Why wait until after RPA implementation to find out how to get it right?

Internal audit can be an advisor to the business throughout the robotic process automation (RPA) implementation life cycle and beyond.
Amanda works at a multinational organization as the chief technology officer. She was interested in addressing some long-standing business challenges, ranging from efficiency and cost to error and compliance. She had heard the buzz around RPA and wanted to know if it was a viable solution to address any or all of these issues.

It was a good time to bring Ted, the chief audit executive, into the conversation. While most of the business units operate in a silo, internal audit (IA) touches each of them. Ted knew what RPA processes — if any — others were already using.

Armed with this new business perspective provided by IA, Amanda realized her organization wasn’t ready for an RPA expansion just yet. There was significant risk and cost involved, and they would first need to engage the appropriate people within the organization; refresh the governance, risk and control framework; and establish a strong program management approach.

It was time to rethink the strategy. Amanda had to align RPA to the needs of her current and future goals in a way that was fiscally feasible. She decided to re-examine her organization and make a plan for the smartest uses of RPA. There was one guy she knew who could help her figure it out. She picked up the phone and dialed. “Hello, Ted? Amanda here.”

What’s the issue?

No matter the sector, market competition is fierce. Companies are searching for strategies to boost efficiencies, cut costs and foster creativity among employees. RPA is disrupting many traditional business processes as it rapidly advances, offering businesses the opportunity to harness its efficiency and efficacy if they prepare proactively and strategically for its risks and costs. It is quickly becoming an integral part of how businesses operate, streamlining and aligning many processes that until now have proved tedious, time-consuming and difficult to error-proof.

“Bots” are software that can perform repetitive, high-volume tasks, freeing employees to focus on projects that generate higher value for an organization. Companies are using these applications to improve performance and data quality. But diving into RPA without a strategy that considers all aspects of the risks and costs associated with this technology can be as dangerous as disregarding the technology altogether.

Now is the time to plan for RPA integration. Success relies on a holistic strategy, one where the projected goals of an RPA-assisted operation could prove the difference between being cutting-edge and becoming obsolete. As with any new technology, managing governance, risk and controls is essential. Organizations often underestimate the challenges associated with integrating RPA, which can leave them vulnerable to risks and may result in lost opportunities.

Why now?

Currently, it’s a race for organizations to find the next big thing that will offer cost-cutting, improved efficiency and give them a competitive advantage. RPA checks all the boxes in this arena, offering a potential impact on productivity, efficiency and revenue but, without a good understanding of the risks involved, your organization may be adding more risks into the process. It requires a proactive approach to risk management and program governance.

The selection, design and implementation of any new technology require time and a coordinated effort across the organization, and RPA is no exception. IA can help your organization before, during and after implementation by:

- Working with management to identify the risks
- Providing advice concerning the design of appropriate controls
- Evaluating the steps taken by management to appropriately address a multitude of risks
- Recommending internal control enhancements

Failing to be proactive could threaten the business environment, derail any potential gains and impact the return on such a major investment. Now is the time to forge ahead prepared for the risks, which will help you proactively keep pace with new opportunities.
**How does it affect you?**

RPA extends to processes, systems and data beyond the reach of most applications and provides an opportunity to improve process effectiveness and efficiency. However, without a comprehensive governance, risk and control framework, and a strong program management approach in place, your organization may be exposed to a number of risks, including:

- The inability to support and meet business requirements
- Compromised systems, applications and associated data
- Robotics developments that fail to meet business needs, negatively impacting the business and its financials
- Implementations that are not appropriately tested, which could harm production systems
- A delay in identifying automation problems
- A failure to mitigate potential risks in vendor relationships, leading to financial and reputation exposure

The introduction of RPA into your business processes will also affect the roles and responsibilities of individuals who manually performed the newly automated tasks in the past. Updating relevant policies, procedures and performance metrics; clearly communicating what is expected; and providing appropriate training will be critical to the success of the RPA implementation.

**What’s the fix?**

RPA helps to enable a more efficient process and an opportunity to reduce the risk of error. This, coupled with its impact across people, processes and technology, reinforces the necessity to maintain a strong governance, risk and control framework—right from the beginning to effectively manage the multidimensional aspects of RPA.

Too often, IA is consulted post-implementation. Aligning the organization’s governance, risk and control framework with the RPA program management after the fact is inefficient and can leave the organization vulnerable to multiple risks.

As they evaluate the risks, controls and efficiency of RPA during development, implementation and beyond, internal auditors should consider the following key questions:

**Before RPA implementation**

- Has executive management defined a strategy, objectives and priorities for RPA adoption across the organization?
- What level of automation currently exists? How mature are the processes in terms of changes that are occurring or new requirements being defined?
- Has a governance framework been refreshed to address the additional risks from RPA?
- How will the reallocation and reprioritization of the workforce be managed?
- Have all appropriate functions within the organization been engaged early and continuously in the journey?
- Does the organization have the skill sets to deal with the increased complexity presented by RPA?
- Have security, regulatory compliance, financial, including internal controls over financial reporting (ICFR), and audit considerations been taken into account along with impact to people, process and technology?

**During RPA implementation**

- Has the governance framework been aligned with the business requirements?
- Has design changes made during implementation been in accordance with the established RPA governance risk and control framework?
- Is the RPA vendor management integrated into the enterprise vendor management program, including evaluation of third-party risk and software security?
- What key metrics, including utilization of platform and capacity management, process automation trends, and process exception referrals, are measured?
- Are there additional opportunities to use RPA for security, internal controls, audit functions and cyber-orchestration to be considered?
What’s the bottom line?

Whether your organization is embarking on its RPA journey or is already well on its way, it is likely that RPA will become an integral part of your key business processes. It’s vital for your organization to establish an RPA strategy that includes comprehensive governance, risk and control practices, and IA can bring business, risk and internal control insights to that strategy.

Organizations may bring in IA after implementation to assess how well the process and controls are operating, but what they fail to understand is the contribution IA can provide before, during and after RPA implementation. IA can help management navigate each stage of RPA implementation by providing an independent evaluation and strategic advice. The financial and reputational implications of waiting to act and getting it wrong are steep. IA can help chart a course for success.

RPA implementation life cycle

Before
Help management identify additional opportunities based on their unique perspective

During
Evaluate process and control design, providing recommendations to enhance the environment

After
Assess the efficiency and effectiveness of the process, and evaluate whether return on investment (ROI) was achieved
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1705-2299633
SCORE no. 05722-171US
ED None

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