

# **Larry Hubbard & Associates**

## **The Internal Auditor's Role in Corporate Governance**

### **Course Outline**

#### **Course Description**

This seminar will provide participants with the key concepts and challenges related to corporate governance. The seminar explores the internal auditor's role in helping the Board define and implement processes to measure progress toward organizational objectives and prevent catastrophic management failure.

Internal Audit has a key governance role, as the Keeper of the Cube. Someone in the organization needs to understand and orchestrate the flows of information from all the different operational, compliance, financial reporting and even strategic initiatives – and Internal Audit is in a key, unique role to do that. The seminar is based on the COSO definition of internal control and enterprise risk management, but also explains why all definitions of risks and controls contain the same components, and it's not about process flow.

Finally, we'll discuss the indicators of fraud, internal audit's unique role preventing and detecting fraud, and why real, organization-threatening fraud is integrally related to corporate governance at the highest level – the real risk of fraud is not in cubicles (that is called occupational fraud), it is in corner offices (that brings good companies to the ground).

#### **Objectives**

- Provide a practical understanding Corporate Governance
- Relate Corporate Governance to ERM, internal controls, SOX and all the other control initiatives in the organization
- Define the audit departments role in Corporate Governance
- Understand the indicators of occupational fraud, and indicators of management fraud
- Prepare a post-training implementation plan to make it happen
- Share current issues, challenges, and emerging practices in internal auditing and corporate governance

#### **Benefits of Attending**

Corporate Governance exists in every organization -- it can "just happen," or it can be planned and orchestrated. This seminar will show why governance should be a planned process, and that internal auditors are in a unique and key role to help the planning process. We auditors are not responsible for Corporate Governance (CG), but our Standards for Professional Practice make it mandatory what we understand and review the CG process, and we are clearly right in the middle of making good CG work. This could be Audit's chance to be viewed as truly helpful to the organization. Some organizations will spend lots of money hiring consultants to help implement best practices in Corporate Governance – this seminar will help you maximize that money and better direct the work of those consultants - you need to know why, in CG, a best practice for one company may be a worst practice for your company.

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#### **Intended Audience**

This seminar is designed for internal auditing personnel seeking to gain a practical understanding of Corporate Governance and the role on internal auditors. This seminar is especially valuable when all the internal audit team members from an organization attend together.

If done right, improving the Corporate Governance process is the hardest project some departments will ever tackle – it deals with implementing processes that monitor the very people that run an organization from the corner offices. It is not for an audit department that is faint of heart.

#### **Class Format**

The training is conducted through lecture, small and large group discussions, case studies, and practical exercises. Participants are encouraged to discuss their approaches and share their knowledge with others. This training is much more of a “workshop” than a formal lecture. Come prepared to participate!

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##### **1. Corporate Governance Overview**

- The definition of corporate governance
- Key principles of corporate governance and best practice
- Roles in corporate governance
- The Board as the pivotal point in corporate governance; helping the Board define the CG process
- “Tone at the Top”
- Organization culture, business environment and key players
- Internal governance processes

##### **2. How enterprise risk management, internal control and corporate governance processes work together**

- The COSO framework; its benefits to corporate governance
- The COSO enterprise risk management framework
- The US Sarbanes-Oxley Act of 2002 – COSO framework
- Other insights into risk management, internal control and governance processes
- The responsibilities of the board, management and internal audit for risk management and internal control
- Linking governance, risk and control frameworks and enterprise risk management to support corporate strategic direction

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#### 3. ***Audit's responsibilities***

- The new definition of internal auditing
- Audit as a proactive participant; roles and responsibilities
- Internal Audit relationships with audit committee, senior management and external auditors
- Independence and objectivity
- Assessing internal audit effectiveness

#### 4. ***Audit Committee***

- Audit Committee Charter, responsibilities and procedures
- The Audit Committees responsibility for risk management and internal control
  - providing assurance to the board on the effectiveness of risk management and internal control
  - annual opinion on internal control
  - Control Self-Assessment (CSA) and its implications for the Audit Committee and internal audit
  - Building effective whistleblower programs
- Examine the short and long-term implications to internal auditing

#### 5. ***Corporate Fraud***

- What it is; how it links to corporate governance
- Management fraud risk indicators
- Roles of Management and Internal Audit (e.g. fraud control policy and framework, fraud detection, prevention and investigation)

#### **Administration**

No advance preparation or prerequisites are necessary for this course but a basic knowledge of internal controls will be useful. The program level is basic. The delivery method is Group-Live and 15 CPE hours in the Auditing field of study are available.

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