



**The Institute of Internal Auditors**  
**L'Institut des auditeurs internes**  
**Canada**

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## From The Chair



### Looking Forward - The Future of Internal Audit Value-Add is Limitless, if Supply Can Keep Up

This is my last blog as the Chair of The IIA Canada Board, and I want to leave you with one simple message; upon which the future of the Internal Audit profession will depend.

#### The Internal Audit Profession Needs a Constant Supply of Future Leaders!

We all know the future will not look like the past. We know technology will be part of everything we do going forward. We also know the Internal Audit profession can add great value in this new world. The secret will be having the resources and the right capabilities to deliver this value proposition. In the next decade, The IIA Canada will need to work with our Canadian post secondary institutions to emphasize Internal Audit as a desired profession which requires future leaders with the skills to meet, and exceed the expectations of executive managers, leaders, and boards.

Today, the world is changing at a faster pace than at any other time in history. No matter how hard we work to stay on top of the newest technology and leading practices, it is becoming impossible for anyone of us to be an expert on everything, nor can full time resources within an internal audit function possibly provide all of the subject matter expertise required to address all of the risks facing organisations.

Canadian universities must rise to this challenge, and become part of the solution by promoting the Internal Audit profession as a highly sought after career with many options for employment, including roles in IT audit, cyber security, data analytics, ESG, business resilience, and common areas such as financial audit and compliance. When students begin university in pursuit of a Business or Engineering degree, they need to be made aware of what academic training is required for them to become a leader in Internal Audit. As of March 2021, when I conducted a search for internal audit jobs in Canada on [ca.indeed.com](https://ca.indeed.com) it gave me over 5,000 open jobs (though probably 30%+ are not actually internal audit jobs).

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Market sector demands have changed in this COVID-19 world and the expectations on Internal Audit to deliver more is increasing. It is really not surprising, that boards have dealt with more change in strategy, business models, and risk than at any other time in near history. They desperately need support from Internal Audit, because they too are not all experts in all areas of risk.

To make matters in Canada even more challenging, there are forecasts which project that over the next decade, Baby Boomer Generation Board members and Leaders will be contemplating retirement. Along with their departure, is the potential for decades of knowledge, institutional memory, leadership and experience to walk out the door with them. Their departure, however, will also open doors for many young leaders to step through and manage the new digital revolution. I believe this turn-around will bring both positives and negatives, and I have great confidence in the future generations of leaders, especially if Internal Auditors invest in expertise in the following areas.

- **Transforming an Internal Audit Shop to Continuously Practice Little “a” Agile, and Big “A” Agile as Needed**
  - Key Insight: Always start any project requiring Internal Audit resources with an assessment of value and continue assessing this value throughout the project. If ever the value is determined to be low, change the scope or stop the project. Establish buy-in from the Audit Committee and Leadership to operate using Agile Internal Audit techniques.
  
- **“Virtual” Real Time and Continuous Risk Assessment**
  - Key Insight: The world around us never seems to stop changing, and the pace of change is accelerating at an unprecedented speed. If risks and opportunities continue to change, then we require constant risk assessment, and we need to leverage ways to do this virtually, today, and post COVID-19. For example, consider the use of virtual cameras which can be worn by remote resources who have temporarily joined the Internal Audit team, and the recorded video/zoomed-in photos, used as audit evidence.
  
- **Hyper Learning and Continuous Personal and Team Development**
  - Key Insight: The only certainty in the future is continuous change and innovation, driven by technology. The speed at which society creates and adopts this technology and change on a mass scale will determine when new skills will be required and by how many. Universities and organizations are going to need data and insight-based facts to continuously evolve to provide new skills before and after students graduate from post secondary institutions. The Internal Audit profession will require the same level of continuous learning. Twenty years ago, most people in Internal Audit were CPA’s. Today, business, IT, cyber, and data analytic experts out-number CPAs. By 2030 Internal Audit may need a mix of AI, Robotics, ESG, Data Governance, Cyber experts, and CPAs with upgraded skill sets.

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- **Protecting Your Data Jewels Using “Fit for Purpose” Data Governance and Management**
    - Key Insight: In time, organizations will understand the real value of the highest value data within their organizations, and only highly trusted people and organizations will be allowed access to it. This will mean data jewels will have the highest level of security and be treated no differently than the cash of an organization. Internal Audit will need to provide independent assurance over the effectiveness and efficiency of the controls related to the governance, management and security of this data.
  
  - **Auditing Constant Change – Driven by New Technology, Processes, and Customer Demand**
    - Key Insight: Internal Audit must leverage technology to optimize the efficiency and effectiveness of assessing risk and controls impacted by digital transformation. The faster and more complex the level of continuous digital transformation, the faster controls could lose effectiveness and data could become compromised. It has already been proven advanced data analytics can be used to test and ensure data integrity has been maintained during and after material digital transformations. This is an area of expertise which Internal Audit could own.
  
  - **Welcome to the Post COVID-19 World of Hackers (Even Microsoft is Not Immune)**
    - Key Insight: Eventually, hackers will use the most advanced artificial intelligence to do their hacking for them, and IT Engineers will need to create even more sophisticated technology to mitigate the risk of these attacks. Internal Audit will need access to the best experts to know how to stay ahead of these changes and understand how to anticipate risk with even the most advanced cyber threats.
  
  - **Business Resilience Requiring Anticipating Future Risk and High-Value Scenario Planning**
    - Key Insight: After the world has experienced the impact of a global pandemic and the expedited digital transformation, there will be no shortage of anticipated future opportunities and risks for leaders and boards to discuss scenarios for future business resilience, and related risk mitigation strategies.
  
  - **Even in a Virtual World, Relationships and Networking are Critical**
    - Key Insights: COVID-19 has magnified the virtual meeting environment and experience which is resulting in many senior leaders becoming more accessible. Presently, there is significant opportunity for Internal Audit leaders to use this time to build and enhance relationships (albeit virtually). It also seems people crave social interaction, and are open to creating networking ideas to stay connected; such as virtual happy hours, coffee chats, etc. CAE’s need to prioritize critical relationships with the Audit Committee Chair for example, and other internal leaders who need the CAE to be a trusted advisor.

- **Our Future Must Embrace ESG – Environment, Social, & Governance and Internal Audit needs to have Access to the Expertise Needed to provide Related Advisory and Assurance**
  - Key Insights: We have far passed the tipping point of ESG momentum evolving into a new world of action and reporting that shows what every organization is doing to reduce green house gas emissions, enhance the circular economy, as well as continuous optimizing social responsibility, and governance effectiveness. Doing this well will require continuous learning, and improving initiatives which make sense. If Internal Audit teams are not seen as being well versed at identifying both the opportunities and the risks of ESG, they may lose a seat at the table as a future-oriented trusted advisor.
  
- **Post Secondary Education Must Continuously Evolve at the Same Pace as Job Requirements**
  - Key Insights: Post secondary institutions can no longer meet the academic needs of future and changing job descriptions without continuous support, interaction and communication from industry and government. The Internal Audit profession will grow in demand and expectations as the future brings new and fast changing risk. Those post secondary institutions which do not innovate fast enough will be at serious risk of being replaced by the competition or other online educational options.

In conclusion, I would like to say thank you to all IIA Canada members, especially the Canadian Board, Executive Team, North American Board, IIA HQ and Chapter leaders for your significant contribution to this great profession. I would also like to thank my firm MNP for the ongoing and continuous support provided to me and the Internal Audit profession in Canada.

The future will be full of positive challenges for the Internal Audit profession. I am confident The IIA will continue to provide enormous support for members and the profession over time.

All the best and take care,

Richard Arthurs  
Chair, The IIA Canada Board