Understanding and Auditing Corporate Culture

A Maturity Model Approach

Angelina K. Y. Chin, CIA, CRMA, CPA

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Culture is a highly valuable asset, difficult to replicate, and a powerful competitive advantage when aligned with corporate strategy. The actions of an organization and its employees are influenced by a set of dynamic factors that are collectively known as their corporate culture. Those factors include the organization's leaders' vision, mission, values, and beliefs; leadership and management styles; relationships among the teams and with partners, suppliers, and customers; the industry environment; and geographical locations.

This book uses a maturity model to illustrate different levels of corporate governance infrastructure and internal audit function maturity at an organization and the associated assurance and advisory services. As the third line of defense, internal audit can play a vital role in culture risk assessment and management by:

- Assessing risks
- Providing assurance and advisory services
- Offering a point of view on the state of culture
- Sharing insights
- Monitoring culture
- Validating culture risk mitigation activities.

Culture is driven primarily by leaders' behavior and actions (tone at the top). What leaders do, what they accept, what they reject, and what they reward—these are the factors that ultimately shape company culture. Investment in culture is a continuous, long-term commitment. Culture will always remain a work in progress. Auditing culture is a marathon, not a sprint!

About the Author
Angelina K. Y. Chin, CIA, CRMA, CPA, is a retired executive of General Motors Company and Federal Reserve Bank of Chicago. She has 40 years of global audit and leadership experience in businesses and operations. Angie has been active on various IIA boards and committees and currently serves on the Internal Audit Foundation's Committee of Research and Education Advisors (CREA). She co-authored and reviewed many IIA Practice Guides and publications, including Sawyer's Internal Auditing: Enhancing and Protecting Organizational Value, 7th Edition, in 2019.
This has been a historic year to be an internal auditor!

The disruption of 2020, influenced by the COVID-19 global pandemic, social injustice, and economic uncertainty, posed new challenges to the profession. While remote audits, new technology, rising expectations from stakeholders, and emerging risks presented obstacles for organizations and audit functions, they also created opportunities for internal auditors to demonstrate their value.

To help practitioners pivot to a new reality and respond to these significant challenges and opportunities, the Internal Audit Foundation quickly developed various new resources complementing our content offerings.

In addition to our comprehensive research and educational publications, the Foundation firmly believes in the importance of investing in the next generation of the profession by supporting academic initiatives.

This year-end report highlights some of our activities in 2020.

Without the collective generosity and support of our donors, partners, and Leadership Society members worldwide, our work would not be possible. Thank you for your support and involvement; it has been critical to the Foundation and our work to advance the profession.

With immense gratitude,

Internal Audit Foundation Board of Trustees
2020 has been a busy year for the Internal Audit Foundation!

Our research, educational publications, academic grants, and scholarships have benefited practitioners, students, and educators. Here we highlight some of the many ways we have helped internal audit professionals and the next generation of practitioners.

Foundation publication helps an internal audit function develop a customized approach for agile auditing.

“As we listened to others speak about the agile auditing methodology, it seemed to provide meaningful improvements in audit process efficiency, client engagement, and audit deliverables. Initially, we thought we might bring in a consultant to assist us with this in our practice. However, with the help of *Agile Auditing: Transforming the Internal Audit Process*, we were able to develop our plan, conduct in-house training, and successfully implement a customized approach to agile auditing. It has quickly proven to be superior to our old-fashioned ‘waterfall’ audit approach. The book is well written, easy to follow, and you cannot beat the ROI!”

Kevin L. Cantrell, CIA, Vice President, Internal Audit, Plains All American Pipeline, L.P., talking about *Agile Auditing: Transforming the Internal Audit Process*, a publication sponsored by IIA–Chicago and IIA–Kansas City. The Executive Summary was sponsored by IIA–Chile and is available in English and Spanish.

Research funded by the IIA–Dallas Chapter and practitioners proves value-added.

“We at the IIA–Dallas Chapter knew this was the right research, the right topic, and the right time. Becoming a sponsor of this report was the right thing to do. It provides important advice on how to define and measure your added value as an internal auditor, and how to communicate that value to your stakeholders.”

Chris Lewis, CIA, CRMA, IIA–Dallas Chapter Immediate Past President, talking about *Defining, Measuring, and Communicating the Value of Internal Audit: Best Practices for the Profession*, a research report generously sponsored by the IIA–Dallas Chapter along with donors from all around the globe.
The Foundation commissioned research to assess the state of internal audit competency globally.

The Foundation and its research partner, Deloitte, fielded a global study exploring the state of internal audit competency and complementing the release of The IIA’s Internal Audit Competency Framework®.

The information collected will help identify competency gaps and guide the development of training opportunities for practitioners to advance in critical skill areas.

FLAI finds value in content collaboration to meet member needs during a pandemic — regionally and globally.

The Internal Audit Foundation is fortunate to have many global partners who support our mission of promoting and advancing the value of the internal audit profession globally. As part of the Foundation’s new COVID-19 Content Series, the Latin American Foundation of Internal Auditors (FLAI) sponsored the report, A Blueprint to Managing Corporate Fraud Risk During a Pandemic. While FLAI had previously sponsored the translation of existing Foundation research and publications, this was the first time they sponsored original content.

“We are happy to support this project, and we appreciate that the Foundation offers this type of opportunity. This was a new way for us to generate content and knowledge for the internal audit practitioner, and we are interested in contributing to the global fight against fraud and corruption.”

Jorge Badillo, Chairman of the Board, FLAI
Academic fund supports grants that give students a competitive edge.

"Thank you to the Internal Audit Foundation for your generous contribution to the IAEP program within the Albers School of Business and Economics at Seattle University. This grant, and others you have provided in the past, continue to help Seattle University remain on the cutting edge of internal audit research and education. Your support allows us to develop curriculum and programs that give our students a significant competitive advantage."

Joseph M. Phillips, PhD, Dean and Professor of Economics,
Albers School of Business and Economics, Seattle University

Barrett grant recipient makes long-term commitment to advance the profession.

The Barrett Doctoral Dissertation Grant, awarded annually, supports PhD candidates who are researching and exploring topics of significant impact and relevance to the profession.

"I am eternally grateful for the generous financial support from the Internal Audit Foundation. Being awarded this grant provided a phenomenal boost to my PhD journey. This prestigious award is a recognition of my contribution to the study and practice of internal auditing. I have a strong passion for teaching in institutions of higher learning, and I will actively teach and promote the study of internal auditing after completing my doctoral program."

Sebastian Piroro, 2018 Michael J. Barrett Doctoral Dissertation Grant Recipient
Understanding and Auditing Corporate Culture: A Maturity Model Approach

Angelina K. Y. Chin, CIA, CRMA

(Release date March) (112 pages)

This publication uses a maturity model to illustrate different levels of culture maturity at an organization and the associated assurance and advisory services. The model can be customized for each organization.

Moving Internal Audit Deeper Into the Digital Age: Part 2 – What Internal Audit Needs to Think About When Auditing Automation

An Internal Audit Foundation and Deloitte Collaboration

(Release date March) (24 pages)

As companies embrace change through automation, internal audit organizations must follow suit and adapt their approach to the expanding digital landscape. Now is the time for internal audit to embark on the automation journey alongside the business.

Privacy and Data Protection: Part 1 – Internal Audit’s Role in Establishing a Resilient Framework

Pamela S. Hrubey, CCEP, CIPP/US, and R. Michael Varney, CPA, CIA

An Internal Audit Foundation and Crowe Collaboration

(Release date March) (28 pages)

This report helps internal auditors assess their current level of preparedness regarding privacy and data protection issues, particularly as their approaches relate to the present state of the profession overall.
4. COVID-19 and Internal Audit: Preparing for the New Normal in 2020 and Beyond
Deborah F. Kretchmar, CIA
COVID-19 Content Series
An Internal Audit Foundation and AuditBoard Collaboration
(Release date April) (12 pages)

Going forward, COVID-19 will change how internal auditors think about and communicate many of the risks they may not have fully contemplated before. This report provides them with practical direction as they work through the impacts.

5. Evolving Cyber Risks in a COVID-19 World
Toby DeRoche, CIA, CCSA, CRMA, CICA, CFE
An Internal Audit Foundation and Wolters Kluwer Collaboration
(Release date May) (11 pages)

The COVID-19 pandemic unleashed a perfect storm of events that exposed organizations to increased cyber risk vulnerability. This paper examines many of the situations that require heightened awareness.

6. Team Leader’s Guide to Internal Audit Leadership
Bruce R. Turner, AM, CRMA, CISA, CFE
(Release date May) (312 pages)

This book helps team leaders transition to a higher level by providing practical, meaningful ideas to deliver value through attuned, balanced, and credible daily audit engagement activities. Numerous exhibits and useful templates are also included.
Marc Eulerich, CIA, and Rainer Lenz, CIA, QIAL
(Release date June) (53 pages)
Sponsored through a crowd-funding initiative of the Internal Audit Foundation and the premier sponsor, IIA–Dallas
In the days of COVID-19, it may be a smart move to ask senior management, “How can internal audit help the organization during the crisis?” Survey results suggest a maturity model distinguishing the roles of internal audit as a governance, risk, and control partner, trusted advisor, and value driver.

8. Ready and Relevant: Prepare to Audit What Matters Most
Timothy J. Berichon, CIA
(Release date July) (120 pages)
Sponsored by IIA–Chicago
This book is about agility and relevance at the departmental level. It offers specific strategies, tactics, and examples to help build and maintain a more flexible, responsive, and relevant internal audit function.

9. A Blueprint to Managing Corporate Fraud Risk During a Pandemic
Nelson Luis, MBA, CFE, CFI
COVID-19 Content Series
(Release date July) (15 pages)
Sponsored by FLAI
This report offers a practical approach to directly address the scenario of an increased risk of fraud in organizations due to the pandemic. It also presents useful analysis on how to face a possible increase in the risk of fraud in these times of COVID-19. Available in English, Spanish, Portuguese, and Japanese.
10. Fraud Risk Management in Internal Audit
Matthew Weitz
An Internal Audit Foundation and Kroll: A Division of Duff & Phelps Collaboration
(Release date July) (21 pages)
This report looks at the results of a short questionnaire that was distributed to internal auditors globally and received 704 responses. In general, fraud risk management remains of high importance to organizations in all industries. Available in English, Spanish, and Portuguese.

11. The Pandemic Awakened an Appetite for Change
Lauren Massey, CIA, Greg Rotz, CPA, and Jason Meneses, CPA
An Internal Audit Foundation and PwC Collaboration
(Release date September) (10 pages)
COVID-19 has forced organizations and internal audit into accelerated automation and transformed operational strategies to accomplish desired change and propel the business forward. This report helps set the path for growth and transformation of internal audit functions and organizations.

12. Agile Auditing: Transforming the Internal Audit Process, Executive Summary
Rick A. Wright Jr., CIA
(Release date October) (13 pages)
Sponsored by IIA–Chile
This summary provides an examination of the traditional waterfall approach to internal audit processes and why this approach must evolve and change. Included is a brief overview of how the agile software development process can be applied to auditing, driving such evolution. Available in English and Spanish.
2020 year in review — research and educational products...

13. Powering Audit Committee Outcomes: The Essential Guide
Bruce R. Turner, AM, CRMA, CISA, CFE
(Coming soon!) (172 pages)

Sponsored by Galvanize

An independent audit committee is fundamental to good governance, but there is not a one-size-fits-all solution. While the challenges for audit committees are increasing, the guidance for them has not kept pace. This book is tailored specifically for audit committees today and the foreseeable future.

Francis Nicholson, CIA, QIAL, CRMA
(Coming soon!) (488 pages)

Sponsored by IIA–Chicago and IIA–Philadelphia

This study guide compiles the comprehensive review material needed to prepare for the Certification in Risk Management Assurance® (CRMA®) exam. The study materials are designed for a global audience and include the exam syllabus, key terms, and 200 sample exam practice questions and solutions.

15. Moving Internal Audit Deeper Into the Digital Age: Part 3 – Beyond Theory – Scaling Automation Capabilities in Internal Auditing
An Internal Audit Foundation and Deloitte Collaboration
(Coming soon!) (16 pages)

The three parts of this series collectively address how to move internal audit deeper into the digital age. This final installment offers a blueprint for scaling digital capabilities and transforming the audit lifecycle.
## 2021 Releases
*(titles and dates subject to change)*...

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