

Considerations for Designing and Implementing a Culture Audit

CEB Audit Leadership Council

As high-profile culture challenges make headlines, auditors are grappling with how to assess and provide assurance over culture. Our guidance, research and tools help Audit teams more productively make culture audit design decisions.

As organizations recognize the benefits of a strong corporate culture and the potential costs of behavioral risks, many Audit departments are considering their role in providing assurance over corporate culture.

49% of audit functions are currently integrating assessments of culture into their existing audit engagements.

Four Key Considerations for Assessing Culture

1. Aspects of Culture to Assess

Determine which aspects of culture to audit based on an assessment of organizational risks. Audit may choose to evaluate corporate culture as a whole or consider a narrower set of cultural indicators.

2. Assessment Methods & Tools

The tools you use will be dependent on the information sources available to you and the communication methods you have found to be effective in conducting audit activities. Most organizations either evaluate organizational culture in stand-alone audits or evaluate risk culture in all of their regular audits.

3. Scoping Your Audit

Audit's primary tasks in scoping culture audits are selecting the auditable entity or entities to focus on and determining the appropriate monitoring and follow-up plans. Audit's beliefs about where risk resides will be the main drivers of this decision, but the aspect of culture could also inform which entities will be audited.

4. Staffing Your Audit

Many auditors considering whether to evaluate culture in their organization are concerned that their teams lack the necessary expertise and authority to address often sensitive behavioral issues. Despite this concern, 92% of audit departments use internal staff to develop and execute on these initiatives.



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Two Approaches to Auditing Culture

Organizational Culture Audit	Risk Culture Audit
<p>✓ Aspect of Culture An assessment of organizational culture considers employees' deeply held beliefs, values, and assumptions.</p>	<p>✓ Aspect of Culture An assessment of risk culture considers behaviors, norms and systems that contribute to organizational risk management and reflect shared employee perceptions.</p>
<p>✓ Methods and Tools Involves a stand-alone culture audit as a single engagement that only considers culture, involving numerous complimentary tools and activities.</p>	<p>✓ Methods and Tools Assessment of risk culture can be embedded in regular audit engagements by collecting and evaluating culture data using one or a few tools at a particular audit stage.</p>
<p>✓ Scope Audits focus on specific business units or operations in a particular geographic region and evaluate alignment of local corporate culture with the broader organizational culture.</p>	<p>✓ Scope In addition to audits of business units or specific geographic regions, audits can also focus on a process, zeroing in on the effectiveness of the control environment.</p>
<p>✓ Staffing In-house staff, co-sourced auditors, or external consultants can be used, but auditing organizational culture requires high competency in soft skills and is often performed by a specialized team.</p>	<p>✓ Staffing Auditors with conventional controls expertise are well-suited to conduct risk culture audits, and in-house staff, co-sourced auditors, or external consultants can be used.</p>

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What This Means for You

While auditing culture is a seemingly complex undertaking that raises sensitivity in many organizations, it sits comfortably within auditors' mandate and expertise. Use our **CEB Ignition™ Guide to Auditing Risk Culture**, and these additional resources to get started:

- Best Practice Case Studies on Assessing Culture in Each Audit Engagement
- Example cultural risk indicators
- Sample culture survey questions
- Advice from peers



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