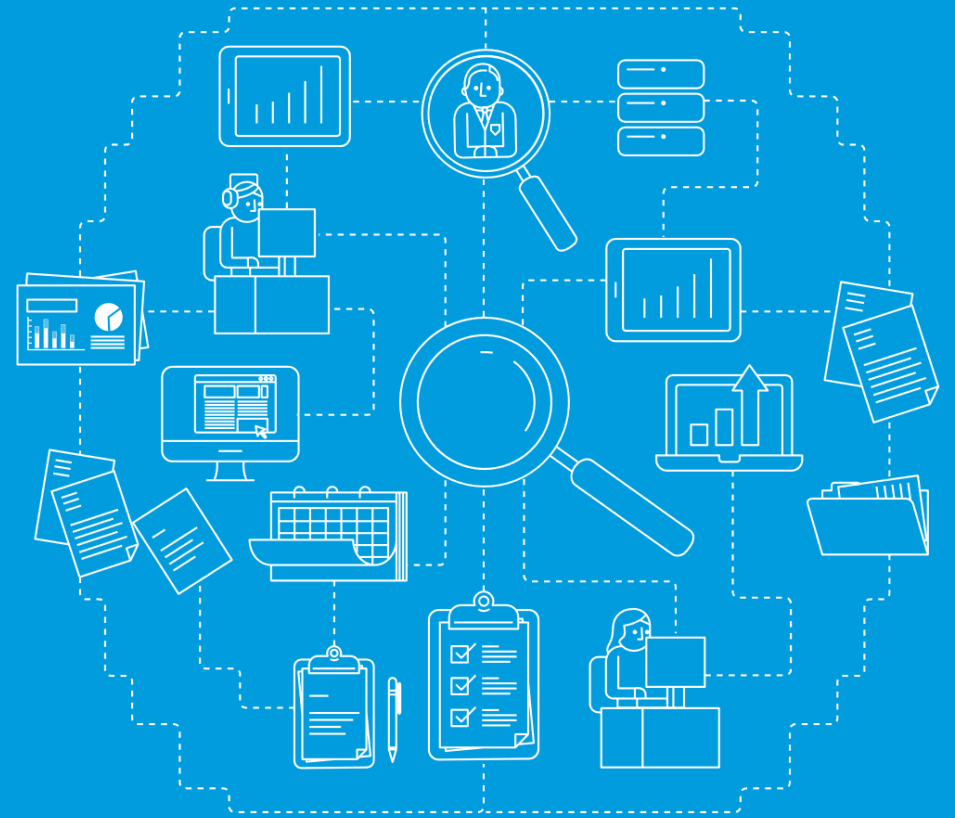




Lessons from internal audit: how charity trustees can gain assurance



ICAEW SLIDES

Gaining Assurance in the Charity Sector

Andrew Hammond

Nov 2023

Agenda

- My Audit journey
- Why governance is important to me as a CEO
- Translating Audit principles into Small organisations
- Some things I've learnt

My Audit Journey – A Baptism of fire



Why is Governance important to me as CEO

- Are we meeting our purpose?
- Is our leadership optimal?
- Do we have strong decision making & control?
- Is our Board effective?
- Are we open & accountable?
- Can we mitigate risks?
- Are we a strong going concern?
- Are we living our values ?
(Integrity, Authenticity, Inclusivity)

Translating Audit Principles into small organisations

Key Questions	Key Tools
What is our Charitable objective, as defined in our articles of association?	Audit Committee for assurance on risk and financial forecasting
Why?	Clear RACI Matrix
So What?	Dynamic Risk Register
What keeping me awake at night?	Independent checks (even if internal)
Where are we going strategically?	Deep Dive
What is beyond our control?	RACI
Going Concern?	Policies & Training
	Board Effectiveness review

Some things I've learnt.....

- Assurance goes beyond the word – it's also about trust and confidence
- Don't take challenge personally
- Policy and procedure is worth investing in
- Don't create an Audit monster – be appropriate for size
- Rely on expertise where appropriate
- Strong board packs are essential
- Own risk management at exec level
- Strong Chairs are worth their weight in gold
- Governance can be the platform for growth
- Honest & Open
- Liz will kill me, but....Trust your gut
- 'Audire' – to hear....learn to listen

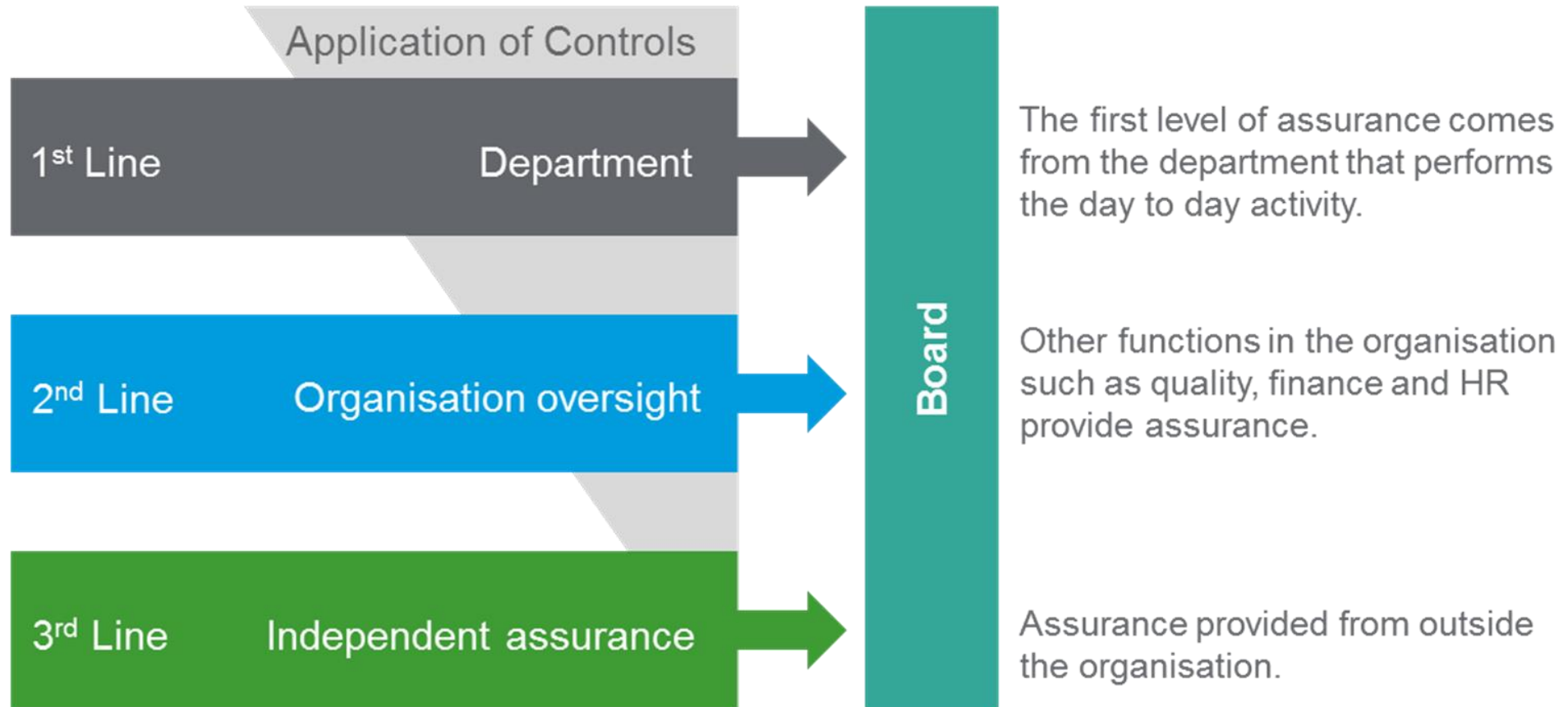
Liz Wright

Assurance Approaches in the
Sector

AUDIT APPROACHES ACROSS THE SECTOR



HOW CAN WE SCALE FOR SMALLER CHARITIES?



WHAT SHOULD WE BE LOOKING AT?

An assurance process identifies and records the key sources of assurance that inform board members of the effectiveness of how key strategic risks are managed or mitigated, and of the key controls and processes that are relied on to manage risks, and as a result support in the achievement of your organisations strategic objectives through effective risk management.

Sources of assurance could include, but are not limited to:

- reviews or checks within a department (e.g. manager reviews information completed by staff under their particular area of responsibility);
- an organisation wide review (e.g. corporate review of sickness and absence);
- internal audit reports; and
- inspection and review by an external body (e.g. CQC, HSE, Information Commissioners Office).

The above examples are far from exhaustive and when you start looking you will find that you receive assurances from a whole host of sources, both internal and external.

CHALLENGING ASSURANCES AT BOARD LEVEL

When challenging assurance information at a board level, the questions that should be considered are:

- where does the assurance come from?
- how reliable is this assurance?
- what is this assurance telling me?
- how independent is the assurance? and
- is the assurance proportionate to the level of risk?
- Is this assurance or reinsurance? How will I know the difference

With the exception of external audit, each organisation has the freedom to decide on where it obtains or receives assurance from and / or the extent which it wants / needs assurance and from what source. The board, audit committee and management team need to be able to consider what constitutes an appropriate source of assurance.

How should organisations make that decision? By understanding the assurances the board requires, then boards can make informed and defensible decisions.

QUESTIONS TO ASK AT BOARD LEVEL

When discussing assurance, we can consider the following questions

- Do I have a clear and complete understanding of the risks faced by the organisation in the pursuit of its strategic objectives, the types of assurance currently obtained, and consideration as to whether they are effective and efficient;
- Can I see areas where assurance activities are not present, or are insufficient for our needs (assurance gaps);
- Can I see areas where assurance is duplicated, or is disproportionate to the risk of the activity being undertaken (i.e. there is scope for efficiency gains, reduction of duplication of effort and/or a freeing up of resource);
- Can I see areas where existing controls are failing and as a consequence the risks that are more likely to occur;
- Does the information I am hearing at sub-committees/other groups stack up with the information; and
- Do any individual risks affect others we are considering (e.g. risk lens)

HOW DO WE SCALE THIS FOR SMALLER CHARITIES?



Volunteers



Community Initiatives



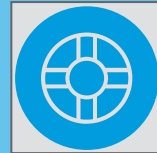
Online Resources



Co-opted members



Control Risk Self Assessment



Data and Analytics

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