Auditing Collaboratively

RETHINKING THE AUDIT PROCESS TO ENHANCE VALUE
Nine Strategies and Four Tools for Auditing Collaboratively

- Beware the super chicken
- Mind your self importance
- Big picture thinking
- Grow yourself, then grow others
- Build your mental desktop
- Build strong professional relationships
- Leverage Feedback Loops
- Consider your perspective on risk
- Continuous innovation
- Consider behavioral norms
- An Audit is more than a report
- Effective Meetings
- Risk Assessment
- Process Maps
- Risk Control Matrix
Setting the Stage
Understand the Circle of Trust & Cooperation
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Strategies for Collaborative Auditors
Beware the “Super Chicken”

*Margaret Heffernan – “Why it’s time to forget the pecking order at work”*
“Every act of conscious learning requires the willingness to suffer an injury to one’s self esteem. That is why young children, before they are aware of their self importance, learn so quickly.”

Thomas Szasz
Big Picture Thinking

• Generate ideas
• See significance of work
• Effectively convey significance of work to others
• Connect the dots to generate action
Grow Yourself, Then Grow Others

- Make mistakes and learn from them
- Motivate people
- Seek out the right mentor & be a mentor
- Be self-aware

The 3 Stages of Auditor Self-Awareness

You might be wrong
No!

You might be wrong
Maybe

I might be wrong
I might be wrong
Build Strong Professional Relationships Based on Integrity and Trust

- Do what you know is right even in difficult times
- Involve others in your business
- Understand others business
- Trustworthy = Honesty + Competence + Reliability
- Don’t hide behind independence

Source: Lessons Learned on the Audit Trail by Richard Chambers, IIA President and CEO
Leverage the Concept of Feedback Loops

- **Evidence** – measure, capture, and store information
- **Action** – a moment when behavior can be recalibrated
- **Relevance** – relay the information in a way that emotionally resonates
- **Consequence** – informs of choices ahead

- Action, information, reaction
- Consider building feedback loops built into your own operations
Consider Your Perspective on Risk

Eliminate all risks

OR

Support good decision making around risks
Build You Mental Desktop

- Get or stay connected with others, grow your network
- Stay open to new ideas
- Build your mental desktop
Continuous Innovation

• Creatively and proactively adapt to change
• Take risks
• Look for ideas everywhere
• See things differently
Pause and Consider Human Behavioral Norms

- Recognize your strengths and your weaknesses
- Recognize human nature
- Understanding how people react in different situations supports clear communication and reduces misunderstandings common in too many audits
Provide a range in which the correct answer falls:

Distance between the Earth and Venus (in miles) 162 Million Miles

Average number of bees in a hive ~50,000

Population of Mauritius 1.29 Million
Which way is the bus going?
An Audit is More Than The Resulting Report and Recommendations

• More than anything, an audit is an opportunity to educate and learn

• Value is created when the impact of your audit goes well beyond the final report.
Tools for Auditing Collaboratively
Effective Meetings

• Using your client’s time effectively and efficiently is critical to a successful audit.

• Every meeting should be planned in advance with an agenda and objectives.

• If pre-work is needed, send it as far in advance as possible.

• Reschedule meetings if you are not prepared.

• Set expectations for yourself and the client

• The “No Surprise” Audit

Session 1 Meeting Agenda Email Template

I scheduled a meeting for [date] for us to get together to discuss the program objectives, performance measures, and risks. I have attached the following for your review:

1) Risk Assessment Worksheet – This is one of the tools we will be using to organize information and determine which areas to focus during the audit. A risk is a potential event or missed opportunity that may negatively impact your ability to meet your business objectives. I filled out this worksheet based on my review of various documents and interviews. At our next meeting, we will discuss this worksheet to make sure it reflects your thoughts. Please do not spend more than a half an hour on this. This is a brainstorming tool and I will be using it to guide our discussion and we will keep building on it.

2) [Title] Process Map – I will be drawing more process maps during the audit to facilitate our communication and make sure I understand your processes accurately.

3) [Status Update]

I also have the following questions:

a) Are there additional performance measures you currently use or you would like to start using?

b) [Additional Questions]

Please feel free to call me if you have any questions.
Risk Assessment

- What it covers:
  - Risk
  - Impact
  - Preliminary mitigating controls
  - Likelihood x Impact = Risk Rating
- Link to process maps

- The foundation of your audit and an effective tool for facilitating meaningful conversation.
Risk Control Matrix

- What it covers:
  - Controls
  - Control Owner
  - Link(s) to risks
  - Manual/Automated
  - Preventive/Detective
  - Fieldwork approach

- Basis for an effective audit program.
- Strategize your testing approach for an efficient, streamlined audit.
- Like the Risk Assessment, should be treated as a living document that changes as you learn more.
Process Maps

- Clearly illustrates the process to ensure shared understanding
- Links to Risk Control Matrix to provide a comprehensive visualization of the entity’s control structure
- Assists in identifying process inefficiencies and opportunities for streamlining and/or cost savings
Collaborative Results

The tools themselves are nothing special…it’s how you use them that matters
Questions

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