

Fraud Repression through
EDucation2

Future Perspectives in Internal Audit

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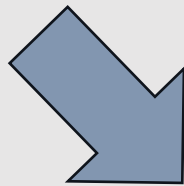
Value Added Through Internal Audit

According to the Definition of Internal Audit

“...is an independent, objective assurance and consulting activity...” (IIA’s – I.P.P.F.).



IA core purpose is **Assurance**, but it can do much more!



Consulting the management on design and effectiveness of SIC



Assisting the business to **predict** and **overcome** emerging risks

Businesses

- (i) **New Technologies and New Operating Models:** Artificial Intelligence (AI), blockchain, Robotic Process Automation (RPA) transforming the business operation.
- (ii) **Regulatory Changes:** Constantly changing (local requirements – industry based, European directives, etc.).
- (iii) **ESG – Sustainability:** ESG factors have become of crucial importance for investors and stakeholders.

Internal Auditor

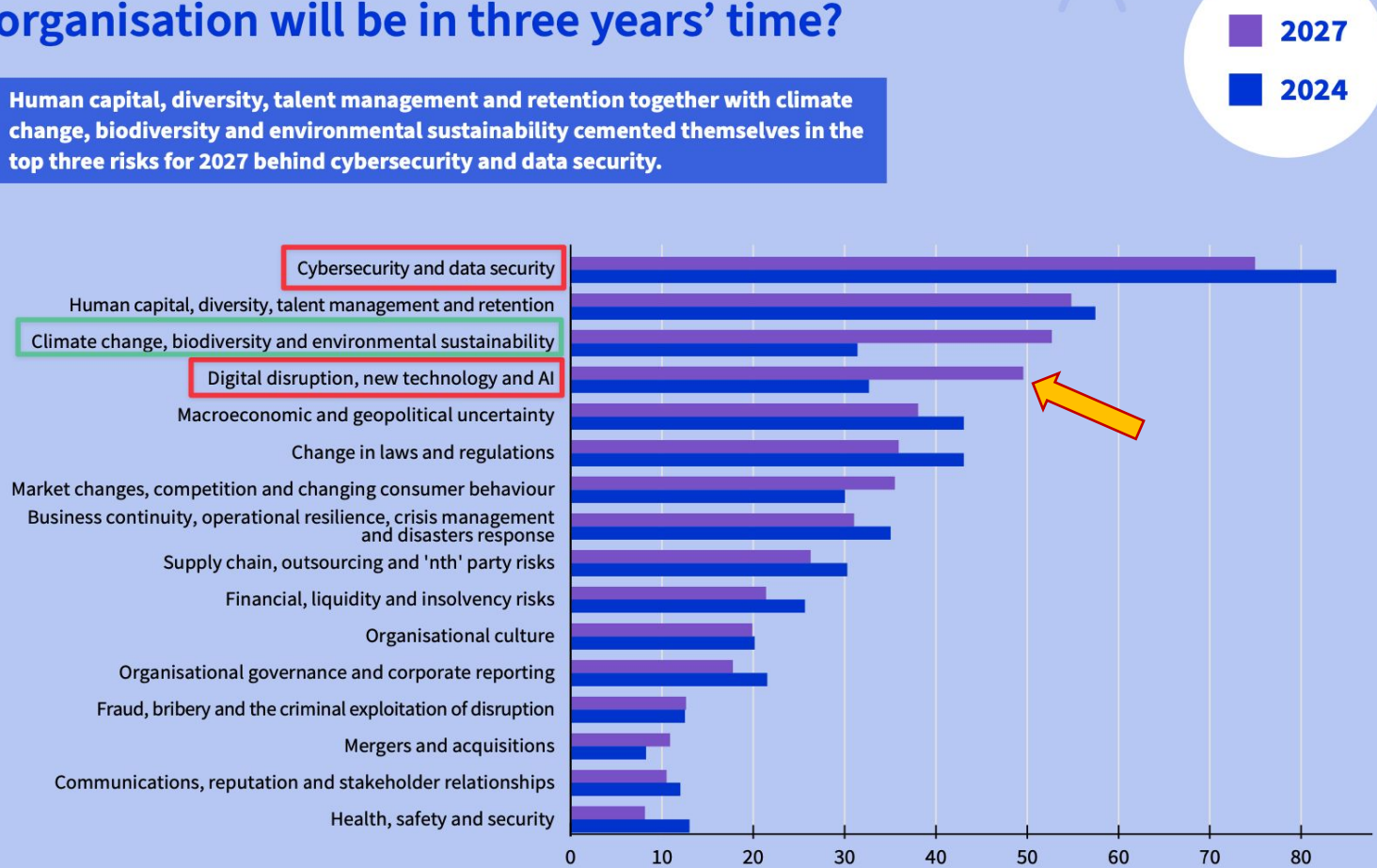
- (i) **Needs** to understand Technologies – Risks – Opportunities.
- (ii) **Needs** to stay updated and focused on compliance impacts.
- (iii) **Needs** to become expert on ESG auditing.

i/ Technology Advancements and AI



What do you think the top five risks to your organisation will be in three years' time?

Human capital, diversity, talent management and retention together with climate change, biodiversity and environmental sustainability cemented themselves in the top three risks for 2027 behind cybersecurity and data security.



Source: ECIIA's "Risk in Focus" (2024)

How Internal Auditors can Help?

(Maybe) “**Fear of Technology**” is a new risk that companies would face!

How **Internal Auditors** assist on **increasing the benefits** with **risks mitigated**?

- ✓ What is the acceptable level of risk for the company?
- ✓ How employees are using new technology and tools?
- ✓ Which processes are automated and which aren't?

AI – An Important Tool for the Internal Auditor

Anthony Pugliese (IIA President):

“AI is expected to affect accountants and auditors **significantly**”.

AI is a “*double-edged*” sword and as it advances can be also valuable for the Internal Auditor (3+1):

- Audit Planning.
- Audit Testing.
- Audit Reporting.

✓ **Quality Review**

(new Standards on 2025)



The screenshot shows the homepage of The Institute of Internal Auditors (IIA). The header includes the IIA logo, navigation links for Membership, Standards, Certifications, Learning, Resources, and About Us, and a search bar. The main content area features a dark blue background with the text "The IIA's Updated AI Auditing Framework" in green and yellow. Below this, the word "TOOLS" is visible. The page also includes social media sharing icons and a sub-headline: "An Updated Auditing Framework for the Ever-Changing World of AI". A short paragraph at the bottom explains the importance of AI for internal auditors and provides a call to action to download the framework.

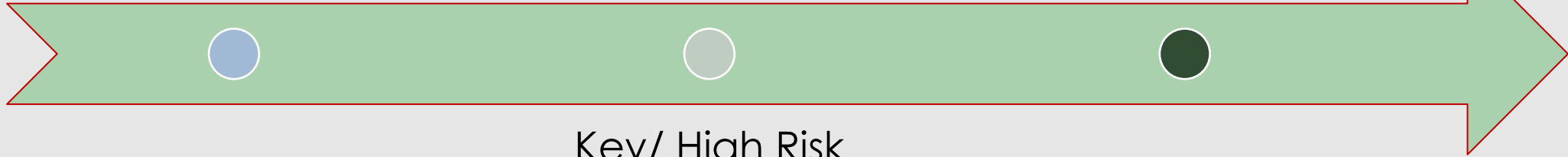
Source: IIA

Dr. Dimitrios Charamis

Traditional VS Automated Assurance Process

Traditional Audit
procedures

Exceptions -
Recommendations

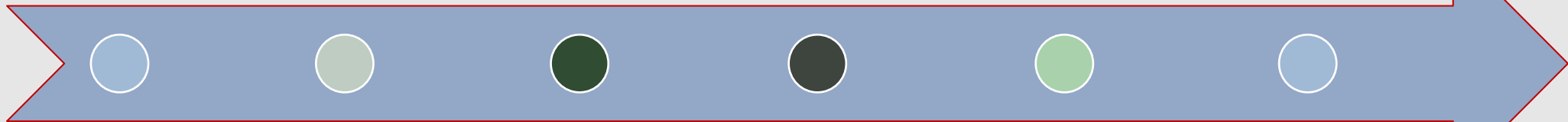


Key/ High Risk
Processes

Data
Analytics
AI and
RPA

Automat
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Time
Reporting

Behaviour
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Key/
High
Risk
Process
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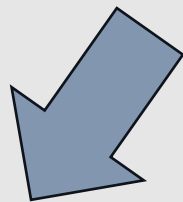
Root
Cause
Analysis

Chang
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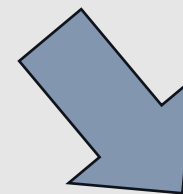
ii/ Constant Changing of Regulatory Environment

Regulatory changes can have a significant impact on the Internal Audit function.

Internal Auditors need to **stay informed** about new and emerging regulations and frameworks [COSO IC (1992), SOX (2002), IT Internal Audit, Data Analytics, Cyber Risk, New IIA Standards (2017 & 2024)].



Assess the **impact of regulation** for the company

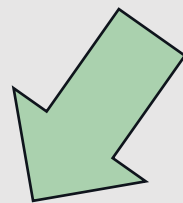


Adapt **audit planning** and audit procedures

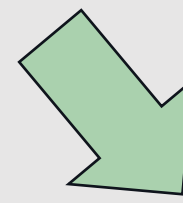
iii/ Growing Importance of ESG

Investors and stakeholders are increasingly considering ESG factors in their decision-making.

ESG related information must be accurate, timely and verifiable. Internal Audit needs to be focused to ESG related controls:



Assess
effectiveness of
ESG controls



Assurance to
organisation's
ESG reporting

Conclusion – Adaptability is Key

How Internal Auditors Should Respond to future challenges?

1. Be flexible and **willing to learn** new skills.
2. Continuous **relationship building**, communication and trust within the organisation.
3. Take proactive actions in order to be **informed of external developments** and business changes – stay ahead of emerging risks and opportunities.
4. **Be involved** at key business decision – making stages (not only identifying problems).

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Thank You!

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