

Data Analytics Support Successful Internal Audit Practices

IIA Quality Services' assessment teams work with many internal audit activities each year. As internal audit continues to develop capabilities related to data extraction and analysis, fraud prevention and detection, network security assessment, and knowledge sharing, the use of technology and data analytics should be a strategic focus of internal audit and should be embedded within their risk assessment and engagement processes.

Areas where analytics are considered include the following *Standards*:

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Proficiency

The use of competency frameworks is a successful internal audit practice that establishes a baseline of knowledge, skills, and experience for each level within internal audit. Included in an internal audit competency framework are the use of data analytics and technology in the internal audit process.

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Due Professional Care

When firmly established, the use of data analytics provides opportunities to: enhance the audit process so it is faster, more efficient, and more effective; enhance the productivity of internal audit management and staff; and shorten the audit cycle to provide more timely risk and control assurance.

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Resource Management

Internal audit delivery and execution includes the defined methodology, IT risk and control concepts, and the use of data analytics and technology in the internal audit process to achieve greater audit coverage without the need to expand internal audit resource requirements. Alternatively, internal audit will be required to actively seek to obtain or train staff with skills and focus on data analytics to support internal audit activities.

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Risk Management

It is critical for future success to have timely access to data across the organization as data analysis protocols are developed. Data analytics can detect vulnerabilities that potentially expose the organization to risk and allow internal audit to identify emerging risk and target resources to effectively mitigate risk and improve overall performance.

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Engagement Planning

Internal audit has established an effective engagement planning process to focus audits in areas of highest risk and impact. Design and implementation of data extraction and continuous monitoring in support of audit planning and execution consider the use of data analytics and technology, as well as the evaluation of fraud risk, in the planning process.

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Performing the Engagement

Engagements are supported by a risk assessment process and evaluation of data related to technology risk, compliance and regulatory risk, and financial risk as part of the process. Data analytics are deployed throughout the various phases of the audit lifecycle to identify risks.

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Identifying Information

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives. Data analytics are addressed for each engagement as well as for annual risk assessment.

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Analysis and Evaluation

Use of data analytics allows for: auditing 100% of data populations rather than a sample; improvement in the quality of assurance through the use of data and transactional analysis; and becoming more predictive with regards to areas of emerging risk.

About IIA Quality Services, LLC

IIA Quality Services' mission is to elevate professionalism within internal auditing and conformance with the *International Standards for the Professional Practice of Internal Auditing* by providing knowledge, resources, and external assessment services to internal audit activities. IIA Quality Services' experts provide full-scope quality assessments, validations of self-assessments, and readiness reviews.



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