

Biography



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Joseph Mauriello

CPA, CIA, CFE, CISA, CMA, CFSA, CRMA

Director, Center for Internal Auditing Excellence

EXPERIENCE SUMMARY

Joseph Mauriello is the Director of the Center for Internal Auditing Excellence at the University of Texas at Dallas ("UTD") where he is responsible for overseeing all aspects of the academic program. UTD is one of six recognized centers of excellence in the world, as designated by the Institute of Internal Auditors, and is currently recognized as the largest graduate program in internal auditing. Currently, Joseph teaches core courses in the graduate program which include Internal Audit, Advanced Internal Audit, and IT Audit. He also teaches various accounting courses including Financial Statement Analysis and Managerial Accounting.

- Public Accounting / Consulting Experience
- Public Company Internal Auditing Experience
- Past President of the Dallas Chapter of the Institute of Internal Auditors and currently a Board member
- Conference Chair for the 2016 Dallas IIA Super Conference
- Conference Chair for the UTD Annual Fraud Summit
- Presenter at the 2014 Dallas IIA Super Conference
- ISACA Academic Advocate representing The University of Texas at Dallas

Prior to UTD, Joseph has more than 15 years of management and supervisory experience in accounting and auditing in both public company and consulting environments. He has expertise performing business risk assessments, ERM projects, anti-fraud program development services, performance improvement strategy assessments, quality assessment reviews, and fraud investigations within the Risk Advisory umbrella, along with traditional internal audit co/outsourcing and SOX Compliance project management services.

PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Institute of Management Accountants
Association of Certified Fraud Examiners
Information Systems Audit and Control Association
Institute of Internal Auditors

EDUCATION

M.B.A., The University of Texas at Dallas
M.S., Accounting, The University of Texas at Dallas
B.A., Lehigh University



Practical Skills for Internal Audit Value Generation

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The University of Texas at Dallas*

Association of Government Accountants – Dallas Chapter

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Objectives

- Understand the profession of internal auditing and how it impacts organizations.
- Identify the traits of a successful auditor that ultimately can lead to value generation for organizations.
- Gain an understanding of the value creation opportunities to be derived from a successful internal audit function.

A little bit about me

- Academia – Director, Center for Internal Auditing Excellence, UTD – June 2015
- Consulting: Managing Director, BDO USA, LLP – 5 years
- Industry – Internal Audit at Alcatel-Lucent, Celanese, ORIX USA
- MBA and MS, Accounting – UT Dallas
- BA, History, Minor: International Relations – Lehigh University
- Past President, Dallas Chapter of the Institute of Internal Auditors
- Past Officer / Board of Governors (IIA) for the past 5 years

History Lesson

Did you know?

Internal Audit is thought to be the second oldest profession! Its origins date back to the 4000 B.C, when record-keeping systems were first instituted by organized businesses and governments in the Near East to allay their concerns about collection of taxes.



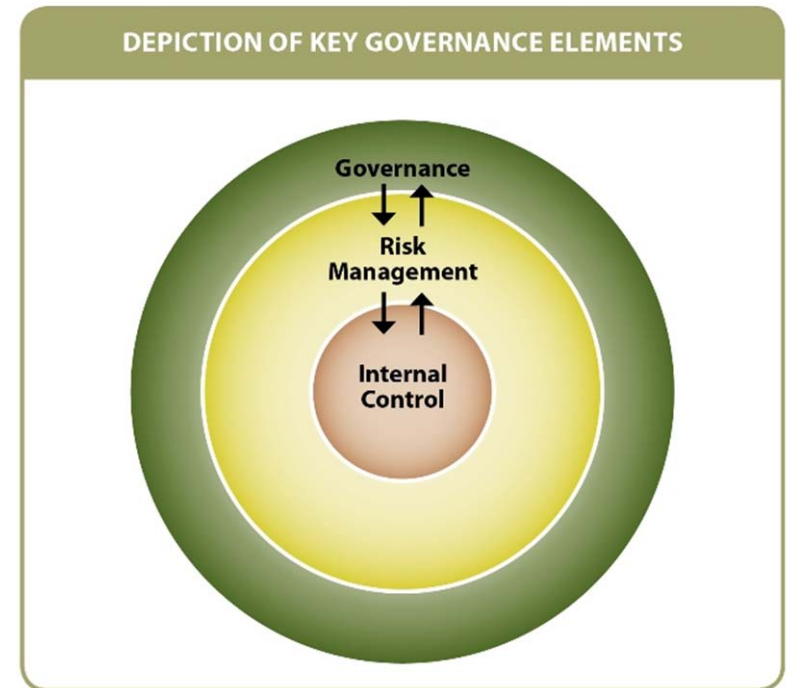
First things first...What is Internal Audit?



First things first...What is Internal Audit?

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Source: The IIA



Internal Audit's Role in the Organization

- Serves the Entire Organization
- Independent from Operating Management
- Partners with Management / Leadership
- Participates with Improvement Teams & Task Force Processes
- Uses Technology

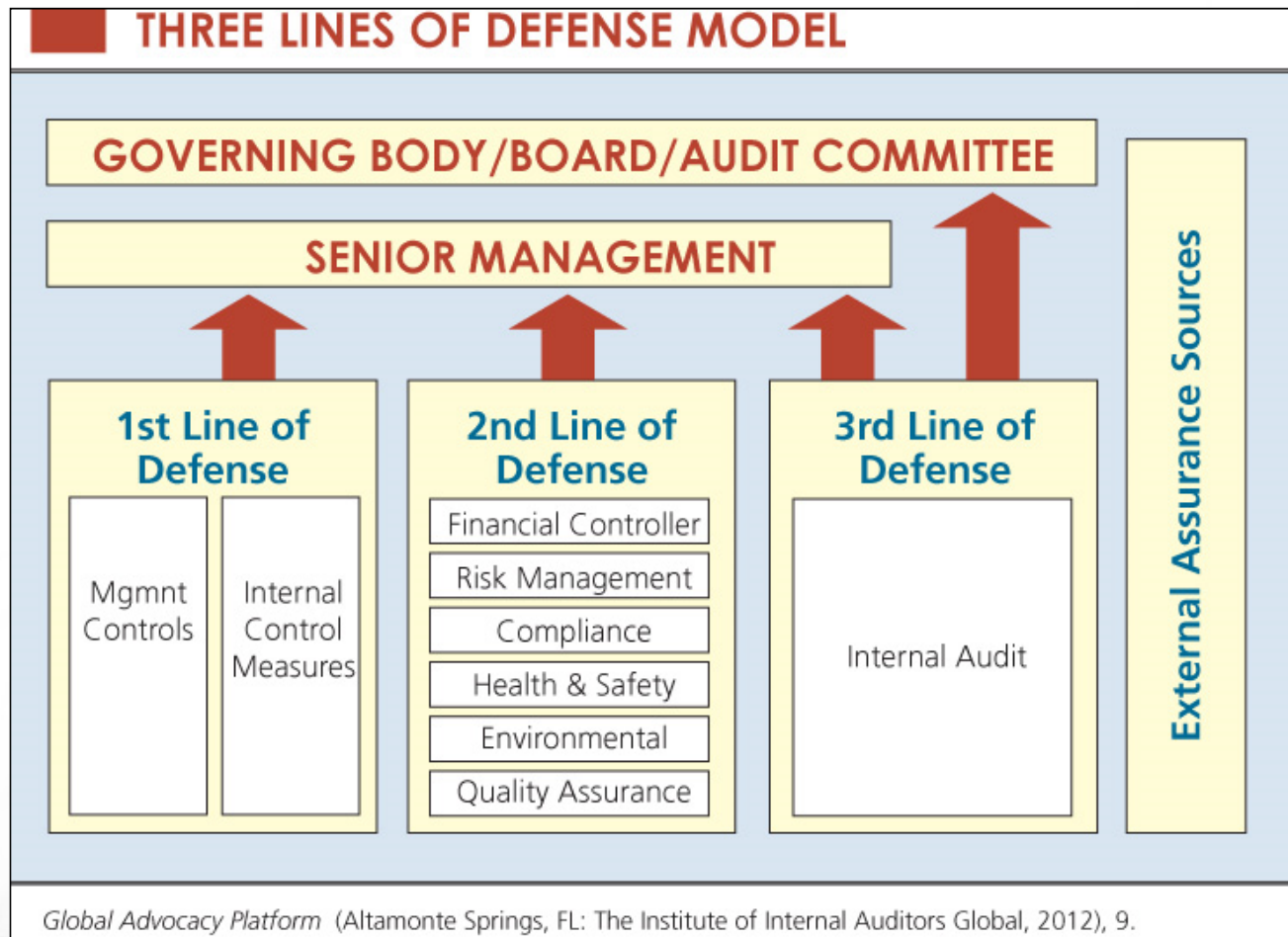


Internal Audit's Role in the Organization

- Stakeholders interact with Board which interacts with Management and Assurance
- Employees, Management, Investors, Vendors, Regulators, Consumers, Financial Institutions, etc..
- Internal / External Activities: Internal Audit / External Audit; Regulators, etc..



Internal Audit's Role in the Organization





Traits of the Practical Auditor

Independence and Objectivity

The internal audit activity must be independent, and internal auditors should be objective in performing their work.

OBJECTIVITY is a state of mind and is defined as freedom from bias... expressing or involving the use of facts without distortions by personal feelings or prejudices

- Make unbiased judgments
- Two people with same level of expertise and facing the same facts and circumstances will come to similar conclusions

INDEPENDENCE is

- Freedom from conflict of interest that threatens objectivity
- A state where threats to objectivity are managed to the extent that the risk of ineffectual internal audit services are acceptably controlled.
- But, independence does not guarantee objectivity

Professional Skepticism

PCAOB professional standards reflect the importance of professional skepticism throughout the audit process.

The framework for auditor objectivity and professional skepticism is reflected in PCAOB professional standards. The standards demand the appropriate application of professional skepticism throughout the audit process, and emphasize that professional skepticism:

- Is a component of the auditor's general duty of care that applies throughout the audit;
- Is an attitude that includes a questioning mind and a critical assessment of the appropriateness and sufficiency of audit evidence; and
- Comprises three elements — auditor attributes, mindset, and actions.

Source: PCAOB



Professional Skepticism

- Take nothing for granted
- Continually question
- Never can provide absolute assurance
- Reasonable assurance
- Persuasiveness of audit evidence
 - Relevant
 - Reliable
 - Sufficient



Communication

Verbal

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Written

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Analytical and Technical Expertise

- Knowledge of Internal Audit
- Knowledge of Technology / New Apps
- Knowledge of Business/Organization
- Commitment to Learning / Improving / Innovating

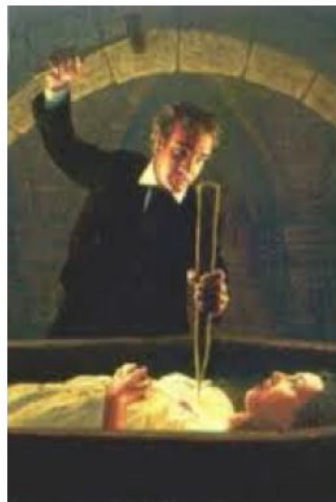
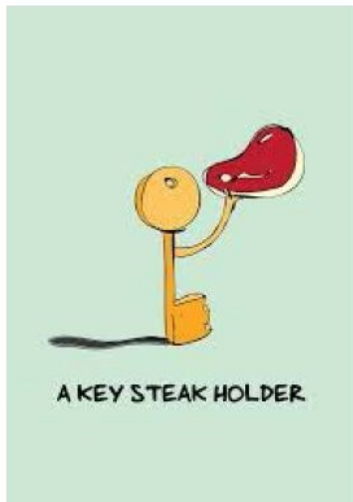


Stakeholder Management

Stakeholder Management

Stakeholder Management includes the processes required to identify the people, groups and organizations that could affect or be affected by the project, to analyze stakeholder expectations and their impact on the project, and to develop appropriate strategies and tactics for effectively engaging stakeholders in a manner appropriate to the stakeholders' interest and involvement in the project.

Source: PMBOK (5th Edition)



Leadership

Definition of Leadership

1. The individuals who are the leaders in an organization, regarded collectively.
2. The activity of leading a group of people or an organization or the ability to do this.

Leadership involves: establishing a clear vision, sharing that vision with others so that they will follow willingly, providing the information, knowledge, and methods to realize that vision, and coordinating and balancing the conflicting interests of all members and stakeholders.

A leader steps up in times of crisis, and is able to think and act creatively in difficult situations.

Source:

<http://www.businessdictionary.com/definition/leadership.html>



Competency Expectations for Qualified Auditor

1. Interpersonal Skills

- a. Influence: Wielding effective tactics for persuasion
- b. Communication: Sending clear and convincing messages, listening
- c. Management
 - i. Policies and procedures
 - ii. Staffing
 - iii. Priority setting, planning, performance management, and customer focus
 - iv. Time management, achieving goals and tasks, and organizational skills
- d. Leadership: Inspiring and guiding groups and people, building organizational commitment, and entrepreneurial orientation
- e. Change catalyst: Initiating, managing, and coping with change
- f. Conflict management: Negotiating and resolving disagreements
- g. Collaboration and cooperation: Working with others toward shared goals
- h. Team capabilities: Creating group synergy in pursuing collective goals

2. Tools and Techniques

- a. Operational and management research tools
- b. Forecasting
- c. Project management
- d. Business process analysis
- e. Balanced scorecard
- f. Risk and control assessment techniques (including self-assessment)
- g. Governance risk and control: tools and techniques
- h. Data collection and analysis tools and techniques
- i. Problem-solving tools and techniques
- j. Computer-assisted auditing techniques (CAATs)

3. Internal Audit Standards, Theory, and Methodology

- a. Definition of Internal Auditing
- b. Code of Ethics
- c. *International Standards for the Professional Practice of Internal Auditing*
 - i. Attribute standards
 - ii. Performance standards

4. Knowledge Areas

- a. Financial accounting and finance
- b. Managerial accounting
- c. Regulatory, legal, and economics
- d. Quality: understanding of the quality framework in your organization
- e. Ethics and fraud
- f. Information technology
- g. Governance, risk, and control
- h. Organizational theory and behavior
- i. Industry knowledge

Source: www.theiia.org.

Attributes for Internal Auditors in the 21st Century

An often-asked question is “what are the attributes needed for long term success in the internal audit profession?”

- High Energy Level
- Strong Academics
- Negotiation Skills
- Committed to Life-long learning
- High Ethics and Integrity
- Receptive to Travel
- Committed to Certification
- Time Management
- Systems Orientation
- Customer Orientation
- Facilitation Skills
- Low Maintenance (Yield)
- Creativity
- Decision Making
- Personality
- Bilingual
- Positive Attitude
- Receptive to Relocation
- Receptive to Change
- Flexible
- Written Communication Skills
- Oral Communication Skills
- Good Problem-Solver
- Project Oriented
- Career Oriented
- Team Player
- Willingness to Participate
- Self-awareness
- Ability to deal with ambiguity
- Role Performance
- X-Factor (Synergistic)
- Understanding of social norms
- Performance Output
- Professional Development
- Operations Knowledge
- Experience
- Specialization
- Self-sufficient
- Planning
- Organization
- Judgment
- Bottom-Line Orientation
- Over-achiever
- Global Orientation
- Avid Reader
- General Business Skills
- Loyalty to Organization
- Self-Motivated
- Demonstrated Leadership
- Analytical Skills
- Professional Organizations

Value Proposition

Internal Auditors...

- Have variety of skills, educational backgrounds, and expertise.
- Use their broad knowledge of the business to help management achieve its business objectives and assist the governing body in fulfilling its oversight responsibility.
- Are catalysts, risk and control experts, efficiency specialists, and problem-solvers.



What should you expect from Internal Audit?



Governing bodies and senior management rely on Internal Auditing for objective assurance and insight on the effectiveness and efficiency of governance, risk management and internal control processes.



What should you expect from Internal Audit?

Governance, Risk, Control

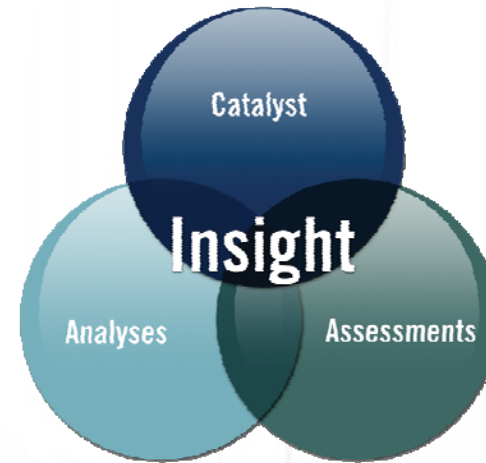
- Internal Auditing, as one of the four cornerstones of corporate **governance** (along with the governing body, executive management, and external auditing) helps organization focus on strong controls, accurate reporting, effective oversight, mitigation of risks, and protection of investments.
- Assists management and governing bodies in identifying **risks**.
- Provides insight on effectiveness of **controls** and compliance with procedures and regulations, and recommends improvements.



What should you expect from Internal Audit?

Catalyst, Analyses, Assessments

- As **catalyst** for improvement, evaluates processes, reports findings and recommends appropriate courses of action; and advises on key projects/initiatives.
- Through **analyses** of data and information, provides insight into process improvements.
- Through understanding of the business and its objectives, **assesses** the efficiency and effectiveness of operations and protection of assets.



What should you expect from Internal Audit?

Integrity, Accountability, Independence

- Grounded in professionalism and **integrity** through professional *Standards* and *Code of Ethics*.
- **Accountable** in helping management and governing bodies achieve their objectives.
- To ensure **independence**, CAE should report to independent governing body for functional direction; and to management for administrative oversight. Maintains objectivity by not assuming any operational responsibilities.



Answering the Tough Questions

- Does IA perform objective analysis and assessment of major risks to the organization?
- Is the Internal Audit staff responsive to the needs of today's rapidly changing environment?
- Is the Internal Audit staff sufficiently competent, motivated, and skilled to provide the value expected?
- Is the Internal Audit cognizant of new laws, regulations and best practices?
- Can they be looked upon in a consultative manner for proactive evaluation of internal controls and risk management?
- Is Internal Audit respected in the organization, and are they getting the right information?

Value Proposition

From June 2015 Article by Richard Chambers....

Internal Auditors add value by:

- Providing objective and independent assurance and insight on how well risk and the mitigating controls are being managed.
- Helping an organization achieve its objectives and thus enhancing the value of the organization.
- Protecting Key Stakeholders (Not just limited to Investors, Employees, Management, and Board; think downstream impacts).



How do we prepare the next generation?

UT DALLAS

IAEP
THE INSTITUTE OF INTERNAL AUDITORS
INTERNAL AUDITING EDUCATION PARTNERSHIP

NAVEEN JINDAL
SCHOOL OF MANAGEMENT

World-class auditors are
Made in Texas.

The University of Texas at Dallas
has the most comprehensive
internal audit program in the world.

See you at the 2016
IIA International Conference

For recruiting and sponsoring opportunities see jindal.utdallas.edu/iaep

Key Contacts / Websites

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Other Sites:

UTD Student IIA Chapter: www.utdallasiiia.com

Dallas IIA Chapter: www.dallasiiia.org