



Internal Auditors as Trusted Advisors

**Leveraging Trust to Foster
Organizational Success**

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Agenda

- Internal auditors as “Trusted Advisors”
- Attributes of outstanding internal auditors
 - Personal
 - Relational
 - Professional



Trusted Advisors



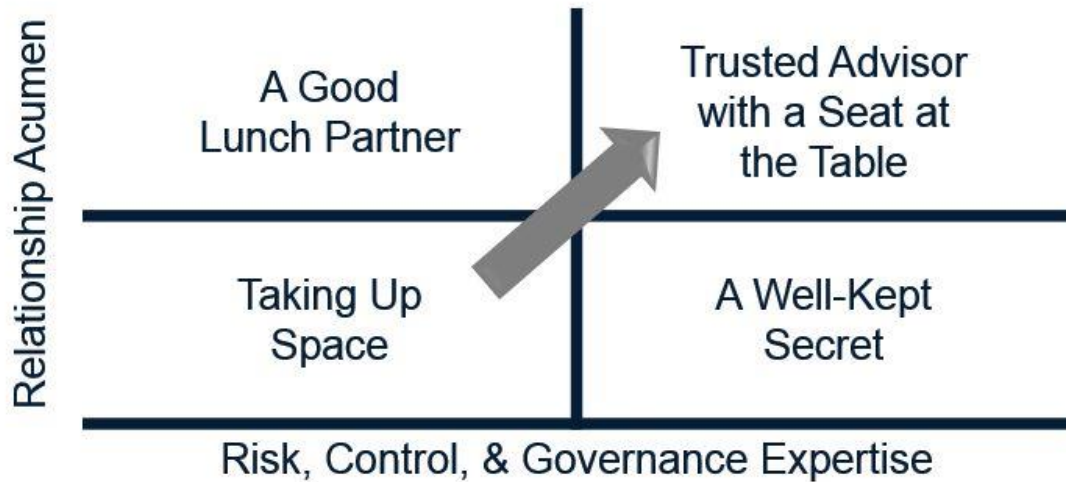
- Internal auditors as “Trusted Advisors”
- The essence of trust
- Attributes of outstanding internal auditors:
 - Personal
 - Relational
 - Professional
- Cultivating Trusted Advisors

The Essence of Trust

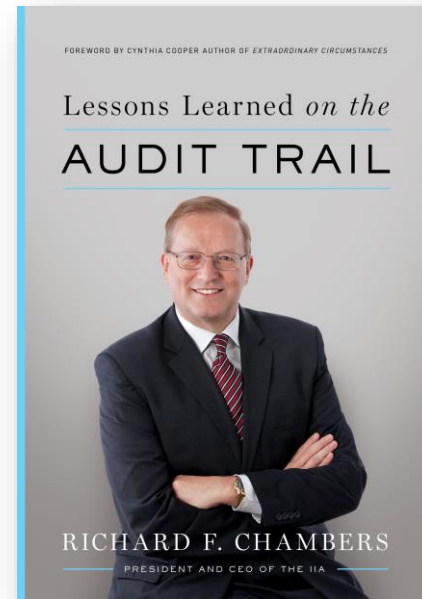


- Trust must work both ways.
- We must be **reliable, truthful, able,** and **strong.**
- The best share attributes that win and sustain trust.
- The very best are trusted, whether providing advice or assurance.

Attributes of the Trusted Advisor: Evolution of the Model

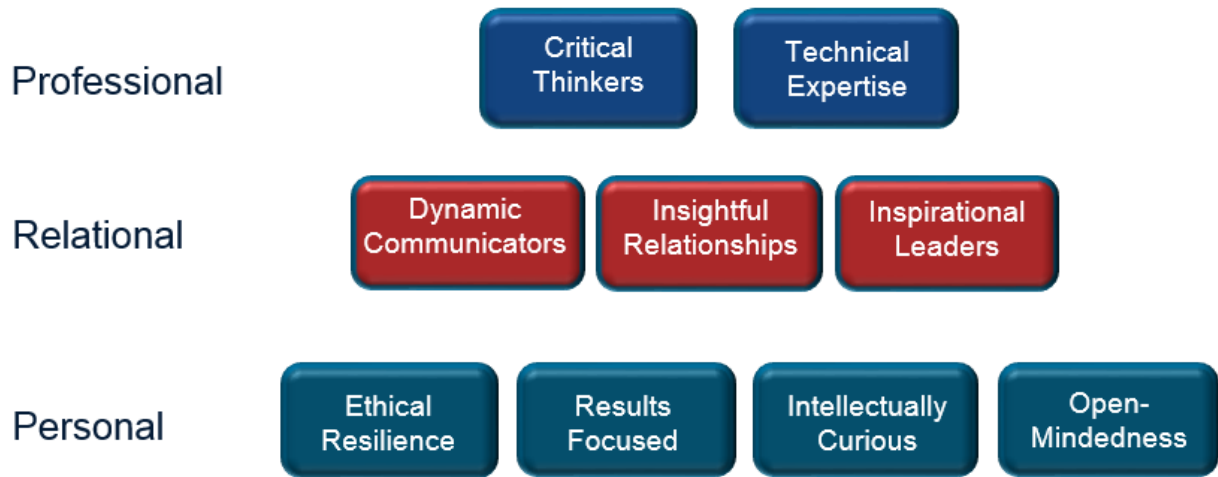


Source: *Lessons Learned on the Audit Trail*

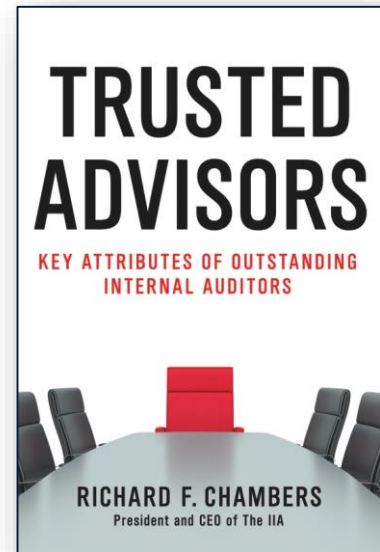


2014

Attributes of the Trusted Advisor: Evolution of the Model



Source: *Trusted Advisors – Key Attributes of Outstanding Internal Auditors*



2019

Personal Attributes



Ethical Resilience



- Ethical commitment among top 3 attributes
- Ethical behaviors
 - Integrity
 - Courage
 - Accountability
 - Trustworthiness
- Willingness to “throw the flag”
- Shatterproof house
- Pressure to change audit findings

Results Focused



- 88% rated this attribute as critical.
- Obsess over:
 - What happens after the audit?
 - Was there an impact?
 - Was there productive/beneficial change?
 - Did I drive improvement?
- Master foundational sub-traits
 - Work ethic
 - Productivity
 - Timeliness
 - Determination

Intellectually Curious



- It's not enough to know what happened.
- Obsess over why – the root cause!
- Follow the risks.
- A dose of healthy skepticism.
- Leverage intuition.
- CQ (Curiosity Quotient) = “hungry mind.”

Open-Mindedness



Hindsight

Insight

Foresight



Open-mindedness

- Credibility comes from open-mindedness, flexibility, and reasonableness.
- Habits that will impede trust:
 - Dwelling on the past.
 - Not getting to the bottom of issues.
 - Not taking a myopic view on recommendations.
 - Forgetting to get input from those you are auditing.
 - Viewing the world in black and white.
- A hiatus can foster an open mind.

Relational Attributes



Dynamic Communicators



- 95% rate communication skills as essential.
- 45% say more training is needed.
- “Soft side” vs. “technical side” is most critical.
- 5 words or phrases to avoid:
 - “Failed”
 - “Inadequate”
 - “Ineffective”
 - “We found”
 - “It appears”
- Right tone is essential.
- “We agree with the recommendations, but not the findings.”

Insightful Relationships



- Sustained trust is rooted in relationships.
- It's not a popularity contest.
- Relationship-building starts within internal audit.
- Relationship acumen is critical:
 - Positive intent
 - Diplomacy
 - Prescience
- Rotational assignments yield strong relationships.

Inspirational Leaders



- Inspirational leaders:
 - Articulate a motivational vision.
 - Think in ways that inspire others.
- Converting thoughts to actions:
 - Share the experience/let others lead.
 - Coach others to greatness.
 - Build teams/promote teamwork.
 - Employ purposeful emotion.
 - Address challenges.
 - Earn and extend trust.
- Sports coaches can be great leaders.

Professional Attributes



Critical Thinkers



- Use “reasoning and logic, not emotion, to evaluate information and consider alternatives.”
- Interconnected with intellectual curiosity.
- Make sense of information generated by curiosity.
- Being skeptical is integral to critical thinking.
 - Healthy
 - Credible
- Obstacles to critical thinking: bias, speed, ambivalence

Technical Expertise



- Becoming a Renaissance auditor.
- “Knowing your beans.”
- 3 keys:
 - **Know your business.**
 - **Know your industry.**
 - **Know technology.**
- You are never too important to learn.

Cultivating Trusted Advisors



Cultivating Trusted Advisors



- Outstanding Internal Audit departments:
 - Foster a culture of trust.
 - Recruit, reward, and retain Trusted Advisors.
 - Are valued for the role they play in the enterprise.

Cultivating Trusted Advisors



- Trusted advisors are not born – they are nurtured:
 - **Training**
 - Communications
 - Intellectual curiosity
 - Critical thinking
 - Leadership
 - Industry risks
 - Technology
 - **Coaching**
 - **Mentoring**

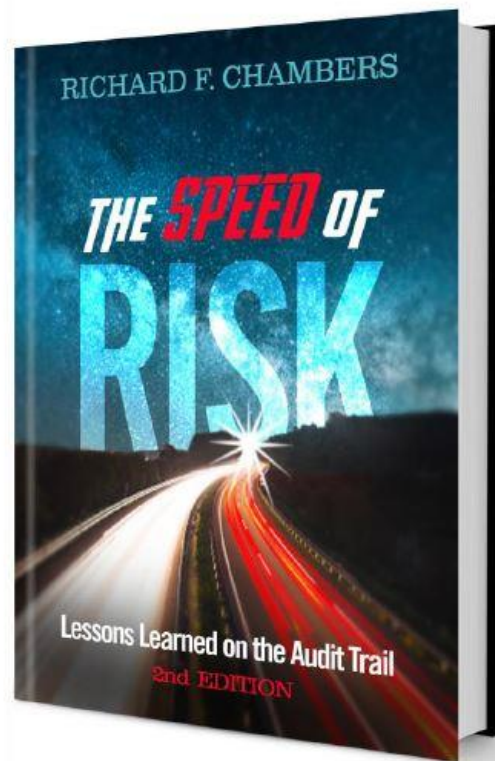
Remaining the Stakeholders' Confidant

- Internal audit must evolve – or it will perish.
- Today's heroes can become tomorrow's has-beens.
- The future is awe-inspiring.
- Trusted advisors must continually challenge and reinvent themselves.



Coming in March 2019

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Thank You!

The Institute of Internal Auditors

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