



# Evaluating and Improving Internal Control in Organisations

Recent market crises have shown that unknown tail events (aka black swans) remain a dangerous, unpredictable reality for financial firms. 'Future-proofing' your firm from the next disaster now demands an unprecedented level of integration and communication between your governance, risk management and control (GRC) frameworks.

For many organisations, the time has come to re-evaluate current internal practices in light of these crises and see what worked as anticipated, what has not and what needs to change. This workshop will build on AFMA and Susan Campbell's highly successful Risk Reduction: Internal Controls, Policies and Procedures workshop, and incorporate the ISO31000 risk management standards and the new IFAC Good Practice Guide (GPG) *Evaluating and Improving Internal Control in Organizations*.

Using these, participants will analyse the new landscape for governance, risk and internal controls to drive the continuous improvement needed for ongoing survival in volatile times. Each principle will be clearly illustrated with practical business solutions and highlighted by the lessons learned from recent case studies to emphasise the importance of each principle.

## KEY LEARNING OUTCOMES

Attending this workshop will equip you to:

- » establish a benchmark for good practice in maintaining effective internal controls
- » assess the alignment between your firm's business objectives, governance, risk appetite statement and controls
- » create a cycle of continuous improvement for your internal control systems
- » design additional controls to support business objectives
- » critique current accountability and transparency systems
- » improve your internal control as an integrated part of your organisation's governance, risk management, and control systems.



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## COURSE OUTLINE

### 1. The role of internal controls and risk management in supporting your organisation's objectives

- » Integrating internal control as part of risk management and governance
- » Definitions and their importance
- » Conflict between risk management and internal control
- » Case study: large losses – risks without controls

### 2. Re-assessing roles and responsibilities

- » Establishing and confirming who is responsible for what
- » Assessing the consequences and impacts of dysfunctional integration and conflict — on profit and performance
- » Reflect on the typical impediments to integration
- » The differences between audit and risk committees
- » Risk officers and risk departments – what do/should they do?
- » Linking objectives
- » Case study: senior management's role within conflict

### 3. Supporting an organisation's culture

- » Why the tone at the top matters
- » Management's lead in internal controls
- » Values of the organisation
- » The importance of aligning objectives to culture to risks

### 4. Goals, risk and governance: linking GRC to individual performance

- » How should risk managers be paid?
- » Linking risks and profits to performance and performance management systems
- » Bonus versus risk versus professional competencies. Why too much risk can result in less competence
- » Accountabilities: ensuring those in charge are accountable for being in control

### 5. Ensuring sufficient competency and skill

- » Understanding the objectives to ensure the right skills are developed
- » Having sufficient resources
- » Risk models versus real-life experience and knowledge: assessing the reality when the model says you're OK, but experience says you're not

### 6. Responding to risk

- » Ensuring your controls match the risk involved: mix and cost effectiveness of controls
- » Establishing the need for continuous change
- » Understanding and promoting risk interaction
- » Risk treatment strategies
- » Assessing risk acceptance
- » Establishing risk targets: risk identification and model issues

### 7. Communicating regularly

- » Clear, understood and documented controls
- » Embedding GRC communication into the way people work
- » Communication in a crisis — who does it? What tone? Case study
- » Internal communication between departments and differing views of risk

### 8. Monitoring and evaluating controls

- » How should the internal control system be monitored?
- » Providing feedback to the governing body
- » Causes of failure of internal controls — why those that have historically worked can suddenly fail, and the underlying causes of failure
- » Actions from evaluations — do you want/need to change?
- » Dealing with conflicts of interest — senior management actions and decision-making
- » Who is responsible for monitoring controls?
- » Accurately matching monitoring frequency to volatility
- » Accountability of controls to targets — setting risk targets versus profits

### 9. Providing for transparency and accountability

- » Why the performance of risk management and internal controls must be accounted for
- » Reporting to stakeholders — who do you tell if it's working or not, and how can you tell if it is?
- » Reporting on breakdowns in the GRC links
- » Incorporating feedback into the mechanism — lessons for stakeholders and investors
- » Regulators and risk reporting

### 10. Future risks

- » Risk is forward looking, but who is discussing future risks?
- » Who signs off on what worked and what didn't?



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## ABOUT YOUR FACILITATOR

**Susan Campbell**, Consultant, Argyll Financial & Treasury Consultants

Susan Campbell is a leading risk management expert with substantial experience in senior roles in the finance and corporate sectors. Susan worked for many years with major banks in Melbourne and London as a treasury advisor to Australian and international firms before a subsequent appointment to the role of the Treasurer for Sussan Corporation, a large Australian property and retail group. She has also held a senior lecturer position at RMIT University.

For the last 20 years Susan has run a successful consulting business, ARGYLL, specialising in treasury operations, transactional banking, risk management and internal controls. She also presents and writes for various professional bodies in Australia and overseas.

Susan is a non-executive director of Heritage Bank and Benetas Aged Care and serves on their risk committees. Her role at Heritage Bank, Australia's largest member-owned bank, gives Susan direct experience and insight into the role of good risk management in financial institutions.

## WHO SHOULD ATTEND?

This program would be especially useful for any of the below that may be a member of a project team tasked with evaluating current risk frameworks within their firm post-GFC (typically from risk, compliance or senior management levels).

- » Risk and compliance officers/managers
- » Management committee/Executive Committee members
- » Operational risk teams
- » Policy and procedure writers
- » Accounting and finance teams
- » Business process analysts within institutional banking
- » Head of treasury/treasury managers
- » Operations managers/staff
- » Responsible Managers
- » Investment analysts/managers
- » Internal auditors
- » IPV teams
- » Product approval team members
- » Group Finance executives
- » Group Treasury executives
- » Group risk executives

## CONTINUING EDUCATION

6.5 CE Hours

## PAST FEEDBACK FOR SUSAN

I think the presenter did well in prompting attendees to think about questions that we normally take for granted to have understood.

Susan was a great, motivating and enthusiastic presenter. Clearly an expert in liquidity risk, indicators and drivers.

It (the workshop) raised some good questions that made me think about how my organisation does things.

Susan's workshops are always very informative and interesting.

Open discussions were highly topical and the facilitator was very patient towards all aspects of our issues.

Susan brought the subject matter to life.

The use of real-world examples really added to the course material.