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INTERNAL AUDIT STAKEHOLDERS RELATIONSHIP

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Speaker



- Director of Internal Audit, Internal Control and Risk Management in AMPER SA.
- CIA, CRMA, QAIP, MBA, COSO Internal Control and COSO ERM.
- Professor in seminars, Member of Technical Committees and Quality Assessment Reviewer in Institute of Internal Auditors of Spain (IIA Spain).
- Faculty Director in Chartered Institute of Professional Certifications.
- Professor in seminars, Member of Technical Committees in AGERS and Member of FERMA.
- Mentor and collaborator of IIA Global and Internal Audit Foundation (Ambassador y SME) .





**PROVIDE ROBUST AND
TIMELY ASSURANCE TO
AUDIT COMMITTEE**



**WORK CLOSELY WITH THE
BUSINESS TO SUPPORT
THEM IN ACHIEVING
STRATEGIC OBJECTIVES**



MAINTAIN INDEPENDENCE



1. EXERCISE OBJECTIVITY



Tell it "like it is" without
fear or favour

2. KNOW THE BUSINESS AND WHERE IT IS GOING



Understand the strategy and
the drivers of value

3. CONSULT WIDELY



With experts and advisors
outside the business



4. BE PRAGMATIC



Exercising both objectivity
and
practicality

5. EMBRACE TECHNOLOGY



Analytics driven
collaboration

6. BUILD AND NURTURE QUALITY RELATIONSHIPS



Enable to have difficult
conversations



MANAGING STAKEHOLDERS CANNOT
BE LEFT TO CHANCE

WITHOUT REGULAR CONTACT,
INTERNAL AUDITORS WILL BE
PERCEIVED AS ANNOYING



INTERNAL AUDITORS SHOULD
BUILD TRUST RELATIONSHIPS



*TAKING A STRATEGIC
APPROACH*





- ❑ Internal Audit is a people business (H2H) .
- ❑ Building solid relationships within the business can help internal auditors not only survive, but thrive:

MOVE BEYOND A "TICK BOX" → DELIVER "PROPER INSIGHT"

- ❑ Relationships MUST BE based on TRUST and mutual respect.
- ❑ Relationships MUST NOT risk Internal Auditors objectivity.
- ❑ Relationship building is a **TEAM EFFORT**, not only of CAE.
- ❑ Goal of relationships:
 - To help facilitate future interactions from a place of common reference, trust, and, hopefully, some mutual goals.
 - It's about working together to get on the same page.



UNDERSTANDING YOUR
STAKEHOLDER'S LANDSCAPE

THINKING LONG-TERM

UNIQUE RELATIONSHIP APPROACH
TO STAKEHOLDERS



ASKING FOR FEEDBACK

SELF- AWARENESS



BE ETHICAL

BE TRUSTWORTHY

BE PASSIONATE ABOUT LEARNING



Features of outstanding auditors

BE CURIOUS

BE AN EXCELLENT COMMUNICATOR



FROM... AUDITOR

- Assurance.
- Controls based approach.
- Static Audit Plan.
- Providing traditional reports.
- Manual processing.



COP

INVESTIGATOR



SHERIFF



TO... STRATEGIC PARTNER

- Advisory and continuous assurance.
- Risk-based culture, influencing decisions.
- Agile approach to Audit.
- Identify opportunities, communicating and partnering.
- Automated processes and reports.



EFFICIENCY SPECIALIST

CHANGE AGENT

ADVISOR



FUNCTIONAL LEADER

TRUSTED ADVISOR

SUBJECT MATTER EXPERT





PRINCIPLE 11: COMMUNICATE EFFECTIVELY

- * REQUIRES BUILDING RELATIONSHIPS.
- * ESTABLISHING TRUST.
- * ENABLING STAKEHOLDERS TO BENEFIT FROM THE RESULT OF INTERNAL AUDIT SERVICES.





LISTEN

- Be open to contrary view points.
- Timely follow-up and feedback loop.
- Understand stakeholder expectations.



ENGAGE

- Align stakeholder expectations.
- Provide context and validation – make it relevant.
- Build trust and relationship: Ask Good questions Fear → Friend

→ *Timely & Accurate*



LEARN

- Engage to learn- business acumen, connect the dots.
- Continuously learn- emerging trends, risks and opportunities.

→ *Transparency*



CREATE

- Tailored and objective based key messages and reports.
- Support by showing progress, data, insights, and practical recommendations .

Effective communication is essential to elevating the role of the Internal Audit function and its leaders..





INFORMAL "CATCH UP OVER COFFEE"



FORMAL REPORTING



ATTENDANCE AT TEAM MEETINGS



FACE-TO-FACE MEETINGS



PHONE CALLS



PROGRESS REPORTS

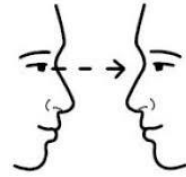


EMAIL UPDATES

*"Coming together is a beginning;
Keeping together is progress;
Working together is success".*

-Henry Ford-

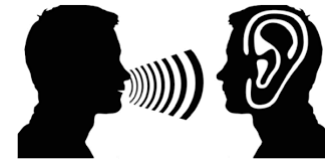




MAINTAIN GOOD EYE CONTACT



BREAK THE ICE AT THE START OF THE MEETING



DEMONSTRATE ACTIVE LISTENING



SUMMARISE TO CHECK UNDERSTANDING

"The most important thing in communication is hearing what isn't said"

-Peter Drucker-





OBJECTIVE



ACCURATE



COMPLETE



CONSTRUCTIVE



TIMELY



CLEAR



CONCISE



- **Know your audience:** What is important? What is on their mind?
- **Be clear and concise:** Less can be better.
- **Contextualize:** Not only what, but why: **PURPOSE OF INTERNAL AUDIT**
- **Risk-informed:** Understand the “So what?”
- **Insightful:** Connect the dots.
- **Watch your tone:** “How you say it...”
- **Timely:** Sometimes better never than late.
- **Planning ahead:** Other assurance providers may be competing for stakeholders’ attention.





- MEASUREMENT OF THE EFFECTIVENESS OF INTERNAL AUDIT COMMUNICATION:

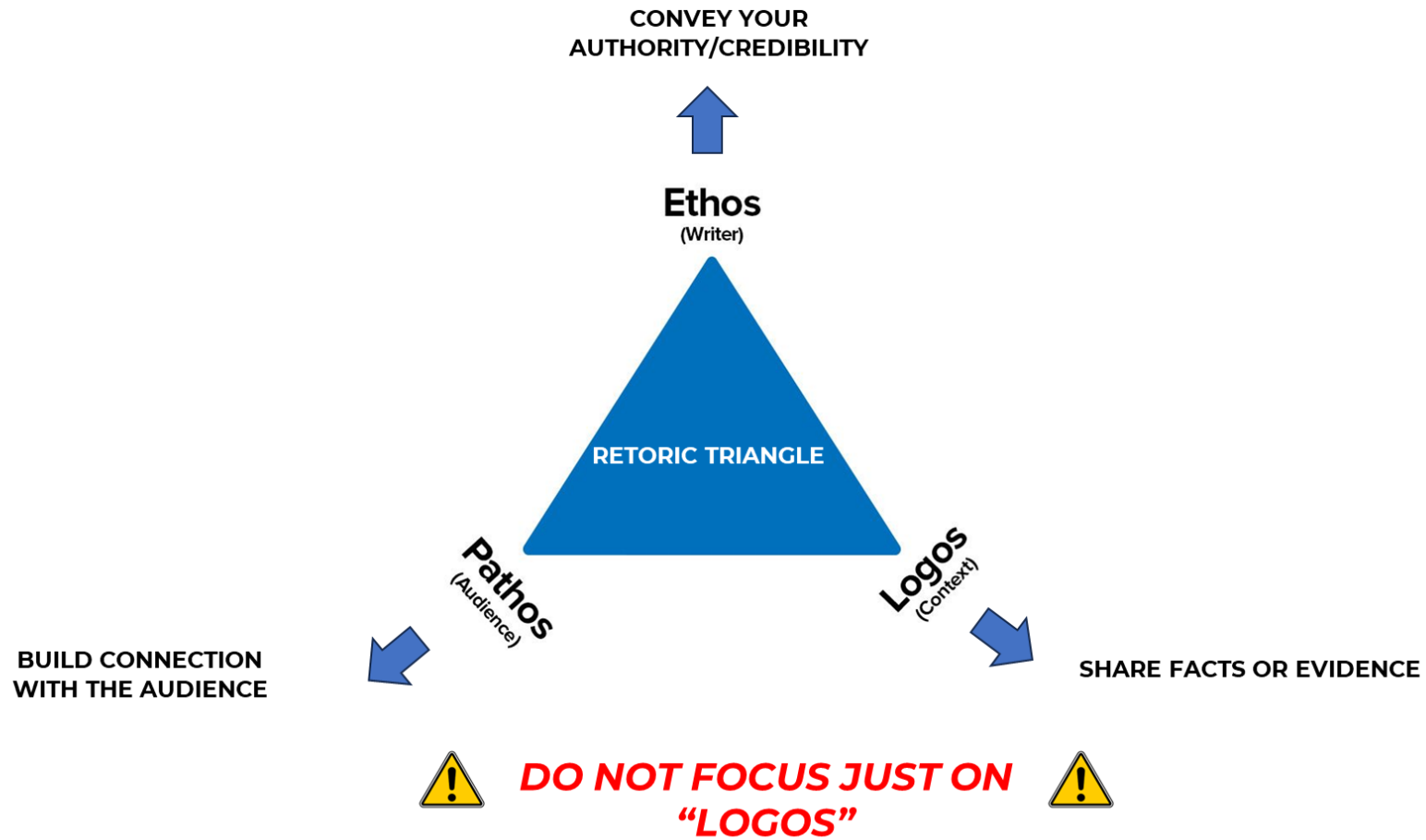


QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

PRINCIPLE 12: ENHANCE QUALITY

- * INTERNAL QUALITY ASSESSMENT.
- * PERFORMANCE MEASUREMENT.
- * OVERSEE AND IMPROVE ENGAGEMENT PERFORMANCE.





USING EMPATHY AND LISTEN
MORE THAN YOU TALK

INVEST IN RELATIONSHIP
OUTSIDE OF AUDIT PROJECTS

APPROPRIATE TIMING OF
AUDIT WORK TO MAINTAIN
SMOOTH OPERATIONS



UPHOLD A "NO SURPRISE"
MANDATE

BE ASSERTIVE

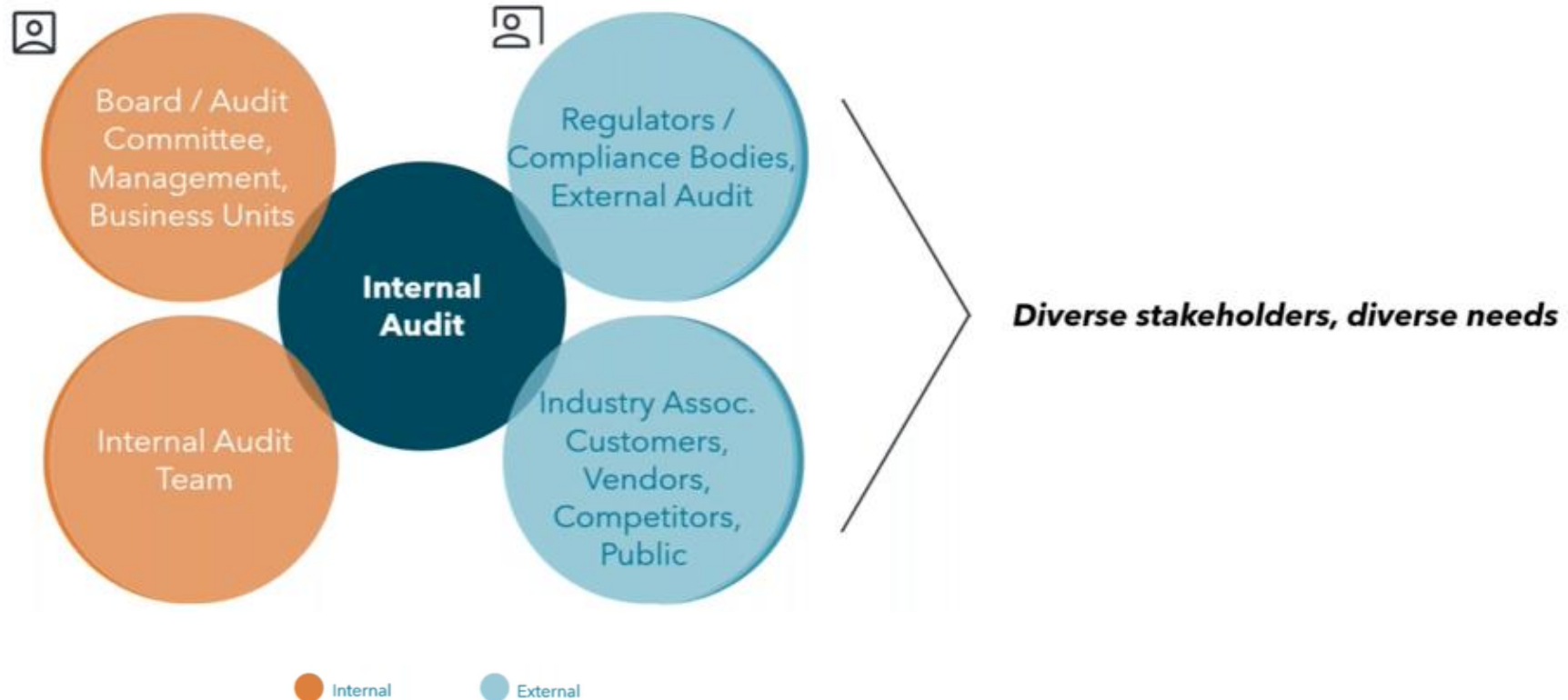
BE TRANSPARENT



*Difference between contentious audits where
recommendations get ignored and successful engagements
that produce progress and real value*



Key stakeholder groups





CONDUCT A STAKEHOLDER ASSESSMENT

- Invest time in understanding interests and expectations of key stakeholders **"WHAT IS ON THEIR MIND"**.
- Commitment/influence analysis to prioritize-friend/foe/neutral.
- Current versus desired understanding (and engagement).



USE A CUSTOMER- CENTRIC APPROACH

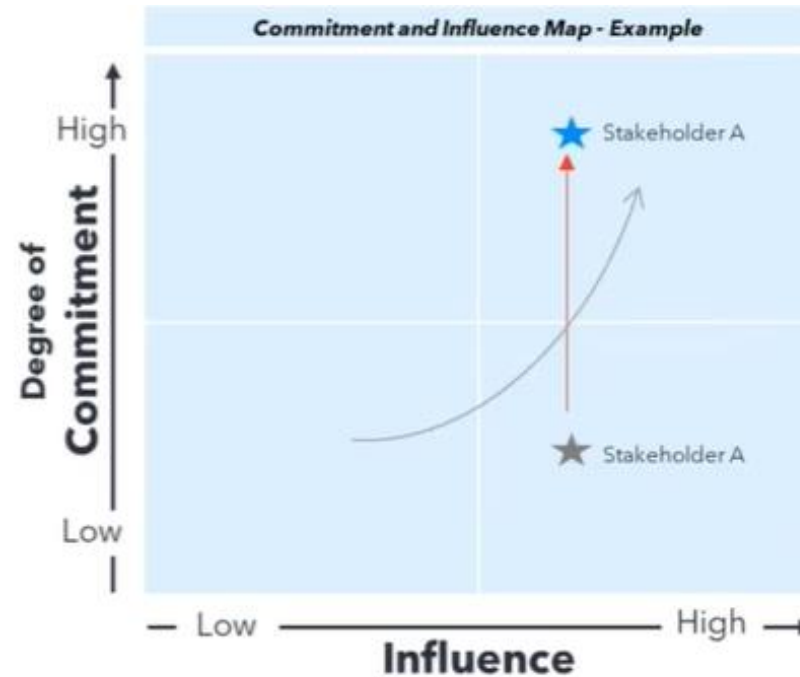
- Purposeful and targeted "chats".
- Share relevant data and insights.
- Ask for feedback.



MAKE IT TIMELY AND ACCURATE

- Periodic touch-points (e.g., monthly, quarterly...)
- Increase transparency during engagements.





Engagement (two-way process) is intentional and timely using the right medium and messages...



Feedback from our stakeholders:

- We approach them without previous planning.
- We only speak when asked.
- Communications are not risk-centric.
- We do not communicate with impact.
- We do not connect the dots.
- We communicate too much -(necessity of summarizing).
- We do not offer enough context/insight.
- Communications are too long.
- Communications focus just on what is wrong.



It is necessary to redouble efforts to communicate effectively and persuasively...





Align expectations

- Assurance: Key risks, levels, and how management is addressing them.
- Aligning audit charter to strategic and business objectives.
- Audit Plan progress: Holistic and critical view of the execution of all projects.
- Not just findings, issues but insights from the findings.
- Emerging risks and opportunities.
- Regular dialogue with Board and Senior Management.
- Be supportive and proactive.



Communications strategy

- Bring your own perspective, (given CAEs unique position).
- Reporting: encapsulating the impact:
 - Dashboards with insights.
 - High Level summary, with "drill-down" for details.
 - Focus on the "so what".
 - Graphs -> Dashboards.
- Provide context and validation through narrative.
- Speak the Board's language.
- Turn audit findings into actionable recommendations.





Align expectations

- Build a high-performing team.
- Up and cross-skilling around core competences: business knowledge/acumen, analytical thinking, behavior and psychology, leveraging data, etc..
- Align Internal Audit objectives (assurance versus strategic advisor, both).
 - Audits aligned to strategic and business objectives (non-negotiable objectives).
- Embrace technology and new tools.
- Understand new regulations and emerging risks and opportunities.



Communications strategy

- Lead by example: (through values of Internal Audit).
 - *Be open, honest and transparent.
 - *Reinforce attitudes (integrity, innovation, continuous learning..).
- Foster a sense of belonging.
- Impart key messages and objectives.
- Frequent formal and informal communications.
- Regular feedback and review.
- Training programs.





- Build both tactical and strategic relationships.
- Promote Internal Audit Brand: webpages, newsletters, guest auditors, auditors rotation,...
- Facilitate process improvement throughout the organization.
- Identify issues that create opportunities, through data-driven insights.
- Take the lead on educating and training everyone across the organization in Internal Control: **ADVOCACY FOR EFFECTIVE INTERNAL CONTROL.**
- Share innovations develop in audit areas such as Data Analytics with other functions: Finance, Controlling, Compliance, etc..



Develop sustainable relationships built on what is entirely under your control...





YOUR AUTHENTIC SELF

"Be yourself. All other positions are already filled"
- Oscar Wilde-

