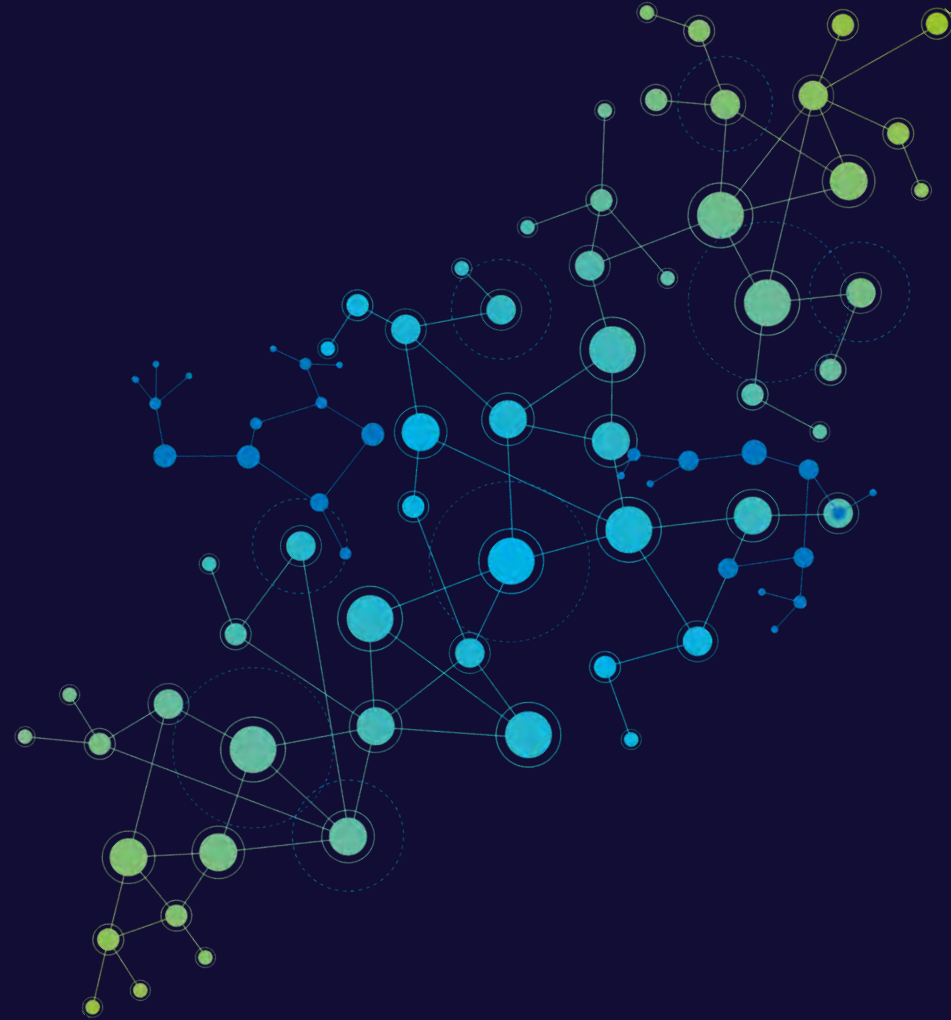


The Role of Audit in Digital Transformation



Tichaona Zororo

CIA, CISA, CISM, CRMA, CDPSE, CRISC, CGEIT, COBIT Certified Assessor

B.Sc. Hons. Information Systems [MSU], PGD IT Auditing [Wits]

Executive Education in Digital Disruption, Digital Transformation Strategies [Cambridge Judge Business School]

Non-Executive Director, Director, Board Advisor, Audit, Risk and IT Governance Committees Member

Accredited COBIT, CISA, CISM, CRISC & CGEIT Trainer





Auditing in the New Normal



Unlocking Your World to a Sea of Opportunities



- A. Yes
- B. No
- C. I do not know

1

Does your Audit function have a formal modernisation or digital strategy?

- A. Yes
- B. No
- C. I do not know

2

Are you using Robotics Process Automation Artificial Intelligence in your audits?

- A. Yes
- B. No
- C. I do not know

3

Does your Audit Team include or has the following skills Artificial Intelligence, Machine Learning, Data Scientist, Cybersecurity, Robotics, Social Media, Cloud Computing,.. ?

- A. Yes
- B. No
- C. I do not know

4

Is any of your Audit Team a member of the Enterprise Digital or Innovation Committee?

- A. Yes
- B. No
- C. I do not know

5

Are you using any data visualisation tools for your audit reports?

- A. Yes
- B. No
- C. I do not know

6

Are you using any Audit Management Software?

- A. Yes
- B. No
- C. I do not know

7

Is digital transformation and or cybersecurity auditing in your 2023 or 2024 audit plan?

- A. Yes
- B. No
- C. I do not know

8

Are you auditing your organisation digital initiatives?

- A. Yes
- B. No
- C. I do not know

9

Are you auditing digital governance?

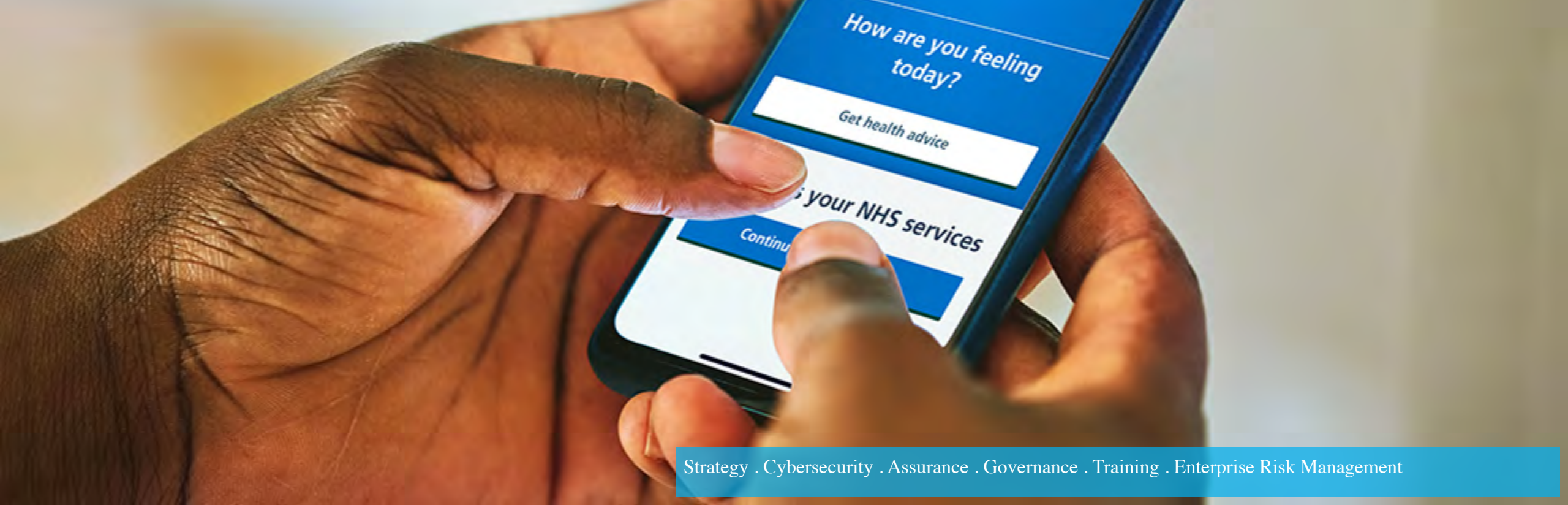
- A. Yes
- B. No
- C. I do not know

10

Are you auditing your enterprise digital projects?



The New Normal



Use of all portable Devices Types Growing

More workers are using personally
obtained but work sanctioned applications
or web services

Hackers Increasingly into
Economies of Scale

Employees Technology
Mastery Accelerated
Compared to Previous Years

IT as a Problem Solver
Leaps Forward



Flexible Work Locations
&
Work Time

2012:

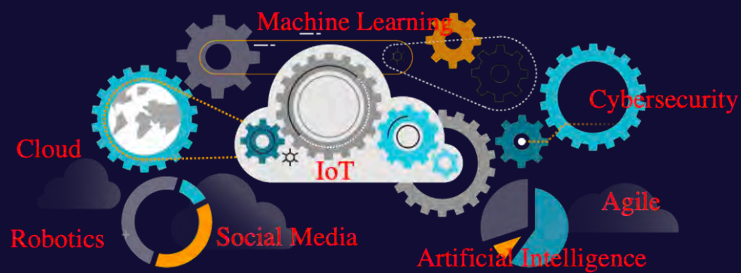
- 2 Billion Internet Users - 30% Penetration Rate
- 1.5 Billion Social Media Users
- 110 Million Internet Users in Africa
- 38 Million Active Social Media User in Africa

2022:

- 4.95 Billion Internet Users - 62.5% Penetration Rate
- 4.62 Active Social Media Users
- An average of 06hr58 time spend on internet per day

Digital Technologies

- New Business Models
- Streamlined Processes
- New Customer Experiences
- New Sources of Revenue



Meeting Stakeholder Needs:

- Value Delivery
- Return on Investment
- Building Sustainable Competitive Advantage
- Sustaining and Extending Enterprise Strategic & Performance Objectives



■ Benefits Realisation

■ Risk Optimisation

■ Resource Optimisation



Auditing in the New Normal



Virgin active





- 26 March 2020 hard lockdown
- No revenue for 5 months
- 760 000 members debt frozen
- R300 – R2490 membership fees for 760 000 members lost
- Retrenchments

New Business Model

Virgin active





Virgin active

- Rapid digital acceleration due to the Covid-19
- 5 year digital strategy to supply new online fitness solutions
- Virgin Active Couch
- Move to provide a fitness platform
- Keeping people active anywhere and anytime
- Global instructors
- Access on any device
- Entry package – R89
- 400 000 registered Virgin Digital or Virgin Couch members
- Gaining traction
- R120 000 000.00 revenue
- R228 000 000.00 minimum revenue

- Going digital brings on challenges
- The war against the virus has also brought about a war against digital fraud
- 01 May 2021 – Cybersecurity Attack
- Leading to none availability of all digital services
- All systems taken down offline including WIFI and phone lines
- Loss of revenue





The New Normal in the Banking Sector





- The 1st digital only bank in South Africa
- Digital at the core
- Agile Automated secure infrastructure
- Launched in February 2019 – Have been operating for 27 months
- 3 million clients as of 31 March 2021 ~ 60% active
- Gaining between 110 000 and 120 000 new customers per month, or roughly between 5 000 and 6 000 clients each working day
- 4.5 Million active clients in February 2022
- 700 kiosks at retailer Pick n Pay and Boxer stores across South Africa
- Open account in under 5 minutes
- No physical branch
- Real time actionable customer information
- No monthly banking fees
- **Chief Data Scientist**





Banks have replaced front office labour intense routine functions with robots



Opening

An Account with a Selfie





The New mainstream IT platform



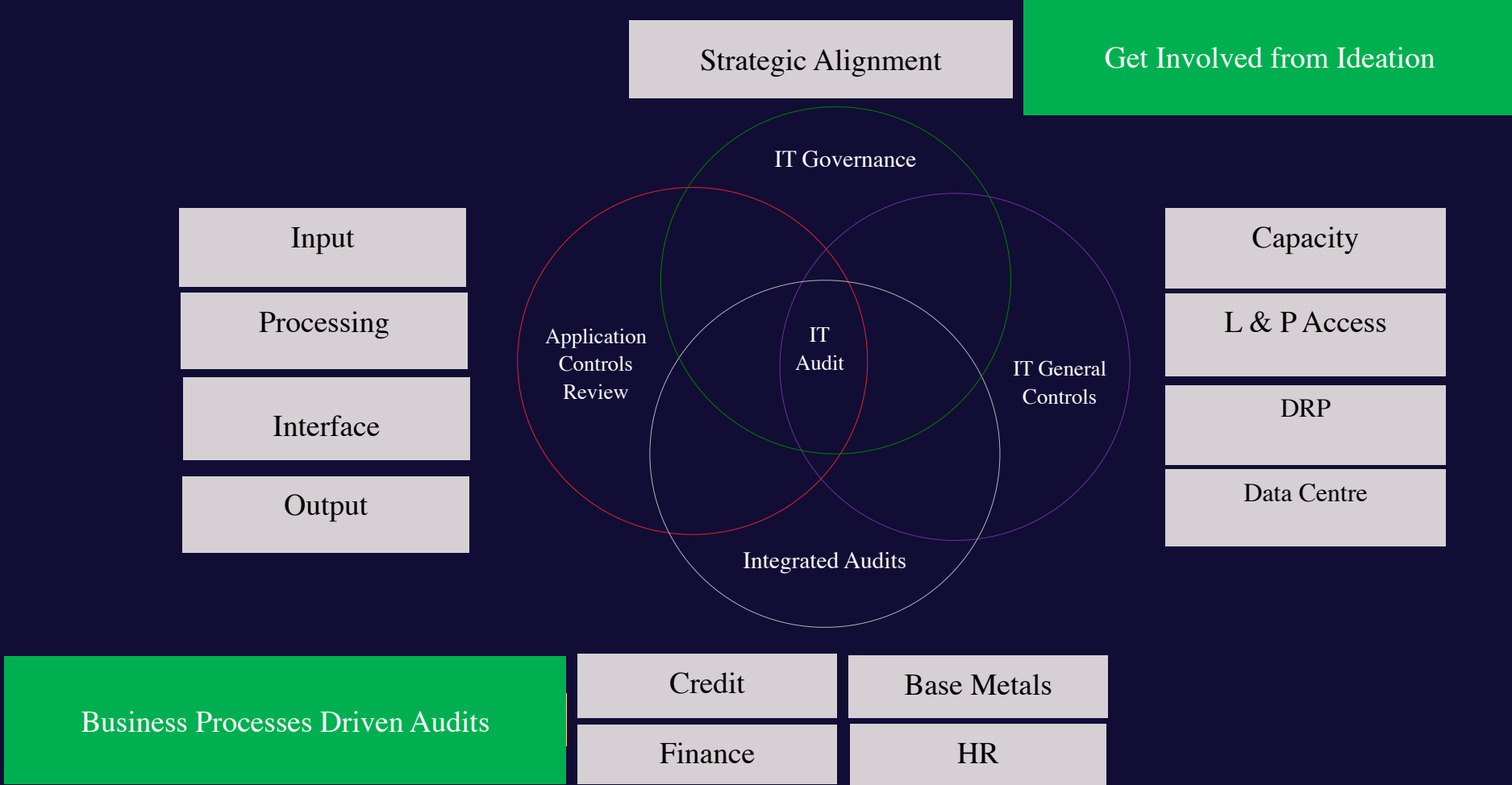




The Traditional Approaches



Applications Control Audits, General Controls Audits, Combined Audits





The Shifting Audit Function



Modernising the Audit Function



Modernise the Audit Function Migrate to Current Audit Tools and Platforms



Driving Business Innovation



New Audit Focus

Stakeholder Needs

- Enterprise Strategy & Goals
- Revenue
- Market Share
- Products
[crown jewels]
- Processes
- Customer
- Rules & Regulations

Auditing

Risk Appetite & Tolerance

Enterprise Strategy & Goals

Dynamic & Responsive
[Agile]

Business Insights & Foresights

Augmented Reality

Cloud Computing

Social Media

DevOps

Drones

Machine Learning

Block Chain

IoT

Robotics

Robotics

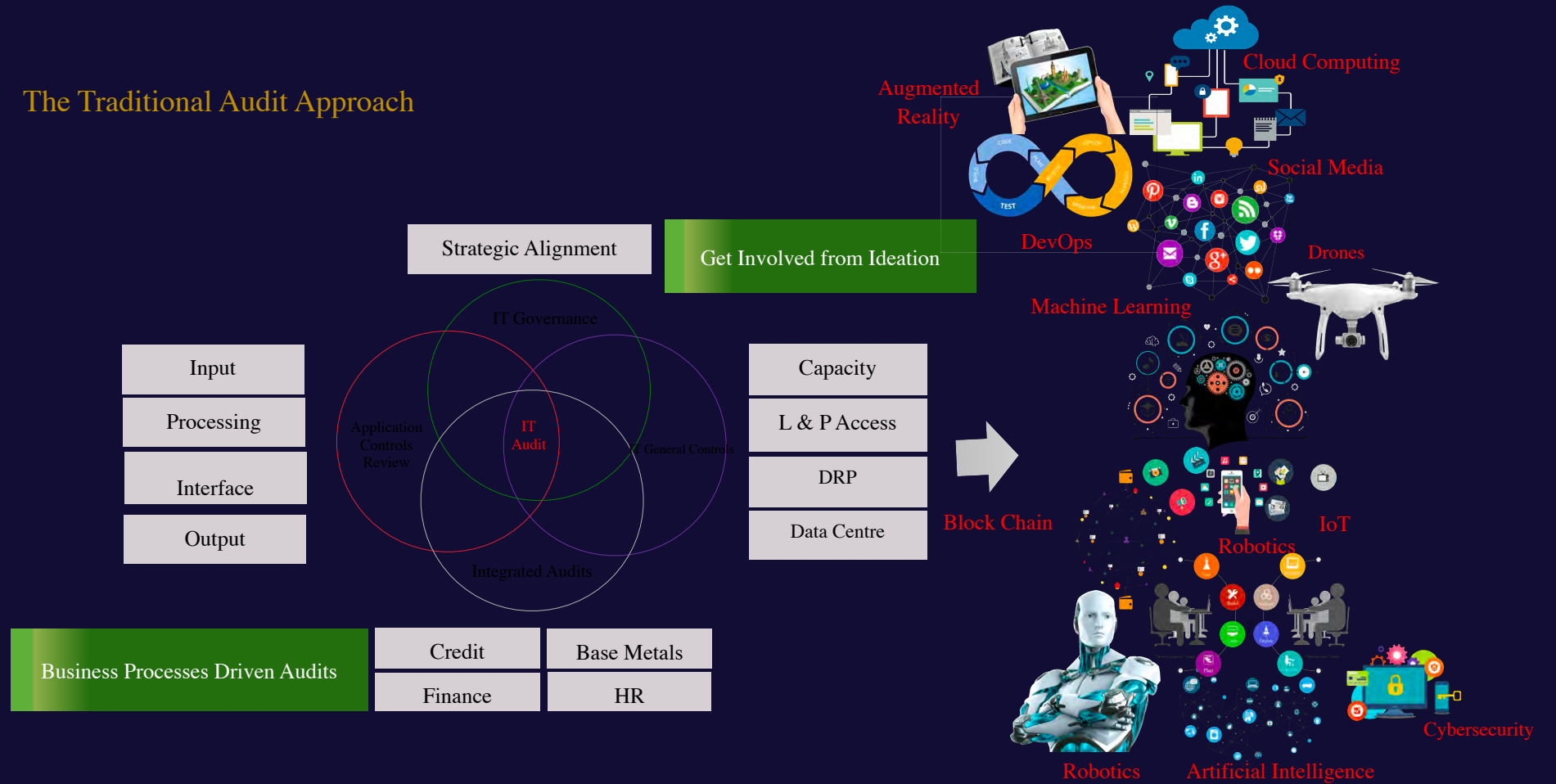
Artificial Intelligence

Cybersecurity

The New Paradigm - Provide Insights, For Sights, Add-Value, Improve Operations

The Traditional Audit Approach

Change the Focus



Audit Finding

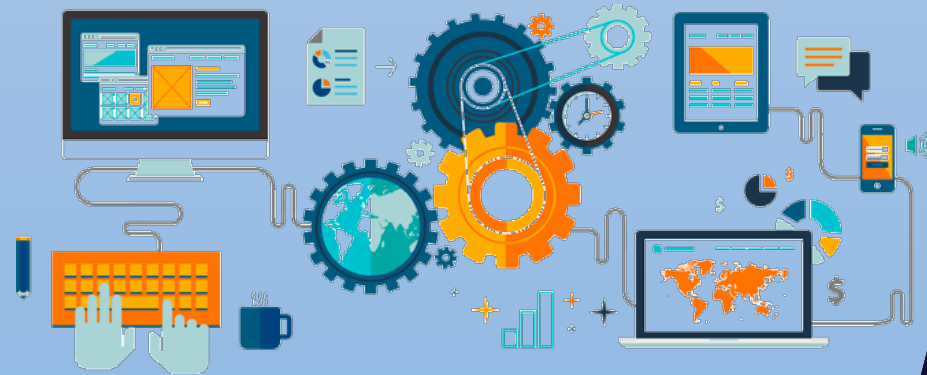
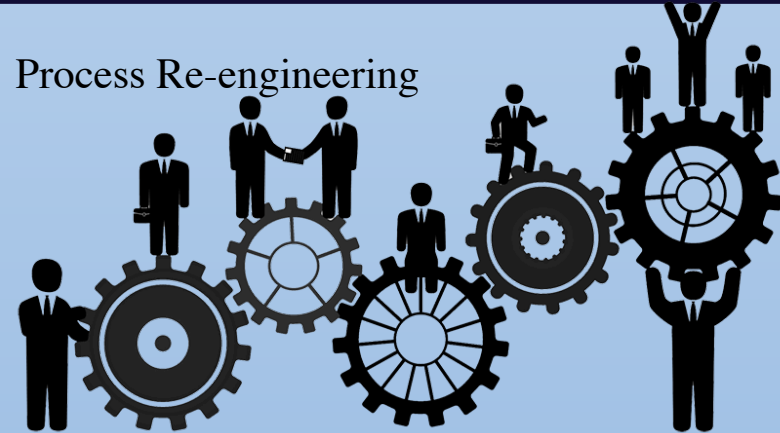


Semi – Automated or Paper Environment



Audit Recommendations

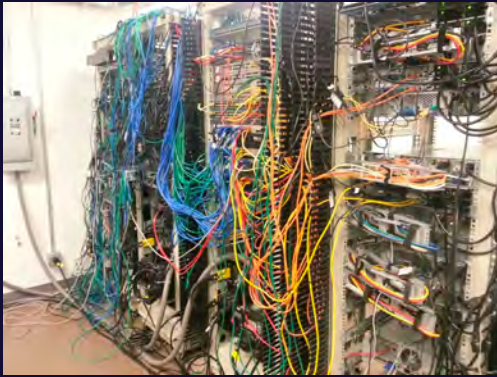
Process Re-engineering



Process Automation

Audit Finding

Obsolete IS Infrastructure



Audit Recommendations

Formulate & Establish a Cloud Strategy



Establish Cloud Governance

Migrate to Cloud

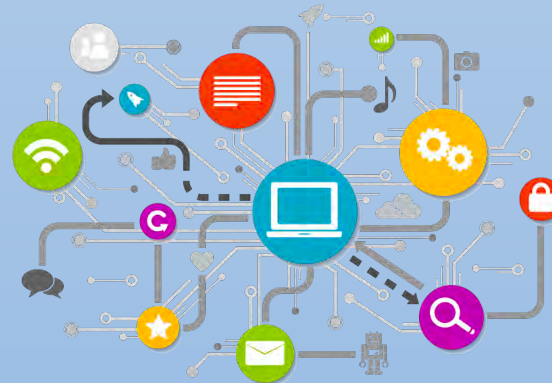
Audit Finding

Legacy Systems



Audit Recommendations

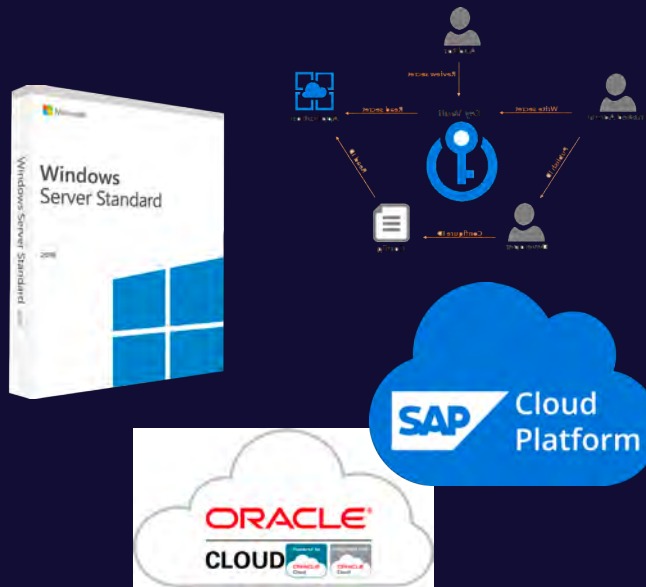
Process Re-engineering



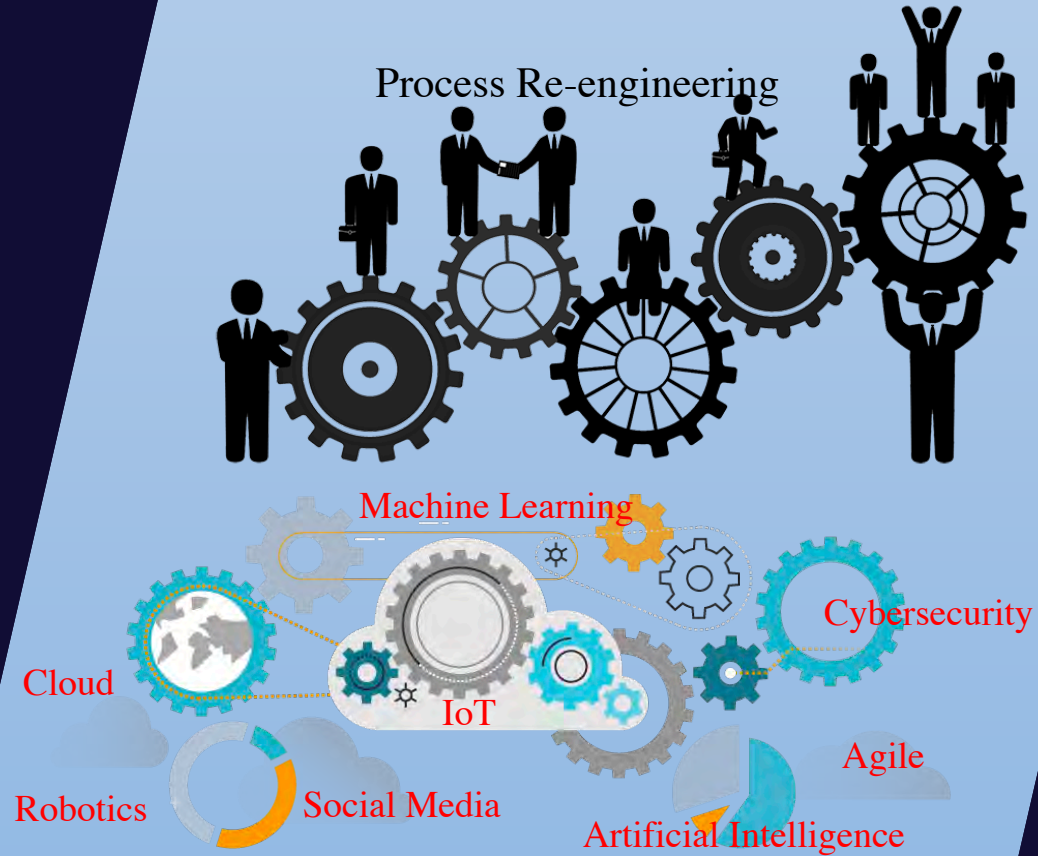
Modernise

Audit Finding

Modern or Up-to-Date Systems



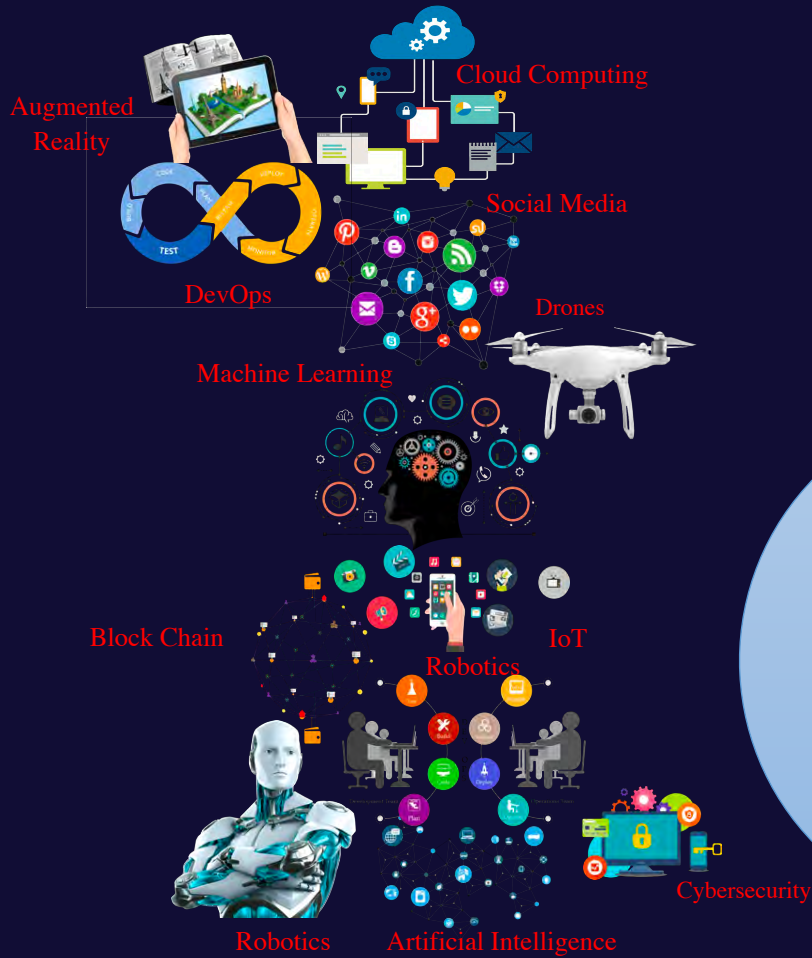
Audit Recommendations





Summary





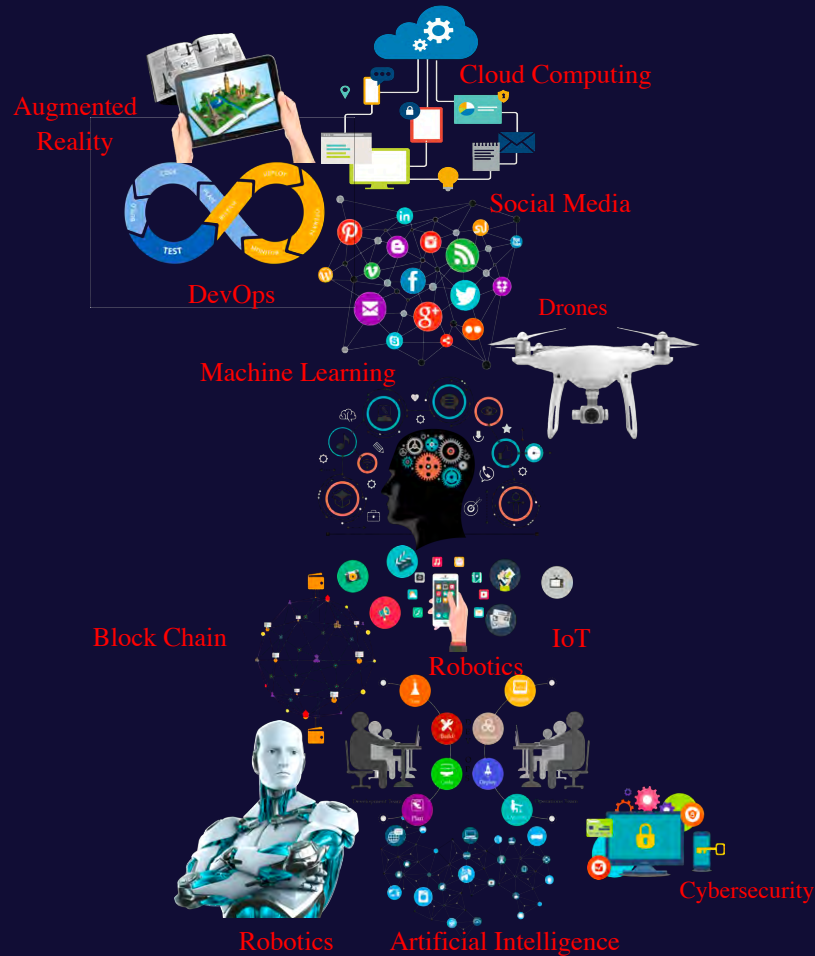
Shift the focus of audits from IT general controls and application controls to modernisation, cybersecurity, innovation and digital

Up-skill the Internal Auditing Team through training in - IoT, RPA, Agile, Machine Learning, Cybersecurity, Artificial Intelligence

Form a Partnership with Business and IT – Be the Business Partner and Trusted Advisor – Agent of Change

Modernise and turn the Audit function into a digital operation – Beyond Data Analytics, IoT, RPA, Agile, Machine Learning, Artificial Intelligence

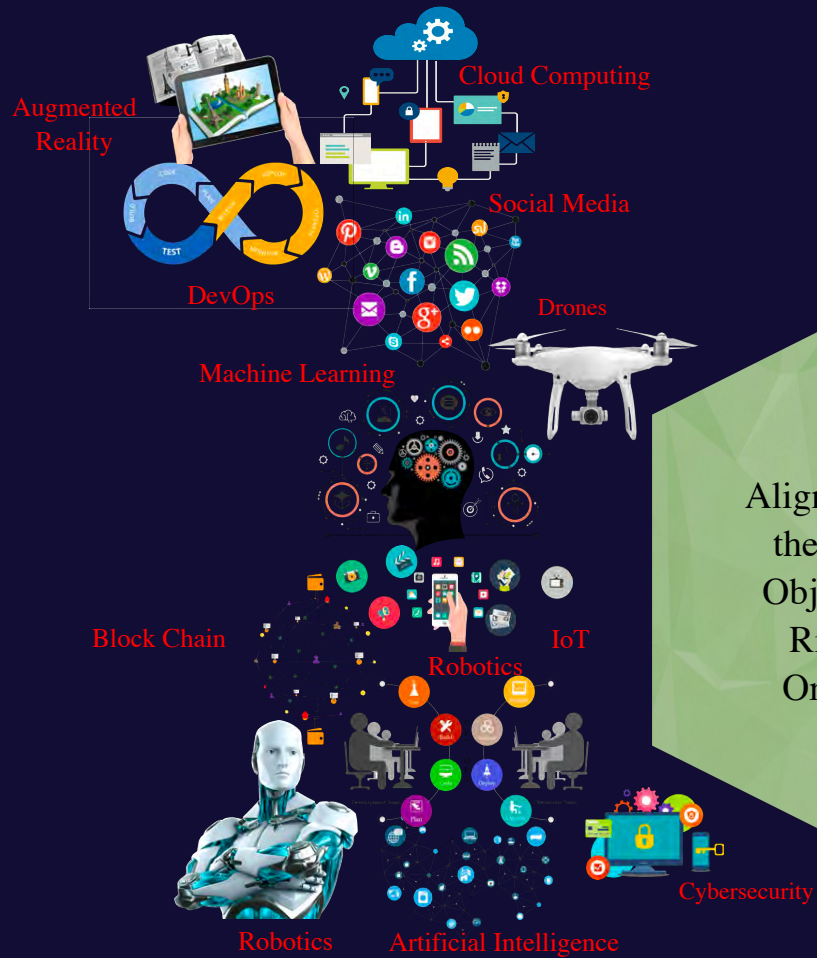
Align Audits with the Digital and Innovation Strategies, Objectives, and Risks of the Organisation



Continually monitor and scan the cybersecurity, digital and innovation environment

Promote Organisational Improvement through Digital and Innovation

Identify areas, process or products where **efficiencies**, **cost savings**, **new customer experiences**, **increased revenue** and **value** may be increased, communicate insights and foresights in a way that promotes strategic and operational objectives and addresses risks and root causes

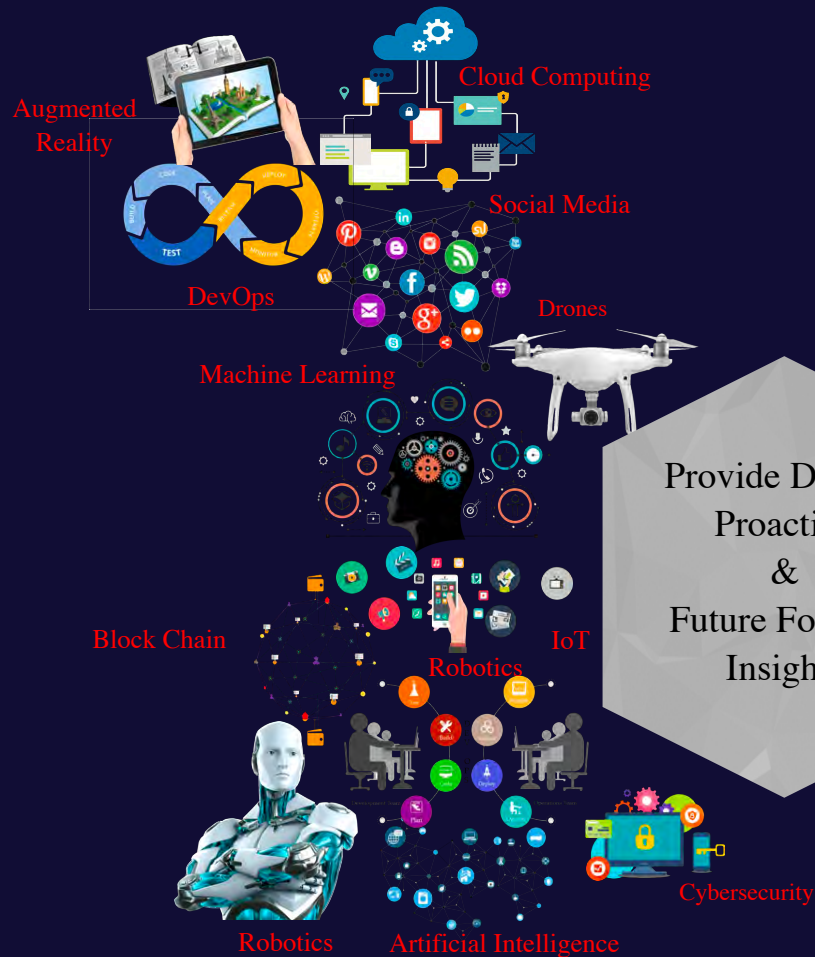


Align Audits with
the Strategies,
Objectives, and
Risks of the
Organisation

- Auditors have a responsibility to add value to the organisation they serve
- Audit Strategy aligned to the organisation strategy
- Audit plan must be based on a documented risk assessment, undertaken at least annually, that incorporates the input of senior management and the board
- Audit plan must constantly reflect the organisation's current strategy and risk



- Identify areas, process or products where efficiencies, cost savings, new customer experiences, increased revenue and value may be increased, communicate insights and foresights in a way that promotes strategic and operational objectives and addresses risks and root causes
- Benchmarking, sharing best practices, and helping the organization customize a pragmatic approach to governance, risk management, and control.



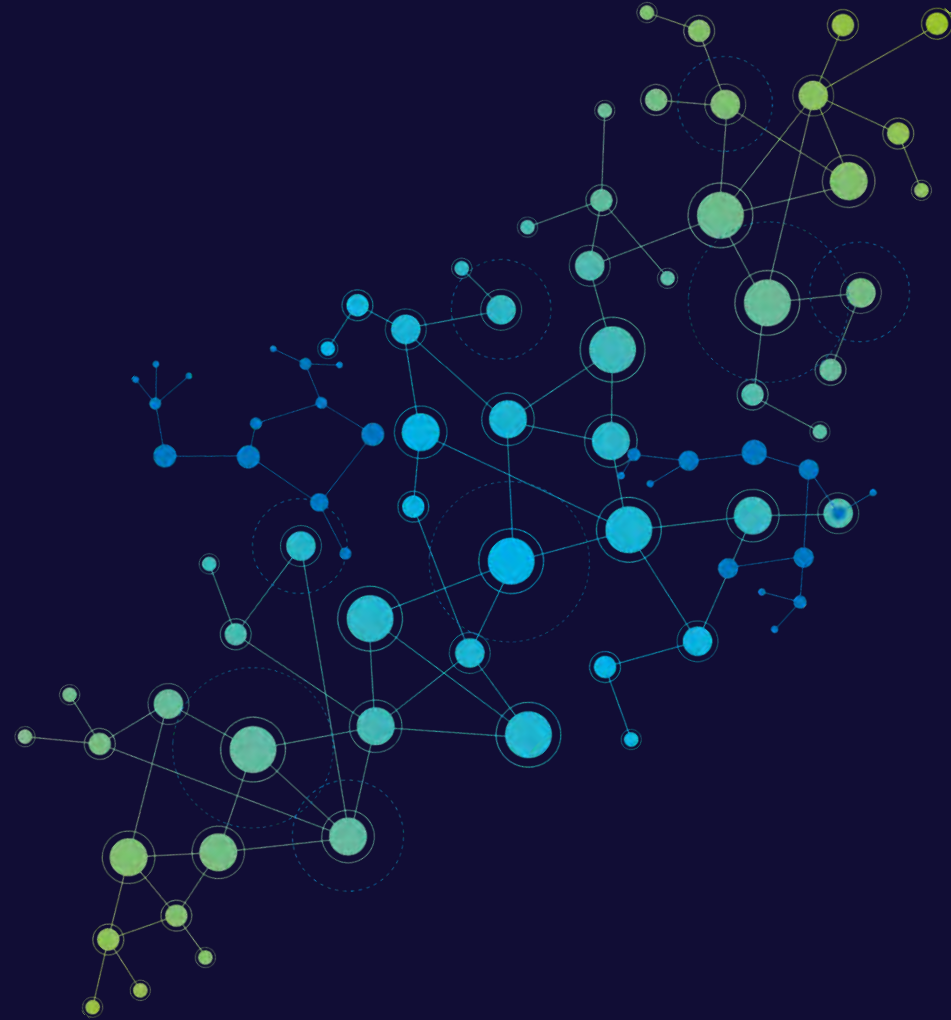
- Audit engagements should go beyond the organisation's immediate strategic plan and consider how emerging risks may affect the organisation and/or the process under review.
- Audit activity may use these new insights to expand its organisation wide risk assessment and alert management and the board to new or changing risks
- Leading or coordinating workshops about current events and emerging future trends that could affect various business areas, risks that may be introduced by those trends, and their potential impact
- Agile early involvement that may inform new business strategic direction



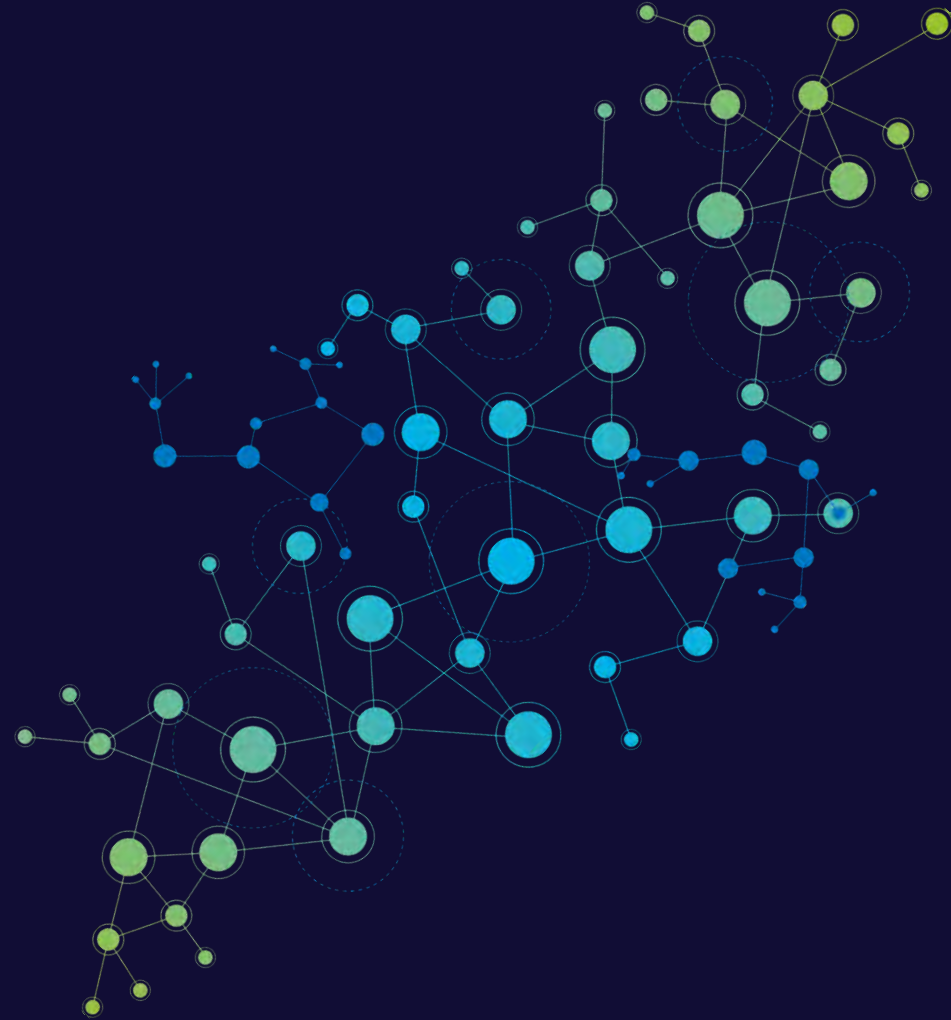
- Audit plan based on an organisation-wide risk assessment that is aligned with the organisation's risk universe and takes into account its risk appetite
- Audit activity should spend the bulk of its time focused on the risks and controls that are most impactful to the organisation's ability to achieve its objectives
- Audit should be flexible and adaptable, allowing new risks, once identified, to be quickly incorporated



- Communicate in specific business language – e.g., monthly costs of security cards and unnecessary cashier reconciliations
- Communicate in quantifiable or measurable business language
- Link audit issues with specific measurable impact on business strategic and performance objectives



thank
you!





tichaona.zororo@egit.co.za



@TichaonaZororo



Tichaona Zororo



+27 (0) 73 298 9606



EGIT | Enterprise Governance of IT (Pty) Ltd



+27 (0) 11 234 2597



tichaona.zororo



Tichaona Zororo



tichaonazororo

