

Nothing prepared Kayla Brown for her first audit road trip. After a steady diet of compliance work at Atlanta-based children's apparel company Carter's Inc., she was sent across the country to audit the operations of six of its California stores. She was 23 years old, traveling alone, and had never rented a car before. "Being on your first job," she says, "it's the little things that can stress you out."

Once Brown arrived on the West Coast, she encountered some initial skepticism from store managers. Some thought she didn't seem old enough to be auditing the businesses they had worked at for many years. Most of the audits went smoothly, but one store didn't do so well. "Luckily, the store manager was good to work with, so it wasn't a difficult conversation," she says. "But it's not great to be the bad guy. You want the business to get better and you want to serve as a partner."

Despite Brown's nervousness, the California audits were a great experience and a launching pad for her current career. Three years into her job, she has led Carter's retail store audits throughout the U.S. and Canada.

Brown's desire to be a business partner and her eagerness to learn are typical of young auditors entering the profession. Like Brown, challenges encountered during early audit assignments are often the fire that ignites successful careers at a

Tim McCollum

Growth *through* challenge

Current and past Emerging Leaders discuss the tough assignments that helped propel their careers forward.





“What was most valuable to me was [my boss] sharing what didn’t work for him, what the mistakes were, and what he learned from that.” —Seth Peterson

with audit clients. “Looking back, I could have been better prepared and equipped to handle those interviews,” Peterson admits.

Such trials can be a great way to learn, as long as

young age. Some of *Internal Auditor’s* current and previous Emerging Leaders share their experiences.

INTO THE DEEP END

Today’s young auditors reflect the profession’s growing emphasis on being multifaceted—no one’s going to confuse them with accountants. Some like Brown have emerged from universities with internal audit curricula, such as those that are part of The IIA’s Internal Audit Educational Partnership. Others have come over from external audit firms. Then there are those like Seth Peterson who fall into the job.

bank, he applied for an internal audit opening that could give him the overall view of the bank that he wanted.

For Peterson, internal audit was a whole new world. He knew nothing about auditing, and he didn’t know what to expect. Yet, what initially was intended to be a short-term position quickly turned into a great career opportunity. “Everything about internal auditing was new to me,” he says. “I went into it with an open slate: I didn’t know what I was doing. I thought, ‘Let’s figure this out and shape what I want to do.’”

Those first audits were a trial by fire. His first bank had a series of frauds

auditors aren’t overwhelmed by them, Peterson says. He credits his boss at the time, Joel Baier, with giving him feedback on his work and sharing his own experiences—and the mistakes he had made along the way. “What was most valuable to me was him sharing what didn’t work for him, what the mistakes were, and what he learned from that,” Peterson says.

PREPARED TO SUCCEED

Those tough early conversations have shaped how Peterson leads his current team at The First National Bank in Sioux Falls. There, his focus is on



“You have to go in with a customer-first mentality. Otherwise, you come in as young and inexperienced, and you’ll quickly be shown the door.” —Derrick Li

Peterson, assistant vice president and internal audit manager with The First National Bank in Sioux Falls, S.D., wasn’t looking to be an internal auditor—his interest was banking. A professor at Buena Vista University suggested he get a job as a bank examiner to gain a sense of which area of banking he wanted to pursue, but there weren’t any openings. After a stint in an operations job at another Sioux Falls-based

and control breakdowns. “It let me see when things go bad, how bad they could go,” Peterson recalls. Although the frauds were consumer-driven, the audits involved gathering facts from bank employees who were fearful that their mistakes might cost them their job. For a young auditor, they were tough conversations that involved balancing internal audit’s need to be objective with the interest to build trust

having audit clients see internal auditors as people—and vice versa—which “helps people open up and lets us do our job more effectively,” he says.

That’s a lesson Derrick Li has taken to heart over the years. Li is director of internal audit and performance improvement at Translink, the public transportation authority for the Vancouver, British Columbia, region. As a young auditor, “you have to go in with a customer-first

mentality," he explains. "Otherwise, you come in as young and inexperienced, and you'll quickly be shown the door."

Li learned to be client-centric when he worked for outsourced internal audit clients while he was at professional services firm BDO. Because most of their internal audits were one-off engagements, internal auditors needed to develop future business by demonstrating the value that internal audit can provide business units. It's a mentality he took with him to future internal audit jobs.

Another lesson Li learned from his audit consulting days was the value of preparation. One of his first internal audits at BDO was a board governance review for a large public company that

had received poor governance ratings.

For this review, Li interviewed board members who were top corporate executives. These could have been daunting exchanges for a new auditor, but Li came in prepared to ask the right questions. "You may not know as much as the people you're auditing, but doing that prep work and demonstrating that knowledge can go a long way," he stresses.

Upon leaving BDO, Li became a CAE at a succession of public sector organizations in Vancouver, each one more complex and with greater operating revenues. Unlike many young auditors, he didn't have a CAE to teach him the leadership ropes. In his current position at Translink, he's the youngest member of a staff of eight internal

auditors, and he's instilled them with that twin focus on the client and being prepared. His team has moved from primarily conducting financial compliance audits to doing performance, risk, and even Lean Six Sigma engagements. "Audit clients will quickly see if you're all talk," he says. "You've got to demonstrate quickly that you're able to deliver. And if you make promises, you'd better commit to keeping them."

CHANGING MIND-SETS

Developing those client relationships can be challenging for new auditors at a time when they are just beginning to develop their "people skills," says Maja Milosavljevic, senior auditor with EY in Belgrade, Serbia. Starting her career at

SOUND ADVICE

Emerging Leaders past and present offer some tips for new entrants to the profession. Their core message is simple: Master the soft skills.

Get a Mentor New auditors can learn much from audit leaders and other experienced co-workers, including how to communicate with clients about sensitive issues and how to protect their independence and remain objective. "Whenever I had some issues or questions regarding internal auditing, Olga was there to help with advice," says Maja Milosavljevic of her mentor Olga Antic. Sometimes the best mentors will come from outside the profession, such as audit clients, company executives, and board members. "In interacting with executives and board members, you're learning from some high-powered and experienced people," Derrick Li says.

Build Relationships Interactions with audit clients are opportunities for internal auditors to demonstrate how audit services can provide value, Seth Peterson says. But to get to that point, clients need to see auditors as people. Peterson recommends breaking the ice by getting involved in company volunteering activities. "You'd be surprised by what you can learn about

someone from volunteering with them," he says. "They see you as something other than an auditor."

Learn From Mistakes For new auditors, mistakes come with the territory. A bad client meeting can serve as a teachable moment – so can feedback from superiors. Auditors can learn from mentors' and audit leaders' mistakes, as well. As Andrew Loyack of Ahold Delhaize says, auditors shouldn't have to touch the stove to know they'll get burned. Above all, be resilient, he advises. "If you get knocked down, pick yourself up and learn from your mistake," he says.

Network When she speaks to college students about the profession, Kayla Brown stresses the same thing: networking. She should know – she landed an internship through a contact of one of her professors. Brown's boss at that internship referred her to a colleague who became her boss at Carters. "Even if you love your current job, you never know when your circumstances might change," she says. Networking helps on the job, as well. Khristi Ferguson of AccuAccounts reached out to fellow internal audit leaders in other Caribbean countries to share challenges and to get advice. "That helped a lot, just getting started," she says.



the National Bank of Serbia, she learned the importance of developing a strong network throughout the organization, as well as having a good internal audit methodology. She observed how her mentor, Olga Antic, organized audit engagements and approached audit clients. “From my first projects, I learned how complex and detailed the work of internal audit can be and how important it is to have a good audit methodology to rely on,” Milosavljevic says.

From Antic, she learned how to gain her clients’ confidence, even when they were sometimes afraid of being audited. And she learned fundamental principles of working—including the *International Standards for the Professional Practice of Internal Auditing*—that she applies today. One big lesson was how to maintain her independence and objectivity. Antic advised her that “there are no strict rules for every situation internal auditors may find themselves in,” Milosavljevic recalls. “It is up to me to find an adequate solution for every



new profession. “Looking back, I wish I had known that the mind-sets of people could be changed,” she says. “I would advise my younger self to always be persistent and polite with people when trying to influence their mind-set, because it is a process that requires time, but gives long-term results.”

YOUTH TAKES THE LEAD

Like Milosavljevic, Khristi Ferguson has had to win over audit clients early in her career, but sometimes she’s had to convince her colleagues, as well. After working in external audit at Deloitte and KPMG following graduation from college, Ferguson moved into internal audit when she joined The Bahamas government as an internal audit director.

Government, with its entrenched bureaucracy and potential for corruption, turned out to be a particularly challenging first internal audit job. One of Ferguson’s first larger audits was an operational review of the general post office. There, she found hardly any

Despite her external audit background, there was a learning curve for Ferguson. The Bahamas government has 72 ministries and departments, all with diverse conditions. At times, she had as many as seven audits in progress, covering a range of industries such as aviation, finance, utilities, and transportation. For each engagement, she had to develop specific expertise quickly. “How are you going to become an expert in aviation if you have nothing to do with planes?” she says. “You’ve got to find those rules and regulations, and you have to become an expert overnight.”

Then there was her staff, which comprised a mix of veteran internal auditors and young auditors with little formal training. Ferguson arranged training quickly with help from The IIA. She also upgraded the department’s technology by adding data analytics software, and she drafted one of the auditors who had a technology background to become the department’s IT audit specialist.

“Some were just staunch and didn’t want to hear anything. And then when they saw the audit report, they said, ‘You were right.’” — Khristi Ferguson

situation I find myself in to preserve my independence and objectivity.”

Antic encouraged Milosavljevic to obtain her Certified Internal Auditor designation, and after a year she moved on to Erste Bank, where she advanced to senior internal auditor before landing her current job this year. Still, Milosavljevic struggles to convince audit clients that she is a trusted adviser, rather than a controller, in a country where internal audit is still a relatively

controls in place, operations that were ad-hoc, and audit clients who didn’t understand their strategic direction and purpose, much less what the auditors were doing there. “I spent most of my time with management, assuring them that this is not a ‘gotcha moment,’” Ferguson says. Instead, she wanted to get an overall view of operations and advise management of the regulations they needed to follow. “Some didn’t even know those rules existed,” she recalls.

Rather than focus on financial audits, as auditors had done before, Ferguson focused her department on operational reviews that would reveal problems and opportunities for improvement. Clients resisted at first, but she convinced some of them quickly once they saw that her department was uncovering issues that they could fix before they were found by the auditor general or external auditors. Others took more convincing. “Some were just staunch

78% of “very effective” audit leaders have exceptional **business** acumen and clearly articulate insights on strategic risks, according to PwC’s 2016 State of the Internal Audit Profession survey.

DIGITAL AUDIT NATIVES

Today’s young auditors are digital natives, so one expects them to be naturals with technology.

That was true for Maja Milosavljevic – senior auditor with EY in Belgrade, Serbia – at her first job. “I was more advanced with technology than my more experienced colleagues,” she says. She recalls that the combination of her technology skills and her co-workers’ business knowledge strengthened the audit team. But “there could have been more technology at that time that would have made audit work even more efficient,” she says.

Auditors craving more modern audit technology don’t always find it smooth sailing. For Khristi Ferguson, who led an internal audit department at The Bahamas Ministry of Finance, it was a matter of work styles. Younger auditors preferred communicating by email. “Technology was more their friend than a foe,” Ferguson notes. The more experienced auditors would get in a car and drive to talk to someone. Ferguson had

to bring both camps together so the newer auditors could share how to use technology in their audits and the veteran auditors could teach their new co-workers about the government. “Both sides saw value,” she says. “Did it mesh right away? No, not at all.”

Being adept with technology and helping co-workers get up to speed can help new auditors advance in their careers. In Andrew Loyack’s case, it led to a new job as an IT auditor with Ahold Delhaize, after working in an operations and compliance audit role at his former employer, Financial Outsourcing Solutions. When he started his previous job, originally as an IT auditor, most audits were done manually, but within three years, the audit function was strongly digital and looking to expand its data analytics capabilities. Loyack took a personal interest, developing a mind-set that he’s carrying over to his new position. “I’m a big knowledge-share person,” he says. “Even if I know something, I want to make sure everybody knows it.”

and didn’t want to hear anything,” she says. “And then when they saw the audit report, they said, ‘you were right.’”

ONWARD AND UPWARD

Ferguson and Milosavljevic are proving that talented auditors are increasingly in demand. For Ferguson, that has meant launching her own business, AccuAccounts, which provides internal audit and consulting services for small companies in The Bahamas.

Another auditor with a new job is Andrew Loyack, who recently joined Zaandam, Netherlands-based Ahold Delhaize, whose U.S. division operates supermarkets along the East Coast. It’s a chance to bring his internal audit skills to the retail industry after eight years in the financial sector with outsourced internal audit provider Financial Outsourcing Solutions (FOS).

Loyack’s first job was a natural progression after studying accounting and management information systems at Shippensburg University of Pennsylvania

and interacting with internal auditors during internships. He was struck at first with how much the auditors interacted with clients. Being an outsourced internal auditor was unique in that Loyack worked with lots of different small community bank clients. “It was hard to keep track of all the contacts that I had,” he says. “It wasn’t just separate audits, it was separate organizations and risk appetites.”

Having so many diverse clients made communication a necessity. “It was daunting at first because I was communicating directly with C-level management,” he explains. “Getting to the point where I was comfortable approaching them with questions and concerns was something I would never have fathomed right out of college.”

Those early experiences taught Loyack the value of learning how his clients and co-workers prefer to communicate and learn. He also observed how his mentor at FOS, Lisa Steen, worked through issues with clients. Her best advice for Loyack was to “always

maintain that professional, valued adviser position,” he says.

Loyack also took advantage of FOS expanding its use of internal audit technology to share his IT knowledge with co-workers. That knowledge-sharing mind-set follows Loyack as he enters the next phase of his career at Ahold, where he is an IT internal auditor. “The things I went through at my first job—the trouble I had where I could have communicated better or more frequently—are things that I already have in the back of my mind so I don’t have to fall into the same potholes,” he says.

It’s those early lessons and experiences that can shape young auditors professionally as they move forward in their careers. And that forward movement is a key point: Like their peers in other professions, today’s young auditors aren’t standing still. They’re eager for new challenges and new opportunities.

TIM MCCOLLUM is Internal Auditor magazine’s associate managing editor.