

Face the Future with Confidence®

The Future of Work Is Here and Opportunities Are Around Every Corner

Internal Auditing Around the World®
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protiviti®
Global Business Consulting



Foreword

The Future for Internal Audit Includes Defining New Boundaries – Within Known Limits



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We say on the cover of this publication that the future of work is here — and it is — but many businesses still need to arrive. Many businesses are currently focused on defining the how and where of work for that future. They are deciding what new technologies to adopt; what processes to eliminate, improve or introduce to drive innovation, build resiliency and reduce risk; and what places people in the organization will be working from and when.

Out of necessity, the COVID-19 pandemic prompted much of this thinking and action around new ways of working. But now, we see many organizations looking to drive change instead of being pushed by it. As they disrupt themselves and design a workforce and organization of the future, they will want to ensure they align the most critical element required to succeed: people. They need highly skilled talent — digitally savvy, data-oriented professionals, familiar and experienced with contemporary methods and techniques — supporting the business across every critical function.

Many businesses have a head start on building their workforce of the future, at least from a skills perspective, because they have an internal audit organization that is well along its journey toward becoming a next-generation function. However, as we have learned through our interviews with internal audit leaders for Volume XVIII of *Internal Auditing Around the World®*, even the most future-forward internal audit organizations are struggling to attract and retain top talent, especially technical talent.



Internal audit functions have played a vital role in helping businesses reach the point where they can start thinking more about what's next than just what has been and what is. And now, internal audit leaders and audit committees need to consider what internal audit must do to support the business moving forward — and what the function itself can do to recruit and develop the talent it needs to meet its objectives and realize its own vision for the future.

Ensuring auditors can engage in work that is compelling, meaningful and impactful is a must. So, too, is positioning internal audit as a strategic and highly valued partner to the organization. In short, internal audit must be seen as a place to build a stimulating, fulfilling and challenging career — where work is focused on critical strategic and operational matters, and requires the application of leading and contemporary tools and techniques.

Some internal audit functions are succeeding on all these fronts, even if they face challenges in recruiting the best, or simply enough, people for their team. What could help them improve their chances of acquiring skilled and high-potential talent is rethinking boundaries for the function itself. As internal audit leaders and audit committees discuss how to build an internal audit workforce and organization of the future, this topic should be a focal point.

There are clear boundaries within which internal audit needs to operate. As defined by The Institute of Internal Auditors' International Professional Practices Framework (IPPF), internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.¹

Most leading internal audit functions have a tremendous base of knowledge, skills and insight that can benefit the business in potentially game-changing ways. But that's only if they have the flexibility to explore where and how they can add even more value to the organization while still adhering to its mandate for and within the organization.

Now is the time for chief audit executives and audit committees to have a robust dialogue about how internal audit should operate in the future of work. How can the function define new boundaries for its role while also adhering to its known limits? Where is it appropriate to test or push those limits? The opportunity is great to develop a renewed vision and strategy for internal audit that clearly affirms the function's role not only as a protector of organizational value but also a creator of it.

But a vision alone won't solve internal audit's "people problem." Most companies today are challenged in hiring skilled talent for critical functions, and many business leaders see the inability to attract and retain talent as a top risk issue for their organization today and for the next decade.² However, setting a clear vision for the future and giving internal audit the authority to push boundaries for the good of the business will go a long way toward helping functions raise their profile as a rewarding and challenging place for talented people to work.

¹ "About Internal Audit: Definition of Internal Auditing," The IIA website: www.theiia.org/en/about-us/about-internal-audit/. (Accessed June 2022.)

² "Executive Perspectives on Top Risks Survey," Protiviti and NC State University's ERM Initiative, 2021: www.protiviti.com/US-en/insights/protiviti-top-risks-survey.



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Introduction

The future depends on what you do today.

MAHATMA GANDHI

Social reformer and leader of the Indian independence movement



What does the future hold for the internal audit profession? Protiviti explores this question at some level in every annual edition of *Internal Auditing Around the World*®. While no one can predict the future with any real certainty, they can confidently face it if they stay attuned to change and constantly evolve their skills, knowledge and mindset so they can better meet the challenges of tomorrow.

Since launching this publication 18 years ago, Protiviti has documented the work that internal audit leaders are doing to prepare themselves and their teams for the future — and we've observed them growing increasingly more confident about the future because of these efforts. Many of the leaders featured in this year's publication and in previous editions have told us that they see the internal audit function becoming only more vital to the business in the years ahead. They also expect auditors to have even more opportunities to engage in meaningful, exciting and innovative work.

This optimistic outlook is warranted. Leading internal audit organizations have been working for years to modernize their processes, improve their ability to add value to and help protect the business, and raise the function's visibility in the organization as a trusted partner that can bring an unbiased, objective view to any problem or opportunity that arises.

During the COVID-19 pandemic, especially, many of these organizations have started to see returns on their hard work. In Volume XVII of *Internal Auditing Around the World*®, we reported that the functions most effective at helping their organizations manage through the crisis were those that had already embraced next-generation internal audit practices. They were proactive in building a solid foundation for the future and, by doing so, built a more resilient and nimble internal audit function that was ready to meet the challenge of unprecedented business disruption head-on.

A year later, disruption persists. While the world is learning to live with the pandemic, it's against the backdrop of rising inflation, ongoing supply chain issues, a hot war in Ukraine and other geopolitical tensions, and myriad other complex challenges, including climate change.

In this edition of *Internal Auditing Around the World*®, we asked internal audit leaders to consider what they and their teams have learned from the pandemic experience so far, and how it might shape the function's future. We presented them with this question: “As we evaluate the impact of the pandemic on organizations, how will internal audit use it as an opportunity to address the workforce and organization of the future?”

Through our interviews with these leaders, we learned that their aim, generally, is seeing their teams and the businesses they support emerge from this unusual period in history stronger and more agile than before. To achieve that, their organizations are implementing flexible work models, embracing new skill sets, taking advantage of emerging technologies, and applying an innovative approach and mindset to their work.



Looking Back, Looking Ahead

Each time Protiviti undertakes a new edition of *Internal Auditing Around the World*[®], we review our previous volumes so we can reflect on how much has changed since our inaugural issue in 2005.

That first year, internal audit functions were still channeling most of their resources into meeting Sarbanes-Oxley Act compliance demands. But even then, several internal audit leaders we interviewed were already thinking of how to turn that arduous effort into a more efficient process that could drive continuous improvement throughout the organization. They were also looking to leverage tools like automation so that auditors could focus more on value-adding work for the business.

One internal audit leader told us in 2005, “The more that audit can be viewed as adding value beyond traditional compliance and operational auditing, the further the function will get.” Eighteen years later, we can state with confidence that internal audit *has* gone far, and the possibilities for auditors to make more positive impacts on their organizations seem limitless. Indeed, we anticipate that in the future of work, internal audit executives and their teams are likely to find opportunities around every corner on which to build the next chapter for the profession.

Protiviti
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Acknowledgements

We would like to thank all the organizations that participated in Volume XVIII of *Internal Auditing Around the World*[®]. We are delighted to feature such a diverse group of forward-thinking businesses in this year’s publication. We also want to extend our deep appreciation to the internal audit leaders who took the time to speak with us about the challenges and opportunities they and their teams are facing as they endeavor to build the internal audit organization and workforce of the future.

Protiviti would also like to acknowledge The Institute of Internal Auditors (The IIA) for its commitment to advancing the internal audit profession and helping internal auditors prepare for the future. We value our longtime partnership with The IIA and the organization’s interest in this annual publication.



Ahold Delhaize

Remodeling Internal Audit While the Store Is Open

It's very important for us to focus on data analytics and technology because the company is doing the same. My view is that internal audit needs to be a front-runner in these and other critical areas, like ESG, or at least on par with where the business is.

DIMITRICH STÖPETIE

Senior Vice President and Chief Audit Executive



More than 55 million customers do their weekly grocery shopping with a store brand owned by Ahold Delhaize — one of the largest supermarket and online retailers in the world. The company was formed in 2016, following the merger of Ahold and Delhaize Group, two longtime retail innovators.

Ahold was founded in 1887 by Albert Heijn, who opened his first grocery store in the Netherlands in Oostzaan — a small town east of Zaandam, where Ahold Delhaize is headquartered today. Delhaize got its start even earlier, in 1867, when three brothers opened their first grocery store in Charleroi, Belgium. The bold, black lion logo the brothers selected for their brand is still in use today by the aptly named Food Lion grocery chain in the United States and by other select brands in Ahold Delhaize’s portfolio.

Ahold Delhaize operates nearly 7,500 local grocery, small-format and specialty stores in Europe and the United States. In the U.S., the company owns, in addition to Food Lion, the Giant, Stop & Shop and Hannaford grocery chains, and the FreshDirect online delivery service, a purely online company. In Europe, Ahold Delhaize’s brands include Albert Heijn, Albert, Alfa Beta, bol.com, Delhaize Le Lion, Delhaize Serbia, Gall & Gall, and Etos. Through a joint venture, the company also has a foothold in Indonesia with a small-format grocery store chain called Super Indo.

Ahold Delhaize is also the top online retailer and grocer in Benelux (the economic union of Belgium, the Netherlands and Luxembourg), and it’s a leading online grocer in the United States. More than 413,000 associates work for the company globally, primarily across its stores. Ahold Delhaize generates about €75 billion in revenue annually, of which €10 billion is from online sales.

Working to Build a “More Global” Internal Audit Team

Dimitrich Stöpetie is Senior Vice President and Chief Audit Executive (CAE) for Ahold Delhaize. He reports functionally to the chairman of the audit, finance and risk committee, and administratively to the president and CEO, Frans Muller, as well as the management board.

The internal audit function at Ahold Delhaize has 44 associates, including Stöpetie. About half of the team members are based in the United States across four locations. The remaining staff are stationed in the company’s head office in Zaandam, near Amsterdam. “Our internal audit function is really a third line of defense for the company, as we focus primarily on operational types of audits,” Stöpetie explains. “The second line of defense handles, among other things, store auditing and key financial controls testing. But the company’s big projects and programs are the focus of our team’s audit program.”

More than 55 million customers do their weekly grocery shopping with a store brand owned by Ahold Delhaize.

Stöpetie says the internal audit organization includes a “professional practice and training” group, which is “focused on our methodology and provides training to the whole team to make sure everyone is onboarded effectively.” There is also a global data and technology team that includes U.S. and European internal audit staff members.



“It’s very important for us to focus on data analytics and technology because the company is doing the same,” says Stöpetie. “My view is that internal audit needs to be a front-runner in these and other critical areas, like environmental, social and governance (ESG), or at least on par with where the business is.”

To be that front-runner — and evolve into an organization and workforce of the future — the internal audit team at Ahold Delhaize needs to communicate and collaborate as one, transcending different time zones, languages and cultures. Stöpetie says that’s a key reason he entered 2022 with a strategic goal to help his team become “more global” overall.

“As a global company, we have the benefit of combining internal audit teams across two continents. Working from our existing basis of best-practice sharing, I am promoting a ‘Working Better Together Program,’” he says. “This elevates our collaboration to increase our internal audit expertise and help us work with each other more effectively. Remote work during the COVID-19 pandemic has actually done a lot to help facilitate that anyway.”

Preparing for a Future of More “Data-Driven Reviews”

Internal audit’s transformation efforts so far have included mandatory technology training for auditors and the strategic recruitment of technical specialists. “The least technical people on our team today are those we refer to as our ‘hybrid auditors,’” Stöpetie says. “They are operational auditors, financial auditors or retail specialists who have business knowledge, but also have some training around technology topics — such as what a cloud environment looks like and what IT controls are.”

He continues, “We have several IT auditors, specialists and data analysts on our team, and half of our auditors have been trained to work with data analytics. We also have two

dedicated data analysts, and we are preparing to recruit another one soon.”

The data analysts will play a central role in another strategic goal the internal audit function at Ahold Delhaize is working toward: performing data-driven reviews. “We want to integrate more data analytics into our audits, generally,” Stöpetie says. “But the data-driven reviews we envision will be based solely on the examination of data related to a particular topic area in the business.”

According to Stöpetie, the data-driven reviews are meant to help the function make better use of its limited time and resources. “With 19 brands globally, and several shared service centers supporting them, you can imagine that our team of 44 needs to prioritize,” he says. “Data-driven reviews will help us select topics for further exploration.”

According to Stöpetie, the data-driven reviews are meant to help the function make better use of its limited time and resources.

Currently, 70% of the team’s annual audit plan is focused on what Stöpetie labels “the risky topics,” and the remaining 30% of the plan centers on “coverage topics.” He explains, “The data-driven reviews will allow us to provide more assurance to the management board and the audit, finance and risk committee in addition to the full-scope audits.”

Stöpetie looks to hire even more data analysts for the function in the future, depending on the success of the data-driven reviews. “We will also train some of our audit teams to work with the data sets the data analysts create so that they can conduct advanced analytics as part of their audits,” he says.



Providing “Alternative Delivery” and Assessing Risks

Another way the internal audit function at Ahold Delhaize is increasing its effectiveness and adding value to the business is by providing what Stöpetie calls “alternative delivery” — audit engagements with a limited scope that can be conducted in a shorter time frame than regular audits. “Through alternative delivery, we can cover smaller pieces of a topic and give the business some comfort or advice about it,” he says.

The internal audit team also helps Ahold Delhaize monitor its risk landscape with a risk assessment model built primarily on Microsoft Power BI. “We use many different internal and external indicators and include results from our audits,” says Stöpetie. “We also include results from our ‘business engagement meetings.’ Our team has frequent meetings with business representatives from around the globe, most of them virtually, and the information we collect will feed into our audit risk assessment model.”

One strategic focus for the company is to work with its brands, suppliers and customers to reduce food waste and plastic packaging waste.

Stöpetie’s motivation to build an internal audit organization and workforce of the future, and his view that the function needs to strive to be a front-runner in areas like data analytics, are fueled partly by digital transformation occurring throughout Ahold Delhaize’s operations.

“We have many consumer-facing applications for ordering groceries online and getting them delivered, and already, €10 billion of the company’s revenues come from online sales,” says Stöpetie. “The net consumer online sales are expected to double by 2025.”

Helping to Create a More Sustainable Future

Digital transformation isn’t the only thing driving change at Ahold Delhaize. Like many leading businesses today, the company is focusing more on ESG topics.

For example, one strategic focus for the company is to work with its brands, suppliers and customers to reduce food waste and plastic packaging waste. To that end, Albert Heijn recently removed free plastic bags from its fruit and vegetable department. In addition, Ahold Delhaize USA recently announced it has partnered with ExxonMobil and packaging specialist Sealed Air (SEE) to create “a first-of-its-kind plastic food package recycling initiative in the United States” and design “flexible plastics” that can be collected, recycled and repurposed into new food packaging.¹

“The company’s stakeholders are really focused on ESG, including our customers and associates,” says Stöpetie. “So, ESG knowledge and coverage from an internal audit perspective is something we need to ramp up with quickly as an internal audit team. I think that ESG will be integrated as a topic in every audit that we do in the future — and will be as important as IT and data privacy have become.”

“Having a mix of different skills, including ESG knowledge, will be vital to internal auditors’ future success,” Stöpetie says.

¹ “Ahold Delhaize USA, ExxonMobil Target Circular Food Packaging,” by Russell Redman, *Supermarket News*, April 14, 2022: www.supermarketnews.com/sustainability/ahold-delhaize-usa-exxonmobil-target-circular-food-packaging.



“Being flexible and data-driven will be critical, too. Soft skills will also remain a must. We focus on that area a lot in our training because even if our auditors have a wealth of technology knowledge, in the end, they still need to talk to and support the business.”

Driving Greater Diversity and Inclusion in Internal Audit

Being a sustainable company includes promoting diversity and inclusion throughout the workforce. As the CAE for Ahold Delhaize, Stöpetie is doing his part to help the company make progress on that front by creating an internal audit organization that is diverse and inclusive.

“This is something I really believe in,” says Stöpetie. “If you look at our audit team right now, it is gender-balanced. Actually, I think we have a few more women than men on the team. And everyone has different backgrounds. We also have auditors who speak Romanian, Greek, French and so on.”

As he reflects on all the change the internal audit function at Ahold Delhaize has experienced in recent years and plans to pursue in the future, Stöpetie can’t help but make a comparison between his “shop” and an actual store.

Being a sustainable company includes promoting diversity and inclusion. Stöpetie is doing his part to help the company make progress on that front by creating an internal audit organization that is diverse and inclusive.

“You need to remodel a store after a period of time to make sure it looks bright, fresh and modern — and so customers feel comfortable doing shopping in that store. Well, what my team has been doing is like a remodeling,” Stöpetie says. “But unlike a regular store that may close for a time to make critical changes, we don’t have that option. We are remodeling the internal audit department while the store is still open. It’s a lot of pressure on my team to make these changes and leap toward becoming the workforce of the future. I am really proud of what the team has accomplished so far.”



AstraZeneca

Providing Assurance to Help the Business
Push the Boundaries of Science to Deliver
Life-Changing Medicines

There will always be audits that our team will need to or want to conduct in person. But I think that the last two years have proved that other options can be effective, and we should be thoughtful about the best way to deliver the overall plan.

RACHEL HARPER

Vice President, Group Internal Audit



AstraZeneca is a global, science-led, patient-focused pharmaceutical company that focuses on the discovery, development and commercialization of prescription medicines in oncology, rare diseases and biopharmaceuticals, including cardiovascular, renal and metabolism, and respiratory and immunology. U.K.-based AstraZeneca operates in over 100 countries and its innovative medicines are used by millions of patients worldwide. The company has a diversified portfolio with broad coverage across primary, specialty care and rare diseases.

Vaxzevria, AstraZeneca's COVID-19 vaccine, was first approved for emergency supply in the United Kingdom at the end of 2020. Together with global partners, AstraZeneca supplied about 2.5 billion vaccine doses to more than 180 countries during 2021. Of these, about two-thirds went to low- and lower-middle-income countries, and more than 247 million were delivered to 130 countries through the World Health Organization's COVAX Facility in 2021. It is estimated that Vaxzevria has so far helped prevent 50 million cases of COVID-19 and 5 million hospitalizations, and saved more than 1 million lives, based on model outcomes assessing COVID-19 worldwide.¹

AstraZeneca also developed Evusheld, the first long-acting antibody combination to demonstrate benefit in both the prevention and treatment of COVID-19. Evusheld has been authorized for emergency use in the United States and several other countries.²

The delivery of these innovations amid a global health crisis is remarkable, but it's also in keeping with AstraZeneca's stated purpose

to "push the boundaries of science to deliver life-changing medicines."³ The company's Global Internal Audit function takes inspiration from that statement in its own purpose: "To provide AstraZeneca leaders the independent assurance and insight to navigate risks in pushing the boundaries of science to deliver life-changing medicines."

Together with global partners, AstraZeneca supplied about 2.5 billion vaccine doses to more than 180 countries during 2021.

Combining the Talents of Two Teams

AstraZeneca has over 80,000 employees and operations in over 100 countries. It is headquartered in Cambridge, England, and it operates two other strategic centers for research and development in Gothenburg, Sweden, and in Gaithersburg, Maryland, in the United States.

In July 2021, AstraZeneca acquired Boston, Massachusetts-based Alexion Pharmaceuticals, Inc., which develops medicines for rare diseases. The internal audit functions for the two companies operated relatively independently until April 2022, when they combined to form the Group Internal Audit function, bringing together about 35 auditors from AstraZeneca and 10 from Alexion, supplemented with co-source arrangements.

¹ Data estimates based on model outcomes with transmission defined as 200 infections per 100,000 people per day. AZD1222 lives and hospitalizations prevented data on file. Data on File Number: REF-131228, November 10, 2021. AstraZeneca UK Ltd.

² AstraZeneca Annual Report and Form 20-F Information 2021, available at www.astrazeneca.com/investor-relations/annual-reports.html.

³ "Our Company," AstraZeneca website: www.astrazeneca.com/our-company.html. (Accessed June 2022.)



Rachel Harper is Vice President, Group Internal Audit, at AstraZeneca. She joined the company from a global consulting services firm in January 2020, and has held several leadership positions in risk, compliance and audit throughout her career — including at oil and gas company, BP. At AstraZeneca, Harper reports to both the chair of the audit committee and the chief financial officer.

Group Internal Audit has five heads of audit, each overseeing one of the following areas: operations and transformation (including manufacturing, procurement and sustainability); research and development; commercial operations; Alexion and enterprisewide finance; and information technology and digital. Audit directors and managers report to these heads of audit.

The newly merged Group Internal Audit function has team members in the United Kingdom, United States, China, Poland and Sweden — and a dedicated resource in Malaysia with data analytics responsibilities. Matt Beaman, Head of Audit, Operations and Transformation, who has been in the organization for nearly a decade, says the internal audit team at AstraZeneca was already used to working across time zones. They weathered COVID-19 business disruption well because they were a cohesive team experienced at working together virtually.

The strongly collaborative culture at AstraZeneca and outstanding response from IT globally meant that business stakeholders embraced this way of working, too. “Before the AstraZeneca and Alexion teams combined, we had about 30 people working in locations across four or five countries,” says Beaman. “So, everyone was already up and running with technology and very comfortable with interviewing people remotely either by phone or video.”

Beaman says setting the goal to earn recognition both inside and outside of the company is meant to help the auditors focus on being a function that can truly support AstraZeneca’s size, scale and suite of activities.

Shaping a New “IDentity” for Group Internal Audit

In 2021, the internal audit teams at AstraZeneca and Alexion started working on a strategy for their full integration. “We recognized that this would be a journey, and that got us thinking about the longer-term objectives of the function — visualizing where we want to be in the next few years,” says Beaman. “What is our purpose as a function? Where do we want to go? How do we want to be viewed? How do we want to deal with each other and with the business?”

That thinking led to the development of an ambition statement to help guide the newly combined Group Internal Audit function: “To be recognized in AstraZeneca as a valued partner, and among peers as a leading internal audit function.” Beaman says setting the goal to earn recognition both inside and outside of the company is meant to help the auditors focus on being a function that can truly support AstraZeneca’s size, scale and suite of activities.

Group Internal Audit is working to implement a new “IDentity” as it builds its organization and workforce of the future and “make sure we continue to be as relevant and as valuable to the business as we can be,” Beaman says. He explains that the group aims to become, among other things, more:



- **Insightful**, by using internal audit’s “privileged vantage point at the heart of the company to bring impactful insights on the strategic agenda and navigation of key risks”
- **Digitally savvy**, by “leveraging data and emerging technologies, and building expertise, to drive insights and more effective business solutions”
- **Inclusive and diverse**, by “building a team with a diverse range of skills, experiences and backgrounds, where everyone is respected, encouraged to have their say and given the opportunity to make a meaningful contribution”

Another high priority for Group Internal Audit as it shapes its new “IDentity” is to continue to focus on the development of its people, says Beaman. “We’re passionate about this,” he says. “We want to be seen as a hotbed for talent in the business. We want to bring people in and develop them, and make sure that they then prosper in the wider organization.”

Harper helps to promote a continuous improvement cycle in Group Internal Audit at AstraZeneca, encouraging team members to raise a flag when a process or system isn’t working well for them.

Investing in People and Applying an Agile Approach

When Harper joined AstraZeneca in early 2020, one of her immediate goals was to implement a strong technology foundation for internal audit that would help support the function’s evolution into a world-class operation. “We’ve invested in updating our

IT platform for conducting audit work and connecting seamlessly with business action owners, while also using analytics and other digital tools extensively in our everyday work,” says Harper.

In addition to moving to new TeamMate+ software, the auditors have also updated their ways of working and brought consistency to their processes and documentation. These and other changes are important foundations on which to build, as Group Internal Audit creates its new “IDentity.” They also help support Group Internal Audit’s four strategic themes for 2022, which Beaman and Harper say are all “underpinned by a digitally savvy approach.” Those themes are:

- Develop our people
- Engage our team
- Engage our business stakeholders
- Improve our audit impact

Now that Harper has seen the function make important strides technologically, she aims to focus greater attention on continuing to foster an environment where people feel they belong and are empowered to reach their full potential, perform at their best and make a valued contribution to the enterprise. This includes formulating a plan to help Group Internal Audit create its workforce of the future and invest in its future leaders.

Harper says she is sponsoring new development opportunities for the team, such as arranging for them to work in different areas of the business for an extended period, and then bringing them back into the internal audit function where they can apply their business acumen and perspective on risk and controls. “Creating this type of development program for our auditors is my aspiration.”

Harper also helps to promote a continuous improvement cycle in Group Internal Audit at AstraZeneca, encouraging team members



to raise a flag when a process or system isn't working well for them. That process helped inform the recent updates to the team's working methodology.

"This process really matters to me," says Harper. "We've all experienced working in environments where, when there's a change in strategy or methodology, you're told, 'Here it is,' and you don't have any real input into what's happening. In our newly combined function, we're taking an agile approach to our four strategic themes, designing them so that people can affect their own future. I want everyone's ideas and support for what our team puts into action, enabling everyone to own their part of this journey."

Group Internal Audit looks to embrace hybrid work for the long term – not only for the sake of cost and efficiency, but also to help AstraZeneca operate more sustainably as a company.

Focusing on Sustainability – and Flexibility

As Group Internal Audit at AstraZeneca works to forge its new "IDentity," become an even more valued partner to the business and earn a reputation outside of the company as a leading function, the team is tapping co-sourcing and outsourcing arrangements for additional support on selected audits.

"These resources are assisting in areas such as safety, health and environmental audits, as well as giving us broader geographic reach across all risks and other specialist areas," Harper says. "Co-sourcing has been a valuable model for us during the pandemic. We've been able to stand up people on the ground, where we need to, without the need to travel."

She explains that these arrangements will continue to be important for the function as Group Internal Audit looks to embrace hybrid work for the long term — not only for the sake of cost and efficiency, but also to help AstraZeneca operate more sustainably as a company. "We want to continue to be responsible citizens and put a sustainability lens over what we do as a function," says Harper.

"There will always be audits that our team will need to or want to conduct in person. But I think that the last two years have proved that other options can be effective, and we should be thoughtful about the best way to deliver the overall plan," Harper says.

She continues, "At AstraZeneca, we are focusing on the right hybrid work model, in combination with co-located teams in major hubs and co-source arrangements, where appropriate, to provide the flexibility to deliver high-quality assurance, efficiently, contributing to AstraZeneca's ambition to be carbon neutral in our operations by 2025 and carbon negative across the entire value chain by 2030, and supported by continuous innovation, further driving digital techniques and ways of working into the heart of our approach."



Bacardi

Bottling a Sustainable Future

When we hire people, we hire them for the current opening, but that's only half the equation. We are also hiring them for the future. ... Obviously, they need to have the right skill sets, but that's not as important as what else they can potentially do in the organization. We're always thinking about our future needs and capabilities.

KAREN FORD

Vice President, Global Internal Audit/SOX



Internal audit has always served a vital role in both responding to and anticipating unexpected challenges and changing priorities. The emerging area of environmental, social and governance (ESG) compliance is one such unknown — an evolving risk for organizations of all sizes that Karen Ford, Vice President, Global Internal Audit/SOX at family-owned Bacardi, takes very seriously.

“We have been focused on sustainability for a while,” Ford says. “However, we have now accelerated the process around ESG, as most companies should. Of course, it’s the right thing to do. But even if a company doesn’t feel that way, they will be forced to comply with the guidance eventually.”

As a privately held corporation, Bacardi doesn’t currently need to adhere to the same ESG reporting requirements as public firms. However, the company’s leadership has made it an area of focus. Bacardi Limited’s “Good Spirited Priorities”¹ addresses corporate responsibility in four distinct areas:

- **Good Futures:** Empower people in a fair and inclusive workplace and bolster our communities
- **Good Choices:** Market responsibly to inspire mindful drinking and reduce alcohol-related harm
- **Good Sources:** Respect people and planet through responsible sourcing partnerships
- **Good Footprint:** Take bold action to have a positive impact on the environment

This forward-thinking philosophy has powered Bacardi Limited to become the largest privately held spirits company in the world. In addition to its flagship rum brand, Bacardi’s extensive portfolio of over 200 brands and labels includes Grey Goose vodka, Patrón tequila, Dewar’s blended Scotch whisky and Bombay Sapphire gin.

The company, which celebrates its 160th anniversary in 2022, today boasts more than 20 manufacturing facilities and over 8,000 staff worldwide and sells its brands in over 170 countries.

Karen Ford joined Bacardi in June 2015 as corporate controller, working from the company’s worldwide headquarters in Bermuda. She has since taken on the role of Vice President, Global Internal Audit/SOX, and works out of the North America regional office in Miami, Florida. Ford oversees both the internal audit and Sarbanes-Oxley (SOX) functions, a combined team consisting of three executives and nine staff members that she characterizes as “small but powerful.”

Internal audit has always served a vital role in both responding to and anticipating unexpected challenges and changing priorities.

Among her top objectives, Ford continually seeks to find new ways for the combined internal audit and SOX team to add value throughout the organization. This value takes many forms, she says, including sending audit staff out to the business units on short-term projects, participating in “process reengineering” initiatives around the company, and inviting guest auditors from the business into internal audit.

Meeting the Demands of an Ever-Changing Workforce

A commitment to developing the future-ready workforce is a priority for Bacardi’s internal audit and SOX functions, as it will

¹ “Corporate Responsibility,” Bacardi Limited website: www.bacardilimited.com/corporate-responsibility/. (Accessed June 2022.)



help the auditors keep pace with a dynamic business that must continuously shift its strategy to meet ever-evolving market needs and demands, Ford says, adding, “We can’t just sit still, because internal audit is the one place with a global view.”

Ford says the internal audit and SOX functions “need to have the flexibility and agility to change” with a constantly evolving workforce and organization of the future. This requires a focus on “dynamic resourcing,” she explains, which includes hiring and recruiting people with the expertise, creativity and skills to serve the company well beyond its current-day needs.

“When we hire people, we hire them for the current opening, but that’s only half the equation,” Ford says. “We are also hiring them for the future. We assess whether the candidate has the skills and qualities to someday sit on a finance leadership team or is agile enough to transfer from internal audit to the business to build up their experience. Obviously, they need to have the right skill sets, but that’s not as important as what else they can potentially do in the organization. We’re always thinking about our future needs and capabilities.”

Emphasizing a Family-Friendly Workplace Culture

At Bacardi, enabling the future workforce is also about offering people flexibility in how and where they choose to work. “We ask whether it’s most beneficial to have staff stay at home, or to deploy a hybrid working model,” Ford says. “Is it truly critical to have your entire team located in one place? We have started to think differently about where our resources are located because I don’t think people need to come into an office every day anymore.”

Bacardi’s internal audit team is geographically dispersed. Ford and the director of SOX work out of the Miami office, while her director

of internal audit is headquartered in Costa Rica, along with three internal auditors and four SOX auditors. Two auditors work out of Geneva, Switzerland, and the Netherlands, respectively, to cover the company’s European markets. Ford says she also makes heavy use of external auditors and consultants in various locations, when needed, to cover any gaps in expertise and assurance.

Ford says the internal audit and SOX functions “need to have the flexibility and agility to change” with a constantly evolving workforce and organization of the future.

Leading a distributed team has compelled Ford to get creative with how she maintains connectivity — and morale — among her auditors. Ford believes in a high-communication approach, meeting with the entire team weekly, and engaging in weekly one-on-one sessions with each of her direct reports. She also meets monthly with each member of the staff. Although in-person team meetings were interrupted during the pandemic, Ford is looking forward to returning to biannual gatherings by mid-2022.

As remote work and virtual meetings have become the norm over the past few years, Ford has emphasized Bacardi’s family-friendly workplace culture as a way to help staff remain comfortable in their virtual interactions. For instance, she encourages staff to introduce their young children during video meetings, instead of treating them as a nuisance or unprofessional interruption.

“It’s about getting to know our team as people, while also letting them know we care about their families,” Ford says. “That’s



simply part of the Bacardi culture that I have learned since I've been here."

Advancing Agility Through Technology

Ford embraces the use of advanced technologies in audit, particularly in emerging areas like automation and robotics, as well as deep data analysis. The department has begun its journey in this regard, although Ford notes that they still "have some work to do," especially in automating audit workflows and dynamic monitoring.

Ford is looking to leverage the expanding use of data analytics across the company to enable a centralized data depository or "one-stop shopping" for deep data insights. In the realm of automation, "the number one goal is efficiency and effectiveness," Ford says.

The SOX function uses the popular, high-powered software AuditBoard, which has enabled the team to automate virtually all their internal communications. Ford's internal audit team, meanwhile, has started implementing the solution on a more limited basis.

"Among my internal audit team's objectives — we call them 'commitments' — is a continual personal assessment that asks how they will help us automate our processes," Ford says. "I think you have to embed that mindset and focus in on what people do day to day. You must always be thinking about technology, even if you're not an IT person."

Investing in "Smart, Creative Candidates"

People development has always been a priority at Bacardi, according to Ford, noting that it's a tone set from the top. The company maintains a strong belief in promoting from within and prioritizes that through initiatives like the finance leadership team's monthly talent meetings, where the development of individual staff members is discussed with an

eye toward identifying the best roles for them around the company.

Ford is her department's biggest champion. "I'm always promoting internal audit as a great place to work," she says. "This is the one place that offers a global view on every process, every market, what they do and how they do it. So, what better place is there to gain experience useful for your next role than in internal audit?"

Ford says she looks for smart, creative candidates with credentials that go beyond the traditional CPA certification. "I believe every leader should hire people who are smarter than they are," she says. "I think we've been able to do that as we focus more on the workforce and organization of the future, whether that means hiring someone with strong IT capabilities or bringing someone with more Bacardi experience than me onto the team. The result of this approach has been higher-quality outputs and deliverables, such as our internal audit reports."

People development has always been a priority at Bacardi, according to Ford, noting that it's a tone set from the top.

Once a new hire starts in internal audit, Ford emphasizes giving them every opportunity to succeed and thrive. She does this by personally mentoring members of her team and identifying opportunities for them to interact with senior leadership and others around the organization.

"I've always been a great believer in exposure," Ford says. "If I have a meeting with the CFO and someone on my team has subject-matter expertise on the topic being discussed, I'm going to bring them with me. I think that's



important, not only in terms of the information that the executive might need, but also for the growth of the individual.”

Taking the Pulse of the Future

Ford credits the support and accessibility of Bacardi’s audit committee — and, particularly, the committee chair — as essential to her team’s success. Ford points to the call she has with the audit committee chair prior to each quarterly audit committee meeting and says that his availability to talk through anything “even if it isn’t anything critical” is representative of his engagement and interest.

Having a strong relationship with all of Bacardi’s senior leadership is also important to Ford, as the company’s internal audit leader. “I think the first step is to gain the support of your management and executive teams before you seek your audit committee’s support,” she says.

Ford’s eye is always focused squarely on the future. She recognizes the need to maintain a flexible and agile mindset in internal audit so that the function can support Bacardi effectively as the company faces a market and regulatory environment that is always in flux. “Priorities may change over time,” Ford says. “But it’s always about keeping your finger on the pulse of what’s happening in the organization and then adjusting accordingly.”

That’s why ESG risk and compliance is such a significant priority for Bacardi’s internal audit

team, according to Ford. It’s not only because the topic is receiving increased scrutiny in the public sphere and among regulatory agencies, but also because it represents a core value tenet of Bacardi’s culture.

With so much still unknown in the ESG space, Ford says she’s focused on helping Bacardi stay at least one step ahead of the guidance.

“Sustainability is key to everything we do,” Ford says. “It can’t simply be a ‘check the box’ exercise because it’s what everybody’s talking about this year. We started in the right place because we felt it was the right thing to do.”

With so much still unknown in the ESG space, Ford says she’s focused on helping Bacardi stay at least one step ahead of the guidance. “ESG is something all companies need to think about now, without waiting until everything’s finalized,” she says. “For example, if you’re stating that your carbon emissions will decrease by a certain percentage by a specified date, you need to validate that. That’s where internal audit and SOX functions can play a vital role of support. It’s very important that we get ahead of this trend for the sake of the business — for every business.”



Commerzbank AG

Investing in Agility and Creating “Digilog”

It is paramount that we create a flexible, robust organization in Group Audit that is staffed with a workforce that has the commitment and mindset to take on the challenges that the banking industry and internal audit are facing now and will face in the future.

DETLEF THOMANN

Audit Head, Anti-Financial Crime Department, Group Audit



Commerzbank AG is the leading bank for the German Mittelstand, and a strong partner for around 28,000 corporate client groups and about 11 million private and small-business customers in Germany. The bank's two business segments — Private and Small-Business Customers and Corporate Clients — offer a comprehensive portfolio of financial services. Commerzbank transacts approximately 30% of Germany's foreign trade and is present internationally in almost 40 countries in the corporate clients' business. The bank focuses on the German Mittelstand, large corporates and institutional clients.

As part of its international business, Commerzbank supports clients with German connectivity and companies operating in select future-oriented industries. Following the integration of comdirect bank AG, private and small-business customers benefit from the services offered by one of Germany's most advanced online banks combined with personal advisory support on-site. Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.6 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia.

In 2021, Commerzbank generated gross revenue of about €8.5 billion and employed approximately 46,500 people.

Staying Ever-Vigilant for Evidence of Potential Financial Crimes

Commerzbank's digital transformation efforts, while necessary for its future success, also create risk — as does the nature of the bank's business. Credit card fraud, cryptocurrency fraud and the theft of customer data by malicious hackers are just some examples of criminal activity that banks must vigilantly defend against. And like many banks with complex, global operations, Commerzbank has faced issues in the past,

including enforcement actions, due to activity by its customers in violation of anti-money laundering and countering the financing of terrorism (AML/CFT) regulations.

Detlef Thomann — Commerzbank's Audit Head, Anti-Financial Crime Department, Group Audit — says that Group Audit's recommendations played a crucial role in helping the bank to swiftly raise the maturity level of its compliance processes. "The regulators lifted their external monitoring activities on the bank in a shorter time than for many of our competitors," says Thomann. "Regulators around the world respected the bank's voluntary self-restrictions on ceasing certain new business."

Thomann says that Group Audit's recommendations played a crucial role in helping the bank to swiftly raise the maturity level of its compliance processes.

Thomann and his team of 12 auditors in the Anti-Financial Crime audit department help Commerzbank stay on top of AML/CFT and other risks so that the bank can stay in compliance. "I'm very proud of my team — they are doing a tremendous job," he says. "Our department sits next to the audit department, Corporate Compliance, which deals with matters of market compliance, legal risk management and human resources (HR). Another department here in the Compliance, Legal and HR division of Group Audit is the Client Lifecycle Management department, which is focused primarily on know your customer (KYC) matters. Our audits are designed to get an end-to-end perspective on processes."

These teams are part of a 260 person-strong Group Audit organization at Commerzbank,



which is led by Andrea Bracht, the global head of Group Audit, who is supported by direct reports from:

- Five audit divisions, which mirror the high-level organizational structure of the bank
- One internal audit division, which is responsible for the overarching operational tasks of Group Audit
- The head of the “VIA” transformation program for Group Audit (Thomann says VIA is an abbreviation of the German title meaning “Change in Audit”)
- The head of Change Assurance, which drives audit’s approach to strategic bank projects and initiatives

Most of Group Audit’s staff members are located in the bank’s head office in Frankfurt, with smaller teams in international locations such as London, Luxembourg, New York, Shanghai and Singapore.

As a German stock company, Commerzbank has a dual board system, meaning that it’s governed by the board of managing directors and a separate supervisory board. Thomann says that Group Audit is “an instrument of Commerzbank’s entire board of managing directors, directly subordinate and reporting to it.” Within the board of management, Manfred Knof, the CEO and chairman of the board of managing directors, is responsible for Group Audit.

Giving Stakeholders the Tools to Track Progress on Risk Mitigation

Thomann says that Group Audit is leveraging technology in many different ways to help Commerzbank more effectively manage key risks and controls as it pursues digital transformation and evolves its organization and workforce for the future. In fact, he says one of Group Audit’s core objectives is to “actively support the bank in implementing its digital strategy successfully.”

Thomann explains how Group Audit is working to meet that objective and also “work simpler, faster and better” as a function: “We continuously review our methodologies, processes and tools to digitize them to the best extent possible. We also commit ourselves to efficiency and effectiveness by reducing complexity in our processes and outcomes and using state-of-the-art data analytics tools.”

One of Group Audit’s core objectives is to “actively support the bank in implementing its digital strategy successfully.”

Digital dashboards are one example of that commitment. Thomann explains, “About three years ago, the tremendous experts in our Data & Analytics (D&A) department developed several digital dashboards to help us analyze data in our audits and support our risk-oriented focus. Once those structures and processes became more mature and stable, we were able to hand these dashboards over to the auditees in the second and first line. Now, they’re using them to steer themselves and get a current, comprehensive view on both their processes in the run-up to our audits and the status of the implementation of risk-mitigating measures.”

Group Audit established the D&A department, which is dedicated to developing tools and techniques to improve the auditors’ effectiveness and quality of work, says Thomann.

Other risk-relevant dashboards are currently under development, according to Thomann, to “help ensure regular automated processing and delivery of data” in areas such as KYC and compliance monitoring. He says these new dashboards and the ones the D&A team previously created are intended to serve as “a



starting point” for improving risk and control process tasks in Commerzbank’s future digitalization initiatives.

One of the D&A department’s innovations is “Sherlock,” a research tool that allows auditors to find information from a pool of electronic documents quickly. Thomann says Sherlock is “like a Google for internal audit.” It allows users to examine all file formats and get a prioritized list of documents containing the searched phrase and relevant context. Auditors can search using a single word or perform more complicated, sophisticated queries.

Group Audit has been so successful with learning agile methods that they have presented on the subject of agile auditing at the German Institute of Internal Auditors’ annual meetings.

Thomann says he’s very thankful that Commerzbank’s audit function is “big enough to have highly specialized teams” like those described above, as well as many other skilled team members who “have a technology-oriented mindset, who love coding and thinking in algorithms, and who want to foster, enhance and develop artificial intelligence for the sake of Group Audit to make the whole bank more robust.”

For his own team in the Anti-Financial Crime department, Thomann is not necessarily looking to recruit people with such deep technology expertise, but he does look for auditors who are open to learning about and adapting to new technologies. He says they also need to have the mindset to collaborate effectively with those who are tech specialists to help Group Audit innovate and increase efficiency.

“For example, two of my auditors are currently partnering with our colleagues from D&A to make our testing sheets digital,” he says.

Bringing More Agility to Group Audit

Another skill set Thomann says that he and other leaders in Group Audit look for when recruiting talent for their teams is competency in agile management. As part of Group Audit’s transformation program, VIA — which began years before the COVID-19 pandemic but accelerated because of it — training on the basics of the agile work method was offered to all existing audit staff. Thomann says some staff members were also trained on adapting agile coaching in an audit context, and the team is now applying an agile approach on audit engagements sometimes by the book and sometimes to a lesser degree “where it adds value.”

Group Audit has been so successful with learning agile methods that Thomann says they have presented on the subject of agile auditing at the German Institute of Internal Auditors’ annual meetings. “We have also established a roundtable across industries where agile is discussed in the context of internal audits,” says Thomann.

Within Commerzbank, Group Audit refers to its agile community as “agile@audit” and encourages stakeholders from the business to join the team in “fostering respective collaboration methods.” This effort is managed by one of Thomann’s department team members.

Thomann says agile knowledge is important for everyone in Commerzbank. He points to several initiatives of strategic relevance designed to reduce costs by over €1 billion and help position Commerzbank for the post-pandemic future. Most of those initiatives, Thomann says, “are in an agile mode.” He adds, “Group Audit is accompanying these strategic initiatives from



an audit point of view to keep the momentum. We provide the board with unbiased insights on the progress that the bank is making toward achieving its objectives.”

The global health crisis helped to crystallize the team’s focus on building an organization and workforce of the future for audit.

In addition to the agile training initiative, Group Audit has digitized its key audit processes as part of its VIA transformation program, placing them in a dedicated IT platform. Thomann says the execution of individual audit engagements is fully supported by the platform, which minimizes the administrative workload and leverages internal audit’s skills and resources where they can provide significant added value.

“The platform is not only helping us to conduct audits, but also to perform the risk assessment for the audit universe,” says Thomann. “From there, we are deriving our annual audit plan, which we use to drive our operational activities. We also use the platform to follow up on findings and track sustainable implementation of risk-mitigating measures. In parallel, we are going to introduce a continuous auditing approach to constantly assess risks based on standardized auditing activities, with the objective of covering the bank’s business developments outside of regular audits in a timely manner.”

Fulfilling the Mission and Vision: “Digilog”

While Group Audit was pursuing transformation before the pandemic, the global health crisis helped to crystallize the team’s focus on

building an organization and workforce of the future for audit. “Everyone is committed to doing their best every single day. I would say this mindset is driving every one of us on our mission and vision,” says Thomann.

That mission and vision for a modern audit function includes creating what Group Audit refers to as “Digilog.” Thomann explains, “Digilog means being as digital as possible, as analog as necessary, and always in dialogue with our auditees and close collaboration with our stakeholders.” He says that getting to a state of “Digilog” requires Group Audit to:

- Integrate people and technology as much as possible in its structures, methodologies, processes and collaboration.
- Review digital technologies and processes as part of the audit program, which requires continuous development of skills and methodologies.
- Make use of digital technologies in the department and develop them further.

Even though these actions are meant to help Group Audit position for the future and support Commerzbank as it works to become the digital advisory bank for Germany, in many ways, they will only amplify many of the attributes Thomann says the team already has — including being forward-looking, risk-oriented and actively engaged.

“I would say the overall purpose of Group Audit is to make Commerzbank more robust,” says Thomann. “For that reason, it is paramount that we create a flexible, robust organization in Group Audit that is staffed with a workforce that has the commitment and mindset to take on the challenges that the banking industry and internal audit are facing now and will face in the future.”



ConocoPhillips

Evolving Internal Audit Toward
a Technology-Enabled Future

Our mission as leaders is to put the right people with the right skills in the right place at the right time. We're enhancing skill sets to improve our use of emerging technologies, so we can have better quality data, be more efficient and improve our overall processes.

BOB HEINRICH
General Auditor



With 9,400 employees and operations spread across 13 countries, ConocoPhillips is the largest independent oil and gas company in the United States.

Headquartered in Houston, Texas, ConocoPhillips has roots in Oklahoma and Texas, dating back to the late 19th century when oil was first discovered in the region. Oil refining and distribution firms Continental Oil and Transportation, Marland Oil and Phillips Oil rose to prominence in the early part of the 20th century, as the automobile's growing popularity drove the market for petroleum products to unprecedented heights. A series of mergers among these three leading energy firms resulted in the eventual formation of ConocoPhillips, the third-largest publicly traded oil company in the United States and sixth in the world at the time.¹

Today, ConocoPhillips is a global oil and gas company with a mission "to safely find and deliver energy for the world." The firm is guided by its "SPIRIT Values — Safety, People, Integrity, Responsibility, Innovation and Teamwork" — to deliver strong performance and keep its promises to all its stakeholders and communities.² After selling off its remaining refining operations in recent years, ConocoPhillips now focuses on the exploration, production, transportation and marketing of crude oil, bitumen, natural gas, natural gas liquids and liquified natural gas worldwide.³

To provide assurance across a complex enterprise comprising six geographically dispersed operating divisions, ConocoPhillips maintains a robust internal audit function of

45 employees, split between the company's administrative offices in Houston and Bartlesville, Oklahoma. The internal audit department serves four key areas: assurance audit, IT audit, compliance audit and joint venture audit.

As the general auditor for ConocoPhillips, Bob Heinrich reports directly to the company's audit and finance committee, with a dotted-line reporting relationship to the chief financial officer. Heinrich has worked at the company for 33 years, holding various business unit and corporate finance and auditing roles. He has been the chief audit executive for ConocoPhillips for the past three years.

The firm is guided by its "SPIRIT Values — Safety, People, Integrity, Responsibility, Innovation and Teamwork."

Heinrich has established several ambitious goals for internal audit under his watch. That includes ongoing enhancement of the value internal audit brings to the larger organization by aligning the department's work with the needs and expectations of clients and expanding the use of "non-opinionated consultations." He is also increasing the team's use of the agile methodology, specifically around dynamic risk assessments, and furthering the use of both existing and emerging technologies within the audit process.

¹ "Our History," ConocoPhillips website: www.conocophillips.com/about-us/our-history/present-2020/. (Accessed June 2022.)

² "SPIRIT Values," ConocoPhillips website: www.conocophillips.com/about-us/who-we-are/spirit-values/. (Accessed June 2022.)

³ "Operations," ConocoPhillips website: www.conocophillips.com/operations/. (Accessed June 2022.)



Embracing Technology in the Workforce of the Future

ConocoPhillips is recognized as a technologically innovative company, and internal audit must keep pace to best serve the enterprise in both its assurance and advisory roles. One vital step toward that effort, Heinrich says, is the recent elevation of Sarah Kuhn to the role of director of audit services.

A 15-year auditing veteran at ConocoPhillips, Kuhn is now charged with preparing the audit and finance committee reporting, setting audit standards and methodology, and helping to drive the department's technology strategy "to make sure we're collaborating on our technology efforts and innovation going forward," says Heinrich.

Heinrich says he sees this collaboration and upskilling as critical components toward developing the organization and workforce of the future. "Our mission as leaders is to put the right people with the right skills in the right place at the right time," he says. "We're enhancing skill sets to improve our use of emerging technologies, so we can have better quality data, be more efficient and improve our overall processes. We also want to ensure our employees remain competitive with the skill sets that the rest of the company is migrating toward."

He adds, "To achieve that, we want to have a mix of seasoned auditors and people who will rotate in and out and take the audit knowledge back into their organizations."

Over the past few years, Heinrich has been working to raise the technical aptitude within the internal audit department by assigning some staff members to become subject-matter experts in specific technologies, like optical character recognition (OCR). More recently, he hired a data specialist to enhance the department's data analysis capabilities in its

assurance audits. Kuhn oversees two and a half analytics and automation specialists to help identify opportunities and work on them — independent of the required audit fieldwork.

Heinrich and Kuhn also collaborate with their colleagues around the company to help enhance the recognition and comfort levels of internal audit's advisory capabilities. "It's important to develop internal networks to identify experts and foster collaboration," Kuhn says. "Working with others in the company helps us build trusted adviser relationships because we know their lingo, and they already know us."

Heinrich and Kuhn collaborate with their colleagues around the company to help enhance the recognition and comfort levels of internal audit's advisory capabilities.

Enabling Efficiency Through Continuous Monitoring

Heinrich says ConocoPhillips' technology-first mindset is fully embraced in internal audit. The function uses data analytics, automation and OCR extensively in assurance audits, and the team is monitoring developments in emerging areas like blockchain, machine learning and natural language processing for future opportunities.

ConocoPhillips maintains several centers of excellence focused on specific technology initiatives, including blockchain, data analysis and robotics. Internal audit can often plug into these centers and leverage learnings across the organization to improve efficiency and knowledge within the department.



Kuhn says that the department is “most mature” in its use of data analytics and automation, deploying well-known, company-vetted tools like TIBCO Spotfire and Microsoft Power BI in data analytics work. For automation, Kuhn says the team primarily uses UiPath and tools built into applications like Power Automate.

One of the function’s earliest uses of automation was in a pilot of continuous monitoring in the companywide maintenance audit. Internal audit built custom dashboards to identify potential warning signs like deferred maintenance and higher rates of equipment downtime throughout the company. The automation covered most of the required sample testing, resulting in a 75% reduction in audit fieldwork hours.

Kuhn also pointed to a successful project to implement continuous monitoring of journal entries. “A company of our size makes millions of journal entries,” she explains. “We built a database to identify manual journal entries or unexpected text without having to query specific fields like a date range or a company code. We can review journal entries at a very high level without having to wait for the account reconciliations that happen on a later timeline. An example of where we have used this is for identifying entries related to the recent lease accounting changes.”

Adding Value Through Consultations

The efficiencies gained from internal audit’s expanding use of technology and reduced travel during the COVID-19 pandemic have allowed the department to devote more time to consultative engagements with the business. “It’s a journey that started five or six years ago,” Heinrich says. “Some of it was in response to cost reductions and changes in our industry, but we were already making the transition to less travel. Last year, roughly 40% of our work was in a consultation mode

as opposed to an assurance audit mode, as compared with 10 years ago, when it was roughly 95% assurance work.”

“We’ve always had some aspect of consultation or limited reviews in our work,” Kuhn adds. “It has never been zero, but it started increasing at a good time because, as technology and innovation became a much bigger conversation in the company, we had already started on that path. People recognized they could rely on internal audit and seek our advice and counsel in those areas. We truly love those calls.”

The efficiencies gained from internal audit’s expanding use of technology and reduced travel during the COVID-19 pandemic have allowed the department to devote more time to consultative engagements.

Internal audit’s partnership with the greater organization has extended to its participation in the development of governance and processes for the deployment of new technologies, according to Heinrich. “We have people placed in governance roles as part of the steering committees, along with ‘citizen developers’ of robotics and data analytics specialists who are part of the teams that fall under these centers of excellence,” he says.

For example, Kuhn has — through the corporate citizen developer program — obtained a license with UiPath to develop “attended and unattended bots” to enhance efficiencies within the department. ConocoPhillips has a corporate-level review process for key processes and controls to ensure such tools are working correctly



before they're published, but otherwise, for administrative tasks or low-risk actions, Kuhn is free to program the software without oversight.

Internal audit has also participated in companywide "bot-a-thons" — one- or two-day programming events designed to help staff develop their robotics programming skills while also solving business problems. Heinrich says, "We're eager to be at the front end of participation to further knowledge-sharing in that way."

Recruiting new skills into internal audit is also a critical tool for building the organization and workforce of the future.

Fostering an Innovation Mindset and Culture

Heinrich ensures that his staff members receive a constant stream of communication about the use of emerging technologies within internal audit to keep them engaged with and excited about the topic. Internal audit hosts town halls twice a year, with a special focus on educating his group on the latest software and systems being deployed around the company, such as a new enterprisewide accounting system.

Recruiting new skills into internal audit is also a critical tool for building the organization and workforce of the future. Aside from hiring a data analytics specialist, ConocoPhillips has also adjusted its job postings to attract auditing candidates

with sought-after skills and attributes, particularly in data and analytics. But the company culture continues to be one of the biggest draws for many candidates.

"One aspect that sets our company apart is its commitment to technology and innovation," Kuhn says. "Whenever I talk with others about our department and what we're doing, I feel so fortunate that our company has that mindset. We've been able to jump in and really utilize it."

Heinrich and Kuhn track various metrics to confirm that internal audit's evolution toward a technology-enabled future occurs at the desired pace. First, they track whether they are ensuring staff have ready access to training, particularly around new technological tools. Second, they monitor departmental participation in companywide initiatives like the bot-a-thons and citizen developer program. And finally, internal audit leadership keeps a sharp eye on how often other business units are calling on auditors for consultation on new projects.

"From my perspective," Kuhn says, "just having innovation as part of the culture will help the auditors as new tools become available and circumstances change. Technology is changing all the time, and things that weren't possible even two years ago are possible now. Keeping that innovation mindset is really what my new group is going to help establish."

"For the next few years, our focus is on understanding and optimizing all the new tools at our disposal," Heinrich says. "We need to reorient toward the new world of work that will be evolving over the next couple of years."



DKSH

Achieving Alignment of Purpose to Future-Proof the Workforce

When internal audit comes in to review a particular area, we don't just focus on the things that aren't working – we focus on the root causes of why these things don't work. Often, one of the root causes is a lack of capability or an unclear definition of roles and responsibilities. By highlighting these gaps, we can reinforce the need for upskilling or even sourcing new skill sets from outside the company. This will help us future-proof our workforce.

YUE KENDALL

Vice President, Group Internal Audit



From the use of creative marketing approaches — like floating cinemas in Thailand to promote a sweetened condensed milk called “Bear” — to deploying an innovative, loyalty-building, after-sales service program¹ to catapult Omega into becoming the bestselling Swiss watch brand in Japan, DKSH has long relied on innovation to drive its growth into one of the leading market expansion services and distribution companies in the Asia-Pacific region.

The colorful history of DKSH dates to 1865, when three Swiss entrepreneurs founded separate trading houses in Asia. DKSH was ultimately created on June 19, 2002, when the descendants of those original firms merged. In 2012, the firm went public on the SIX Swiss exchange. DKSH also reinvented the conventional trading company business model through the creation of a new category — market expansion services (MES) — which is designed to help organizations expand into new and existing markets.

In 2021, DKSH posted \$11.1 billion in net sales. The company currently has over 33,100 employees and serves clients in 36 markets throughout the Asia-Pacific region. DKSH has four core business units: healthcare, consumer goods, performance materials, and technology, and works with well-known multinational firms like GSK, Pfizer, Thermo Fisher, P&G, Unilever and Kellogg.

“It’s a very diverse business, but ultimately, we help our clients expand into new territories and make their products accessible to millions of people,” says Yue Kendall, Vice President, Group Internal Audit, at DKSH. “We help them distribute products, run advertising and promotion events, and boost brand awareness. DKSH is an end-to-end MES provider.”

The first year of Kendall’s three-year strategic plan for internal audit is focused on “fixing the basics.”

Kendall brings 22 years of diverse audit experience earned in London and Asia to her current role as DKSH’s head of internal audit, which she took in June 2021. She reports directly to the company’s chairman, with a dotted line to the CEO and regular access to the audit committee.

Focusing First on “Fixing the Basics”

During her brief tenure at DKSH, Kendall has already begun implementing an ambitious strategic plan for internal audit, centered around a mission to “be an independent and trusted business partner who *protects* and *creates value* for DKSH through effective evaluation of governance, risk management, and internal controls.”

“Our strategy is underpinned by three pillars: position, process and people,” Kendall says. “We want our internal audit function to be strategically positioned and have very close ties with the business. We want to make sure we have robust and dynamic processes, leveraging both the newest technologies and the talents of people.”

The first year of Kendall’s three-year strategic plan for internal audit is focused on “fixing the basics.” The goal is “to make sure we build up trust with the business, enhance our internal ways of working, and build up the capability of the team.”

¹ “Our History,” DKSH website: www.dksh.com/global-en/home/about-us/who-we-are/dksh-group/dksh-anniversary. (Accessed June 2022.)



Year two shifts the focus to modernization, stabilization and optimization, which Kendall says includes “understanding the business’s strategic goals and ensuring we have a robust way of working with our first and second lines of defense.” She adds, “I would also like to have an external partner come in and assess our own effectiveness as an audit function.”

In year three, internal audit plans to deliver on DKSH’s strategic goals, in collaboration with the business units. “For example, sustainability, with its three main pillars of ESG (environmental, social and governance), is a very important topic for the business, as is introducing more RPA (robotic process automation) into our ways of working so we keep innovating ourselves.”

Aligning Purpose With the Future-Ready Workforce

DKSH has five corporate values as standards: integrity, empowerment, collaboration, entrepreneurship, and sustainability. Kendall says her goal is to ensure her growing workforce “lives and breathes these five values in order to deliver on our purpose.”

“DKSH has a very clear purpose and values, and it tells you a lot about what we stand for,” she says. “Our purpose is to enrich people’s lives. We provide access to high-quality products, services and insights that create sustainable value for our partners and generate jobs. The types of products we distribute touch on every aspect of our lives. From the moment I wake up in my house and brush my teeth, have breakfast cereal, open my refrigerator, get an X-ray in a hospital, or buy over-the-counter medicine — anything I touch, DKSH is somehow involved.”

“I feel these days [that] workers — especially the new generation — don’t join a company based only on how much they get paid or the benefits,” Kendall says. “It’s important, but people are really asking ‘What am I here to do?’ ‘What does my company stand for?’ ‘Is there a purpose?’ That’s why I feel that the internal audit function needs to also embrace that mindset. Otherwise, we won’t be able to attract or retain talent. We won’t be able to deliver on internal audit’s mission, which is in line with the organization’s mission. It’s essential to make sure we hire and retain people who share the same values and purpose to ensure they are here for the long game.”

In year three, internal audit plans to deliver on DKSH’s strategic goals, in collaboration with the business units.

Kendall notes that the company’s senior leadership views internal audit as a strategic function, rather than simply a “compliance requirement,” and sees its role as vitally important in helping the organization to achieve its strategic growth and evolution.

“DKSH has been through a significant degree of transformation in the last five to 10 years. It was a mainly family-owned business before going public. As part of the transformation, there were leadership changes, and the culture had to change accordingly,” Kendall says, adding that internal audit has “a critical role to play in supporting that culture of transformation by helping to optimize processes, improve controls and break down silos.”



Identifying Root Causes to Accelerate Improvement

“I wanted to create a sense of inclusion and transparency,” Kendall says. “It is crucial for the internal audit function to stay close to the business, to gain an in-depth understanding of the business units and functions and their strategic goals, in order to help them achieve those goals. The business recognizes the value that internal audit can bring, which enables us to build a trust-based relationship with our partners.”

Kendall says that how the information is presented is every bit as critical as the data itself.

Kendall cites her department’s strategic approach to auditing as a key way it is bringing value to the business. “When internal audit comes in to review a particular area, we don’t just focus on the things that aren’t working — we focus on the root causes of why these things don’t work,” she says. “Often, one of the root causes is a lack of capability or an unclear definition of roles and responsibilities. By highlighting these gaps, we can reinforce the need for upskilling or even sourcing new skill sets from outside the company. This will help us future-proof our workforce.”

Kendall has focused on building out internal audit’s staff and resources so the function can become more effective in its assurance and advisory roles. She tripled the size of the department from five (including herself) to 15 staff members, including two full-time data analysts.

After conducting a departmentwide skills assessment, Kendall introduced a formal training plan to help fill identified

gaps in data analytics, leadership, and “understanding digitization in our own function, so when we audit the business, we have a similar digital mindset.” She says she has also brought in external leadership consultants and engaged human resources “to coach my team on how to build relationships and trust and engage stakeholders effectively and virtually.” Guest speakers have also educated auditors on the latest digital tools in use in the company to keep the team posted on the organization’s digital journey.

Mining the Process for Hidden Gaps

Kendall is also proactively addressing her department’s technology needs, particularly in the areas of data analysis and process mining. For example, all of the internal audit staff have been trained to use Microsoft Power BI for routine data analysis, and Python SQL for more technically complex analyses, as needed.

“That’s one common skill everybody has,” Kendall says. “That means we can download data from SAP, as an example, analyze the data and then visualize our results in a very meaningful way. When we talk to our stakeholders, we no longer show Excel or just simple graphs. We show visualized data that is more engaging.”

Kendall says that how the information is presented is every bit as critical as the data itself. “It’s not about data crunching — it’s about storytelling. We never show the business how we analyze the underlying data. We talk about the indicators and what the business can take away from the information. That’s how we leverage data analytics.”

DKSH is also piloting the use of Celonis for process mining — which Kendall sees as a potential, and powerful, continuous monitoring tool. Rather than relying on



the business to verbally walk through their processes, the software enables auditors to map out each business process using data points, making it easy to identify anomalies or variations from standard practices.

Kendall's team has also begun rolling out a pilot project using RPA to automate the entry of audit steps in the system based on issued audit reports to replace the current manual process. Kendall anticipates significant time and resource savings for her team from this initiative.

Reinforcing Mental Resilience

Kendall uses a few techniques to keep her team's mindset focused on building the organization and workforce of the future. One is a guest auditor program, where professionals from the business rotate into internal audit for stints of two to three months. This allows the auditors to interact and learn from experts from the business — and make audits more relevant.

Kendall also intends to rotate auditors out into the business units on a regular basis, which will create a “two-way career path” and keep people's perspectives fresh and engaged. And in her weekly staff meetings, she regularly sets aside time for her team to share their experiences from the previous week to demonstrate the value of collaboration and knowledge-sharing.

This has proven to be one of the most popular initiatives cited in the department's employee engagement surveys, she says.

When it comes to recruiting talent for the department, Kendall says she places a premium on soft skills, like leadership and collaboration.

Kendall is also intent on reinforcing the “mental resilience” of her internal audit team, through regular one-on-one coaching sessions, as well as by bringing in outside leadership consultants, setting staff up with mentors from around the organization, and holding twice-yearly off-site staff retreats to help the team recharge and de-stress.

When it comes to recruiting talent for the department, Kendall says she places a premium on soft skills, like leadership and collaboration, with a particular focus on DKSH's corporate purpose and value pillars. “I'm a people-oriented person, so people will always be on top of my agenda,” she says. “I need to make sure I develop and retain talent within the function and for DKSH because my goal is to rotate these people out into the business and let them offer value in a big way.”



Ooredoo

Improving Connections Today and
Advancing Capabilities for the Future

Internal audit needs to stay close to the organization and understand the new changes and challenges that the telecommunications industry is facing. We need to educate ourselves more on what the key risks are for Ooredoo. That will help us to be more relevant, as will equipping ourselves with the latest technology and best practices.

MOHAMMED AL-EMADI

Group Chief Audit Executive



Ooredoo Q.P.S.C. is a leading telecommunications provider in Qatar that provides national and international wireline and mobile telephony, cable television and internet services, and other digital offerings such as Ooredoo Money Services. Ooredoo is one of the largest public companies in Qatar, listed on both the Qatar Stock Exchange (QSE) and Abu Dhabi Securities Exchange (ADX). It operates in nine countries in the Middle East, North Africa and Southeast Asia.

Ooredoo began in Doha in 1949 as a local telephone exchange company under the name of Qtel. In 1987, Qtel Group was formed, and Qatar Public Telecommunications Corporation was established. In 2013, Qtel changed its name to Ooredoo, which means “I want” in Arabic.

Ooredoo credits its global rebranding program for helping to increase its brand value and earn its ranking among the top 50 global telecommunications brands for the past six consecutive years.¹ Its advertising campaigns featuring global brand ambassador and world-famous soccer star Leo Messi have only added to the spotlight on Ooredoo, which is also the “Official Middle East & Africa Telecommunications Operator of the FIFA World Cup Qatar 2022.”²

The company’s long record of telecom achievements has also played a critical role in elevating Ooredoo’s market recognition and position. When the company was operating as Qtel, it introduced wireless service to Qatar in 1994 and launched broadband service in the country in 2002. In 2017, as Ooredoo, the company became one of the first telecom operators to launch 4.5G Pro wireless technology services with

peak speeds of 800 Mbps. And in 2018, the company became the first operator in the world to launch a live 5G network on the 3.5 GHz spectrum band.³

The company’s long record of telecom achievements has played a critical role in elevating Ooredoo’s market recognition and position.

Providing “Healthy Challenges” to Management

Ooredoo’s Group Chief Audit Executive, Mohammed Al-Emadi, has been with the company since 2008, and previously led its internal audit function in Kuwait until 2011, when he was appointed to his current position. Under Al-Emadi’s direction, the Group Internal Audit team audits Ooredoo’s operations in Qatar, as well as those of Ooredoo Group, which manages nine subsidiaries.

“Our team has 19 members, including myself, and for each subsidiary, we have a dedicated internal audit function headed by a chief auditor or head of internal audit,” Al-Emadi explains. “Those audit leaders report to me on a dotted-line basis. Group Internal Audit sets their objectives and reviews their plans and supports them with the methodology that they need to adapt. We also provide recommendations to each subsidiary’s respective audit committee when we feel a change in their organization’s internal audit leadership is required.”

¹ “Ooredoo Group in Top 50 Global Telecommunications Brands,” media release, Ooredoo, March 7, 2022: www.ooredoo.com/en/media/news_view/ooredoo-group-in-top-50-global-telecommunications-brands/.

² “Ooredoo Signs Up as Regional Supporter of FIFA World Cup Qatar 2022™ and FIFA Arab Cup Qatar 2021™,” media release, FIFA, November 8, 2021: www.fifa.com/tournaments/mens/arabcup/arabcup2021/media-releases/ooredoo-signs-up-as-regional-supporter-of-fifa-world-cup-qatar-2022-and-fifa-arab-cup-qatar-2021.

³ “Ooredoo First in the World to Launch 5G Commercial Network,” media release, Ooredoo, May 14, 2018: www.prnewswire.com/news-releases/ooredoo-first-in-the-world-to-launch-5g-commercial-network-300647659.html.



Group Internal Audit's core objective, in addition to "striving to provide independent, objective assurance and consulting services designed to add value and improve the operations of Ooredoo," is to help the company "accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and the control process," according to Al-Emadi, who reports to Ooredoo Group's audit and risk committee.

"Our audit and risk committee is very supportive of internal audit's initiatives and strategic priorities," says Al-Emadi. "They have shown a special interest in building internal audit's organization and workforce of the future."

Al-Emadi says the Group Internal Audit team maintains a good working relationship with Ooredoo's CEO and Group Managing Director, so much so that "we encourage management to consider us as their partners within the organization, to give them a view 'outside the box' on how they are able to deliver on their strategies."

Al-Emadi explains, "Internal audit's role as an independent party is to provide healthy challenges to management — to say, when needed, 'You need to improve your operation to deliver on the strategy you promised.' If they aren't making progress, we can determine if they set an overly optimistic strategy or if current procedures, policies or processes can't support their ambition."

Group Internal Audit has also built positive relationships with Ooredoo's other key functions, like risk management — and Al-Emadi says his team challenges them "in a healthy manner" as well. For example, when risk management presents its quarterly report to the audit committee on key risks that could impact the organization, he says the internal audit function will "scrutinize the report at

a high level and provide our independent comments to the audit committee."

The risk management team is never blindsided by the auditors' comments, however, because the team makes a point to share the comments with them first. "I always try to avoid surprises," Al-Emadi says. "We want to have a discussion and learn from them. And in most cases, we allow them to add notes to our comments to say whether they agree with our perspective or have a different view."

Group Internal Audit has made it a strategic priority to keep advancing its capabilities, both in terms of technology and auditors' skills, and to become more agile.

Increasing Agility and Embracing Flexibility

Group Internal Audit at Ooredoo has made it a strategic priority to keep advancing its capabilities, both in terms of technology and auditors' skills, and to become more agile so that it can remain relevant and continue providing added value to the organization. The COVID-19 pandemic experience, and the company's response to it, have only helped to crystallize the team's focus on creating the organization and workforce of the future within the function.

"We know we need to become more agile and interactive as a function," says Al-Emadi. "We started implementing the agile audit methodology during the pandemic because we wanted to ensure timely communication of risks and gaps. During the lockdown, we were experiencing challenges delivering audits using our normal methodology.



Management was looking for quick and fast highlights about the state of their controls and risks. The agile methodology allowed us to adapt and deliver at a faster pace, while maintaining our standards and quality.”

Al-Emadi says that internal audit’s embrace of agile work methods has led to increased dialogue with management. “We have more frequent discussions with them now,” he says. “And I think they’re happier, too, because it’s taking us less time to create our assurance reports.”

Remote collaboration, especially videoconferencing, is also helping the internal audit team to communicate more effectively with management and conduct more efficient audits. Al-Emadi explains, “Before the pandemic, we used a telepresence system to have strategic discussions with our subsidiaries’ CEOs and other key personnel. That provided us with some flexibility, but we had to be in a meeting room where the telepresence device was located.”

Now, Group Internal Audit can conduct audits via Zoom and Microsoft Teams. That gives them more insight into what’s happening on the ground. They’re also getting increased visibility into risks and gaps from dashboards used to capture high-level information from Ooredoo’s subsidiaries. Al-Emadi says his team is also becoming more confident in conducting remote audits.

All these factors contributed to Al-Emadi’s decision to dramatically reduce the 2022 travel budget for Group Internal Audit. He says, “We could have had more, but I said there’s no need right now. We’re all working very efficiently remotely. And if there is an emergency and we need to travel somewhere, we can do that.”

Driving Greater Use of Data Analytics

Al-Emadi says his team in Group Internal Audit has become even more focused on developing their skills — including soft skills like communication and technical skills such as data analytics — to help support their journey to become a more agile function, drive innovation and stay relevant.

Al-Emadi is also ensuring that his team is equipped with knowledge about new ways of working, so that they can do their part to help Ooredoo protect its data and systems and be more attuned to digital risks for the organization as a whole. “Technology is a key enabler for the workforce of the future,” says Al-Emadi. “But mitigating the risks associated with such reliance on technology is just as important.”

Al-Emadi says that internal audit’s embrace of agile work methods has led to increased dialogue with management.

The function has used TeamMate software for several years to manage the internal audit process and ensure that audit working papers are all electronic. However, the team has realized that becoming more agile requires greater adoption of data analytics to improve audit efficiency and have wider coverage of areas under audit. Al-Emadi says that becoming fully agile is a journey that requires team engagement, upskilling on data analytics and changing the traditional audit process to adopt the sprint approach.

Through the years, Group Internal Audit has invested in data analytics software for the audit team to use, according to Al-Emadi. But he says making the most of that investment



also requires staff with the necessary data analytics expertise and knowledge. Determined to advance internal audit's use of analytics, Al-Emadi hired a dedicated data analytics expert for the team. "The person we recruited can perform complex analytics in less time than it would take an auditor to complete," he says.

As Al-Emadi helps Group Internal Audit become an organization and workforce of the future, he also seeks to build the function's reputation as an "employer of choice."

Al-Emadi says he'd like to get this data expert working with tools for analyzing unstructured data, like rich media, document collections and Internet of Things data. And as Group Internal Audit expands and matures its use of data analytics, Al-Emadi aspires to see the team create more automated audits — which rely heavily on data analytics — especially for areas such as procurement, customer service and the company's mobile wallet service, which generate a lot of unstructured data.

Earning a Reputation as an "Employer of Choice"

Group Internal Audit at Ooredoo has experienced significant change over the past two years, and Al-Emadi expects that pattern

will only continue. That's because Ooredoo's business is always changing.

"Internal audit needs to stay close to the organization and understand the new changes and challenges that the telecommunications industry is facing," says Al-Emadi. "We need to educate ourselves more on what the key risks are for Ooredoo. That will help us to be more relevant, as will equipping ourselves with the latest technology and best practices."

As Al-Emadi helps Group Internal Audit become an organization and workforce of the future, he also seeks to build the function's reputation as an "employer of choice." He is already making progress — as is Ooredoo itself. For example, in 2021, Ooredoo Qatar was certified as a "Best Place to Work in Qatar."

"With a firm belief that our human capital sits at the heart of our organization, Ooredoo aims to become an employer of choice in every market in which we operate," says Al-Emadi, adding that the first Organizational Health Index (OHI) the company recently conducted has resulted in several initiatives that are designed to improve employee engagement across the company during the year.

"A core pillar of our strategy is a commitment to developing a more agile, team-focused corporate culture in which Ooredoo's employees can thrive and progress in their careers," Al-Emadi says. "We are firmly committed to investing in both our people and our processes to ensure this can happen."



SoFi

Leveraging Technology to
Drive the Audit of the Future

Internal audit has provided valuable insights to the business leadership beyond the scope of traditional audit observation, and it really comes down to data-driven audits. They're the next evolutionary stage of internal audit's commitment to our businesses and our partners.

EDUARDO RAMOS

Chief Audit Executive



SoFi's remarkable story began in 2011, when a group of Stanford business school students founded Social Finance, Inc. to connect recent grads with alumni for funding opportunities.¹ Today, SoFi Technologies, Inc. (SoFi) is a digital financial services company that offers its 3.5 million members a portfolio of services across lending products, including student loan refinancing, residential mortgages and personal loans, as well as checking and savings, a credit card, and a full-suite investing platform.

2022 is shaping up as a landmark year in SoFi's history. SoFi recently became the first full-service fintech startup to receive regulatory approval to become a national bank² after acquiring Golden Pacific Bank, N.A., and its three physical branches in 2022. These moves allow SoFi to expand its range of offerings to financial consumers across the United States.³

The function's main goal is to ensure the company is operating with sound risk management practices and internal controls across the enterprise.

SoFi, which also acquired payments platform Galileo in 2020 and digital banking platform Technisys in 2022, is poised to make waves in the U.S. banking industry for years to come. Of course, with expansion comes increased complexity and regulatory scrutiny. SoFi's internal audit function is growing along with

the company, and Chief Audit Executive Eduardo Ramos says he's excited about the possibilities.

Ramos serves as chief audit executive for SoFi Technologies, the parent company, and SoFi Bank, the newest entity formed after the receipt of the organization's national bank charter. Ramos is responsible for the entire internal audit function and leads the company's audit committee. Although he only started with SoFi in December 2021, Ramos is already making his mark on the growing enterprise.

"When I started, the function was a lot smaller than it is now," Ramos says.

"We're up to 25 individuals and growing. It's important to remember that SoFi was a private company just under a year ago. It went public in June, then got its bank holding company license approved and received its bank charter. A lot has changed, and, as a result, I was hired to ensure our internal audit department is aligned with both regulatory practices and industry best practices."

Ramos has established several key objectives for internal audit. The function's main goal is to ensure the company is operating with sound risk management practices and internal controls across the enterprise. To Ramos, that means identifying issues when they exist, raising them with management and making sure leadership creates a solid corrective action plan when necessary.

"Our mission is to protect the company," Ramos says. "We do that by ensuring it has a good risk management framework."

¹ "Our Story," SoFi website: www.sofi.com/our-story/. (Accessed June 2022.)

² "SoFi Receives Regulatory Approval to Become a National Bank," press release, SoFi, January 18, 2022: www.sofi.com/press/sofi-receives-regulatory-approval-become-national-bank/.

³ "SoFi: New Bank on the Block," Time100 Most Influential Companies of 2022, by Jared Lindzon, *Time*, March 30, 2022: <https://time.com/collection/time100-companies-2022/6159470/sofi/>.



Technology Underpins the Organization of the Future

Given that SoFi is at its heart a technology company, Ramos sees technology playing a significant role in the organization and workforce of the future. He views internal audit through a digital transformation lens — with a specific emphasis on leveraging the power of data analysis.

“Technology is a very important part of how we audit and review our processes,” Ramos says. “You can’t do anything as an internal audit department if you don’t establish a partnership with the technology team. To perform good audits, the auditors need read-only access to the source system. From there, it’s about data analytics and putting together scripts based on the audit plan.”

He adds, “We have a small but mighty team, so we have to be lean, mean and sharp. To accomplish our audit plan and continuous monitoring on our audit universe, we need tools at our disposal that will help us perform an end-to-end audit, which means coming up with good issues and documenting and reporting them out.”

To support his goal of creating the workforce and organization of the future, Ramos has piloted several data-driven projects in internal audit. He says auditors have worked with SoFi’s technology experts to build “homegrown processes” and scripts designed to streamline audits and capture more data points to improve reviews.

One script is used to review credit bureau reporting exceptions, which Ramos says can be a challenging issue. “Companies don’t always get the credit reporting process correct in terms of reporting when a customer is technically past due,” he explains. “Our talented engineers helped us navigate the different systems and coded the scripts to pull that data.”

The data retrievals run overnight and pull millions of records in search of exceptions for audit to review the next morning. Auditors scan the exception reports to determine if there are violations of policy, procedures or regulations. From there, they can initiate a dialogue with management, if necessary.

For Ramos, these improved levels of efficiency are among the key reasons developing the workforce and organization of the future is so critical for SoFi.

Driving the Data-Driven Audit Through “Road Tours” and More

“The audit department of the future, without a doubt, has to have a focus on technology,” Ramos says. “Technology brings efficiency and helps with audit fatigue. It also allows you to review millions and millions of records as opposed to the traditional sampling methodology of just looking at 60 or so loans or particular processes.”

For Ramos, these improved levels of efficiency are among the key reasons developing the workforce and organization of the future is so critical for SoFi. “Efficiency doesn’t mean reducing your headcount,” Ramos says. “But if you have data analytics running behind the scenes, you can move around some of the chess pieces and put some of your auditors to work on either special projects or other high-risk areas important to the company.”



Ramos says data-driven audits are “the next evolutionary stage of internal audit’s commitment to our businesses and our partners.” And he’s keen on establishing partnerships and open communication both within the department and throughout the entire organization to ensure internal audit is making progress toward its goal of using data-driven audits.

Ramos has laid the groundwork for data-driven audit implementation — and acceptance — through various initiatives, from setting up a project management office within internal audit to conducting quarterly “road tours” with each business unit head. He even launched an internal education campaign to communicate the why behind the evolution of the future of audit and increase buy-in for the process.

Preparing to Meet Heightened Regulatory Scrutiny

SoFi’s new bank charter introduces fresh challenges for the company, and it’s infusing a sense of urgency for SoFi’s internal audit function to evolve faster, according to Ramos. “SoFi is very proud — as am I — of getting the national bank charter, but it comes with a great deal of responsibility,” Ramos says. “Now that we’re a bank holding company, we add more to the host of regulators who will be keeping an eye on SoFi, including the Office of the Comptroller of the Currency, the Federal Reserve Board, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, and the Securities and Exchange Commission.”

Ramos says he’s confident that SoFi has “a good solid team” in place in internal audit to rise to this and other challenges. “It all starts with recruiting the right talent and ensuring you have

the appropriate subject-matter expertise based on the products and services your company offers,” he says. “I make sure that everybody we hire has the right certifications and experience, whether that’s in banking, technology, cybersecurity, bank secrecy and anti-money laundering, or regulatory compliance. I’ve set them up in teams according to the different products, businesses and services they will be auditing.”

Ramos launched an internal education campaign to communicate the why behind the evolution of the future of audit and increase buy-in for the process.

Internal Audit: “The Best Place to Start in a Company”

Ramos counts on strong support from the audit committee at SoFi, which has established a mandate and provides him the leeway to evolve and mature the internal audit function of the rapidly growing firm. “Both our audit committee and risk committee are extremely engaged,” he says. “The chairs of both committees are experienced bankers. They’ve been through the financial crisis, the various banking acts implemented afterward and several acquisitions. So, they understand the scrutiny that comes with being a regulated company.”

He adds, “When you have audit committee and risk committee members who have a strong financial industry background, it ensures they will ask the right questions both of internal audit and management.”



Within his department, Ramos knows that future success rides on the talent, skills and commitment of all the auditors on his team. “You’re only as good as the team you hire,” he says. “We try to recruit the best talent out there who have experience with our products and services and a good background in working at a bank or fintech company. Then, we look at whether they have the right certifications.”

In a world and industry moving at unprecedented speed, Ramos says internal audit needs to keep evolving so it can serve its mission and objectives at the highest level.

Ramos says new auditors at SoFi must complete “a very extensive onboarding program to help them understand our policies, procedures, internal audit charter and process manual.” They are also teamed up with an experienced internal auditor and included in weekly staff meetings. Those meetings often include guest speakers from outside of the department who speak on various topics “to ensure we’re aligned with what’s happening in the industry,” says Ramos.

“I tell all young auditors that the best place to start in a company is audit,” Ramos says. “When you work in audit, you get to see all the businesses, products and geographies. You’re right in the middle of everything happening across the entire enterprise.”

The Importance of Having a “Seat at the Table”

In a world and industry moving at unprecedented speed, Ramos says internal audit needs to keep evolving so it can serve its mission and objectives at the highest level. “There’s so much innovation and new technology, and the only way we can keep pace is by being informed of what’s happening in real time,” he says.

“It’s important for internal audit leaders to have a seat at the table — and be invited to as many committees as possible,” Ramos says. “This allows the internal audit team to really understand the mission and strategy of the company and how they’re doing against those initiatives. You get a good sense of where you need to be to protect the company and dig deeper in audit.”



Zimmer Biomet

Transforming the Business
Through Behavioral Change

Everything we do supports our mission to alleviate pain and improve the quality of life for people around the world. When our company performs better, we help more people. I view internal audit's role in this mission is to drive behavioral change. We are salespeople in our role. [Our approach] is to get on the same side of the table as our internal customers and help them understand what's in it for them. If we're successful at that, then we have changed behavior.

BRIAN THELEN

Vice President, Internal Audit Services



Zimmer Biomet, founded in 1927, is a global leader in the design, development, manufacture and sales of orthopedic devices, solutions and technologies. Based in Warsaw, Indiana, this complex, innovative business has over 100 manufacturing, distribution, warehouse and office facilities in about 30 countries, 20,000 employees spread across the world, and \$7.8 billion in annual revenues.

Zimmer Biomet's mission is to alleviate pain and improve the quality of life for people around the world. The company is committed to providing outstanding customer service by developing innovative solutions, disciplined execution and dedicated people. And it has earned a diverse array of awards and recognition, including, for 2022, Forbes America's Best Employers for Diversity, Fast Company's Most Innovative Companies, the Human Rights Campaign Foundation's Best Places to Work for LGBTQ+ Equality and Forbes America's Best Large Employers.

Brian Thelen, vice president, internal audit services, joined Zimmer Biomet in December 2015. He says that throughout his career he's thrived on complex challenges and the "opportunity to make a difference" — and his goal is to "have a significant impact on an operation."

Thelen says, "My background is in turnarounds and startups — companies that have experienced compliance challenges or are building out an internal audit function. I joined this company about six months after the merger of Zimmer and Biomet, so there were plenty of complex issues at that time that required dynamic, creative problem-solving. I find that these environments are a lot of fun."

Staying Focused on What's "Strategically Important"

The internal audit function at Zimmer Biomet employs 27 team members across

three primary service lines: financial and operational audit, compliance audit, and IT and data analytics. As a distributed organization, the function maintains several geographic hubs, including in Switzerland, Shanghai, Singapore and Indiana. "Over half the team lives near an airport and is not necessarily tied to any one of our facilities," Thelen says.

Thelen — who reports directly to the audit committee, with a dotted-line reporting relationship to the chief financial officer — says his primary goal for internal audit is to see the function "perceived as a value-add to the business." In practical terms, this means being internal customer-focused and plugged into what will help the company and the department succeed. "We want to make sure that we're focused on what is strategically important to the company and not working in a vacuum," Thelen says.

Zimmer Biomet's mission is to alleviate pain and improve the quality of life for people around the world.

He adds, "Everything we do supports our mission to alleviate pain and improve the quality of life for people around the world. When our company performs better, we help more people. I view internal audit's role in this mission is to drive behavioral change. We are salespeople in our role. [Our approach] is to get on the same side of the table as our internal customers and help them understand what's in it for them. If we're successful at that, then we have changed behavior."



Agility and Creativity Will Drive the Future Workforce

Over the past two years, audit work at Zimmer Biomet has been fully remote, according to Thelen. This year, the team is returning to on-site work, but only for tasks that are conducted more efficiently and effectively in person. The team will continue to handle other audit work remotely. “It’s going to look different from engagement to engagement,” Thelen says.

When Thelen considers how an organization needs to function post-pandemic, one word comes to mind: *agility*. He plans to pilot “some agile-type projects” in the function this year and experiment with different approaches to core tasks — from risk assessment through reporting — so the auditors can be “a lot more responsive to the current circumstances.”

To instill this level of agility and innovation in internal audit, Thelen says he’s working toward developing a more responsive, data-savvy and flexible workforce. “We’re looking for people who are comfortable working with data and thinking about how to use it to address problems,” he explains. “They don’t have to be data scientists. I need people who have the creativity and vision to think about what questions to ask and can exploit various sources of information to really drive impact.”

Thelen views internal audit as a “rotational function,” and the group’s strategic plan focuses on developing internal capabilities and skill sets by bringing in professionals from various backgrounds. “Typically, we won’t have career auditors in our function,” he says. “We look to bring in people from the business who have different experiences.

We’re somewhat agnostic as to professional background because we’re really looking for people who are inquisitive self-starters with a desire to figure things out.”

*When Thelen considers how an organization needs to function post-pandemic, one word comes to mind: **agility**.*

Developing future talent is a priority for Thelen, as it will help the internal audit function remain relevant in a larger organization that is moving rapidly in the same direction. “We want to advance our internal capabilities and skill sets so that our team members become more developed,” Thelen says. “Our work is performed with a view toward improving performance — whether it’s in compliance, efficiency or controls. There have been many modifications to how work is done, and if we’re not in front of that wave, then we’re going to be left behind.”

He adds, “We’ve got to be moving at speed or faster to make sure we stay on top of our game, for our customers and our patients.”

Specific Initiatives Already Reaping Benefits

Thelen has initiated several projects focused on building future talent. These efforts include moving to a more distributed staffing model and strategically aligning the function’s geographical footprint with that of the organization.



“A few years ago, 75% of our headcount would’ve been centered around one of our corporate headquarters facilities,” Thelen says. “Today, less than a third of our people are located near those sites. We’re strategically moving toward a shared services model as a company and have initiated shared services centers in Europe, Asia and the Americas. We’re also looking to hire resources at those locations to partner with those very important internal customers and, as more of the workload shifts to those locations, make sure we’re in the right places to have the most influence.”

Other strategic initiatives have included taking the lessons learned from COVID-19, and not reflexively returning to the way audits were conducted pre-pandemic. “We are no longer assuming we need to fly a team of three auditors out for the equivalent of six weeks on-site,” Thelen says. “We are focused on taking the best of both worlds and working the right way.”

Thelen is also streamlining how his team communicates its findings to business leaders to be more direct. “Nobody has time to read 40-page audit reports,” he says. “So, we are revising our modes of communication to provide managers with a quick, visual presentation focused on three themes or key takeaways. This will help us have a greater impact because people won’t have to dig through the details to find out what they should be concerned about. It allows us to provide the same level and quality of feedback, more efficiently.”

These initiatives have been received well by other departments, according to Thelen, as have other collaborative efforts like inviting guest auditors to the team, hosting employee well-being workshops, and working with human resources to share ideas that may be useful in other areas of the organization.

Thelen points to the high levels of engagement and interest he receives from Zimmer Biomet’s audit committee — particularly in developing the workforce and organization of the future — as critical to his function’s success.

Engagement Starts From the Top

Thelen points to the high levels of engagement and interest he receives from Zimmer Biomet’s audit committee — particularly in developing the workforce and organization of the future — as critical to his function’s success. Thelen presents the committee with a comprehensive departmental talent review annually, which he says typically sparks an interactive, spirited dialogue. He says the audit committee is particularly interested in learning whether he has the right mix of skill sets on his team, what diagnostics he uses to assess gaps and whether the function is set up well for the future.

“My audit committee is always asking if I have enough resources,” Thelen says. “They’re very supportive of the function and want to ensure that even in a cost-reduction environment we’re not compromising the quality of the work. In fact, I’m required to show the audit committee that headcount or budget reductions won’t have a significant impact on controls. That’s a great level of support to have from our board and audit committee.”

In terms of keeping his team engaged and focused on the tasks at hand, Thelen uses various recognition and motivation tools. “It’s important to provide recognition for success stories and celebrate when there’s a



win or when somebody comes up with a good idea,” he says. “We showcase those stories during our monthly team calls to get people to think about problems differently.”

In the end, successfully building future talent will come down to aligning people with the skill sets the organization needs — and fostering a willingness to take strategic risks.

Thelen says COVID-19 challenges have created more opportunities for his team members to work independently and become “mini managers” of their own projects and activities. “I think it’s elevated everyone’s maturity level, problem-solving, time management and prioritization skills fairly significantly,” Thelen says. “The types of things I would’ve said we needed to focus on improving before COVID-19 have really improved during the pandemic out of necessity.”

Keeping a “Lens on the Future”

At Zimmer Biomet, measurement through key performance indicators (KPIs) is vitally important, and internal audit is no exception. Thelen tracks a few key metrics to ensure his function is effective, including customer satisfaction surveys, employee engagement scores and what Thelen refers to as “positive turnover.”

“If your people aren’t getting hired away, that tells you that you might not be developing them in a way that makes them desirable,” Thelen says. “We want three out of every four people who leave the department to land in other jobs within the company. That metric will continue to be a barometer as we develop talent useful to the organization going forward.”

Thelen continues, “I think we’ll always have a lens on the future. We stay engaged through a number of peer groups and other forums that help us share ideas and see what everybody is working on to learn from one another. You have to have a continuous improvement mindset. You can never be satisfied.”

In the end, successfully building future talent will come down to aligning people with the skill sets the organization needs — and fostering a willingness to take strategic risks. Thelen explains, “I need prudent risk-takers in the function because we don’t have 1,000 hours to do audits anymore — we get 600 hours. I’m looking for people armed with creativity, agility, decision-making, risk-taking and prioritization — all the skills necessary to build a great leader. And in our organization, everyone has a chance to use these skills fairly early in their career.”



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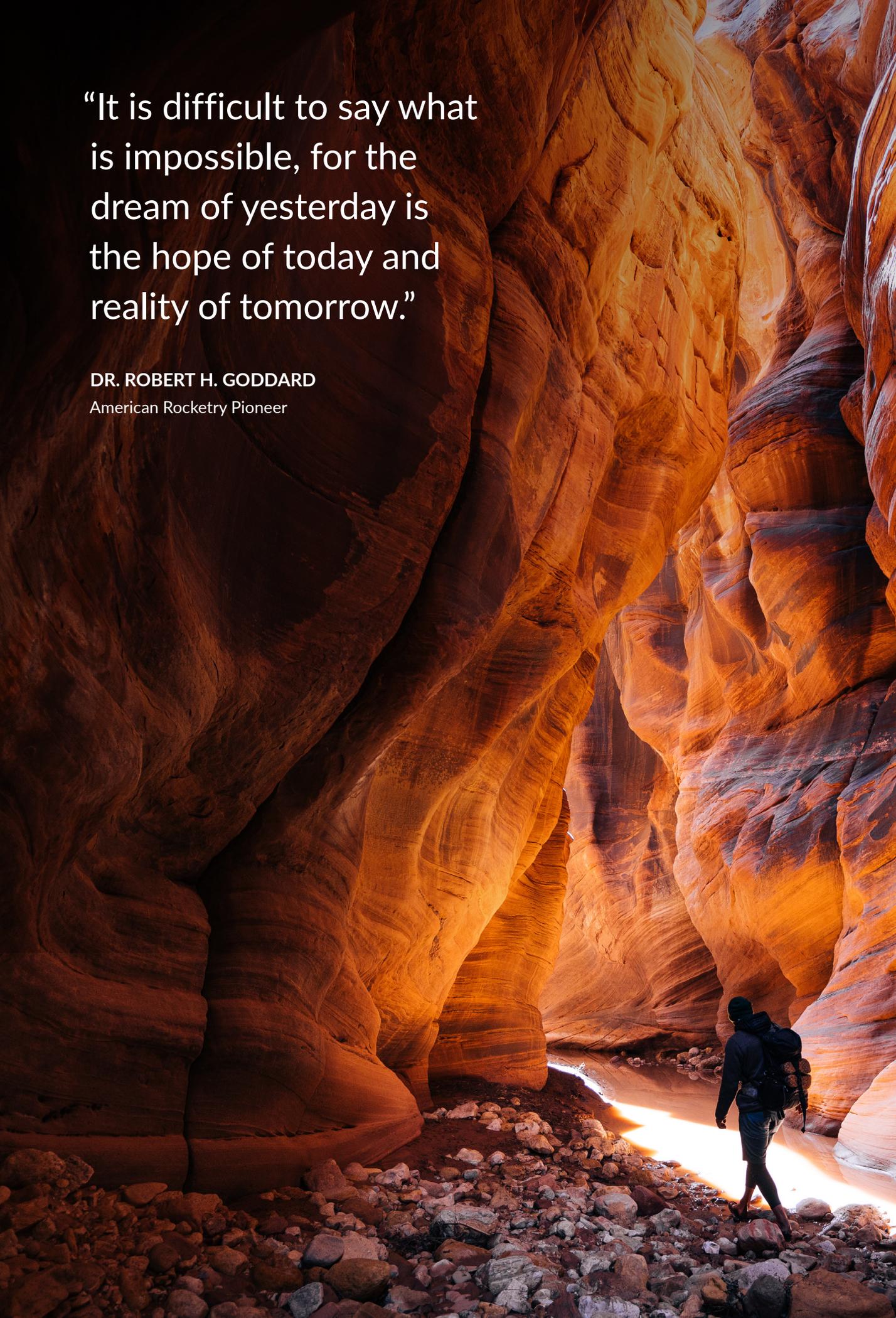
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