



Instytut Audytorów  
Wewnętrznych IIA Polska

# Culture auditing

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# AGENDA

- **Approaches to the culture auditing**
- **Reporting**
- **Case studies**



# SURVEY

**1. Have you ever performed any culture related audit?**

**2. Do you plan to conduct a culture audit within the next 3 years?**



# Why the culture matters?

- „Character” of the organization
- Culture – as one of the key emerging risk
- Audit of culture as a way of finding a loophole in the system
- Control environment determinant

*„Culture eats strategy for a breakfast”*  
Peter Drucker



# Communication

An adequate communication

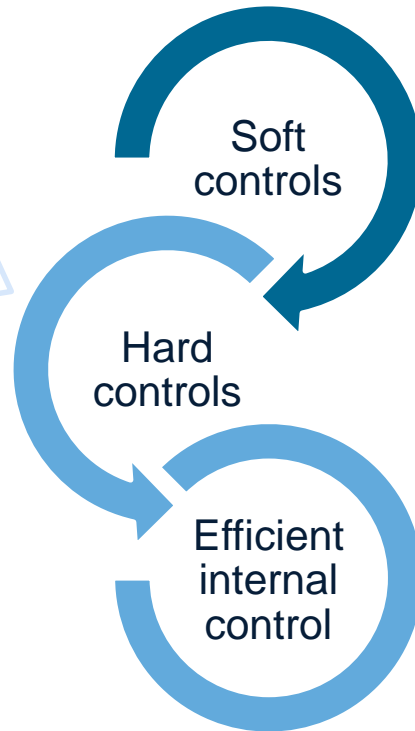
with both the Board and employees

is a success factor!



# Data and red flags

Policies & procedures, policy breaches  
Organizational structure and HR data  
Process flow charts  
Risk metrics or risk management reports  
Issue escalation and resolution data  
Social media data  
Whistleblowing and ethics hotline reports



Commitment to values  
Management leadership and communication style  
Competencies  
Morale, Ethical climate, Empowerments, Expectations, Integrity



# Tools and techniques

Risk based audit

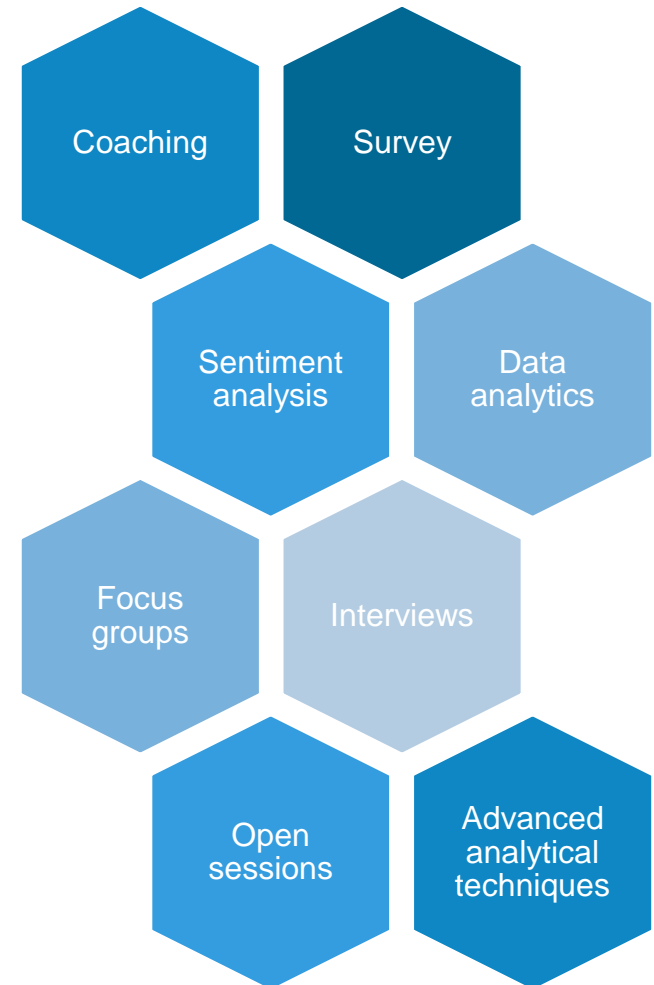
Walkthrough

Project audit

Consulting

Thematic review

Continuous auditing



# Reporting





# Case Studies – „Dysfunctional executive team”

Where?

Private sector

What?

Evaluation of management communication and leadership style

Why?

Noticeable arrogance and lack of self – awareness, high turnover rates, poor communication, no ability to inspire

How?

Non-audit plan assignment performed by the CAE, supported by the Head of HR and external Executive Coach; interviews (121), questionnaires, off-site workshop with executives

Impact

Identification of dysfunctional leadership style



# Case Studies – „Delay of delivery results”

Where?

Public sector

What?

Assessment of inspection process

Why?

Delay of delivery results, lots of actions taken to minimize the risk but no results, problem with recruitment: number of open positions above the average;

How?

Employees survey and structured interviews, analysis of documentation (annual plan, background inspections documentation, risk management reports)

Impact

Inspection process improved. Risk management and annual planning approach changed. Way of delegating tasks and duties reorganized.



# Case Studies – „High-flying risk culture”

Where?

Private sector

What?

Assessment of the risk culture maturity

Why?

Increasing number of overdue issues, costs of dealing with operational incidents

How?

Integrated review - internal audit together with the risk function. Structured interviews supported by survey, analysis documentation, structured workshops

Impact

Risk policies enhanced. ERM integrated approach undertaken (common materiality framework implemented, risk culture measures implemented, risk and control mentors)



# Case Studies – „Poor HR management”

Where?

Public sector

What?

Evaluation of HR management process

Why?

Execution of projects without a clear vision from leaders. Lack of knowledge sharing. Procedures not followed and negligence of controls. Untimely risk response

How?

Survey supported by structured interviews. Risk based audit. Loopholes and risks resulting from the survey and interviews, walkthrough test, analysis of documentation.

Impact

Long-term strategy connected with annual plan and tasks, HR policies updated. List of improvements suggested by employees





Olga Petelczyc



Agata Szczerbetka



*„Behind every great team is a great culture” (P J Er)*

Thank you



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