Adapting Internal Audit and Adding Value in a Changing Regulatory Environment

IIA Conference, October 22, 2018
OUR MISSION

The mission of the association is to facilitate the financial security of its members, associates and their families through provision of a full range of highly competitive financial products and services; in so doing, USAA seeks to be the provider of choice for the military community.

THE USAA STANDARD

Keep our membership and mission first
Live our core values: Service, Loyalty, Honesty, Integrity
Be authentic and build trust
Create conditions for people to succeed
Purposefully include diverse perspectives for superior results
Innovate and build for the future
Vishnu Sharmu, CIA, CRCM, CAMS

- Vishnu is a Vice President at USAA leading Governance, Risk and Compliance (GRC), BSA/AML/OFAC, and the Chief Legal Office.

Laura Rau, CAMS, MBA

- Laura Rau is the AML Audit Officer at USAA focusing on the overall AML Compliance Program and Anti-Bribery and Corruption practices.

Shailie Mody, CRCM, MBA, Six Sigma Green Belt

- Shailie Mody is the Director of Compliance Audit at USAA focusing on regulatory compliance related audits and regulatory findings.
EVENTS SHAPING THE ENVIRONMENT

- Regulatory Impacts
- Cyber Breaches and Data Privacy
- Emergence of Fintech
- Mergers & Acquisitions
- Reputational Events
- Technological Advancements and New Technologies
HOW DO WE ADAPT TO CHANGE?

Being Part of the Solution

Handling Challenges

Operating in an Unstructured Environment
“Risk: Defined as the possibility that an event will occur, which will impact an organization’s achievement of objectives. Risk is measured in terms of impact and likelihood.”

A risk assessment is the identification, measurement and prioritization of likely relevant events or risks that may have a material impact on an organization’s ability to achieve its objectives.

A.1112 – Chief Audit Executive
Roles Beyond Internal Auditing

B.2060 – Reporting to Senior Management and the Board

C.2000 – Managing the Internal Audit Activity

D.2110 – Governance

E. COBIT 5

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

RESOURCE STRATEGY

In-House
1. Comprehensive understanding of key risks and challenges facing the organization
2. Knowledge of organization, culture and established partnerships
3. High-level of ownership of the internal audit function

Co-Sourced with Third Party(ies)
1. Provides access to specialized skills as needed
2. Flexibility in addressing increasing audit demands
3. Board of Directors/Audit Committees may value external view as an added independent perspective
SO WHAT… HOW DOES INTERNAL AUDIT ADD VALUE?

A. Organizations face complex challenges and risks

B. Audit’s Value Proposition

C. How do we get there?