In the 36 years since the first General Audit Management (GAM) Conference, a lot has changed. However, the need for audit executives to gain new insights to better serve stakeholders remains unchanged. This year’s GAM conference, scheduled for March 24-26, 2014 in Orlando, Fla., features a smorgasbord of topics that deliver a feast of thought leadership for the most insatiable appetite. We spoke with three speakers for a preview of what the 2014 Conference will deliver for those who reserve their seat at the table.
The diversity of the conference’s five tracks will be underscored by the panel discussion “Women as Successful CAEs” moderated by Karen Begelfer, CIA, CRMA. Begelfer, who leads the internal audit function at Sprint, believes many companies are now seeing it as a competitive disadvantage to lack diversity. “I am pleased to see more companies actively seeking women for leadership positions because they realize their organizations are under-served in that capacity.” While she acknowledges this varies by industry, she is confident these opportunities will continue to expand, “especially as younger generations enter the workforce with more modern gender perceptions of equality.”

“Evidence suggests that women can be and are successful CAEs,” says Begelfer. “However, it’s also important to note that many characteristics of successful CAEs are gender-neutral, meaning that leadership success in any role by any person has certain common denominators.” One such common denominator is the ability to build confidence with stakeholders. When asked what common mistakes women make in this area, Begelfer reflects, “I don’t want to generalize all women, but I can speak from my experience. I am a pleaser. I want everyone to leave happy and content at the end of each meeting. I also value relationships so much that I put too much effort into ensuring my words and actions do not offend. In some cases, this makes me a great leader and business partner. In others, I need to act against my instincts to maximize the situation for me, my department, and my company.”

A speaker who intends to maximize every minute of his session, “Fraud Risks for the Chief Audit Executive and The Board,” is John Hall, CPA, president of Hall Consulting, Inc. Attendees will benefit from his approach that minimizes theory and stresses proven action steps. A key element will be The Anti-Fraud Toolkit, a project he completed in 2013 and describes as “a massive, comprehensive case study on what to do about fraud.”

The timing couldn’t be better as emerging fraud risks are greater than ever. As Hall explains, “There’s already a lot of attention on the usual suspects — disbursements, expense reimbursement, procurement cards, time reporting, and similar recurring issues. But we need to step up our attention to some interesting new risks as well as pre-existing issues that don’t get the attention they deserve.”

Hall cites examples such as threats to sensitive data initiated by competitors, organized crime, and even governments, as well as creative new disbursement...
schemes using electronic payments. He also highlights overcharges by suppliers and contractors on time-and-materials and cost-plus contracts — especially construction. “With the economy improving and large capital projects being started in 2014 after years of inactivity, audit groups would be well-advised to review their third-party audit skills.”

Third-party audit skills are critical in a global economy that increasingly relies on these relationships that often come with both benefits and risks. Truly understanding risk will be the focus of the honorable Theresa M. Grafenstine, CIA, CGAP, inspector general for the U.S. House of Representatives in her presentation “Risk: It’s More Than Just Compliance.” The challenge she says is that risk is a much broader concept than internal auditors often understand. “They allow risk to be defined within the box — by the structure which the existing internal controls have defined. But internal auditors need to broaden their aperture.”

To demonstrate the pitfalls of focusing purely on compliance, Grafenstine offers this, “While compliance is an important objective, the auditor should also ask why there is a compliance problem. The root cause may be lack of communication or enforcement. A renewal of emphasis on procedures and controls will then reduce risk. Or it may be that procedures are misaligned to the system — perhaps the environment or technology has changed, but the controls have not kept pace. In this instance, a blind insistence on compliance might actually increase risk, where the correct approach would be to revise the procedure.

“Finally, and this is important, maybe the controls are disregarded because there is greater risk or issue outside the box that management or operations is seeking to avoid. In this case, blind insistence on compliance could even be catastrophic,” Grafenstine cautions.

Key to identifying root causes of any issue is strong relationships. “Don’t simply assume that the established and codified procedures and controls tell the whole story. The insights of operations can be invaluable in developing a thorough analysis,” says Grafenstine. “And auditors can’t simply assume that operations will share their insight with strangers.”

Established relationships are vital to trust.

The importance of cultivating strong relationships with stakeholders is a theme that will be carried through many of this year’s sessions. However, perhaps as important will be the attendees’ opportunity to build relationships with one another. First on Karen Begelfer’s list when asked what she was most excited about this year, “The opportunity to network with my peers, meet new audit professionals, and develop a network of fellow audit leaders that I can reach out to throughout the year for ideas and information.”

For more information on GAM 2014 or to register, please visit www.GAM2014.org.