

RPA and the Path to Digitalization: What's in it for Internal Audit?

2020

Meet our Panel



Rene Herrera
IT Audit Director
Office Depot



Larry Burke
VP, Risk Consulting
Focal Point

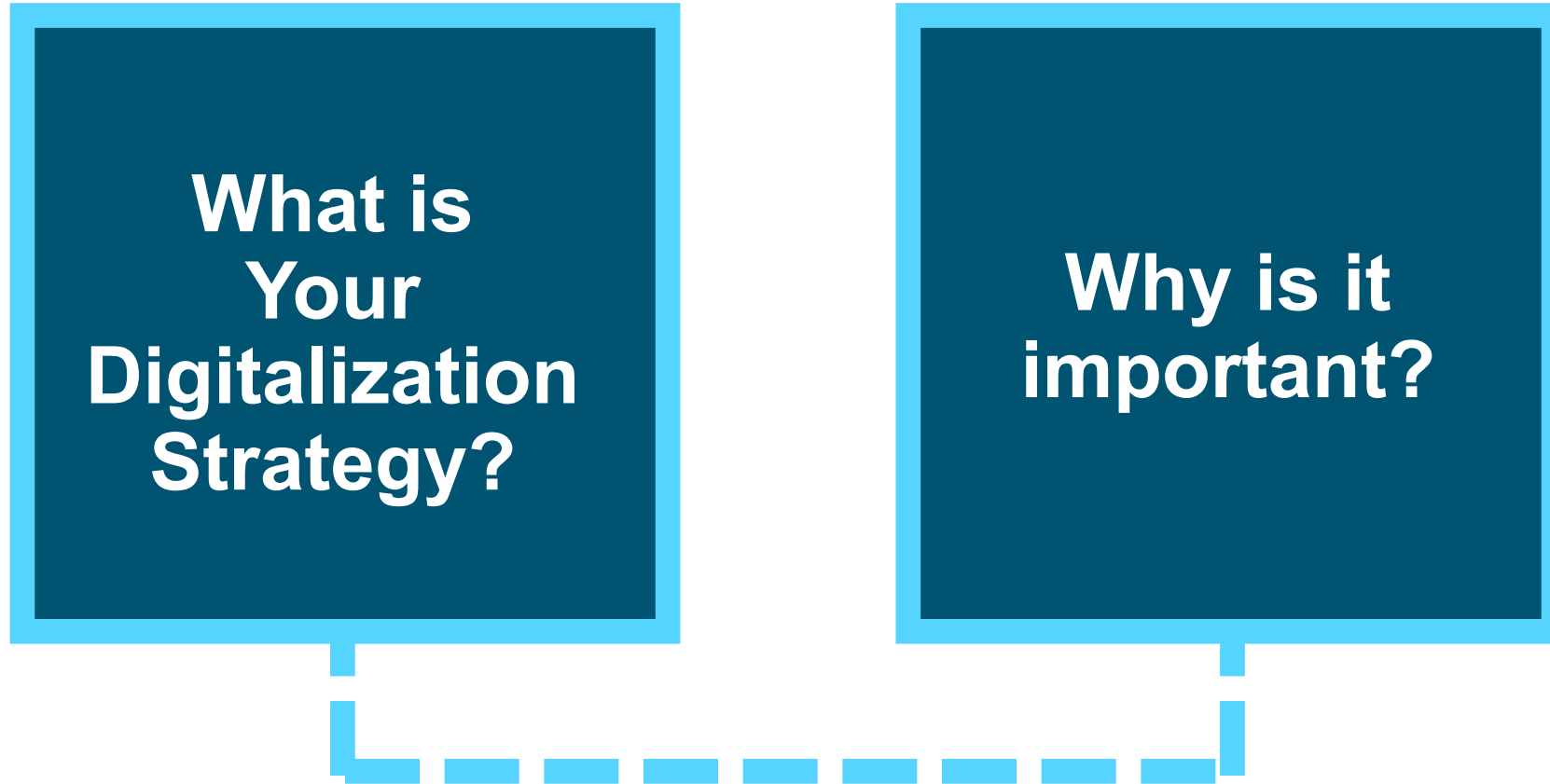


Eduardo Diquez
Intelligent Automation
Consulting Director
Auxis



David Graff
VP, Risk Consulting
Focal Point

Understanding Your Strategy



Momentum in the Industry

“Companies with the greatest overall growth in revenue and earnings receive a significant proportion of that boost from data and analytics.”

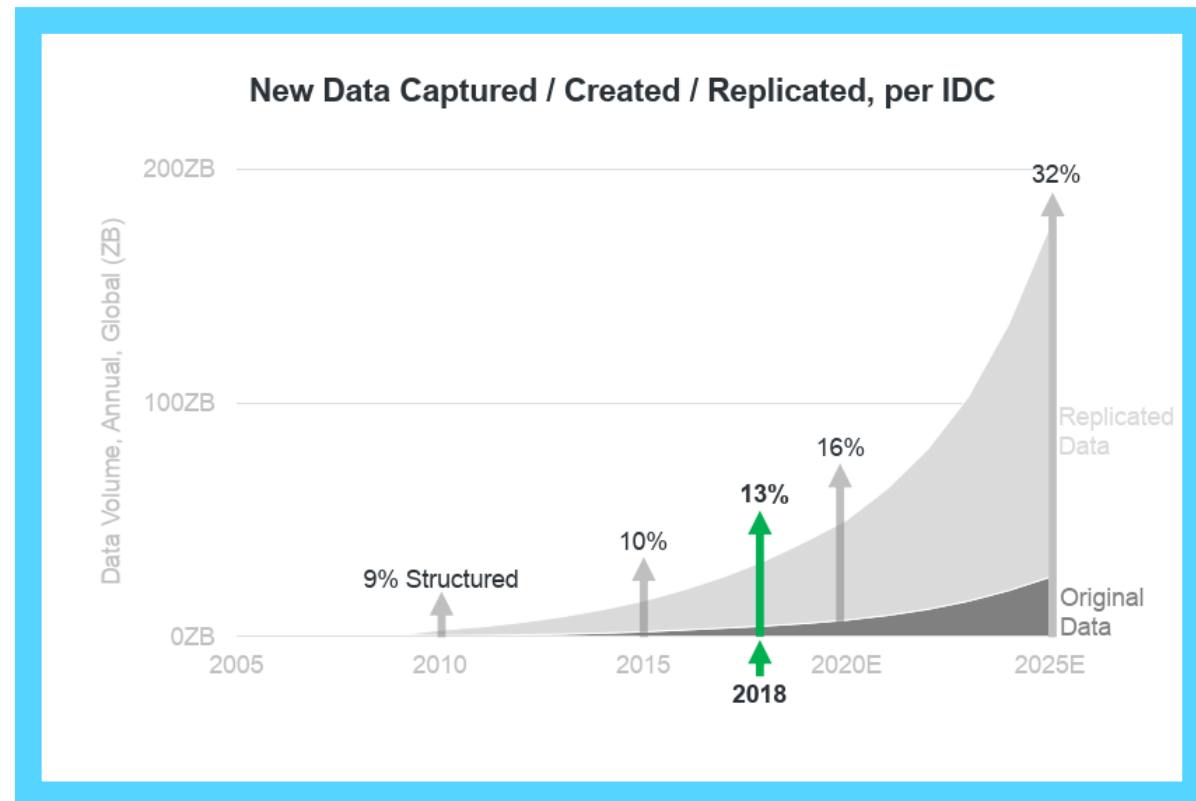
McKinsey
& Company



Momentum in the Industry

**Data is now fundamental to how people work and the most successful companies have intelligently integrated it into everyone's daily workflow...
Data is the new application.**

Frank Bien
CEO & President, Looker



What is robotic process automation (RPA)?

Robots are...



Software applications

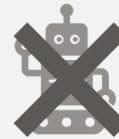


Human substitutes for processing for performing repetitive rules-based tasks



Multi-functional, cross-application

Robots are not...



Physical, walking, talking machines



Physical paper processors



Learning machines with two-way voice communication (yet)



Clear, traceable benefits from RPA

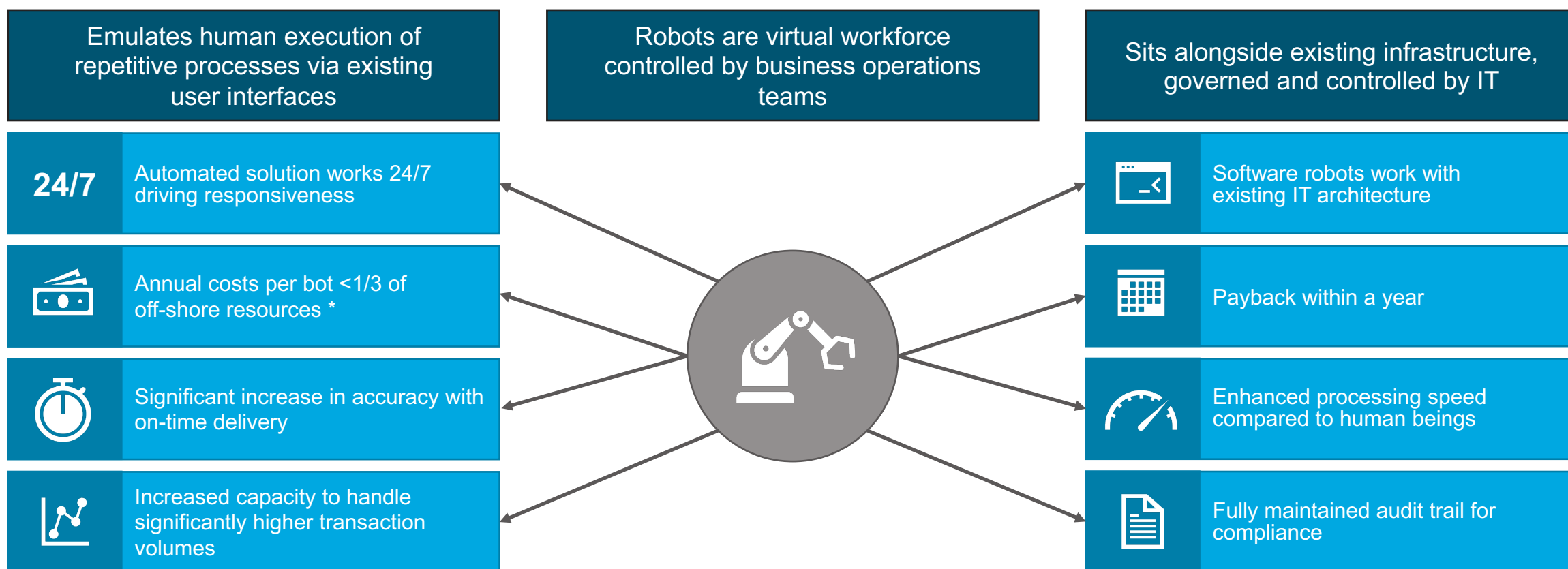
Robotics improves data security, reduces impact of labor regulations, and strengthens control and governance.

Savings in human efforts	Reduce people expense by automating manual repetitive tasks, improving exception handling, and moving work to best location	Reduced errors	Improve auditability, consistency, and control over error-prone manual activities that elevate risk, non-compliance, financial or reputational harm
Increased value-add talent	Improve knowledge worker value-add by increasing focus on highest return activities and improve their satisfaction/retention by eliminating dull routines	Increase in speed of delivery	Reduce end-to-end time to handle peak periods, meet deadlines, and smooth post-M&A integration by virtually connecting disparate systems and data sources
Increased agility for transformation	Enable quick wins and rapid value realization to expand margins or generate funding for existing or new initiatives	Customer satisfaction/advocacy	Delighting the customer with differentiated and enhanced servicing and journey experiences, therefore improving retention and satisfaction



In addition RPA drives enterprise value

With RPA, the software “bot” performs the activities its human predecessor used to by moving through and across the relevant applications with its own user name and passwords.



Digital Transformation is Actioned by

Robotics process automation (RPA):

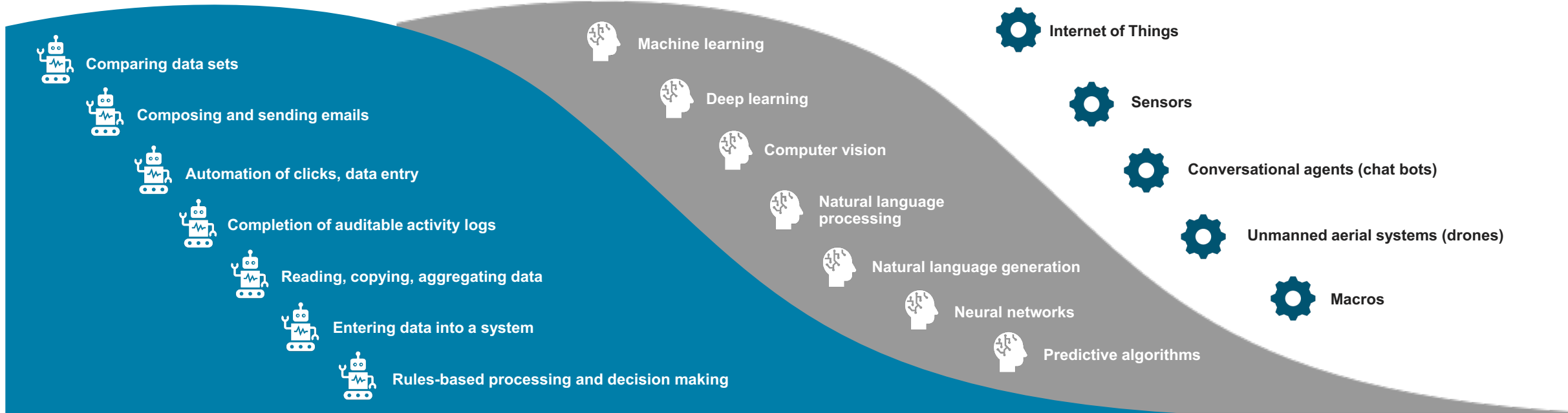
A software solution that runs unattended, working like a virtual employee with legacy applications performing repetitive tasks reliably at the UI level

Artificial intelligence (AI):

Software-driven intelligence that mimics human cognition, behavior, and thought processing to replicate more complex tasks that include professional judgment and historical knowledge

Other:

Complementary technologies, tools and architectures that can be combined with other layers on the spectrum to automate a business process or human experience





POLL

**What best describes the stage of
your RPA Automation Journey?**



Internal Audit Considerations

Key Challenges for the Business

Internal Audit should view every company as a technology company:

- **Establish Governance:** In the absence of an effective governance structure, business and IT often employ different siloed strategies, resulting in higher total cost of ownership (TCO) of robotic process automation (RPA) operations.
- **Define Operating Model:** Lack of a well-defined operating model makes the RPA operations non-scalable and non-sustainable due to lack of ownership.
- **Align Priorities:** Conflicting interests from multiple business units lead to misaligned execution priorities.
- **Avoid Buyer's Remorse:** Through 2021, 40% of enterprises will have RPA buyer's remorse due to misaligned, siloed usage and inability to scale.



Where to Automate?

Why is Internal Audit not on the List?

TABLE 2

Automation Potential of Various Functions and Sub-Processes

Function	Sub-Process	Automation Potential (Percent)	Savings Potential
Order to Cash	1. Customer Master Data Management	25–30%	40%–60%
	2. Credit Management	25–30%	
	3. Customer Service Support	25–30%	
	4. Account Receivables Management	25–30%	
	5. Incoming Payments	0–5%	
	6. Deductions and Disputes Management	25–30%	
Human Resources	1. HR General Services	25–30%	60%–80%
	2. Expat Management	10–15%	
Source to Pay	1. Source-to-Purchase	25–30%	50%–70%
	2. Purchase-to-Pay	25–30%	
	3. Projects Support	10–15%	
Supply Chain	1. Supply Chain Planning	10–15%	10%–15%
	2. Transport Planning	10–15%	
	3. Supply Planning	10–15%	
	4. Project Management	10–15%	
	5. General Supply Chain Services	10–15%	
General Accounting	1. Fixed Assets/FMM/Closing and Reporting	25–30%	10%–15%
	2. Local Tax Accounting	10–15%	
Controlling	1. Product Costing	5–10%	15%–20%
	2. CO Operation/Reporting	10–15%	
	3. Business Controlling Support	5–10%	
	4. BI and Systems	10–15%	
	5. Group Financial Controlling	5–10%	
Finance Other	1. Intercompany	25–30%	30%–50%
	2. Account and Bank Reconciliations	15–20%	
	3. Financial Planning and Analysis	25–50%	
	4. Tax	40–60%	

Table 2 shows one Big 4 firm's estimates of the amount of processes that can be automated in each sub-process of each function and the potential financial savings associated with the amount of automation.



What is IA's Role in Intelligent Automation?

HIGH-LEVEL ROLES



Consulting Services



Assurance Services

KEY OPPORTUNITIES

First line of defense – Business owners

Internal audit can help to integrate **governance, risk, and controls** considerations throughout the automation program life cycle as an organization establishes and implements its program.

Second line of defense – Standard setters

Internal audit can help the organization identify opportunities to embed automation-enabled control activities within the impacted business processes and functions.

Third line of defense – Assurance Providers

Finally, the internal audit organization can capitalize on intelligent automation innovations to **increase the efficiency and effectiveness of its own activities**.

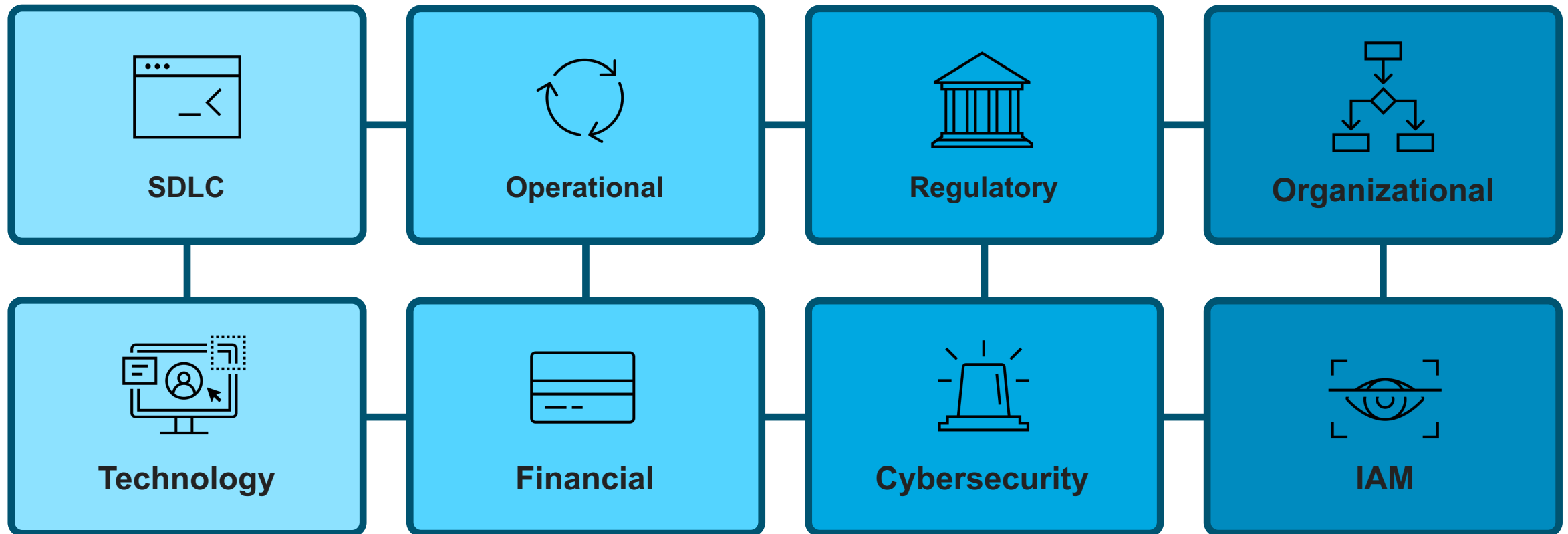




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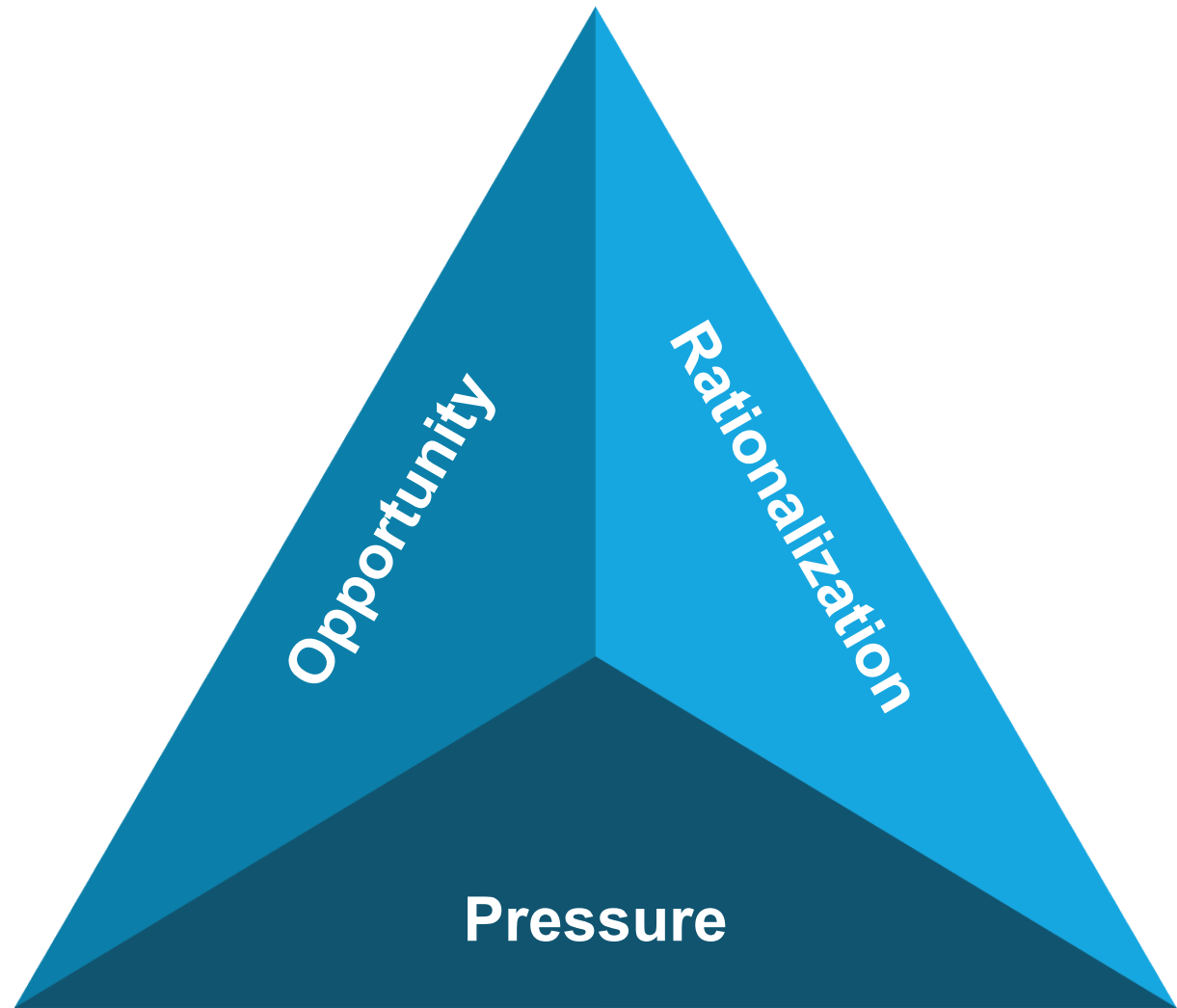
**What role do you see Internal Audit
playing in 2021 in your RPA efforts?**

Significant Risks Associated with RPA



Rethinking SOD with Bots

The Fraud Triangle



Recommendations

Application leaders responsible for governance of business process automation initiatives should:



Apply an adaptive governance framework by assessing agility, compliance risks, maturity and other key drivers to choose the best-fit model.



Build an effective operating model by defining required organizational structure, roles, cadences, delivery model, and outcome that aligns closely with the selected governance strategy.



Prioritize the automation portfolio by closely aligning their unique use cases to the organization's mission-critical priorities.





POLL

**How would you describe the maturity of
your RPA governance program?**

Panel Discussion



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Would you like to schedule a consultation to learn more about our RPA implementation and audit capabilities?

Join us in our next webinar with Auxis!

W E B I N A R

Wednesday, Dec 9th, 2020 | 12:00 pm - 1:00 pm ET

Getting RPA Right in 2021: What Does it Take To Scale Your Automation Program?



Eduardo Diquez
Consulting Director,
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Vice President, Chief Evangelist
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auxis CONSULTING & OUTSOURCING

*Valid for 1
CPE Credit*

UiPath™

 **The CFO
Leadership
Council**

**Link to
Register**

<https://www.auxis.com/lp-getting-rpa-right-in-2021>

What we'll covered:

- Key reasons why most RPA implementations fail and how to avoid them
- Building the business case for RPA - how to identify opportunities beyond cost reduction
- How to develop your implementation capabilities and COE? What's the right mix of in-house resources versus leveraging a partner?
- Defining a strong Support Model for your robots once they're in production
- What's beyond RPA? - Intelligent OCR, Process Mining, Machine Learning, and more



Check out some of our RPA Resources

- [60 Processes to Consider for RPA Automation](#)
- [Building Your RPA Center of Excellence](#)
- [Auxis RPA Survey Report: Where Are We With RPA](#)
- [2020 Guide: Best RPA Tools](#)
- [7 Considerations for Selecting Your RPA Partner](#)
- [How To Accelerate your RPA Journey](#)
- [RPA Case Studies](#)
- [Other RPA Webinars](#)
- [Other RPA Blogs](#)

