The New Sawyer’s–Sawyer’s Internal Auditing: Enhancing and Protecting Organizational Value

Preparing for Constant Change

For Austin IIA Chapter
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Who is Larry Sawyer?

- Know the Objectives
- Know the Controls
- Know the Standards
- Know the Population
- Know the Facts
- Know the Causes
- Know the Effect
- Know the People
- Know When and How to Communicate
- Know the Modern Methods

Enhancing and Protecting Organizational Value
Sawyer’s 7th Edition Goals

• Mission Focused
  – Enhancing & Protecting Organizational Value

• Readable by IA and Stakeholders
  – Business Perspective of Internal Audit

• Relevant to today’s IA Challenges
  – Growing Risk Functions, Collaboration

• Spirit of Knowing Modern Methods
  – Staying Current with Leading Ideas
Enhancing and Protecting Organizational Value
Chapter 1: Internal Audit Strategy
Chapter 2: Audit Products/Services
Chapter 3: Audit Operations/Capabilities
Chapter 4: Audit Team/Resourcing Model
Chapter 5: Audit Leaders/Staff
Chapter 6: Building Relationships
Chapter 7: Business Acumen
Chapter 8: Context within which Audit Works
Chapter 9: The Internal Audit Mission and Its Risks
Chapter 10: Risk Assessment and Audit Planning
Chapter 11: Planning the Audit Engagement
Chapter 12: Assessing Internal Control
Chapter 13: Audit Communication (Reporting and Follow-up)
Chapter 14: Assembling and Supervising the Internal Audit Team
Chapter 15: Specialty Skill Areas
Chapter 16: Advisory Services
<table>
<thead>
<tr>
<th>Component</th>
<th>Services, Products, and The Role of Internal Audit</th>
<th>People Management</th>
<th>Professional Practices (Operations)</th>
<th>Performance Management and Accountability</th>
<th>Organizational Relationships and Culture</th>
<th>Governance Structures (Environment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant Chapters</td>
<td>2</td>
<td>4, 5</td>
<td>1, 3, 4, 7, 8, 14</td>
<td>1, 2, 8</td>
<td>6</td>
<td>1, 7</td>
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<tr>
<td>Level 5 – Optimizing</td>
<td>Internal Audit is recognized as key partner (Objective)</td>
<td>Leader/auditor growth strategy; Leadership involvement with professional bodies</td>
<td>Continuous improvement in professional practices; internal audit integration in risk management</td>
<td>Internal audit function value, position, and performance delivered to organization</td>
<td>Board and executive influence facilitates ideal</td>
<td>Independence, power, and authority of the internal audit function; clear risk management</td>
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<td>Level 4 – Managed</td>
<td>Overall assurance on governance, risk</td>
<td>Formal leadership and staff performance program; internal audit function</td>
<td>Internal audit strategic and operational planning; collaboration with risk</td>
<td>Internal audit annual reporting; strategies and capabilities</td>
<td>CAE advises and influences top-level management and</td>
<td>Independent oversight of the internal audit function; CAE reports to top-level authority</td>
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<td>Level 3 – Defined</td>
<td>Advisory &amp; assurance services (Risk Based)</td>
<td>Development planning for leaders and staff professionally certified</td>
<td>Defined internal audit operations (alignment of people, processes, and technology)</td>
<td>Performance measures; cost information</td>
<td>Coordination with other review groups; internal</td>
<td>Management oversight and support of the internal audit function; internal audit operating model</td>
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<td>Level 2 – Repeatable</td>
<td>Financial and compliance validation</td>
<td>Individual professionals Certified Internal Auditors</td>
<td>Professional practices and processes framework (internal audit frameworks formally)</td>
<td>Internal audit business plan</td>
<td>Managing within the internal audit function</td>
<td>Full access to the organization’s information, Assets, and people reporting relationships</td>
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<td>Level 1 – Initial</td>
<td>Ad hoc and unstructured; isolated single engagements or reviews of documents and transactions for accuracy and compliance; outputs dependent upon the skills of specific individuals holding the position; no specific professional practices established other than those provided by professional associations; funding approved by management, as needed; absence of infrastructure; internal auditors likely part of a larger organizational unit; no established capabilities; therefore, no specific key process areas.</td>
<td>Ad hoc and unstructured</td>
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Change is...
THE ONE THING IN LIFE THAT'S CONSTANT.
Change Happens with Or Without the Auditor
WHERE DO YOU FOCUS YOUR TIME?.....

PAST

OR

FUTURE
Next Steps

- Make sure you have a copy of Sawyer in your audit group
- Advocate positive change for the future
- Collaborate and work with the first two lines of defense
QUESTIONS

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