



An interview with a Head of Internal Audit

Recently we had the pleasure of chatting with Sandeep Das, the Head of Internal Audit at St John Ambulance, about his experience with his Internal Audit functions adoption of Data Analytics and the journey he went on.

How did you start your Data Analytics journey?

“ Coming into this, I was fully aware that the old-fashioned days of selecting a sample of 10 and then writing reports were just not going to work anymore, I knew we had to change our approach and was convinced Data Analytics would form a part of it.

I am lucky enough to have accomplished similar changes at previous organisations, therefore, I had a good idea that the starting point for me was to first understand the systems this organisation was using, the architecture in place, and the underlying data that me and my team had to work with. What I will say though is that the start of my journey did prove quite challenging, this was due to the fact we were in the middle of a pandemic which meant that getting face-to-face time with key stakeholders was somewhat of a rarity, so I remember having to be precise and to-the-point with my requests and approval meetings.

Thanks to my previous experience, I already had a good idea of the areas I wanted to target, such as Expenses and Purchase to Pay, but ultimately, I would say the approach I took was heavily influenced by the systems, the data we had at our disposal and whether or not that data was of reasonable enough quality to be able to gain any meaningful insights or results.

Do you think a dedicated analytics tool is required?

“ Being a smaller Internal Audit function of just myself and one other, we had no dedicated Data Analytics software in place. I also quickly realised we didn't really possess the necessary skill set in-house to be able to adopt one, so even if we were to purchase one, it would have just been sitting on a shelf which I think is what happens in a lot of organisations.

For this reason, I reached out to DataConsulting, as I knew from working with them in the past that they had the necessary expertise to be able to help us in this area. I am grateful for their help and their approach because without them we may have spent a lot of valuable time looking at the systems and the data and concluded that it just wasn't in a position for it to work without specialist software.

With this approach, we have now got a dashboard and a product that is more marketable and useful to us as opposed to me purchasing dedicated Data Analytics software, my team and I investing a lot of time into understanding and developing it, and then not getting any valuable insights from the result.

Make no mistake, I still believe the end-product and its data has a long way to go, which ultimately, we will work towards improving but I think the approach we took to get to this point has worked well. Initially focusing on one area, one dataset, working together and communicating regularly to build what we could and focus on what was achievable.

Back to the question at hand, I think Microsoft's Excel has really come on and improved over the last 20 years or so back when I started in Data Analytics, there is now a lot more functionality and features that allow you to run those basic scripts or tests that you may have run on dedicated Data Analytics tools in the past, so I think it was a really great tool to start with and the requirement to purchase specialist software is not always the case.

Does your future include Microsoft's Power BI?

“ As an organisation we are on what some would call a digital transformation like a lot of other organisations, so Power BI is a tool that my organisation has started to use to put together results and to present those results to senior management due to its impressive data visualisation features. My thought process is that if we start using the tool as an Internal Audit function, then it aligns well with what senior management are already starting to see.

I am quite lucky that I have someone in my team that has used Microsoft's Excel and Power BI at an advanced level already which has really complimented our existing skill set. I think what is happening more and more is the realisation that Power BI is no longer a new tool to auditors younger than me, it is something they will have used either in education or at organisations beforehand, therefore adopting such a tool comes naturally to them.

What I am finding, whether its Power BI, Tableau, QlikView, younger auditors will have had experience in some sort of data visualisation tool in one form or another which I think is really valuable for an Internal Audit function.

Has the adoption of Data Analytics been a success?

“ I think so. We started out by obtaining organisational Expenses data which we ultimately shared with yourselves (DataConsulting) and then over time we discussed and agreed on the type of tests we wanted to perform. I remember we looked at it from more of a fraud angle, which I think is often the case when just starting out, I suppose you could say we focused on typical expense fraud risks.

It was an interesting time to start due to the pandemic, it was not a typical type of year or period of time where you would expect to see regular expenses flowing throughout the system. Much of our activities involve the attendance and supporting of events and the delivery of first aid training – which all ceased during the lock-down period.

Because of that, you could say it was a strange time to start, but I thought it presented a good opportunity to look at and potentially identify anomalies in the data. Myself and my team had already created the usual graphs, bar charts and pie charts but for me, we needed to create a story. This for me is the important aspect, to make sure this type of work is successful with management you need to talk about the story behind the numbers and thankfully, because of the situation (the pandemic), we did have a story to tell. Coming out of the pandemic we started to see expenses picking up again which enabled us to really explore where the organisation was spending the most amount of money which enabled us to offer senior management the assurances they wanted around those fraud risks that we began to explore at the start of this journey.

You must remember that with the situation, everybody working from home, people in difficult situations themselves, the heightened risk of fraud was clearly there and thus a concern to senior management. So being able to provide assurance around that was very well received.

Where we had success was picking an area that management was interested in and one that was going to add value, then presenting the results in such a way that a story could be told to provide the assurances my management needed. I will also add, the solution was not developed over night, there were many iterations and constant changes to see if we could accommodate this test or that one, there were question marks over the data's quality but also its integrity for example was it all there, was anything missing. I have worked in organisations before that utilised more structured data from systems such as SAP and Concur, but here it was very unstructured and so perhaps not quite at the level I had worked with before which was unexpected.

For me, I think the key thing here was to keep going until I had something, I was determined to find some sort of insight.

Was the approach you took with DataConsulting a success?

“ I think it has worked well, you never really know how these things are going to turn out but the team at DataConsulting have been helpful and I am grateful just to have had some external expertise who were able to sit with us and discuss what could be done with the data, what it means, and what it is telling us.

By the end of the first working day, we had already produced several iterations and had long drawn-out discussions about the most impactful visualisations to use. I think working closely together was successful as I knew what my senior management wanted to see and what would land well, and DataConsulting had the skill set required to make that happen.

I think in the end we produced a really high-quality product that people are going to look at and ultimately think this is really interesting.

Any advice you can offer to others who are also in the process of adopting Data Analytics?

“ The key thing for me is to start small and aim for that low hanging fruit. Look for an area where you know you are going to get some sort of result, it could be Expenses, Purchase to Pay, Accounts Receivable, your CRM.

To start with, do not take on too much and stick to one area of the business where you know most about the systems and its data. Also, one that will be of interest to management, as they will be the ones who are going to be assigning budget for future work.

I would also suggest thinking about doing a proof of concept as this is how we (us and DataConsulting) started out and the results were great.

However, my most important bit of advice is if your analytics does work out and you end up publishing your results to management... shout about it as much as you can!

If it has been successful let people know, speak to anybody that will listen, not just your management or your finance team. whenever you are having meetings with perhaps your comms teams, project management teams, data insight teams... tell them you have started utilising Data Analytics and have had some success.

I find it really valuable to find out what other departments are doing, what skill sets they have, what systems they use, therefore publicise any positive results and others will to.

Were there any challenges or hurdles you had to overcome?

“ Of course. Firstly, there was getting some budget to even have a go at Data Analytics which I find is always difficult. We initially worked at no cost just until we knew we could get the concept to a point where it would work, then we could present and ask for the budget to progress.

In an organisation where Internal Audit has not used Data Analytics yet, or one that's quite early on in its digital transformation, I think getting that message across to people is hard, that's why if you can start small and produce some results you can then start to spread that message, but it won't happen overnight.

Another challenge is that when you embark on an audit, start to get into a habit of thinking; is there a system involved, what is the data, can I get access to it, can I get a download of it, can I drill into it even if at only a very basic level. That to me should be the start of your Data Analytics journey, every single audit you do, think about the data as well as the process and the controls, think about what you can do outside of those traditional 'pick a sample' type tests.

What other areas are you going to focus on now?

“ Pretty much every area would be ideal, that is where we hope to get to at some point. I would like to establish a way of working where every audit we perform there is an element of Data Analytics, whether it is in the field work or whether its right up front at the planning phase to help identify risk areas, but ideally I would like to be able to build Data Analytics into every audit we conduct.

Being a little bit more realistic, I would like to delve into the Finance system to see what the data is like for Accounts Payable and Accounts Receivable, we are also looking at a number of upgrades and new systems coming on board. I think HR is a very good area which people don't often consider for Data Analytics but in an organisation such as ours where we have over 1,700 employees and over 30,000 volunteers, that is a lot of data for us to look at, to interrogate, and to potentially find insight.

On the commercial side of things, I would like to look at the CRM systems and the data surrounding that, I think that is another rich data source. I honestly think the opportunities are there and it is just about taking it one step at a time.

In summary, is there anything you think others should consider?

“ My top tips... Again, I think you need to start with understanding what systems the area you want to audit is using and more importantly what data you will have at your disposal.

Pick that low hanging fruit, try and pick something your management or stakeholders are going to be interested in. You do not want to find yourself in a position where you have picked an area and it has been amazing and you have some great results, but your management is not interested or it is not perceived as a risk to the organisation, because then I firmly believe you have wasted your time.

Think very carefully about your model, I have had a situation in the past where I have had an in-house resource that could do much of the technical work (Data Analysis), so it was essentially a key person dependency, but they moved on after a few years meaning I was back to square one. So again, I would urge you to think carefully, especially your smaller Internal Audit functions, about how you are going to approach this. Do you want to produce this in-house? Do you want to use your co-source? Do you want to enlist external expertise like DataConsulting to support you? I would suggest thinking about a proof of concept first, that is how we (us and DataConsulting) started out.

Keep the momentum going, you may not succeed the first time, or even the second, but just keep having a go, using different datasets until you get some positive results.

Finally, as I've said before, shout about it! Shout about it as much as you can and to anybody that will listen!

Interested...?

For over 15 years, DataConsulting has been delivering a range of traditional and cutting-edge Data Analytics services to a diverse client base situated all over the world. Considered specialists in tools such as Excel, Power BI, SQL, Tableau, ACL and many others, if you or your organisation is considering the adoption of Data Analytics into your functions, like Sandeep and St John Ambulance, we would love to hear from you and lets see whether we can support you on your Data Analytics journey.

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