

Risk management

Integration of data analytics into internal audit

Data analytics should be integrated into all stages of the internal audit methodology, most importantly at the planning stage of the audit process. Doing so will help create an appropriate engagement approach such that more focus is put on high-risk areas, enabling internal audit departments to provide / add substantial value to organisations and also produce quality reports.

What is data analytics?

Data analytics is gathering and analyzing data, and using the results to make better decisions. In general, data analytics helps to improve audit coverage, and speeds up calculations resulting in greater efficiency and cost savings. It also helps to predict industry trends.



From the “Data analytics high level assessment” which was conducted by Grant Thornton between May – June 2022, it was observed that only 13% of respondents have a formal data analytics strategy in place, approximately 43% have disparate plans and 44% do not have any strategy or plans. Of the 13% of respondents with a strategy in place, all the organisations are data intensive, all have processes implemented to support data analytics efforts and only 50% of these have advanced and automated analytics in place.

Read our full report on how large organisations in Botswana are placed in terms of analysing data to drive decisions and efficiencies: <https://bit.ly/GT-BW-DataAnalyticsAssessmentReport>

Application of data analytics in internal audit

Enhanced risk management: Data analytics helps Internal Auditors to identify and understand risks by analysing the entire population compared to when an Internal Auditor uses limited data sampling methods (manual sampling methods) which can also result in unrealized outliers within the data. It also helps to ensure deployment of resources to high-risk areas, minimized business disruption during internal audit execution but better value add insights for management and key stakeholders. Therefore, it helps with improvement in risk assessments leading to more informed risk-based internal audit plan.

Furthermore, data analytics can assist with determination of likelihood of risk occurring as well as potential impact of the same thereby leading to more objective fashion of determining risk ratings than how we do it currently. There is a diagnostic type of data analytics from which analysis tests such as duplicate payments, revenue assurance and identification of slow-moving inventory can be performed to verify operational performance.

Greater assurance: Data analytics provides greater assurance which also include combined assurance as it provides a systematic and a complete view of the business processes ensuring a more holistic view of the organisation's risk. Furthermore, making it easier for management to see whether findings from the organisation's departments are aligned.

Heightened efficiency: In addition to data analytics improving risk management and assurance, it also saves time as a large number of transactions can be analysed within a short period of time through the use of data analytics softwares such as IDEA and Teammate analytics. It will help increase the quality of the audit and efficiency resulting in significant coverage of organizational risks using less resources. Data analytics can also enable internal auditors to perform detailed test procedures over the entire population. A descriptive type of data analytics which uses historical data to summarize what transpired can be used. For example, evaluation of expenses reports & purchase card usage for all transactions.

Clearer reporting: Data analytics can also be used to enhance presentation of internal audit reports as it enables use of data visualizations such as graphs & charts which clearly communicate audit findings. This also helps Internal auditors to be able to communicate clearly to Senior Management, Audit Committee and other stakeholders. Therefore, without using data analytics, internal audit reports prepared will contain wordy paragraphs and lengthy tables which overwhelm the end users.

Improved audit quality: Generally, data analytics helps to improve the quality of internal audit at every stage of the auditing process, be it planning stage, fieldwork stage and reporting stage. Data analytics can also help Internal auditors to efficiently and effectively analyse large volume of data by using the following methods: duplicate transactions testing, summarization, gap detection and Benford's Law. Furthermore, a descriptive type of data analytics which

uses historical data to summarize what happened can be used to perform tests such as to identify ghost employees and data anomalies.

How we can help

Being flexible and adaptable in the market while providing competent and proactive business solutions and maintaining corporate governance principles and efficient processes - these are some of the challenges that clients face in order to remain successful in today's complex and fast evolving business world.

We build foundations for growth through oversight, intelligence, and disciplines focused on effective and measured risk management. Our team of professionals with experience across major industries can help strengthen governance and controls to prepare for and overcome barriers to growth. Our business risk services include:

- Enterprise risk management
- Internal audit
- IT audit and advisory

Key contacts



Arindam Ghosh
Director and Head of Advisory Services
 T (+267) 3707 116
 E arindam.ghosh@bw.gt.com



Tracy Dithogo
Senior Manager (Business Risk Services) - Advisory Services
 T (+267) 3707 143
 E tracy.dithogo@bw.gt.com



Opelo Magamole
Associate (Business Risk Services) - Advisory Services
 T (+267) 3707 144
 E opelo.magamole@bw.gt.com



info@bw.gt.com



www.grantthornton.co.bw



Grant Thornton Botswana



@GrantThorntonBW



Private Business Growth Awards



+267 76 622 304
(Latest insight publications)