

How to choose the
**best internal
audit software**
for your organisation



Introduction: The challenges faced by today's internal audit professionals

As the third line of defence in the ever-evolving risk climate, internal audit has never been more integral to effective organisational governance.

Whilst traditionally, the internal audit function was relied upon to provide assurance around risk management and controls, today's increasing market uncertainty and complexity have placed fresh demands on audit professionals. From delivering deeper insights on emerging risks to supporting business strategy execution and delving further into analytics, stakeholder expectations on internal audit are rising exponentially.

Further complicating this is a reliance on manual paper-based audit processes or lacklustre audit management systems, which is presenting additional challenges such as:

- An inability to take an agile approach to changing risks and business objectives
- Significant time and resource wastage
- A failure to provide effective assurance and value to senior managers
- Focusing on the wrong risks due to insubstantial insights
- Inadequate audit reporting and communication
- A lack of consistency and quality across audits
- Compromised data security
- Shortcomings in meeting regulatory compliance obligations
- A reduced capability to improve overall audit maturity

So, how can internal auditors overcome these obstacles to be truly effective in their role and meet the growing demands? The answer, as in many cases, is technology.



"Internal audit should embrace digital-enabled transformation...and more broadly, agile methods as a way of decreasing costs and adding value. A deeper digital transformation and the use of data-driven auditing will not be merely required by audit committees as a nice-to-have...but would be core for the development of a resilient and high functioning function of the future."

Deloitte



Keeping pace: The need to embrace emerging audit technology

At a high level, internal audit management software can enable teams to:



Deliver greater value

Target the right areas at the right time whilst delivering key insights and assurance to support business-critical decision-making through powerful live data.



Improve performance

Focus more on the high-value activities that contribute to the organisation's wider strategic goals by using automation to eliminate time-wasting practices.



Drive a more integrated risk approach

Establish better collaboration with the other lines of defence and align to changing stakeholder expectations with enhanced risk oversight across all departments.



Increase data accuracy

Minimise the likelihood of human error and bias, giving senior leaders and audit committees the confidence that key insights are precise with standardised workflows.



Demonstrate regulatory compliance

Easily evidence compliance with regulations and other quality standards, and quickly flag any instances of potential breaches through comprehensive audit trails.



Enhance agility

Generate higher stakeholder engagement, speed up the delivery cycle and facilitate stronger audit planning with a built-in methodology that supports agile auditing.

"It is essential that internal audit is progressive and adaptive to keep pace with the latest innovations whether this is from an approach, methodology, skillset or technological point of view. Ultimately, a key part of internal audit's evolution is in its capability to anticipate, understand and incorporate technology."

The Chartered Institute of Internal Auditors (IIA)



7 basic questions to ask to find the right internal audit software for your organisation



Now that you have identified a need for modern internal audit technology, what are the key things to look out for to ensure that you get the best fit for your business? And how do you navigate the multitude of solutions that are available on the market today?

Whether you are transitioning from a paper-based system or software that no longer supports your needs, asking these 7 questions when assessing various solutions will help you to narrow down your search:

- #1 Can it automate key tasks to save time and money.....7
- #2 Does it make it effortless to provide assurance to the board?9
- #3 Can it simplify the process of planning audits?10
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- #6 Does it provide an agile methodology to adapt to changing risks and regulations?13
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#1 Can it automate key tasks to save time and money?

By improving efficiency and effectiveness throughout the audit lifecycle, automation can help to minimise the time-consuming and repetitive activities that auditors perform daily – as well as create serious cost savings – from the risk assessment phase right through to fieldwork and final reporting. This not only frees up precious capacity for internal audit teams but also accelerates the pace at which audit work is executed.

What are the typical tasks that internal audit technology should automate?



Data gathering, classification and analysis



Identifying trends across business lines



Report creation and distribution



Mapping previous audits to the audit universe



Sending follow-up emails and task reminders



Pre-populating documentation requests



Tracking and monitoring key risk indicators (KRIs)



Monitoring controls and sending alerts



Testing data samples and controls



Creation of issue tracking dashboards





Key features to look out for:

Audit workflows

Planning and scheduling tools

Automated follow-ups, reminders and notifications

Auto-populating reports and templates

Easy-access documentation libraries

#2 Does it make it effortless to provide assurance to the board?

Fit for purpose internal audit software should help auditors to provide assurance on a multitude of risks, as well as the internal systems and controls that have been put in place to manage them.

It does this by aggregating data captured within the audits to present real-time risk and compliance metrics for easy reporting to the board. With accurate and reliable audit information in their arsenal, senior management can then leverage this to not only improve the organisation and build resilience but also gain future competitive advantage.

Another key stakeholder group that requires a high level of assurance are regulators. Through robust audit trails and a 'single source of truth' repository, internal audit can evidence every step of the audit process to demonstrate that their compliance obligations are being continuously met.

Top tip:

In the Chartered Institute of Internal Auditors (IIA)'s 2021 [Risk in Focus report](#), the top three risks identified by audit professionals worldwide were:

- Cybersecurity and data security (79%)
- Regulatory change and compliance (59%)
- Digitalisation, new technology and AI (51%)

Before speaking to software vendors, consider the key risks your organisation faces and seek to understand how the technology can help you to provide assurance within those specific areas.

Key features to look out for:

Real-time, dynamic reporting with drill-downs

Detailed audit trails

Audit report library with standard or customised reports

Data dashboards with graphs and charts

#3 Can it simplify the process of planning audits?

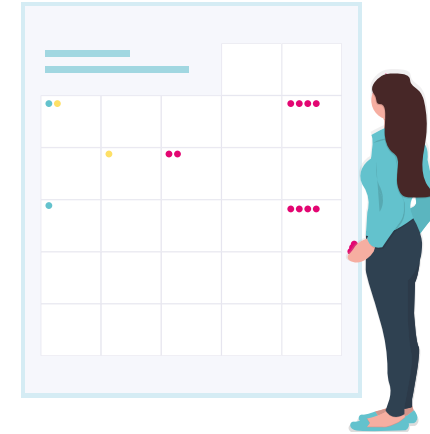
A watertight audit plan is the surest way to set your internal audit team up for success. It helps to clarify that the right business areas are being prioritised, risks are accurately identified, and audits are carried out methodically and effectively.

Though the format for audit plans may differ from one organisation to the next, they commonly comprise the following elements that should all be simplified through modern internal audit software:

1. Defining the audit universe (by location, function, department or product etc.)
2. Conducting a risk assessment and prioritising risks
3. Designating resources and specifying a timeline
4. Preparing the audit plan for the defined period
5. Reviewing the plan and organising planning meetings

Fine-tuning the internal audit planning process each year through technology ensures auditors become better equipped to expose new and emerging risks that pose a major threat to the organisation. This can be achieved by assigning ratings to risks based on their association to various processes, as well as mapping risk to the overall company structure.

Audit solutions can also help to avoid a 'same as last year' approach, by enabling audit professionals to easily draw upon learnings from previous audits and incorporate them into the current audit plan.



Key features to look out for:

Centralised and comprehensive audit universe

Flexible, risk-based planning tools

Integrated audit scheduling with options including 'fixed frequencies' and 'last audit ratings'

Gantt charts

Audit processes to entities mapping

#4 Does it make audit work more consistent?

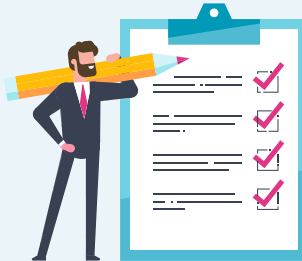
One great benefit of automation is that its systematic nature enables a much higher degree of standardisation when it comes to conducting audits. This means fewer errors, less bias and an all round more uniform and accurate approach.

Many auditors rely on a central checklist to assist them through the key steps of the audit process. When sourcing internal audit software, it is crucial to consider if a step-by-step framework is already built into the system and if it can be customised to align with your existing audit methodology.

As well as ensuring the overall process is consistent from one audit to the next, technology can house a wealth of templates, work paper formats and libraries to maintain cohesion across audit work. Having these in place makes certain that audits are always performed in the same way, no matter which individuals or teams are carrying out audit activities. This leads to greater consistency when delivering assurance to stakeholders.

Download our ultimate checklist to performing a risk-based internal audit to ensure your projects conform to the latest IIA standards.

Get your free checklist



Key features to look out for:

Customisable audit steps library

Standardised templates and work paper formats

Standard libraries of processes, risks, controls and tests

Audit report library

Linked objectives, controls, risks and tests

Secure work paper management

#5 Does it enable auditors to easily understand their responsibilities and to execute tasks?

As the demands from stakeholders continue to increase, so too does the complexity of audit work.

Depending on the organisation, there may be multiple audits running simultaneously, with audit professionals juggling a variety of tasks during different phases of each lifecycle – from scoping projects and carrying out risk assessments, to preparing reports and maintaining open communication with senior managers and the audit committee.

Internal audit software can help auditors to stay on top of all their commitments, avoid duplication of work and also non-compliance. Whether an audit is about to begin or the deadline for a task is approaching, intuitive technology will flag crucial activities through automated reminders and notifications. It will also track and acknowledge when actions have been completed, enabling audit managers to get a quick view of progress for any specific audit.

Further simplifying task management is having all aspects of audit work running through a centralised system. This means that work papers are readily accessible from one place, task items can be easily linked together, and audits can be undertaken from any location, even when offline.



Key features to look out for:

Capacity planning tool

Resource, provision and issue identification tools

Mobile and offline auditing

Modern and intuitive user interface

Email alerts and reminders

#6 Does it provide an agile methodology to adapt to changing risks and regulations?

In the race to transform, remain relevant, and deliver the desired value and assurance to stakeholders, adopting an agile approach to internal auditing has now become imperative.

With a parallel requirement to do more with less, audit management solutions can provide the answer by enabling auditors to:



Respond rapidly to the changing risk landscape and stakeholder priorities



Take a more forward-looking approach to anticipating risks



Provide deeper insights into core organisational issues and risks



Simplify audit documentation and work papers



Deliver impactful and timely reports



Transition to risk-based audit planning and fieldwork

This is made possible through an in-built framework that supports an agile methodology. Such a framework can facilitate iterative 'sprints' that are prioritised on risks and allow auditors to reassess and move resources quickly as things change. It can also help internal audit teams to identify major issues as soon as they arise during assessments, rather than waiting until the end of a 12-week audit project.

Technology based around an agile methodology should also accelerate the delivery cycle by segregating fieldwork and setting precise task deadlines, thus streamlining the planning process for auditors. Meanwhile, stakeholders can benefit from more frequent, bite-sized reports at the end of sprints to aid critical decision-making.

Key features to look out for:

Risk and control matrices

Risk mapping and ratings

Heat maps, risk exposure and control coverage

Key risk indicator (KRI) monitoring

Customisable risk and control registers

Flexible resource scheduling

Audit checklists and work programs

Did you know?

The term 'agile' originates from the software development world, where individuals and interactions are emphasised over processes and tools. 'Agile internal audit' refers to the application of these key principles throughout the execution of internal audit engagements.



#7 Can it deliver impactful audits where findings are actioned efficiently?

Whilst detailed audit reports and insights can provide a wealth of information, they are of little use if crucial findings are not acted upon.

One of the things that makes internal audit software indispensable is its ability to help funnel impactful data to the right people, at the right time. So, if any findings or incidents need urgently addressing then this can be carried out with minimal impact to the business. And, more importantly, the audit team can closely monitor whether certain actions have been taken to ensure that nothing slips through the net.

Being able to provide full visibility of audit work to key staff, senior management and other authorised users is yet another tick in the box. With all information housed under one roof, auditors can eliminate ambiguity. Likewise, all evidence gathered during the audit, along with any reports, can be made readily available to the relevant individuals and departments.

This allows them to understand why the auditor has made a specific decision, such as highlighting a major issue, and what corrective action is needed. Consequently, internal audit can work much more effectively with other departments across the organisation to manage risk.



Key features to look out for:

Action tracking and automated follow-up

Incident reporting and monitoring

One-click reports

Integrated risk and control framework

Making a compelling business case for internal audit software

Roadblocks are inevitable when it comes to obtaining investment for any new software. The trick is being able to effectively communicate the 'why?', and, chiefly, the 'why now?'.

Building a business case is a proven way to not only quantify the importance of the internal audit function but also the potential business value and benefits generated from a new audit management solution. It involves raising key questions and stating persuasive facts to form a convincing argument for why the organisation should invest – and urgently.

Who should be involved in the process?

Depending on the size of the business, there may be many individuals and departments required to contribute to the decision-making process. For internal audit software, the key business areas will typically include:

- Internal Audit
- The Audit Committee
- The Board of Directors
- Risk
- Compliance
- IT
- Finance



What should be included in the business case?

Once the decision-makers have been identified, it is time to consider what they need to know. This is an opportunity to paint a compelling picture of the current challenges faced by the internal audit team and how these can be remedied through innovative technology.

1. State the business need

What are the key pain points/problems that the proposed project will address?

2. Describe the anticipated outcomes

How is the solution expected to reduce the existing challenges and improve the organisation?

3. Explain the organisational impact

How will operations be affected as a result of introducing a digital solution and how will changes be communicated?

4. Provide a cost/benefit analysis

What is the justification for new software in terms of the ROI? Why does it make good business sense and how does it support the organisational strategy?

5. Highlight the potential risks

What are the associated risks of investing in audit management technology? Consider user adoption, time taken to train staff, level of disruption to the organisation etc.

6. Discuss the implementation

What is the roadmap and timeline for implementing the solution? Who will be involved in that process and what are the required resources?

Choosing a supplier

With your business case compiled and the key stakeholders engaged, the next step is to discuss what you are looking for in a software partner. Ask yourself the following questions before your search gets underway:

- Can their solution deliver on the 7 basic requirements outlined in this guide?
- Do they offer a smooth installation and deployment process?
- Can they configure certain aspects of the system to your unique requirements?
- Is training made available for the key users?
- Will you have unlimited access to their technical support team?
- Do they provide free training resources and/or a customer forum to help you get the most out of the solution?

A one-stop internal audit solution for greater assurance and agility

Ideagen's Pentana Audit is a powerful risk-based audit management solution trusted by over 650 organisations worldwide to help meet their ever-evolving challenges.

With real-time reporting, automated workflows and a built-in agile methodology, it has never been easier to enhance your audit maturity and contribute to the future success of your business.



Built by auditors for auditors



Provides a 360-degree view of internal audit activities



Lets you focus on quality, not admin



See Pentana Audit in action to discover how your team can maximise their efficiency and position internal audit as a strategic asset today.

[Get a free demo](#)



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