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Presenter

FROM INSIGHT TO INFLUENCE: ENGAGING BOARDS & AUDIT COMMITTEES

Elevating Internal Audit from a reporting function to a strategic governance and influence partner for senior leadership.

Agenda

01	**Board Risk Context**
02	**Reporting Evolution**
03	**Cultural & Control Dynamics**
04	**Systemic & Aggregated Risk Framing**
05	**Stakeholder Management**
06	**Decision Reporting**
07	**The Strategic Identify Shift**

01 Board Risk Context

RISK CONTEXT

THE UNCOMFORTABLE TRUTH OF LIABILITY

Understanding the personal fiduciary and regulatory risks facing board members in today's high-scrutiny environment.

Personal Liability: Board members carry individual fiduciary and regulatory responsibility for oversight failures.

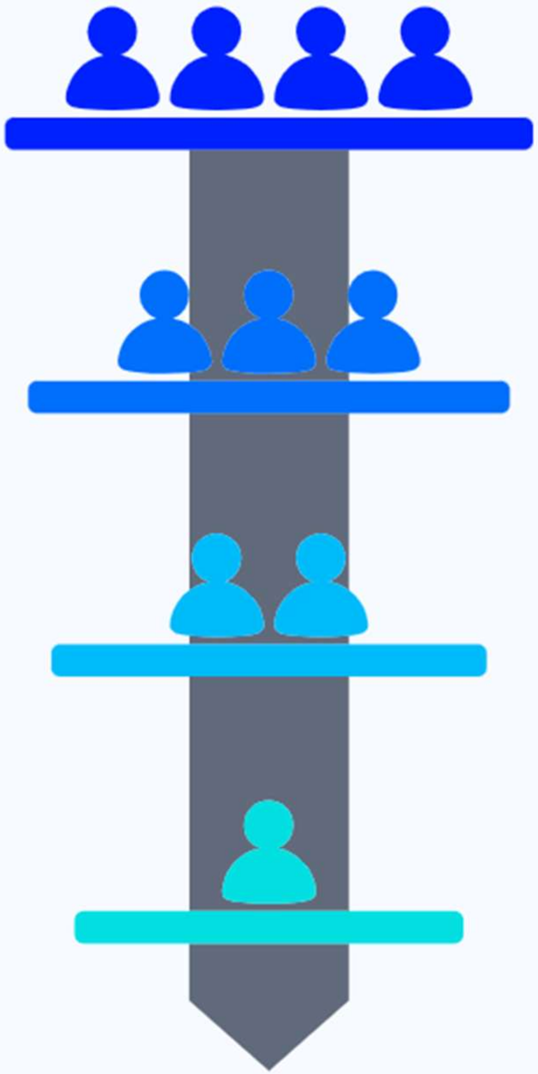
D&O Limitations: Insurance often excludes specific enforcement actions, reputational damages, or professional bans.

Crisis Examination: Regulators and courts scrutinize the **quality of oversight** and the presence of documented challenge.

Internal Audit's Role: IA serves as a critical defense mechanism protecting both the enterprise and its individual directors.

HOW BOARDS PROCESS STRATEGIC RISK

Aligning audit insights with the high-level perspective of executive decision-makers.



Strategic Implications

Moving away from operational minutiae to focus on how risks impact long-term corporate objectives.

Risk Appetite

Assessing whether current exposure levels exceed the Board's declared tolerance for specific risk categories.

Systemic Exposure

Evaluating group-wide patterns and interconnected risks rather than viewing issues as isolated incidents.

Capital & Reputation

Considering the direct impact on capital allocation, brand value, and personal director accountability.

02 Reporting Evolution

REPORTING EVOLUTION

CLOSING THE INFLUENCE GAP

Transforming audit reporting from backward-looking operational data to forward-looking strategic insight.

Current State	The Influence Gap	Future Strategic State
Operational Focus	vs.	Strategic Implications
Backward-Looking Data	vs.	Forward-Looking Foresight
Isolated Findings	vs.	Enterprise Aggregation
Implicit Liability	vs.	Explicit Governance Impact

THE PATH FROM FINDINGS TO FORESIGHT

A systematic approach to translating control failures into strategic organizational vulnerabilities.

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THE BOARD-LEVEL INSIGHT FORMULA

Five essential elements required for every high-impact message delivered to the Board of Directors.

Strategic Context

Explain exactly why this risk matters to specific enterprise objectives.

Risk Magnitude

Define the scale of financial, operational, and reputational exposure.

Velocity

How quickly could this issue escalate into a crisis situation?

Response Readiness

Is management structurally and culturally prepared to handle this threat?

Governance/Liability

Potential director scrutiny risk if the issue remains unaddressed.

03 Cultural & Control Dynamics

CULTURE & CONTROL

CONTROL ENVIRONMENT REALITIES

Moving beyond the 'Tone at the Top' to understand behavioral and cultural realities in the field.

01

Behavioral Alignment: Assess if executive messaging aligns with day-to-day behavior in operational units.

02

Normalized Overrides: Identify patterns where control overrides have become the accepted 'way of doing business'.

03

Escalation Hesitation: Evaluate the cultural barriers that prevent staff from reporting emerging risks.

04

Incentive Conflicts: Analyze if current bonus or KPI structures inadvertently encourage non-compliance.

THE IMPACT OF CONTROL EROSION

Identifying the hidden consequences when organizational cultural discipline begins to weaken.

Frequency & Detection

Risk events become more frequent and significantly harder to detect in their early stages.

Regulatory Vulnerability

Vulnerability increases as cultural discipline erodes, leading to external compliance breaches.

Replication Risk

Failures in one entity are highly likely to be replicated across other global subsidiaries.

04 Systemic & Aggregated Risk Framing

SYSTEMIC RISK

THE SMALL ENTITY ILLUSION

Why financially 'immaterial' findings in subsidiaries can represent major group-level governance risks.

1

The Materiality Trap

Small subsidiary findings may seem immaterial financially but often signal broader group weaknesses.

2

Regulatory Perception

Regulators view local failures as group governance flaws Compliance breaches trigger wider group-level audits Brand damage cannot be contained to one geography

3

Indicator of Replication

Shared control frameworks mean a failure in one location is likely present in many others.

TRANSLATING AGGREGATE RISK

A methodology for rolling up local data into an enterprise-wide narrative that resonates with the Board.

1 Local Synthesis

Gather entity-level findings and identify underlying commonalities.

2 Structural Assessment

Determine if weaknesses are purely isolated or built into the group structure.

3 Impact Estimation

Forecast the total group-level financial and regulatory impact of these patterns.

4 Scenario Framing

Describe the worst-case public or regulatory narrative for the entire group.

05 Stakeholder Management

STAKEHOLDER MANAGEMENT

POLITICAL ARCHITECTURE OF THE BOARD

Navigating the dynamics of the boardroom to ensure critical messages are heard and acted upon.

Understand Priorities: Align your narrative with the specific strategic concerns of the Chair and Committee.

Strategic Pre-briefing: Use one-on-one sessions to discuss critical topics before the formal meeting occurs.

Anticipate Defensiveness: Prepare for executive pushback by framing issues as resilience opportunities.

Sequencing Matters: Determine the best order for topics to ensure difficult issues gain sufficient traction.

CONFLICT RESOLUTION

HANDLING EXECUTIVE RESISTANCE

Techniques for reframing difficult conversations from personal fault to shared enterprise goals.

Traditional Approach (High Resistance)	Strategic Narrative (High Influence)
Pointing out management failure or fault.	Framing the issue as 'Enterprise Resilience'.
Listing technical control gaps.	Using scenario-based 'Stress Questions'.
Criticizing specific business units.	Anchoring escalation in 'Risk Appetite'.
Transactional relationship (Auditor/Auditee).	Maintaining independence while being an Advisor.

06 Decision Reporting

DATA VISUALIZATION

THE EXECUTIVE DASHBOARD REDESIGN

Streamlining information to focus on the 3-5 themes that drive critical governance decisions.

3-5	100%
Core Risk Themes	Risk Indicators

PERFORMANCE METRICS

MEASURING STRATEGIC IA IMPACT

Defining new metrics to track the long-term effectiveness of Internal Audit's advisory and assurance roles.

Exposure Reduction: Track the reduction in unmitigated risk exposure across the enterprise over time.

Appetite Stabilization: Monitor the prevention of risk appetite breaches and the stabilization of key trends.

Forward Detection: Measure the ability to detect risks before they materialize into incidents.

Board Confidence: Assess the qualitative level of trust and advisory value perceived by the Audit Committee.

07 The Strategic Identify Shift

THE STRATEGIC IDENTITY SHIFT

The evolution of the Internal Audit professional from a provider of assurance to a governance architect.

Assurance Provider

The traditional baseline: checking boxes and verifying control effectiveness.

Risk Interpreter

Translating technical data into meaningful business and risk narratives.

Strategic Challenger

Providing constructive challenge to management assumptions and risk culture.

Governance Architect

Helping design the systemic frameworks that protect enterprise value.

INSIGHT ENABLES RESPONSIBLE GOVERNANCE

Boards & Audit Committees do not focus on audit findings alone. They also consider what may not yet be visible. Strategic influence begins with framing risk in governance terms.