Course Title: Auditing Corporate Governance & Culture: From Structure to Behavior

- **Duration:** 5 Days (approximately 35-40 instructional hours)
- **Course Goal:** To provide senior auditors, risk managers, and governance professionals with the advanced frameworks, qualitative assessment techniques, and strategic insights needed to effectively audit the design and operating effectiveness of an organization's corporate governance structures and to assess its underlying ethical culture, thereby providing assurance on the core drivers of long-term sustainable success and risk mitigation.
- **Core Focus:** Moving beyond "what the policy says" to "what people actually do," and assessing the effectiveness of the board, management oversight, and the ethical environment.

Learning Objectives:

Upon successful completion of this workshop, participants will be able to:

- **Define** the key components of a robust corporate governance framework (e.g., board structure, committees, policies, risk appetite).
- **Develop** an audit program to assess the effectiveness of the Board of Directors and its key committees (Audit, Compensation, Governance).
- **Analyze** the strategic planning and risk oversight processes from a governance perspective.
- **Understand** the concept of organizational culture and its profound impact on risk and control.
- **Differentiate** between "stated culture" and "actual culture."
- **Apply** a variety of techniques (both quantitative and qualitative) to assess ethical culture, including surveys, focus groups, interviews, and analyzing business data.
- **Identify** key indicators of a healthy (or toxic) organizational culture.
- **Assess** the "tone at the top," "mood in the middle," and "echo from the bottom" to get a holistic view of culture.
- **Craft** persuasive and impactful audit reports that communicate sensitive findings about governance and culture to the Board and senior executives.
- **Create** a practical plan for integrating culture and governance audits into their annual audit plan.

Target Audience:

- Chief Audit Executives (CAEs), Audit Directors, and Senior Audit Managers.
- Experienced Internal Auditors and IT Auditors.
- Risk Management, Compliance, and Ethics Officers.
- Board members, especially those on Audit or Governance committees, who want to understand how to gain assurance in these areas.
- Corporate Secretaries and Governance Professionals.

Prerequisites:

- Significant experience in internal auditing, risk management, or a related governance function.
- A strong understanding of audit principles and risk/control frameworks.

Teaching Methodology:

This is a highly interactive, discussion-based, and case-driven workshop. The methodology includes:

- **Interactive Lectures & Frameworks:** Introducing leading governance models (e.g., COSO, King IV principles) and culture assessment frameworks.
- **Deep Case Study Analysis:** Deconstructing major corporate scandals (e.g., Enron, Wells Fargo) to analyze the catastrophic failures in governance and culture.
- **Hands-on Workshops:** Participants will work in teams to design audit programs, develop culture assessment tools, and draft findings for case study scenarios.
- **Simulations & Role-Playing:** Practicing sensitive conversations, such as interviewing a senior executive about culture or presenting findings to a mock Audit Committee.

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- **Group Debates & Discussions:** Exploring the complex, "gray area" nuances of governance and culture.
- **Action Planning:** Developing practical plans for implementing these advanced audits.

Materials Provided:

- Comprehensive digital or printed workbook with governance frameworks, culture assessment models, audit techniques, and case studies.
- An "Auditor's Governance & Culture Toolkit" with templates for a Board Effectiveness Questionnaire, a Culture Assessment Survey, and an audit program for governance.
- Detailed case study documents, including fictional board minutes, risk reports, and employee survey data.
- A personal action plan template for integrating governance and culture audits.
- Certificate of Completion.

Detailed Day-by-Day Curriculum

Day 1: The Foundations of Corporate Governance Audit

- **Module 1: The "G" in GRC: Why Audit Governance? (Approx. 2.5 hours)**
  - Welcome, introductions, and course objectives.
  - Defining Corporate Governance: The system of rules, practices, and processes by which a company is directed and controlled.
  - The link between strong governance, risk management, and long-term value creation.
  - The role of Internal Audit in providing assurance over governance (as per IIA Standards).
  - Deconstructing corporate failures: A case study on governance breakdowns.
- **Module 2: Key Governance Frameworks & Principles (Approx. 2 hours)**
  - Overview of leading governance frameworks (e.g., COSO, OECD Principles, King IV).
  - The "Three Lines Model" and Internal Audit's position.
  - Defining and assessing the organization's Risk Appetite and Risk Tolerance.
- **Module 3: Auditing the Board of Directors & Its Structure (Approx. 3 hours)**
  - Key areas for auditing board effectiveness:
    - Board composition, independence, and diversity.
    - Clarity of roles and responsibilities.
    - Board skills and expertise matrix.
    - Director onboarding and continuous education.
    - Board and committee charters.
  - **Workshop:** Developing an audit program and a board effectiveness questionnaire for a case study organization.
  - **End of Day 1 Recap & Q&A.**

Day 2: Auditing Key Board Committees & Strategic Oversight

- **Module 4: Auditing the Audit Committee (Approx. 2.5 hours)**
  - Assessing the Audit Committee's charter, composition (including financial expertise), and activities.
  - Auditing the committee's oversight of financial reporting, internal controls, risk management, and the internal/external audit functions.
  - Reviewing committee minutes and materials for evidence of effective challenge and oversight.
- **Module 5: Auditing the Compensation & Governance Committees (Approx. 2 hours)**
  - **Compensation Committee:** Auditing the process for setting executive compensation and aligning it with performance, risk, and strategy.
  - **Nomination/Governance Committee:** Auditing the processes for board succession planning, director nominations, and overseeing the corporate governance framework.

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- **Module 6: Auditing Strategic Planning & Risk Oversight (Approx. 3 hours)**
    - Assessing the linkage between the strategic planning process and the Enterprise Risk Management (ERM) process.
    - Auditing the Board's role in reviewing and challenging the corporate strategy.
    - Evaluating the effectiveness of risk reporting to the board and its oversight of critical enterprise risks.
    - **Case Study Workshop:** Analyzing fictional board and committee minutes to identify potential governance weaknesses.
    - **End of Day 2 Recap & Q&A.**

Day 3: The Challenge of Auditing Culture

- **Module 7: What is Organizational Culture & Why Should Auditors Care? (Approx. 2.5 hours)**
    - Defining Culture: "The way we do things around here when no one is watching."
    - The direct link between culture, behavior, risk, and control effectiveness.
    - Differentiating between **Stated Culture** (values on the wall) and **Actual Culture** (behaviors in the halls).
    - Key attributes of a healthy ethical culture (e.g., psychological safety, accountability, transparency, speak-up environment).
    - The challenges of auditing a "soft" topic like culture.
- **Module 8: A Framework for Auditing Culture (Approx. 3 hours)**
    - Developing a structured, multi-faceted approach to a culture audit.
    - Key domains to assess:
        - **Leadership & Tone at the Top:** Do leaders walk the talk?
        - **Accountability & Performance Management:** Are ethics and behaviors part of performance evaluations?
        - **Communication & Transparency:** How is information shared?
        - **Speak-Up Environment:** Do employees feel safe to raise concerns?
    - **Workshop:** Brainstorming potential audit procedures and evidence sources for each domain.
- **Module 9: Qualitative Techniques for Assessing Culture (Approx. 2 hours)**
    - **Interviews:** Conducting structured interviews with leaders, managers, and employees at all levels.
    - **Focus Groups:** Facilitating group discussions to understand shared norms and perceptions.
    - **Observation:** Observing behaviors in meetings and daily operations.
    - **Role-Play:** Practicing questions for a senior leader interview focused on culture.
    - **End of Day 3 Recap & Q&A.**

Day 4: Quantitative Culture Assessment & Synthesizing Evidence

- **Module 10: Quantitative Techniques for Assessing Culture (Approx. 3 hours)**
    - **Surveys:** Designing and deploying culture or ethics surveys.
    - Analyzing employee engagement survey data for cultural indicators.
    - **Analyzing Business Data:** Using data from HR (turnover, promotions), Compliance (hotline data), and Operations to identify cultural red flags.
    - Text analytics on exit interviews or whistleblower reports (overview).
    - **Hands-on Lab:** Analyzing sample employee survey and hotline data to identify potential cultural hotspots in a case study.
- **Module 11: Assessing the "Mood in the Middle" & "Echo from the Bottom" (Approx. 2 hours)**
    - Why middle management is critical to culture.
    - Auditing the alignment between senior leadership messaging and the behaviors and understanding of middle managers and front-line employees.
    - Identifying "sub-cultures" within different departments or locations.
- **Module 12: Synthesizing Culture Evidence & Root Cause Analysis (Approx. 2.5 hours)**

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- The challenge of bringing together diverse qualitative and quantitative data.
- Triangulating evidence to build a credible and defensible assessment of the culture.
- Using root cause analysis to understand *why* cultural issues exist (e.g., misaligned incentives, lack of accountability).
- **Workshop:** Groups take all the evidence from the case study and work to synthesize it into 3-4 key cultural themes/findings.
- **End of Day 4 Recap & Q&A.**

Day 5: Reporting, Influencing & Your Action Plan

- **Module 13: Reporting on Governance & Culture: A Masterclass (Approx. 3 hours)**
  - The art of writing about sensitive governance and culture issues.
  - Structuring a report for the Audit Committee and senior executives.
  - Crafting impactful, evidence-based findings and recommendations.
  - Using data visualization and storytelling to make the case for change.
  - Maintaining a constructive and forward-looking tone.
  - **Workshop:** Participants draft an executive summary and a detailed finding for a key governance or culture issue from the case study.
- **Module 14: The Auditor's Role in Influencing Change (Approx. 2 hours)**
  - Presenting sensitive findings to the Board and C-suite.
  - Building alliances and working with HR, Compliance, and business leaders to drive cultural improvements.
  - The importance of follow-up and monitoring progress on culture-related action plans.
- **Module 15: Integrating Governance & Culture Audits into the Audit Plan (Approx. 2 hours)**
  - Making the case to the Audit Committee for standalone culture audits or integrating culture assessment into every operational audit.
  - Scoping and budgeting for these complex audits.
  - Building the necessary skills within the audit team.
- **Module 16: Your Governance & Culture Audit Action Plan (Approx. 1 hour)**
  - **Action Planning:** Participants create a personal action plan to:
    1. Identify one aspect of governance to audit in their organization.
    2. Select one or two culture assessment techniques to pilot.
  - Course Review, Final Q&A, and closing remarks.
  - Course evaluation.

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