

AUDITORS AS LEADERS

...it's not in the title – it's in the execution...

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Outline

- Objectives
 - Defining leadership and the need for change
 - Recognizing and understanding characteristics of effective leaders, and
 - Developing and improving personal leadership capacity
- 3 Major Topics
 - Leadership
 - Change
 - Action Plan

**If your actions inspire others
to dream more, learn more,
do more and become more,
you are a leader.**

-- John Quincy Adams

LEADERSHIP

- Leaders versus leaders
- Leadership Theories
- Leadership Styles
- Leadership Definition
- Characteristics & Competencies of an Effective Leader
- Auditors as Leaders

Great leadership is a journey.

It is personal and begins within the individual and radiates outward to others. It is not easy, but it can be extremely gratifying.

- Mary Jo Asmus

Leaders versus leaders

- Leaders have authority by position or title
- leaders with a small “l”
 - also known as personal leadership
 - lead by influence
- leadership is not a position on an organization chart, although it can be. It is a way of “being”, which means leaders can be found anywhere in the organization and communities.
- “Contrary to the opinion of many people, leaders are made, and they are made by effort and hard work.”
 - Vince Lombardi

Leadership Theory

- Trait theory
- Behavioral theory
- Contingency theory
- Integrative theory

“Leadership is a journey,
not a destination.”

-Lou Russell

Leadership Styles

- Laissez-Faire Leadership
 - “leave it be”
 - effective when team is very experienced self-starters, &
 - where leader monitors & communicates periodically
- Transactional Leadership
 - people are motivated by reward & punishment
 - assumes systems work best with clear chain of command
- Transformational Leadership
 - highly visible, spend a lot of time communicating
 - inspire team with shared vision of the future
 - tend to need support from “details people”

Definition of Leadership

- the influencing process of leaders and followers
- to achieve organizational objectives
- through change



Effective Leadership

- establishes direction, and developing a vision for the future.
- aligns people, modeling the vision, influencing, and creating teams and coalitions.
- inspires people to overcome barriers to change by satisfying basic human needs.
- produces useful change.

• Source: John Kotter, leadership professor

Auditors as Leaders?

- Books on Leadership on Amazon.com: 388,936
- Information related to Audit Leadership on Internet: 3
 - Auditing Leadership, book, Brian Kush, 2009
 - Auditors As Leaders, article CPA Journal, Mary E. Oliverio, 2004
 - Auditors As Leaders, presentation IIA luncheon, Ruthe Holden, 2009
- Is “auditor leadership” an oxymoron

Auditor Leadership

- Lead and Shape Change rather than React to it
- Innovate beyond expectations
 - Figure out what is needed before it is wanted and be there ahead of them
 - Challenge the Status Quo
- Respected...Trusted...Valued
- Leadership extends beyond leading people
 - it pertains to all you do
 - it is how you are perceived by others
 - it relates to your circle of influence
- Auditors Need to be a Respected leader at the “Table”

CHANGE

When I was a young man, I wanted to change the world. I found it was difficult to change the world, so I tried to change my nation.

When I found I couldn't change the nation, I began to focus on my town. I couldn't change the town and as an older man, I tried to change my family.

Now, as an old man, I realize the only thing I can change is myself, and suddenly I realize that if long ago I had changed myself, I could have made an impact on my family. My family and I could have made an impact on our town. Their impact could have changed the nation and I could indeed have changed the world.

-- Unknown Monk (around 1100 A.D.)

Do You Know.....

Change is inevitable, growth is intentional.
- Glenda Cloud

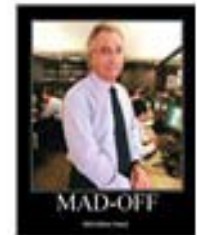
10 Year Impact on Audit



Adelphia



tyco



Auditors As
Consultants

PCAOB
SOX, SOX and More SOX

Current Audit
Focus

SHIFTS IN INTERNAL AUDIT COVERAGE

	Increased	Decreased	Same
Financial Risks (general)	41%	2%	55%
Sarbanes-Oxley testing or other support	11%	20%	44%
Operational Risk	47%	6%	46%
Compliance Risk	33%	4%	61%
Credit Risk	33%	1%	47%
Liquidity Risk	27%	2%	50%



CHANGING WORLD

With Great
Turmoil comes
Great Risk as
well as Great
Opportunities

General's are
always fighting
the last war.
- Charles de Gaulle

“The greatest
danger in
times of
turbulence is
not the
turbulence; it
is to act with
yesterday's
logic”

- Peter Drucker

Managing Change

- Choose your Response

- Event + Response determines Outcome
 - Success Principles – Jack Canfield
- cannot determine the event
- can choose your response

- Focus

- “Before I was paralyzed, there were 10,000 things I could do. Now there are 9,000. I can either dwell on the 1,000 I lost, or focus on the 9,000 I have left.” -- W. Mitchell

- Inner Security

- it's a choice that you make, it's not a skill that you develop

People underestimate their capacity for change. There is never a right time to do a difficult thing.

A leader's job is to help people have vision of their potential.

-- John Porter

DEVELOPING/IMPROVING PERSONAL LEADERSHIP CAPACITY

- Mission & Values
- Goals
- Personal Strategic Plan
- Communication Skills
- Networking

In times of change, learners inherit the Earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists. - Eric Hoffer

Vision, Mission & Values

- Your Honor Code
- Vision Statement = Where you are going
 - good vision statements are rooted in guiding principles
- Mission Statements = What & how you do it
 - Do you have a title or a mission, which is more compelling?
 - Creating a mission statement, you look at what is working in your life, & what is n't – look at those things that have to change for you to live the life and lifestyle you desired
 - Mission Statement Builder: <http://www.franklincovey.com/msb/>
- Values = What you stand for
 - leadership without values is a train wreck waiting to happen

Goal Setting

- 5 Golden Rules
 - Set Goals that Motivate you
 - Set SMART Goals
 - Put Goals in Writing
 - Make an Action Plan
 - Stick With It
- John Goddard
 - “World’s Greatest Goal Achiever”

Personal Strategic Plan

- Pulling it all together
- If you do the same thing today, as you did yesterday, why would you expect tomorrow to be any different?
- Personal Strategic Plan identifies
 - where you want to go
 - the plan to get there
 - action plan to document results
 - ability to fine tune plan as you go
- Getting Things Done – David Allen

“Success is not an accident. It begins with a well-conceived plan.

You can and will achieve more in the next year than you have in the past ten with a disciplined Personal Strategic Plan.”



Personal Strategic Plan Steps

1. Create a personal vision and mission statement.
2. Identify the values that guide your actions
3. Design a lifestyle for yourself that is true to your deepest held values & beliefs.
4. Define goals by identifying short-term and long-term objectives that help you achieve the changes you want & need to make you realize the desired life & lifestyle.
5. Take action to turn your goals into habits for everyday living.
6. Sustain your effort toward those goals & identify & overcome obstacles to achieving those goals
7. Periodically revisit your plan



Personal Strategic Plans Available

- The GoalsGuy Elements of a Strategic Plan
 - <http://www.infohatch.com/personalstrategicplan.htm>
 - <http://goalsguy.com/About/index.html>
- Getting Things Done
 - <http://www.davidco.com/>
- Mindtools Personal Development Plan
 - <http://www.mindtools.com>
- There are millions of sites available on the internet – “just google it”



COMMUNICATION

- Personal Branding/Selling Yourself
- Written Communication
 - emails
 - memos
 - resumes
 - reports
- Oral Communication
 - voicemail
 - introductions
 - meetings



Networking

- Networking
 - It's not about your needs- as much as how you can help
 - The time to network is NOT when you need a job
- Viral Networking
 - Linked In
 - Facebook
 - MySpace
 - Twitter
- Volunteering
 - Giving back to your profession
 - Professional Organizations
 - University

CONCLUSION

- The Profession will not do well unless we as auditors do well
- “We must demonstrate that internal auditing is a cornerstone of strong corporate governance and that we deserve a place at the governance table alongside other top-level executives.”

-- Rod Winters, IIA Chairman of the Board



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