

Achieving Board Assurance – Harnessing the power of Internal Audit

Speaker

Liz Sandwith *Chief Professional Practice Advisor, Chartered Institute of Internal Auditors*

Panellists

Sarah Bray *Chief Compliance Officer*

John Sutherland *Chair of Audit Committee, European Investment Bank*

Revised UK Corporate Governance Code puts staff diversity and **corporate culture** firmly on the agenda. Boards need assurance that, having set the culture, corporate values are reflected in everyday behaviour. Internal audit (IA) can provide this assurance.

Bonuses can drive wrong/unhelpful behaviour

Chair *should be* most powerful person in the organisation – if ineffectual, Senior Independent Director can facilitate removal.

How does IA demonstrate Value for Money (VfM) to Audit committee Chairs:-

- Ask external audit (!)
- Increase understanding of business
- Specific VFM audits

The three lines of risk defence model:

1. Functions that own and manage risk
2. Functions that oversee or specialise in risk management, compliance, etc
3. Internal Audit

Risk in Focus 2020 – this year’s hot topics (Cyber, unsurprisingly Number One!)

Cybersecurity & data privacy: rising expectations of internal audit	
The increasing regulatory burden	
Digitalisation & business model disruption	
Looking beyond third parties	
Business resilience, brand value & reputation	
Financial risks: from low returns to rising debt	
Geopolitical instability & the macroeconomy	
Human capital: the organisation of the future	
Governance, ethics & culture: the exemplary organisation	
Climate change: risk vs opportunity	

Looking beyond third parties, i.e. suppliers into own supply chain

Climate change – yes a risk but also massive opportunity!

Achieving Board Assurance – Harnessing the power of Internal Audit

Governance Codes – e.g Wates Principles – can adopt “best practice” even if you don’t **have** to.



Wates-Corporate-Governance-Principle:

Excellent book - Driven to the Brink_ Why Corporate Governance, Board Leadership and Culture Matter



Driven to the Brink_ Why Corporate Gov

Recent FT Letter - Supreme Court ruling chimes with company directors’ liability _ Financial Times



Supreme Court ruling chimes with c

Just as the Supreme Court found the prorogation unlawful because Boris Johnson failed to provide a reason for its extended length, so the courts will scrutinise whether directors provide a rational explanation for the course of action they adopt. If they cannot, liability can follow. If they can and they have followed a reasonable process in making their decision, the law is likely to exculpate the director and therefore maintain and protect director authority.