

# LESSONS THAT CAN BE LEARNED FROM ROLE MODELS

## Introduction

The common perception of an internal auditor by a department that has never been subject to an audit before is that “Godzilla is coming to town.” This conjures images of Japanese movies where a giant fire-breathing reptile sets their sights on Tokyo with mass hysteria and panic setting in and people fleeing.

What can we as internal auditors do to improve our image and our audit approach? Quite simply, we must look at internal auditors who came before us, role models, companies, the Internet, films and even our surroundings to raise our profile and improve the way we do things.

## Role Models

Dr Sarah Blackburn (Managing Director of Wayside Network) set the standard as far as internal audit relationships were considered when she compared the relationship between a doctor, patient and child patient as opposed to a vet, pet-owner and pet. To find out more about this analogy, one should read “Blackburn SK and Bell CB (1999) – A Practical Guide to Internal Auditing, London, Accountancy Books Pg 2052”.

Basically, the internal audit relationship between an auditor and auditee needs to be nurtured and cared for and it will develop over time. This can be compared to the relationship between a gardener and his flowers. Seeds are initially planted, the gardener waters the seeds, slowly afterwards buds tend to grow and later a flower blossoms. We need to emphasize that an internal auditor’s role is to provide an independent assessment of a process and make value added recommendations, which seek to improve the process. Nowadays, the consultancy approach is used as opposed to the “Grim Reaper” approach, which used to result in the employee losing their job.

Individuals such as Dr. Sarah Blackburn, Professor Andrew Chambers and Mike Comer (renowned throughout the world for his experience on fraud investigations) are the trailblazers and trendsetters, the Captain Janeways, Jean Luc Picards and James T Kirks of the internal audit and fraud investigation world. Internal Auditors should seek to learn from their teachings and improve their approach and their audit programs.

## **Continuous Improvement**

Sainsbury's has gone from strength to strength since it first came into being. Some examples of improvements may be the introduction of services such as online grocery shopping and more customer friendly uniform. Internal Auditors can learn a lot from this organization. For example, the Audit Department should have some sort of client satisfaction form completed after each audit. This will enable the department to undertake a SWOT analysis of itself and how best to improve its service and delivery. Auditors should also undertake competition and marketing audits to address the risk termed as Terra Incognita (the uncharted landscape of tomorrow). This will help the organization realize where its niche markets are and how it may be performing in relation to its competition.

## **The Internet**

Jim Kaplan's Auditnet ([www.auditnet.org](http://www.auditnet.org)) is the place where auditors share programs across the world and answer each other's queries via the discussion lists. This is the place that internal auditors go to leave their memories behind, much like Mr. Spock did to Dr. Mc Coy with his Vulcan mind meld in the Star Trek movies. Internal Auditors can learn a lot from this site. The primary lesson that they can learn is the maintenance of a database in their own organizations with audit programs, reports and new publications. Succession planning audits should also be undertaken because when good employees leave organizations, they do so with the intellectual capital still in their heads.

## **Sports Entertainment**

Vince Mc Mahon JR revolutionized the world of sports entertainment and professional wrestling with the creation of Hulkamania in 1984 and since then the legacy has kept on going. Here in the ring, the public are subjected to amazing feats of strength, dazzling displays of ability with individuals flying through the air and interesting dialogue delivered by wrestlers such as the Rock and Chris Jericho.

What can internal auditors learn from this scenario? We can seek to improve our presentation skills and selling skills especially when it comes to risk facilitation workshops and tender presentations. During a risk facilitation exercise, the audience may consist of individuals who have never heard of risk management before. The presenter therefore needs to adopt a lateral thinking approach and provide interesting examples instead of technical jargon. Many delegates at risk facilitation workshops claim to find the workshops interesting but when it actually comes down to creating a risk register cannot remember anything from the event due to the jargon used. Auditors therefore need to make the workshops or presentations as interesting and as different as possible to ensure that the audience retains some sort of understanding.

## **Film**

Aishwarya Rai (the Indian actress) who is perceived by many individuals to epitomize beauty and femininity has dazzled audiences throughout the world with her spellbinding performances in Indian films such as Devdas with its spectacular sets and lavish outfits. Similarly, the Lord of the Rings trilogy has captivated audiences with the stunning scenery of New Zealand, the spectacular special effects and wonderful storylines.

What can internal auditors learn from this?

The characters for example the elves and say the Indian actress mentioned above, carry themselves in a very regal way (a form of self governance). Internal Auditors need to learn, especially in the post-Enron/WorldCom world that corporate governance and corporate reputation are very important topics and are classified as strategic risks. Therefore any audit needs assessment would need to look at these two areas. Similarly, an alcoholic who overindulges on spirits may experience the pleasure of drink but they are damaging their liver at the same time. Auditors could learn from this example by undertaking an audit on corporate social responsibility.

Lavish outfits bring to mind the image that one portrays and links into audits on marketing and reputation. Internal Auditors could seek to create dazzling spectacles with their clothes. For example, some auditors choose to adopt an Italian look with their suits or spend heavily on suits, ties and shirts so that they may command an audience's attention. Appearance helps, but the internal auditor should also display some kind of enthusiasm about their job. This does help to win over auditees to their side.

With respect to scenery, location or the actual address of the headquarters of an organization can be deemed to very important. For example, an address such as Scotland Yard would be seen to be prestigious as it conjures images of the pipe smoking Basil Rathbone in the black and white Sherlock Holmes movies. Location and address therefore play an important part in reputation management.

## **Conclusion**

Internal Audit has evolved a great deal since when it first came into being. The inspectorial approach has changed to a consultancy approach and internal auditors are being more involved in tackling strategic, legal, HR and regulatory risks as opposed to the typical financial systems audits. To continue to improve, internal auditors need to learn lessons from the media, role models, the Internet and their surroundings.