

The skills a manager is looking for in their Internal Auditors

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CIPFA CATS Presentation

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The skills a manager is looking for in their Internal Auditors

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School governor in state and independent sector

Career
YTS - Wolverhampton Council / Wolverhampton Polytechnic
South Staffordshire District Council
Bentley Jennison (public sector)
BDO (public and private sectors)

Qualifications

BTEC National / AAT
BA (Hons)
ACCA



RISK: Not having adequate and competent staff in the internal audit activity is a risk that exposes the organisation to inadequate evaluation of the effectiveness of risk management, control, and governance processes.

1. CURRENT ENVIRONMENT
2. OUR APPROACH
3. EXAMPLES
4. STAKEHOLDERS
5. SKILLS
6. CONCLUSION
7. QUESTIONS

1. Current Environment





1. Current environment

- Weak economy
- Massive public sector cuts
- Cost savings include cuts to internal audit budgets
- Commercial organisations not seeing the benefits of IA
- Closing of departments in some businesses
- Do more with less?
- How?

1. Current Environment



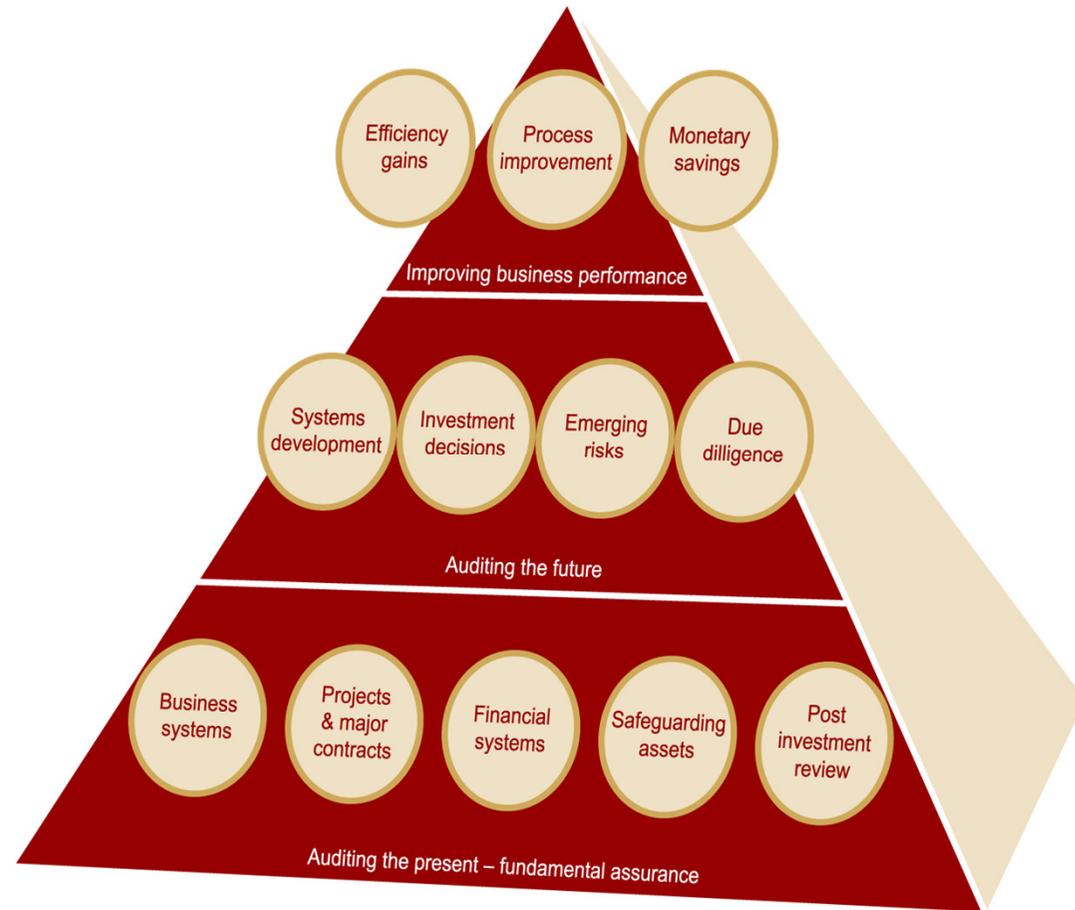
‘There is pressure on all budgets throughout the NHS 5 to 15% reduction in cost base’ - Tim Crowley, Director at Mersey Internal Audit Agency



‘The total resources available to deliver the annual audit plan during 2010/11 reduced by £139k and consequently the number of ‘audit days’ in the 2010/11 plan also reduced (8,100 days compared to 9,024 in the 2009/10 plan). Through prioritising work to the areas of greatest risk and through continuously reviewing and improving processes, the team are ensuring maximise benefit from each ‘audit day’ to provide the assurance required.’

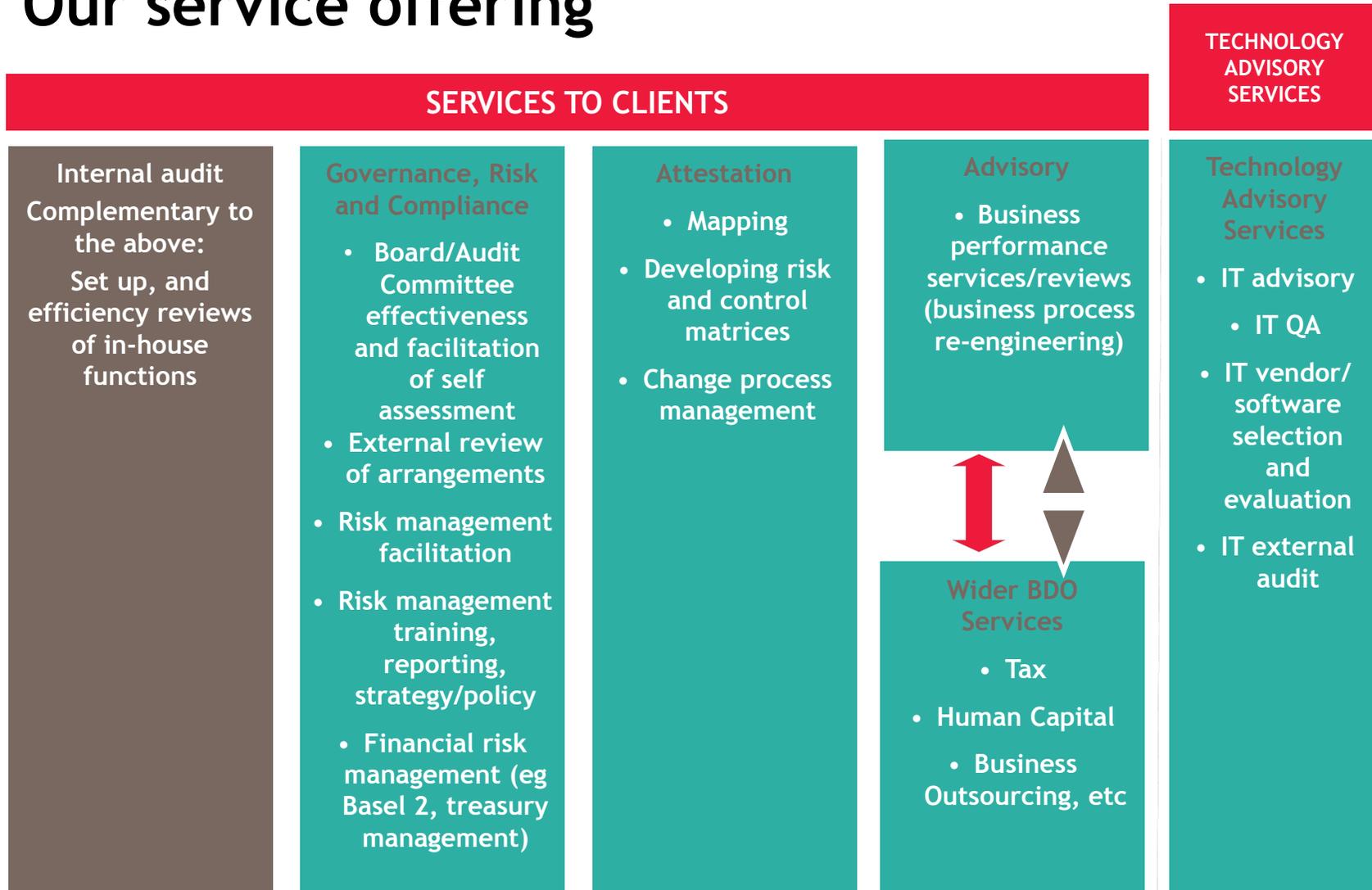
Birmingham City Council 29 March 2011 Finance Overview and Scrutiny Committee

2. OUR APPROACH



2. OUR APPROACH

Our service offering



3. Examples

- Gas Audit
- What should we do?
- Value added?



3. Examples

- Orders raised after invoices received
- How do you audit this?





3. Examples

- Treasury Management
- 2006 - Investing in triple A rated Icelandic banks
- Very high rates of interest
- How do you audit?

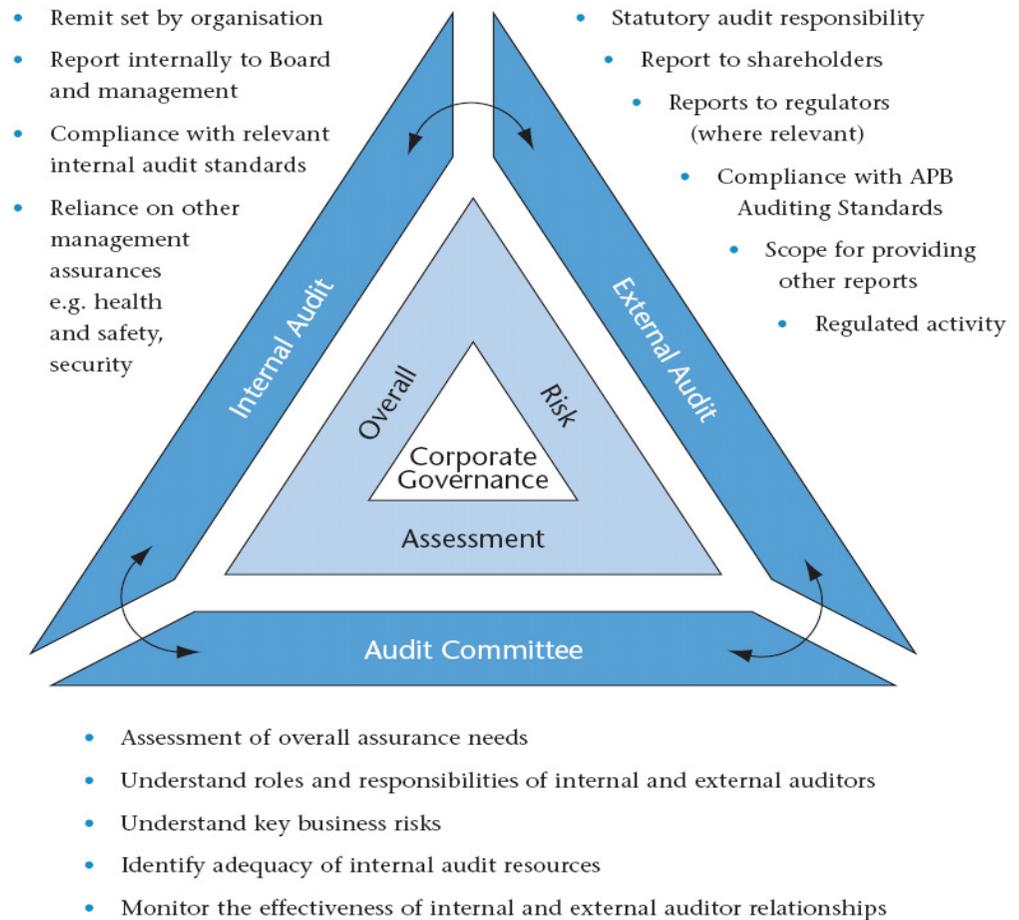
3. Examples

- Strategy - double in size
- Will our structures, systems, procedures and controls remain appropriate?



4. Stakeholders

- Who are you reporting to?
- Ensure expectations are clear
- Right level in the organisation
- Right communication
- IA protocol
- Different people have different agendas



5. SKILL REQUIREMENTS



5. SKILL REQUIREMENTS

- Qualifications
 - CCAB
 - CIIA
 - Degree (Preferable)
 - Other wider skills
 - Tax - For SAO
 - Environmental
 - IT
 - Other wider skills



5. SKILL REQUIREMENTS

Government Internal Audit Competency

- Leadership
- Core skills
- Internal audit and other professional skills
- Broader experience

This competency framework for the Government Internal Audit Profession is designed to help auditors and their managers to:

- identify existing skills and experience,
- identify where there are gaps and
- help plan longer term career paths which ultimately enable internal auditors to
- pass through the career gateways into G7 and Senior Civil Service posts.



5. SKILL REQUIREMENTS

7 Competencies

- Risk, control and governance
- Audit strategy
- Management of audits
- Audit reporting
- Communication
- Government environment
- Professional development

3 Levels

- Internal auditor
- Lead auditor
- Senior audit staff





5. SKILL REQUIREMENTS

THE IIA's view

The staffing option taken should result in an internal audit team that possesses the skills necessary to meet the group's objectives. Ideally, the audit activity should comprise individuals with diverse backgrounds, skill sets, and experience to provide adequate control assurance to support the business on a broad range of risk and internal control matters.



5. SKILL REQUIREMENTS

THE IIA's view

Increasingly internal audit activities are performed by **multi-disciplinary teams** that include engineers, accountants, management graduates, and even environmental specialists who reflect a broad range of today's assurance needs.

Also, information technology audit experts are a core component of modern-day internal audit activities. It very well might not be possible to accommodate all the requisite technical skills in-house.

5. SKILL REQUIREMENTS

THE IIA's view

Therefore, the Head of IA should be empowered to obtain assistance and support from experts outside the organisation as needed.

Control self assessment, facilitation, and risk and internal-control training are increasingly falling under the purview of internal auditors. As such, to be their most effective, they must demonstrate:

Strong interpersonal skills.

Effective oral and written communications skills.

Good coaching and group leadership skills.

The ability to influence at all levels.

5. SKILL REQUIREMENTS

- Remember your role and be commercially aware
- Communicate thoroughly what you are trying to do - Clients do not receive internal audit every day
- Understand pressures people are under
- Remember how the message you deliver will be received
- How will people deal with the message
- Message needs to be strong
- Criticism sandwich
- Emotional maturity
- Build up personal relationships
- The power of silence
- Confidence - in abundance



5. SKILL REQUIREMENTS

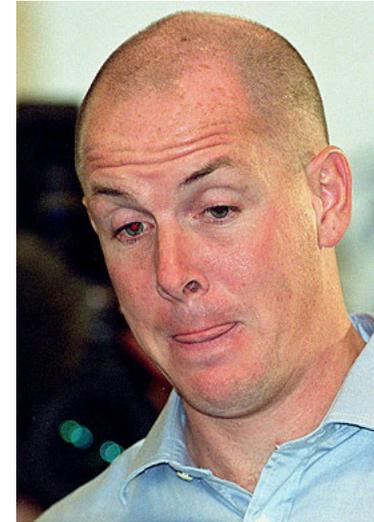
- Remain up to date
- National media
 - Radio 4
 - Quality Broadsheet
 - Trade press
 - Conferences
- Understand how the issues relate to your clients
- Talk to them about issues
- Amend audit approach



6. CONCLUSION

The skills a manager is looking for in their Internal Auditors

- Ever changing
- Focus on the process agreed
- Focus on your objectives
- Listen/listen/listen 'less is more'
- Be prepared to modify approach, if presented with a compelling argument
- Check actions with superiors
- Have fun/be happy
- Produce excellent product





7. QUESTIONS

