

Do we finally experience the breakthrough of Continuous Auditing and Continuous Monitoring?

ISACA SQUARE TABLE

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With you



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Why now?!

Why we will experience a breakthrough

01

History and future of auditing

The shift to a more digitized Audit

History





1600s

VOC first formally listed public company. Need for Auditors

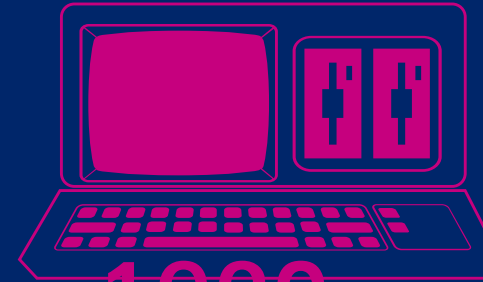


1800s

Mechanization: Steam, water, mechanical production equipment

1900s

Mass production: Division of labor, electricity,



1960s

The Information Age: Electronics, IT, Mass Communication, Internet



Today

Artificial Intelligence, Intelligent Automation, nanotech, biotech, cyber-physical systems, digital labor



ISACA founded in 1969




Biggest change in Audit profession

The audit profession at risk?

Accounting is at the top of a list of professions expected to fall victim to digital disruption, along with insurance, personal assistants, real estate agents and sales assistants

AUSTRALIAN FINANCIAL REVIEW (AU) | MAY 4, 2015


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BIG DATA AUDITING DYNAMITE

Big data is transforming the way audits are conducted, but also posing a major challenge to existing standards and training as well as systems and processes



Nieuws — 03 juli 2015

'Data-analyse gaat accountancy veranderen'

Accountants and auditors

Bring on the personal trainers

Probability that computerisation will lead to job losses within the next two decades, 2013
(1=certain)

Job	Probability
Recreational therapists	0.003
Dentists	0.004
Athletic trainers	0.007
Clergy	0.008
Chemical engineers	0.02
Editors	0.06
Firefighters	0.17
Actors	0.37
Health technologists	0.40
Economists	0.43
Commercial pilots	0.55
Machinists	0.65
Word processors and typists	0.81
Real estate sales agents	0.86
Technical writers	0.89
.....	0.92
Accountants and auditors	0.94
.....	0.94
.....	0.99

Source: "The Future of Employment: How Susceptible are Jobs to Computerisation?" by C.Frey and M.Osborne (2013)

What doesn't kill auditors makes them stronger

TRADITIONAL AUDIT

Non-routine transactions i.e. Credit Loss, Goodwill, Assets, etc.

Routine transactions i.e. Cash, Payments, Purchasing, Sales, etc.

High level of manual judgement by specialists

Significant effort spent by the Auditors. However, often no significant misstatements or risks are identified

Supported by documentation
(limited automation)

Highly automated
(combination of control bases and data analytics)

ROUTINE-ENABLED DIGITALIZED

Sufficient time spend by auditors on the right matters (judgements), with supporting information

Focus on exceptions

Highly automated
(predictive using A.I.)

Highly automated
(combination of control bases and data analytics)

FULLY DIGITALIZED

(can be continuous and on more than financial statement audits)

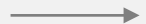
Judgement supported by A.I.

Focus on exceptions

Key:



effort required



Two options for Growth Path to Continuous Assurance:

D&A by Auditor

CA by Auditor

D&A by Company

CM by Company

Auditor tests CM

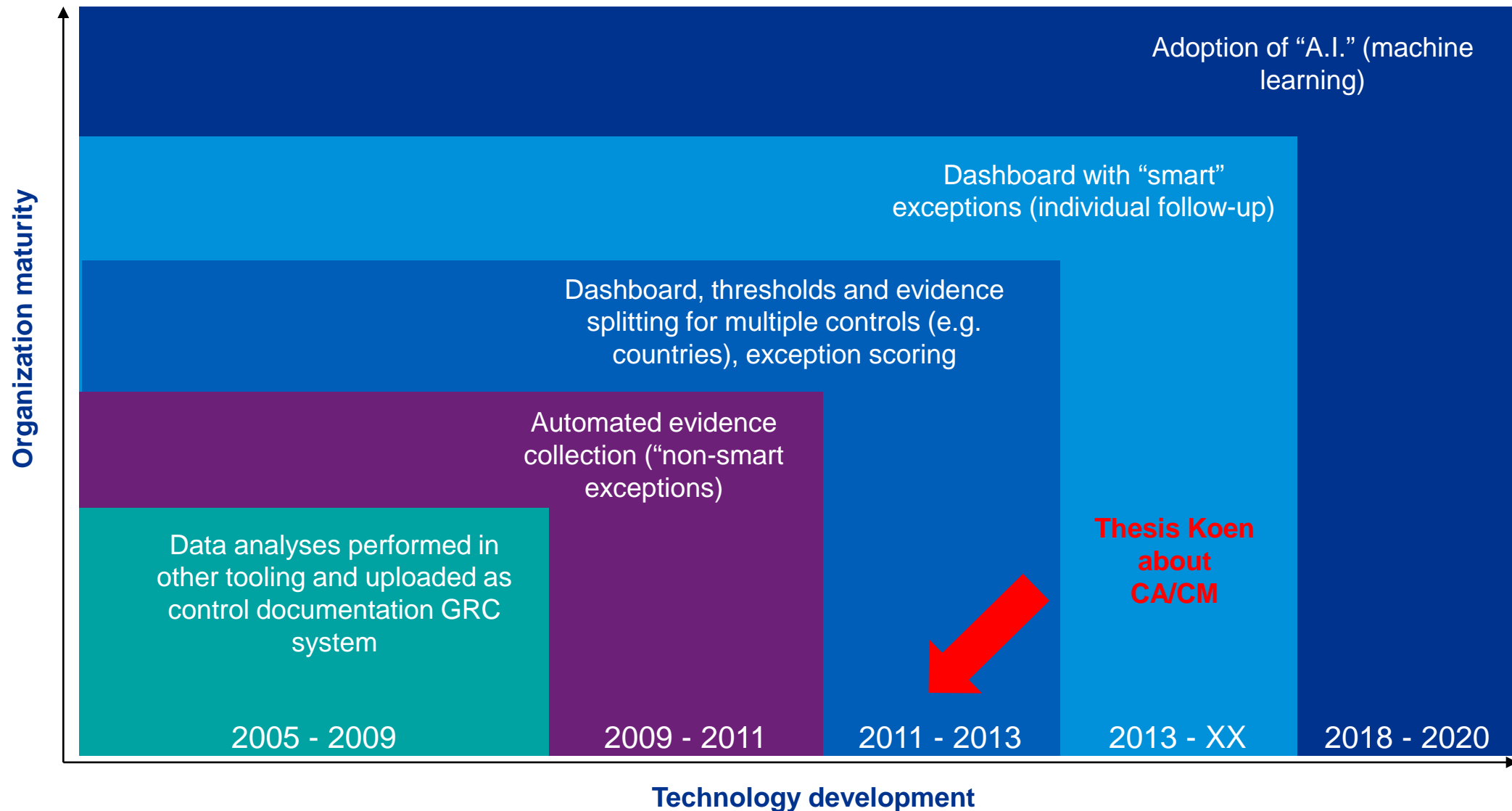


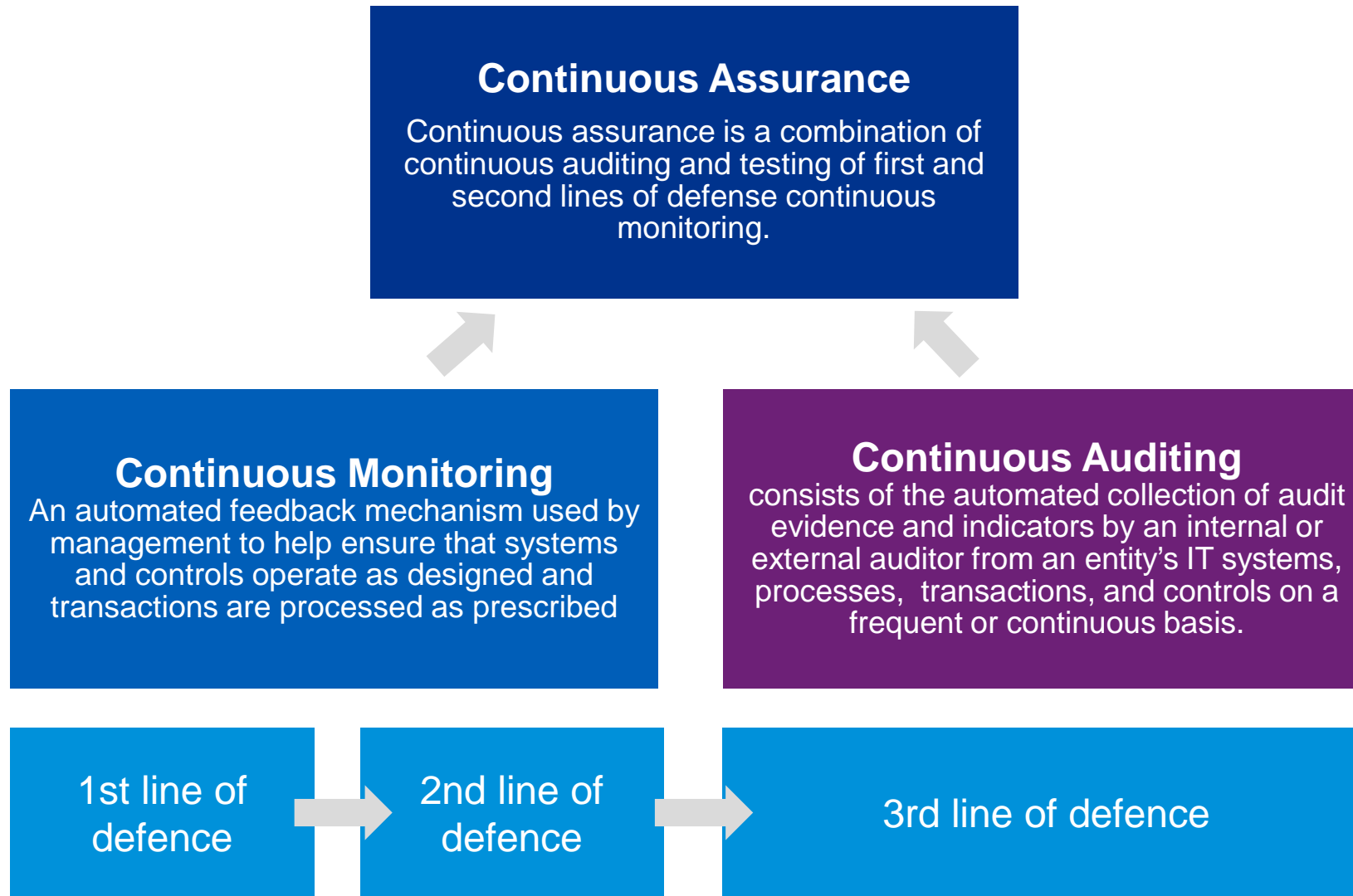
Continuous Assurance

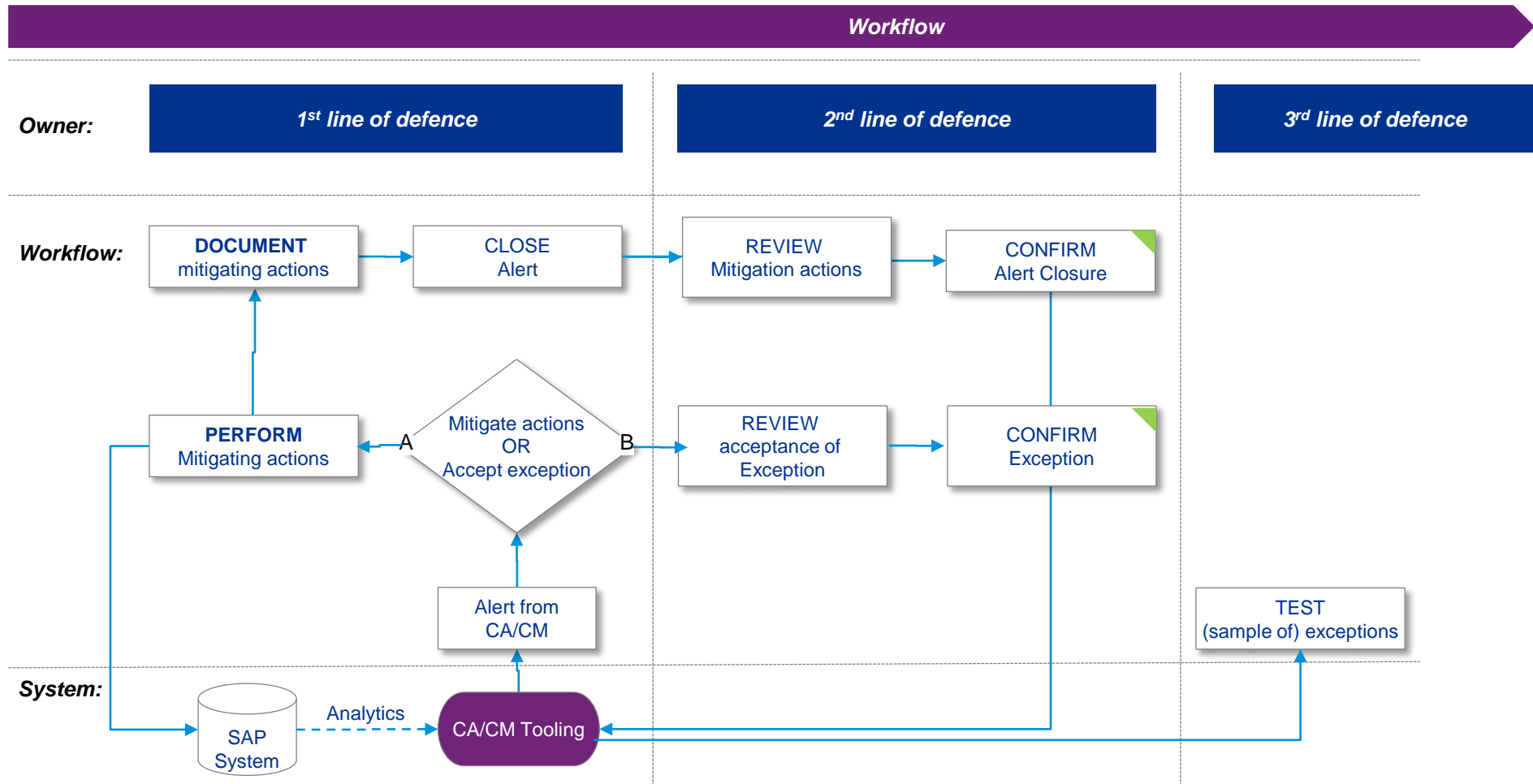
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Continuous Auditing and Continuous Monitoring

The What and Why









What do you see as the benefits of Continuous Auditing / Continuous Monitoring?





What do you see as the barriers of Continuous Auditing / Continuous Monitoring?

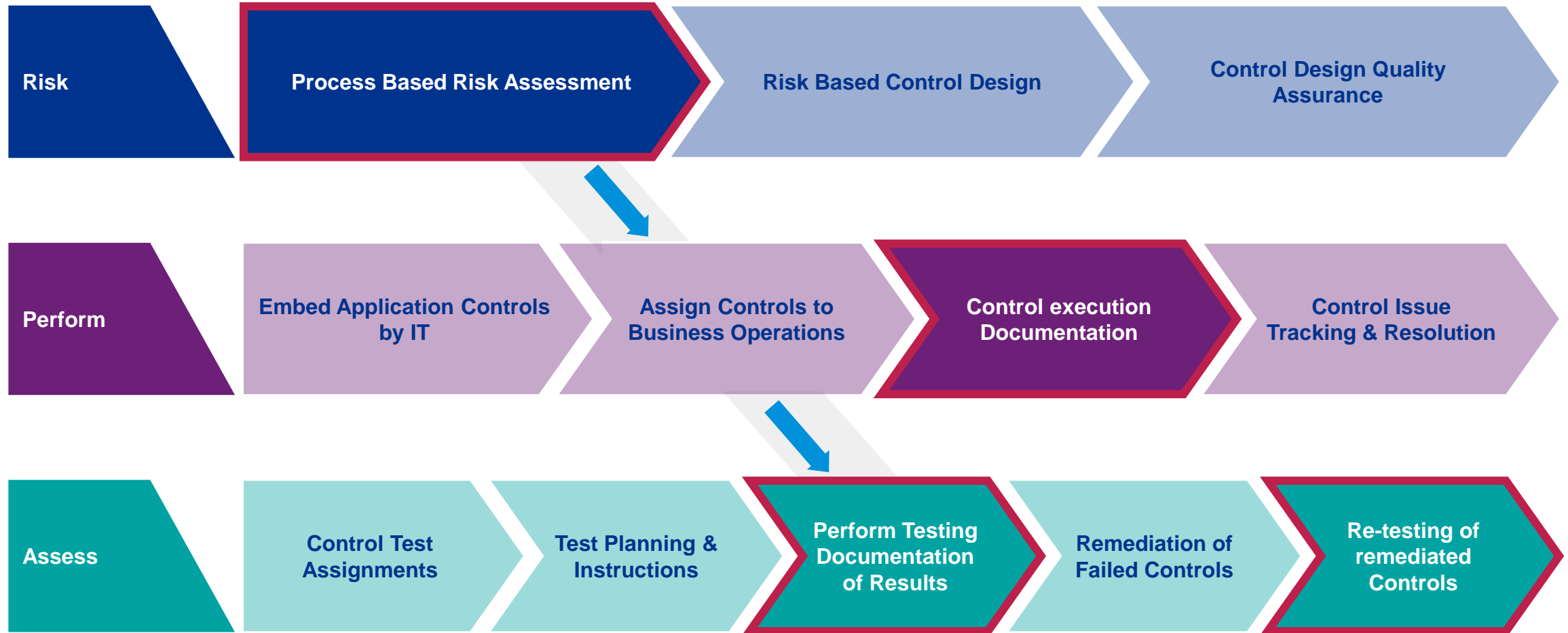


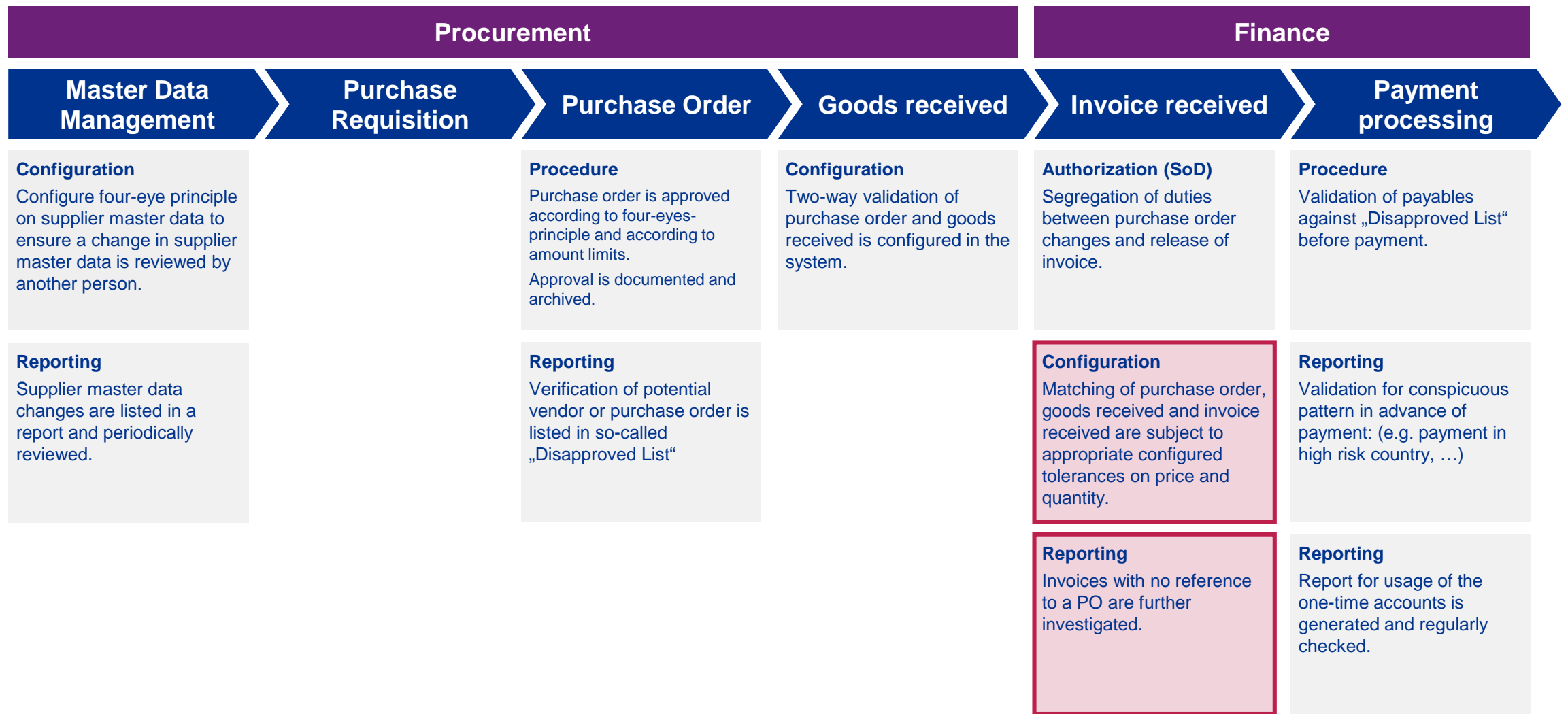
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Applicability and practical implications

The How

Where can CA/CM be applied?





Good Evening Elinesofie Dolhain

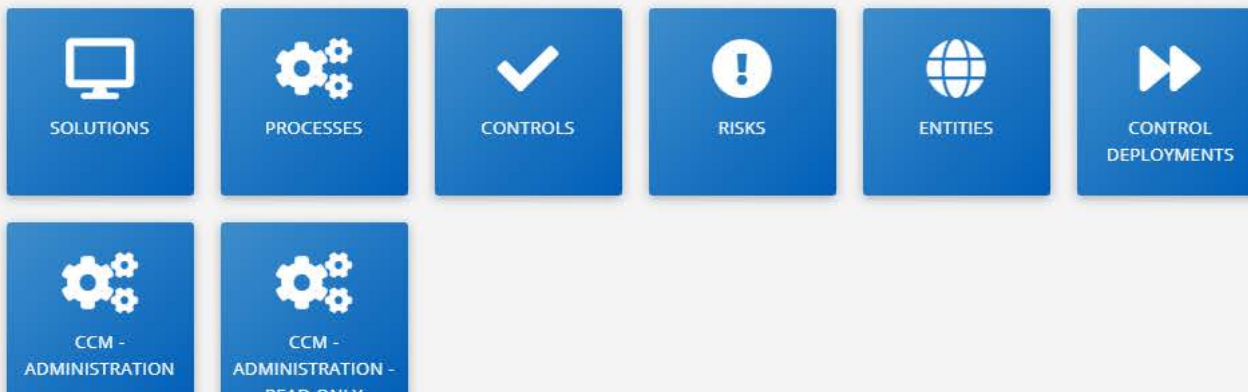
Reporting



Execution



Libraries



PLATFORM NOTIFICATIONS



Terms & conditions

02/12/2020 11:35:52

Automation of Change Management Controls

Control generic	The change ticket is related to the sampled change ✓						
	The change has been assigned to the correct change type (standard, emergency, adaptive/corrective normal) ✗						
Control specific	GITC01	GITC01	GITC02	GITC02	GITC02	GITC03	GITC03
	The change request is authorized by the right function based on the change nature (adaptive/corrective)	The change request approval has been granted prior to Go-Live	The UAT approval has been granted by the right function based on the change nature (adaptive/corrective)	The UAT approval has been granted prior to Go-Live	The UAT evidence is documented and relates to the requested change	The release approval has been granted by the release coordinator	The release approval has been granted before Go-Live
	✓	✓	✓	✓	✗	✓	✓
	GITC04 (change reconciliation) ✓						
	GITC05 Change management user review ✗						

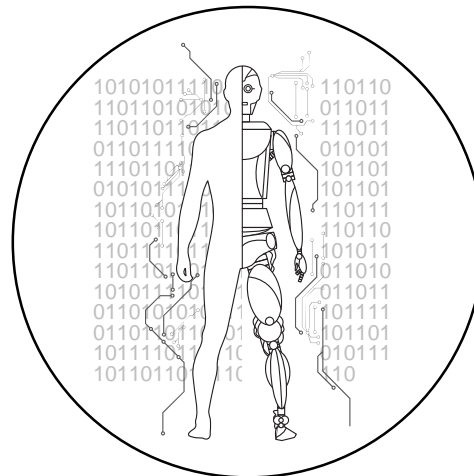
✓ Automation is possible. Disclaimer: the level of automation is highly dependent on (appropriate) usage of the ticket system (e.g. approvals are giving as part of approval workflows and not uploaded as evidence such as approval e-mails)

Other IT / Cyber Examples

Continuous Vulnerability Management



Administrator Privileges



Controlled Access Based on the Need to Know



Secure Configuration for Network Devices, such as Firewalls, Routers, and Switches



4 EXAMPLES FROM THE 20 CIS CONTROLS - [HTTPS://WWW.CISEcurity.ORG/CONTROLS/CIS-CONTROLS-LIST/](https://www.cisecurity.org/controls/cis-controls-list/)

Artificial Intelligence creates new possibilities



04

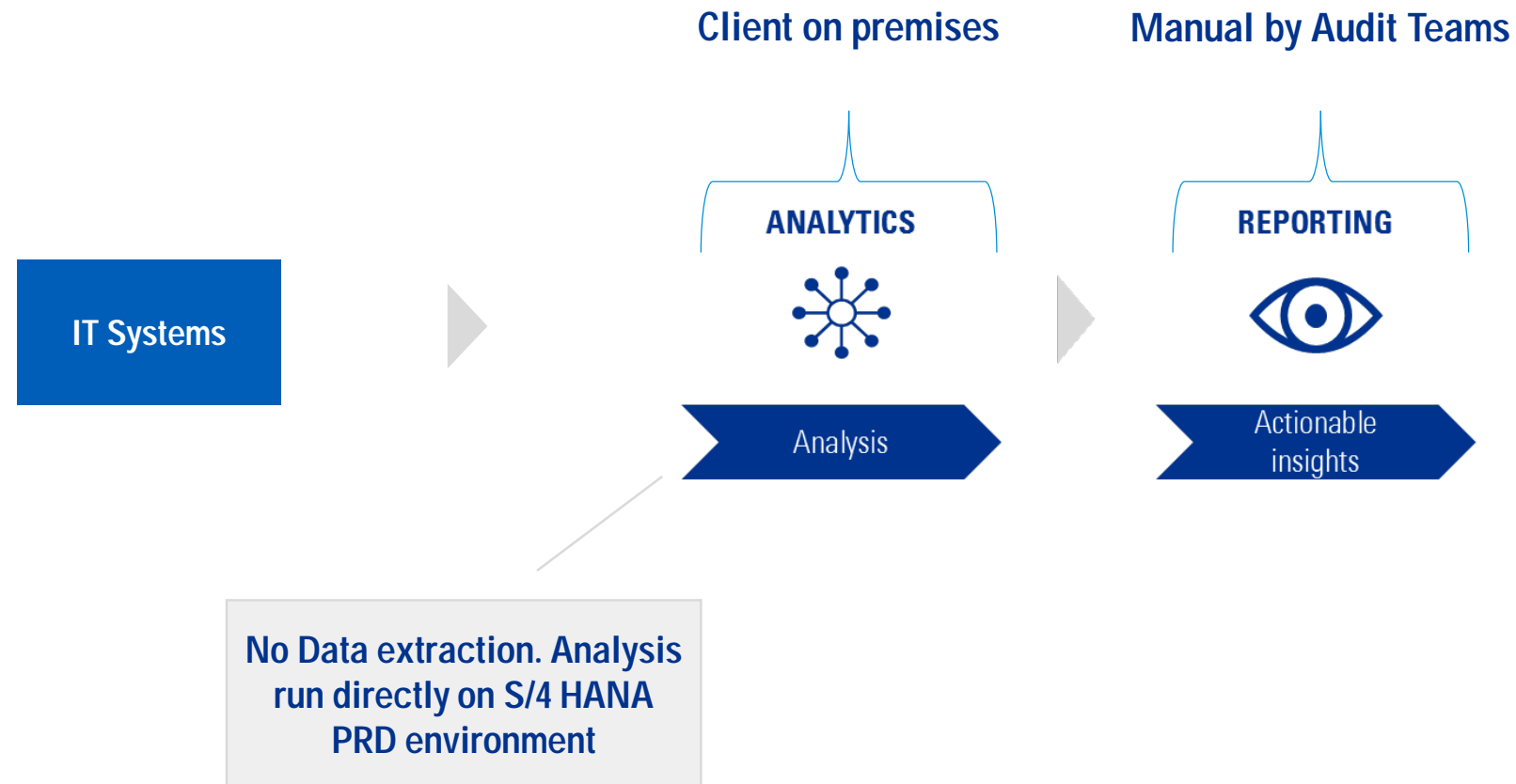
Moving to CA

In practice: CA at the largest food company in the world

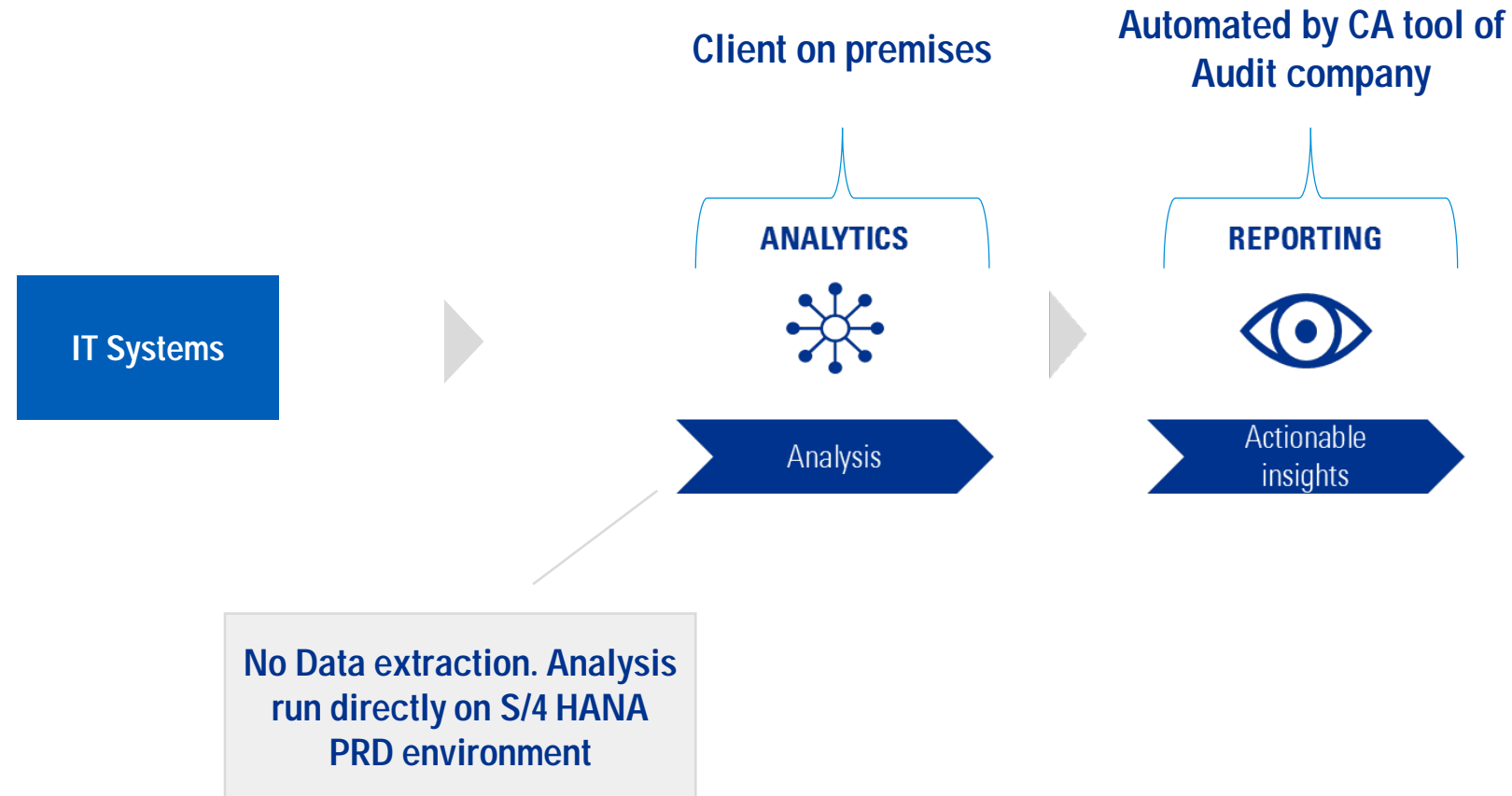
Moving to CA - D&A by the Auditor



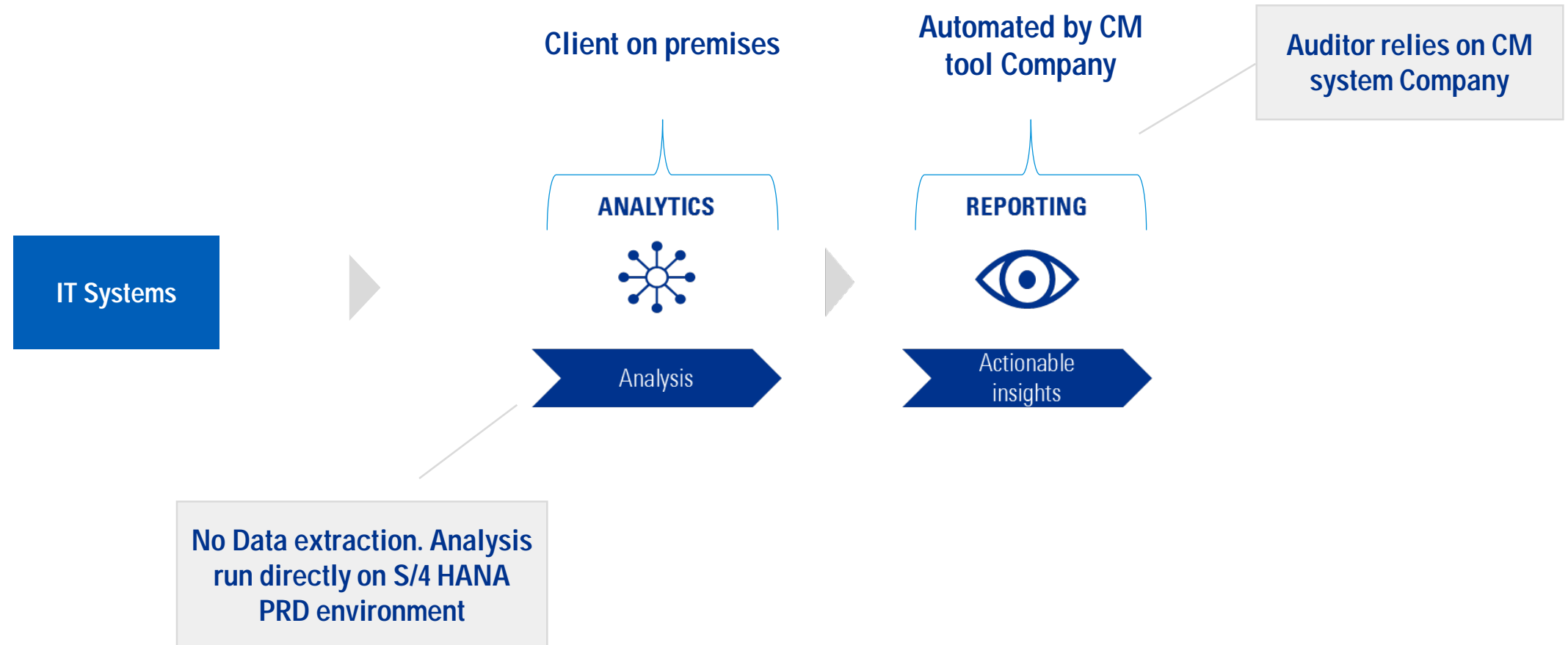
Moving to CA - D&A on premises of the Company



Moving to CA – Moving to a Continuous Auditing tool



Moving to CA - Company implemented Continuous Monitoring

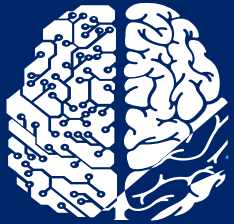


05

Why now!?

Why we will experience a breakthrough

Why now



Technology

Intelligent Automation,
AI, nanotech, biotech,
cyber-physical systems,
digital labor



Standardization

Standardization,
harmonization and
centralization efforts of
companies

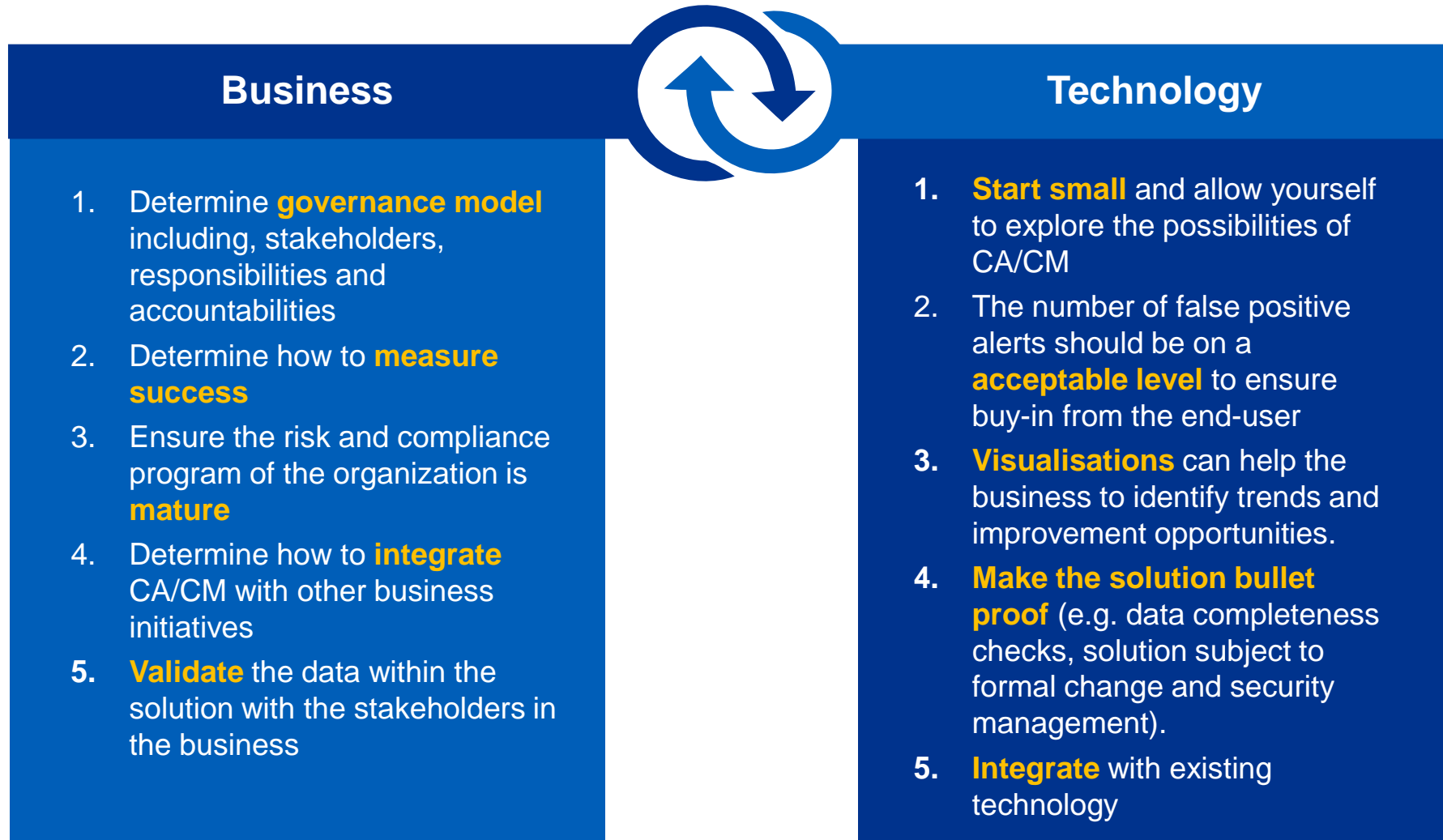


Compliance vs Costs

Increased compliance
pressure on companies,
while they want to keep
costs in control

Above all, professionals nowadays do see the need for automation of their profession

Key criteria to a successful implementation





Thank you!