

# Learning Internal Audit

*Through Stories & Poetry*

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# The 1<sup>st</sup> Story:

## The Story of the Shepherd



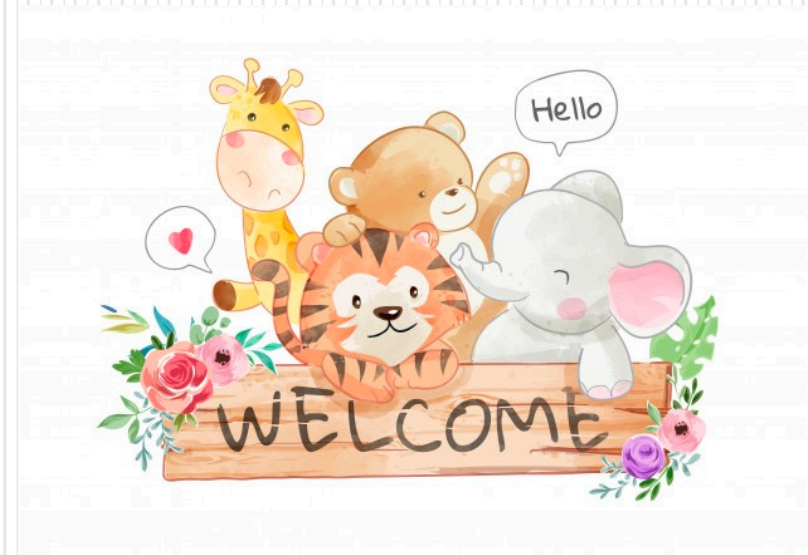
# Lessons from The Shepherd's Story

Lesson 1.1:

Are you an uninvited guest?

How can you make yourself welcome?

- Consider adding value:  
Making work easier,  
processes simpler and  
controls easier to understand.
- Consider networking and  
getting to know the auditee  
better.



# Lessons from The Shepherd's Story

Lesson 1.2:

Are we telling them what they already know?

- Bring new insights from lateral and contemporary learning
- Use analytics and other tools to find out trends, patterns and deviations

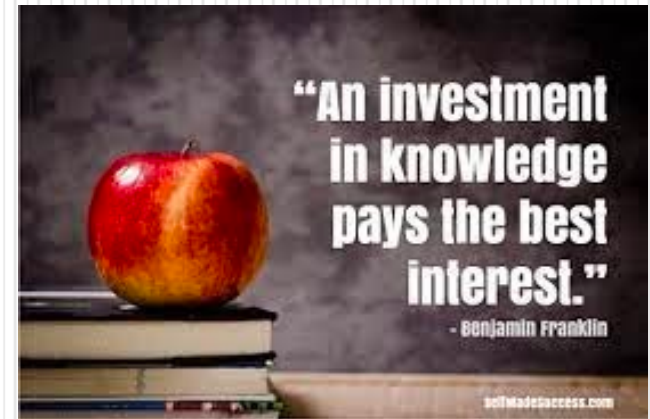


# Lessons from The Shepherd's Story

Lesson 1.3:

Do we really know the business or the function that we are auditing?

- Invest in learning about the business, latest developments, economic environment and the competition.
- Demonstrate humility – acknowledge that you may not know as much about the business, but you know about your subject matter – risks, controls, fraud alerts, governance etc.



# The 2<sup>nd</sup> Story

The Story of the Obamas  
(Facts not validated, but a good story  
nevertheless)

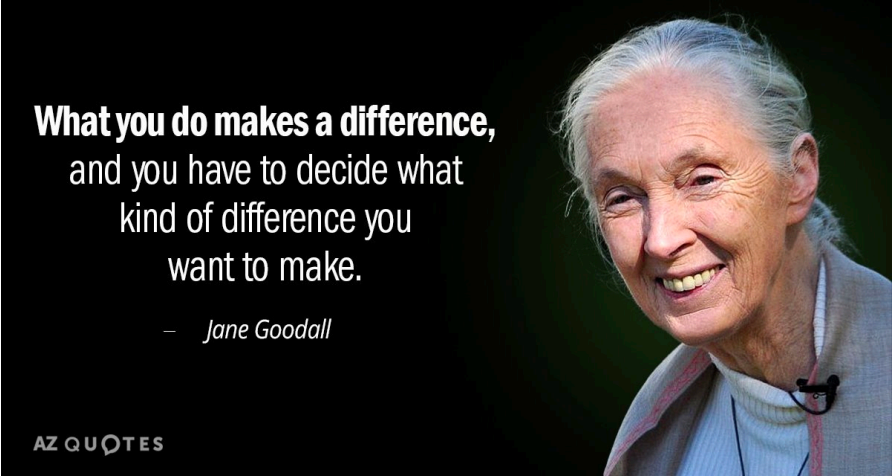


# Lessons for The Obama Story

## Lesson 2.1:

Do we have the confidence and conviction that we make a difference?

- Shift your primary focus to making a significant difference to the auditee – this will change your tone of conversations and manner of reporting.
- If you feel you are not making a difference, change what you are doing or Quit the assignment.



**What you do makes a difference,**  
and you have to decide what  
kind of difference you  
want to make.

– *Jane Goodall*

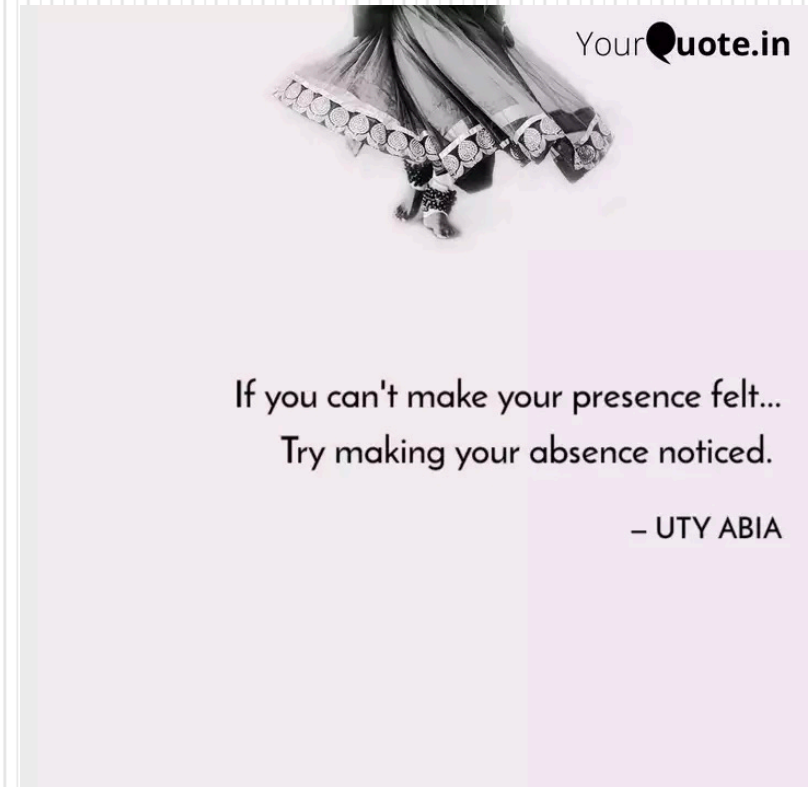
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# Lessons for The Obama Story

## Lesson 2.2:

What are we doing to give visibility to your work?

- Engage effectively in senior management meetings and Audit Committees
- Bring refreshing new trends and stories to the forum – keep updated on the latest in the field.



# Poem 3:

## The Poem “The Cookie Thief”



# Lessons from “The Cookie Thief”

Are we objective and unbiased in our audit approach?

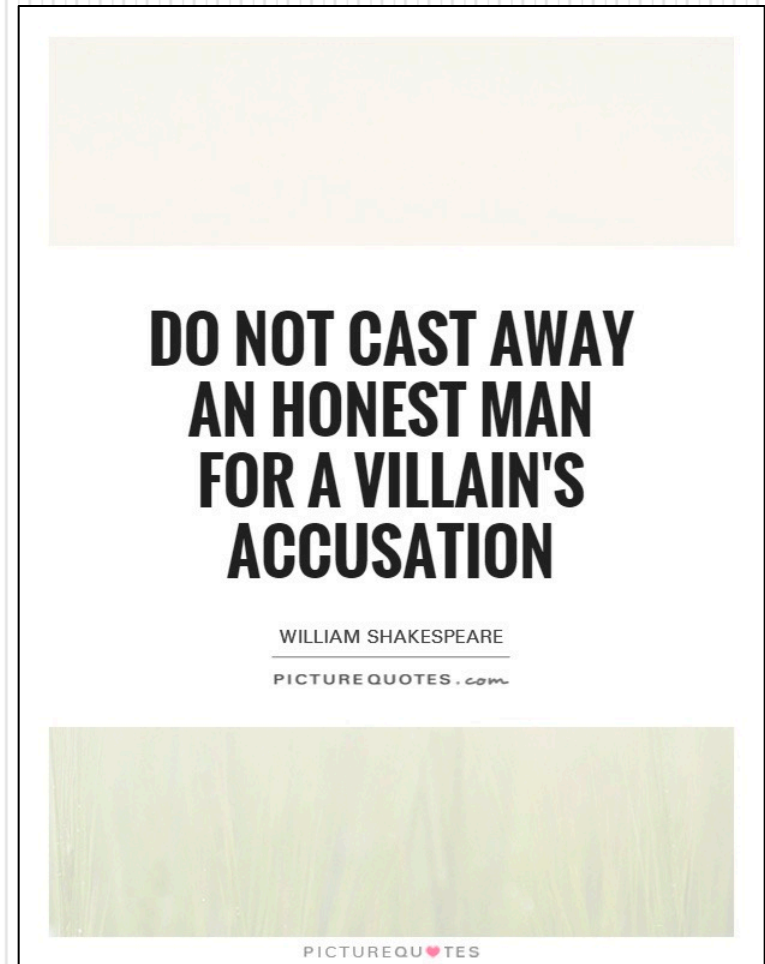
- Get your perspective right
- Don't have forgone conclusions – approach an audit with an open mind
- Treat others as you would like to be treated



# Lessons from “The Cookie Thief”

Before making an accusation, do you double check your facts and evidences?

- An auditor can sometimes ruin someone’s career by making a half-baked allegation – we need to take care that we do not do so.
- Admit your mistake (or miss-out), if you have made one.



# Story 4:

## The King and The Pond of Milk



# Lessons from The King Story

Are you disappointed that you are not able to find frauds?:

- Don't look for frauds, look for temptations.
- Look for fraud alerts in data
- Know where to apply controls, check points, cameras and security guards



Draw from day to day observations to conduct smart audits



# Lessons from The King Story

Have you spent time understanding the culture of the organization?

- No amounts of controls can correct a bad culture – have the courage to spot character defects in an organization
- If you understand culture, you master Internal Audit



# Lessons Summarized

- Make yourself welcome
- Tell them what they don't know
- Invest in understanding the business of the auditee
- Have the conviction that your presence will make a difference
- Make your presence felt
- Be objective and unbiased
- Don't express doubts as allegations
- Understand Human Nature to prevent frauds
- Make systems 'temptation' proof
- Identify temptations to detect frauds
- Understand organization culture to master Internal Audit



# A Message for Internal Auditors.....

