Figures in Detailed Observations

Always Conduct a Quality Assurance Check

Avoid Blame – Present the Facts

Be Direct

10 Best Practices for writing a Digestable Audit Report



Reference Everything

Ensure all claims are verifiable by referencing the sources of key facts and figures to fill any information gaps.

Include a Reference Section

Incorporate indices, appendices, and tables in this section to enhance clarity and organization.

Use Figures, Visuals, and Text Stylization to Enhance Readability

- Use numbers and percentages to quantify facts wherever possible.
- Highlight key points with circles, bold, underline, italics, or color to emphasize important facts and figures.
- Utilize tables or graphs to summarize and highlight key trends or important data whenever possible.

Note Key Statistics about the Entity Audited

Include key statistics about the audited entity in the Background/Overview section, if applicable, to provide context and relevance to your audit findings.

Create a “Findings Sandwich”

Alternate between positive findings and issues in your report. Try to conclude the Findings Summary with a positive point, if possible.

Ensure Every Issue in Detailed Observations Includes the 5 C's

Each issue should include Criteria, Condition, Cause, Consequence, and Corrective Action Plans/Recommendations.

Include Additional Facts and Figures in Detailed Observations

Detailed Observations are an ideal place to add any extra facts and figures.

Always Conduct a Quality Assurance Check

Have someone who is not directly involved in the audit review the report to provide a fresh perspective. If possible, also ask someone from the audited department or function to review it.

Avoid Blame – Present the Facts

Maintain objectivity to preserve the relationship with audit clients. Focus on stating issues and recommended actions without assigning blame.

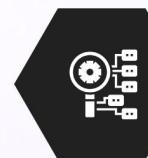
Be Direct

When making recommendations, avoid using soft language like “Management should consider...” Instead, provide clear and decisive recommendations and calls

09. Optimizing Your Issues Management Program



The speed at which issues are addressed reflects how effectively an organization manages risk, because:



It shows that the identified issues are pertinent to the organization.



It indicates the efficiency of the business operations.



It demonstrates the organization's openness to change and its risk tolerance.

The Problem

Different business functions often perform duplicate activities related to issue tracking using inconsistent methods. Maintaining multiple issue logs in various formats to track similar outcomes creates inefficiencies for all stakeholders involved. Issue owners are frequently required to provide consistent information to different groups at different times. These practices hinder the organization's ability to have a comprehensive view of issues, leading to inefficiencies such as poor data quality, incomplete analysis of organizational impact, lack of issue prioritization and clear accountability, and unclear processes for closing issues.

The Solution

Standardizing your issue management program can help minimize inefficiencies for internal audit and other stakeholders, enhance the organization's Enterprise Risk Management (ERM) program, and improve collaboration across business units. Here are some best practices for creating a comprehensive issue management program.

10.7 Tips for Building a Well- Rounded Issue Management Program

1

Standardize

Implement a consistent risk rating and issue identification framework across departments that are capturing and identifying issues. This requires collaboration among multiple stakeholders to avoid duplicate administrative tasks. It also enhances the organization's ability to uniformly report on issues, accurately determine root causes, and assign appropriate remediation action plans to issue owners.

- Examples of frameworks include: the 5 C's of writing audit observations (Criteria, Condition, Cause, Consequence, Corrective action plans), an issue rating scorecard, or a custom methodology.

2

Set the Tone

Aim for executive buy-in and establish a strong tone at the top. When the organization's executive leadership team supports a standard issue methodology, it helps integrate issue management into the risk culture across the organization.

- Example: Encourage early identification of issues and the implementation of corrective actions by linking performance feedback and compensation to issue management metrics.

3

Connect

The standard issue rating framework should align with the organization's Enterprise Risk Management (ERM) framework to reflect how the business evaluates risks. Uniform management of issues across the organization allows for trend analysis and identification of enterprise-wide themes causing issues. This increases the likelihood that the business will proactively address these themes, helping to prevent future occurrences.

4

Automate

An automated issue tracking system enables auditors to easily validate issue identification and follow up with issue owners during remediation. An audit management solution that automates your issue management workflow should:

- **Enforce the Issue Management Methodology.** Apply a standard issue rating and identification framework, or establish one during implementation, to ensure organization-wide compliance with the standard issue methodology.
- **Include a Validation Workflow.** Automate the issue follow-up process, allowing auditors to initiate a workflow that sends notification reminders to issue owners.
- **Feature Agile Reporting Capabilities.** Ensure issues are automatically reportable as they are logged, with real-time status updates as issues progress through the remediation process (validated, outstanding, overdue).

Tailor

5

Offer different levels of reporting for department leaders, the executive team or risk committee, and the Board of Directors. Department leaders directly oversee issue remediation, the executive team or risk committee can assess the full scope of issues and recognize patterns, and the Board should have a high-level awareness of issues to help ensure remediation efforts are enforced.

Metrics to include in these reports are:

- Issues identified by department
- Issues categorized by root cause
- Recurring issues
- Timeliness of corrective actions for identified issues

6

Analyze

Regularly analyze issues to increase awareness of lessons learned from past issues. To proactively prevent recurrence, this analysis should be continuous rather than a one-time exercise.

Lead

7

Although various functions track issues, internal audit is ideally positioned to lead an enterprise issue management program due to its credibility and ability to provide independent assurance to the business. A streamlined, enterprise-wide issue management process led by internal audit offers several benefits:

- Enhanced issue reporting to Executives and the Board.
- Improved risk management through better identification of issue patterns, leading to more effective proactive measures to prevent deficiencies.
- Elimination of duplicate administrative tasks across teams or departments, reducing costs.
- Increased assurance that issues are resolved as management intended, thanks to internal audit's independence and objectivity.



11. From Task-Centric Automation to Process-Level Automation



Any auditor with a smartphone can confirm that the 35 years since Excel was introduced have ushered in a period of rapid digital transformation in the workplace. Technologies like robotic process automation (RPA), artificial intelligence (AI), advanced analytics, and Software-as-a-Service (SaaS) have evolved, enabling auditors to work more efficiently and productively than ever before. With these technologies readily available, audit leaders are moving their focus from basic, task-specific automation to process-level automation and orchestration, also known as hyperautomation. Predictions from Gartner, McKinsey, and Deloitte suggest that hyperautomation will be among the fastest-growing technology trends in the coming years.



12. Hyperautomation: Automating Audit Processes at Scale

Gartner describes hyperautomation as a "business-driven, disciplined approach that organizations use to rapidly identify, vet, and automate as many business and IT processes as possible." Auditors are quickly adopting hyperautomation-enabling solutions because of their accessibility, user-friendliness, ease of automation, and seamless integration. These solutions can extract, process, analyze, and visualize large volumes of audit data. Hyperautomation solutions include:



Robotic Process Automation (RPA): This technology allows users to set up scripts (often called "bots" by vendors) to automate specific keystrokes. These bots can mimic or replicate selected tasks (transaction steps) within a business or IT process.



Advanced Analytics: The autonomous or semi-autonomous analysis of data or content using advanced techniques and tools, going beyond traditional business intelligence (BI), to uncover deeper insights, make predictions, or provide recommendations.



Augmented Analytics: The application of machine learning (ML) and artificial intelligence (AI) techniques to transform how insights from analytics are generated, consumed, and shared. Augmented analytics enable users without advanced skills to interact with data and insights, enhancing human business decisions.



Low-code/No-code Application Platforms (LCAP): Platforms that allow users to create applications by simply entering text for formulas or basic expressions.



Software-as-a-Service (SaaS): Software that is owned, delivered, and managed remotely by one or more providers. Major SaaS vendors currently offer features that include low-code development technologies.



Efficiency, Cost Reductions, Improved Operational Excellence

Hyperautomation removes repetitive tasks and automates manual processes throughout the business. This allows organizations to lower costs, enhance customer experience, and achieve higher operational excellence.

According to Deloitte's 2022 Technology Trends report,

74% of surveyed respondents said automation increased their workforce's efficiency

while **59%** noted cost savings of up to 30% for teams that adopted process automation.

Hyperautomation Opportunities in Internal Audit

Hyperautomation in auditing can start by using RPA or API integrations to extract audit data and gather evidence from data sources or warehouses. Technologies with machine learning (ML) and artificial intelligence (AI) can go further by processing more complex and unstructured data sets, such as audit evidence in photos, videos, scanned images, or recorded conversations, into usable audit data. An advanced analytics solution can then be used to visualize and summarize insights and exceptions. This solution can be scheduled to run automatically at regular intervals or on an ad-hoc basis, enhancing predictability and providing predictive models over time.

Where can you apply hyperautomation? The following business processes, commonly chosen for SOX and internal audit testing, offer numerous opportunities for hyperautomation:

01	Purchasing and Payables	02	Revenue and Receivables	03	Record to Report
04	General IT Controls	05	Human Resources and Payroll	06	Fixed Assets and Construction in Progress
07	Equity/Stock-Based Compensation	08	Treasury and Cash Management	09	Manufacturing and Work in Progress
10	Inventory Management	11	Taxes	12	Entity-Level Controls

13. Preparing Your Business For Hyperautomation: A Checklist



Before exploring hyperautomation technologies, it's crucial to understand your business goals, how automation technologies are currently being utilized, and what you aim to accomplish with your internal audit program. Gartner recommends for those starting their hyperautomation journey to "develop a comprehensive map and prioritize collective initiatives instead of isolated task automation to ensure coordinated and synergistic business outcomes."

The following is a checklist for laying the groundwork for hyperautomation in internal audit:

1. Map Your Audit, Risk, and Compliance Ecosystem

The first step toward hyperautomation is to fully understand your business's audit, risk, and compliance environment.

- Outline the current processes and workflows, identify gaps in coverage, bottlenecks, areas of overlap (such as risk assessments, issue logs, duplicate controls), and the technologies in use.
- Additionally, identify the shared initiatives and goals among audit, risk, and compliance teams. Consider the following questions:
 - Is your audit, risk, and compliance data still being managed with spreadsheets?
 - Is your organization already using automation technologies in its audit, risk, and compliance programs?
 - Are there redundant data and assurance activities?
 - Which processes within audit, risk, and compliance workflows could benefit the most from hyperautomation?

2. Define Objectives and Outcomes

The initial mapping and visualization stage will help you pinpoint and prioritize the areas most in need of process automation. This allows you to clearly establish the objectives for your hyperautomation project. Aim to:

- Determine key performance indicators by forecasting efficiency gains and return on investment (ROI).
- Develop a timeline that includes milestones, goals, and check-ins with key stakeholders.
- Set small, attainable goals within specific sprints.

Teams often undertake large, complex projects only to waste time and effort due to poor implementation or lack of resources for effective digital adoption. Clearly defining your key milestones, goals, and desired outcomes will significantly aid in reaching your broader objectives and provide the flexibility to adjust or change direction if necessary.

3. Understand the Data

The effectiveness of most hyperautomation solutions depends on the availability and quality of system data. Therefore, identifying both structured and unstructured data inputs is essential for establishing a foundation for hyperautomation.

- If your organization has a Data Analytics and RPA Center of Excellence or related resources, make use of them. It's better to start small with a simple proof of concept using existing technology rather than committing fully to a digital initiative and discovering that your expectations for time savings are inaccurate.
- When source system data is difficult to extract or too complex to interpret, seek assistance. For instance, understanding role-based access in most ERPs often requires a specialist, specialized software, or both. Don't hesitate to incorporate these resources into your hyperautomation strategy. Using technologies like Fastpath Assure can help clarify ERP-sensitive access permissions and segregation of duties.



4. Explore What's Possible

There are various ways to conduct a control test or automate manual processes, so it's important to explore the most efficient and effective methods. Here are some tips for the research process:

- Once you have access to the data and an understanding of a software solution's capabilities, you'll quickly discover many ways to extend your analysis to gain business insights or conduct a control test more efficiently and effectively.
- Choose hyperautomation-enabling technologies that align with your project's objectives and meet your organization's needs. This might involve integrating new hyperautomation platforms with your existing technologies.
- Remember that hyperautomation is not a fixed endpoint or about a single technology. As the technology landscape continues to evolve, businesses must be open to adapting their hyperautomation strategies accordingly.

5. Identify a Hyperautomation Champion

A crucial, yet often overlooked, step in launching a hyperautomation initiative is finding the right leader to champion the efforts.

- Securing support from both IT and the business is essential for advancing a hyperautomation project, and a champion can significantly facilitate this buy-in.
- Hyperautomation champions are usually senior leaders with the credibility and influence needed to manage change effectively.
- A champion's influence is vital for helping employees understand and appreciate the value of the hyperautomation vision, as well as for guiding key decisions and addressing potential challenges.



6. Report and Celebrate Results

Embarking on digital transformation requires courage and determination, and showcasing any positive proof can greatly encourage everyone to get on board. Reducing audit fatigue by automating previously manual processes is a notable achievement and should be recognized and celebrated.

- During the early stages of technology implementation, highlight your efficiency gains to build momentum and secure buy-in. The impact of these technologies on the organization is substantial, and you'll need all the self-promotion and internal support you can muster.

Remember that hyperautomation is a journey, with each step forward bringing improvements. Like most progressive initiatives, success requires iteration, patience, and a focus on the bigger picture.



14. Getting Started: Centralize Your Audit, Risk and Compliance Data



Adopting a top-tier suite of technologies for performing internal audit tasks and continuously updating your technology portfolio is becoming essential for success. For audit leaders beginning the hyperautomation process, the first step is centralizing audit, risk, and compliance data within a cloud-based, connected risk platform. This approach creates a unified source of truth for advanced audit analytics, laying the foundation for hyperautomation while enhancing the entire internal audit testing program at nearly every phase. Instead of layering ad-hoc analytics on top of your audit testing, integrating audit analytics data in one cloud-based platform offers stakeholders more meaningful insights and enables ongoing risk monitoring for the business. The specific benefits include:

- Direct linkage of each workflow to the relevant audit work step, with process documentation readily available for reference.
- Execution of audit analytics directly within the platform, complete with a full run history and an audit trail for each automation.
- Storage of different workflow versions as processes and audit analytics evolve over time.
- Customizable audit analytics permissions based on teams, roles, and workflows to ensure full user control, boosting collaboration and efficiency.
- Resolution of challenges associated with ad-hoc audit analytics, such as issues with version control, user permissions, and documentation across teams.

For audit teams just beginning their journey toward hyperautomation, the broad range of available hyperautomation technologies can be overwhelming. However, it is not necessary to adopt everything at once. There are plenty of opportunities within SOX and audit business processes to experiment with incorporating advanced analytics. As you explore these opportunities, keep in mind the ultimate goal: obtaining better data that allows auditors to gain deeper insights, make predictions, and provide valuable recommendations.



15. Conclusion



What distinguishes exceptional audit departments today is the presence of visionary audit leaders who enhance their teams' capabilities by emphasizing efficiency and automation. This focus allows audit teams to concentrate on more value-added projects. By applying the best practices outlined by us and utilizing hyperautomation technologies, audit teams can maximize their productivity and ability to add value. When implemented together under thoughtful and strategic audit leadership, these practices can significantly boost efficiency and deliver increasing value to the organization over time.

