



A Chief Audit Executive's Checklist for Getting Boardroom-Ready



The audit committee is fast becoming the **busiest group on a corporate board**, both during board meetings and year round.

As more financial and compliance activities call for increased oversight, countless other disclosures demand rigorous scrutiny. These can include mandatory or voluntary standards and frameworks (such as the **EU's new climate disclosure mandate**), as well as public comments and commitments that address customer and employee concerns around DEI and ESG.

How far should such disclosures go beyond what's mandated? Will claims of sustainable products and services stand up against any allegations of greenwashing? Will assertions of fair workplace policies or cybersecure network systems pass muster in an environment of increasing risk?

These are the questions that audit committees must be equipped to answer at a moment's notice, both inside and outside of board meetings. As the committee's purview expands, so does the responsibility of the chief audit executive (CAE) to serve as the committee's eyes and ears.

Because internal audit teams closely monitor a company's governance, risk management and compliance processes, they're in a prime position to help guide overall business strategy and serve as **strategic advisers to the board**.

This presents both a formidable challenge and a powerful opportunity.



A CAE's Checklist for Effective Board Presentations

Below are five tactics CAEs can use to navigate the shift from functional department head to strategic executive adviser, while maximizing the leadership potential of their position and future-proofing their role for the business landscape of tomorrow.

01

Bring your unique perspective

Finance, tech, cyber, legal — few department heads have visibility into the guts of an organization's operations like a CAE. Similarly, few have such wide-ranging relationships with stakeholders, from sustainability to the supply chain.

This vast array of perspectives puts CAEs in a distinctively advantageous position. Instead of merely asking the audit committee about what keeps them up at night, the CAE can ask themselves that question. They are then able to connect the dots and proactively deliver a targeted, topical list of all the things that *should* be a priority, such as:

- Training to meet expanding compliance obligations
- Controls and processes around voluntary DEI and ESG disclosures
- The adequacy of risk coverage and efficacy of remediation plans, should things go wrong

When bringing these issues up to the audit committee, be proactive, forthright and frank. Why are these issues a concern? What are the potential consequences of getting it wrong? What are the strategic opportunities of being an early mover?

“While the traditional internal audit duty of necessities of building and maintaining an inventory of baseline responsibilities as it relates to around emerging risks and strategic priorities of the firm remains unchanged, the addition of the broad and quickly evolving issues of environmental, social and governance (ESG) is a game changer.”

-Diligent, “What the Audit Committee Expects of the Chief Audit Executive”



02

Encapsulate the impact

Given the limited time on a board's agenda, it's particularly important for CAEs to avoid information overload.

Clearly communicate the particular relevance of any issue (the "so what?" impact) so that the audit committee can effectively relate it to their colleagues on the board.

Distil the data down to the essentials. Convey urgency — without drama. Make your explanations concise and the connections clear. Technology, particularly visualizations and dashboards, can be powerful tools in this mission.

03

Provide validation & context

In a profession built on rigor and trust, it goes without saying that any data CAEs use should come with a source. But these statistics, especially complex ones, should be accompanied by context as well. How was the data obtained? How do these statistics translate into business value?

Such validation is critical for improving transparency, fostering meaningful insights and strengthening trust with the audit committee and the full board.

04

Watch your language

It's easy for different groups within an organization to start using their own terms to describe risk. However, this makes it difficult for risk, audit and other teams to work together constructively. That's why, in addition to avoiding overly specialized terminology and jargon, CAEs should seek commonality in their references and discussions, and learn to **speak the board's language**. This keeps everyone on the same page.

05

Turn audit findings into actionable recommendations

Internal audit teams have eyes and ears on the business landscape, but that's only one aspect of their expanding purview. This growing role requires two-way communications, as well, with the board, external auditors, other department heads and beyond.

CAEs must be prepared to offer their thoughts on putting their insights into operation, from risk mitigation to future strategic moves. What are the best next steps to take, and what are the consequences of inaction?

Do More With Less

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