

KEYNOTE ADDRESS DELIVERED BY THE PRESIDENT/CHAIRMAN OF COUNCIL, THE CHARTERED INSTITUTE OF BANKERS OF NIGERIA, KEN OPARA, Ph.D., FCIB, DURING THE 2023 ANNUAL RETREAT AND CONFERENCE OF THE ASSOCIATION OF CHIEF AUDIT EXECUTIVES OF BANKS IN NIGERIA (ACAEBIN) HELD ON WEDNESDAY MARCH 22, 2023, AT MOVENPICK HOTEL IKOYI, LAGOS.

Protocol

Distinguished ladies and gentlemen, it gives me a great honour and pleasure to deliver this keynote address on this auspicious occasion of the 2023 Annual Retreat of the Association of Chief Audit Executives of Banks in Nigeria (ACAEBIN). I am glad to be here with you today and I must say that I always look forward to opportunities such as this, to contribute to conversations especially when it relates to strengthening the performance and stability of the banking industry.

Let me use this medium to commend the Association ably led by Mr. Felix Igbiosa, HCIB, Chairman, Association of Chief Audit Executives of Banks in Nigeria, for the good work you and your team are doing to foster competence, cooperation, collaboration, ethical standards, and professionalism among Chief Audit Executives (CAEs) of banks.

I salute you for your choice of the theme of this engagement, which is **“Keeping up with the NextGen in Internal Audit”**. The theme, I must remark, is apt and timely. As we all know, the business world is rapidly changing as a result of digitization. The Covid-19 Pandemic which ravaged the world in the year 2020 had significant impact on the global economy which led to the accelerated adoption of technological innovation which would have otherwise taken businesses decades to implement. Given this development, all aspects of businesses were subjected to disruptive innovation, including the internal audit function. Furthermore, the emergence of new technologies, changing behaviors of bank customers, changing regulatory requirements, and evolving business models mean that the traditional methods of internal audit may no longer be adequate. Consequently, it imperative for the twenty-first century Internal Audit professional to continuously stay ahead of the curve to deliver on his/her mandate effectively and efficiently.

So, what does it mean to keep up with NextGen in internal audit?

First and foremost, it means embracing technological advancements. The use of technology in internal audit is no longer controversial, it is the way to go. There are many factors driving the adoption of tech in internal audit including an increase in the volume of data. According to a 2019 report by the ACCA, it is estimated that over 90% of the world's data has been generated since 2016, and significant amounts of it are financial data. Other drivers include a shift towards automation and a change in business models as a result of innovation in technology.

With the increasing use of data analytics, artificial intelligence, automation tools, internal audit professionals must be able to utilize these tools to identify risks and essentially add value to their respective organizations.

In addition, with increased adoption of technological innovations, businesses should in particular be wary of increased cyber threats which has significantly increased since the outbreak of Covid-19 pandemic. For example, according to Businesswire, 81% of global organizations experienced increased cyber threats during COVID-19 and 79% of organizations experienced downtime due to cybersecurity risk during peak season.

Secondly, keeping up with the NextGen in Internal Audit means, having a deeper understanding of the business domain within which a professional auditor operates. To be effective, internal auditors must have a thorough understanding of their organization's strategy, operations, and risk landscape. This means working closely with other functions within the organization, such as Finance, ICT, Risk Management, Compliance and Operations, to gain a holistic view of the business. With this understanding, internal auditors can identify emerging risks and ensure that they are adequately addressed. This puts them at an advantage compared to professionals who have not invested time to understand the domain within which they operate.

Thirdly, keeping up with the NextGen in Internal Audit means, being adaptable and agile. The ability to respond quickly to changing circumstances is becoming increasingly important in the internal audit profession. Internal auditors must be able to respond quickly to changes in business operations, emerging risks, or changes in regulatory requirements. The ability to work in an agile manner, with a focus on continuous improvement, is becoming an essential skill for NextGen internal auditors. According to PWC, 2018 Tangible results from Agile Auditing have included a 20% time saving on regulatory audits and a 10% time saving on less standard audits.

Recommendations for Internal Audit Professionals

To keep up with the NextGen, the Chief Audit Executive must take note of the following:

1. **Thorough understanding of the next-generation workforce:** The entrance of the Millennials and Gen"Z"s into the industry requires the Industry and Chief Audit Executive to understand the attitudes, values, and preferences of the workforce of the next generation. This also includes understanding their expectations around technology, collaboration, work life balance, etc. This understanding will help to get the best from them.
2. **Adoption of emerging technologies:** Technologies like artificial intelligence, robotic process automation, and blockchain are rapidly transforming the business landscape. Internal auditors need to be familiar with these technologies and understand how they can be used to improve audit efficiency and effectiveness. They should be able to analyze large amounts of data, identify patterns and trends, and use data for robust reporting and decision making.

3. **Staying agile:** Internal auditors need to be agile and able to adapt quickly to changing business needs. This means being flexible and open to new ideas, and willing to learn and develop new skills. It also includes embracing digital transformation and incorporating advanced technologies to automate routine tasks, identify anomalies and patterns, and provide more accurate and timely insights to stakeholders.
4. **Focus on risk management:** The next generation of internal audit will need to focus more on risk management rather than compliance. With the increased complexity and interconnectedness of business processes, the focus should shift towards pre-mortem analysis, identifying emerging risks, evaluating their potential impact on the organization, and developing strategies to mitigate them.
5. **Collaboration:** The next-generation auditors would need to work closely with other units such as IT, Risk Management, Legal department etc. within the organization, to identify and mitigate risks especially cybercrimes. This collaboration should be extended to business stakeholder to understand their priorities and goals, and jointly come up with solutions to global issues that may affect the practice of Internal Audit.
6. **Training, Upskilling & Continuous Learning:** The internal audit function must have a continuous learning culture. It is important for internal auditors to attend training and developmental programs. As the business landscape is changing digitally and, in all ramifications, the NextGen Auditor must be ahead of the development. This can only be possible through continuous learning.

Ultimately, next generation internal auditing practices should be adopted because while internal controls and risk management practices can help prevent fraud, audits are critical to detecting fraud that may have gone unnoticed by other internal processes. Furthermore, with the increasing complexity of financial transactions and the evolving nature of fraud schemes, traditional audit approaches are no longer sufficient to identify fraud.

Essentially, next generation auditing practices are the last line of defense against fraud in a bank and technological advancements are needed to protect organisations against such fraud. Therefore, banks should adopt technological advancements in their audit processes which would make tasks such as analyzing vast amounts of data, real-time monitoring, reduced human error and bias more efficient. By doing so, banks can enhance their ability to detect and prevent fraud, ultimately protecting their customers and shareholders.

Conclusion

In conclusion, beyond the interventions I have proposed which include adopting an innovative mindset, embracing emerging technologies, and collaborating with other functions, internal auditors must deliberately and personally identify initiatives that will make them remain relevant and add value to their organizations as well as the practice of Audit.

Distinguished Ladies and Gentlemen, on this note, I declare this 2023 Annual Retreat and Conference of the Association of Chief Audit Executives of Banks in Nigeria formally open.

I wish you all a successful deliberation.

Thank you and God bless.

Ken Opara, Ph.D, FCIB

President/Chairman of Council

The Chartered Institute of Bankers of Nigeria

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