

THE POSITIONING AND SUITABILITY OF THE INTERNAL AUDIT FUNCTION TO PERFORM THE ASSESSMENT OF ORGANISATIONAL CULTURE



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STHROP001

Research dissertation presented for the approval of the University of Cape Town Senate in fulfilment of part of the requirements for the degree of Master of Commerce (Specialising in Financial Reporting, Analysis and Governance) in approved courses and a minor dissertation. The other part of the requirement for this qualification was the completion of a programme of courses.

I hereby declare that I have read and understood the regulations governing the submission of Master of Commerce dissertations, including those relating to length and plagiarism, as contained in the rules of the University, and that this dissertation conforms to those regulations.

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APRIL 2020

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ACKNOWLEDGEMENTS

I would firstly like to show my appreciation to my supervisor, Associate Professor Tessa Minter for the shared insight, guidance and continuous support during the completion of my dissertation. Thank you for always going above and beyond in adding value to the direction of the study. Thank you to Dr Schalk Engelbrecht for sharing valuable , practical insight.

I would like to also thank my writing accountability partners: Asief Dhansay, Chuma Mjali, Tsimbe Mugwabana and Nazreen Begg, thank you for the messages on Saturday mornings, forcing me to be consistent and to continue to make progress even when it was difficult to manage. To Anele Pule, Bertha Mwangama , Kefilwe Lebepe , Fulufhelo Nemasetoni, Lizelle Carolus and Mukona Khalushi thank you for the emotional support through it all.

I would like to thank my family for their unwavering support. My parents and greatest cheerleaders, Nketheni Gladys and Ntsieni Patrick Sithubi, I am a product of the massive sacrifices you have made and will forever be thankful for having parents that not only valued education in theory, but sacrificed a lot of comfort and sometimes necessities to make it a reality. My brothers, Phathu, Thendo, Wama and Watshi for always being there through life's seasons.

I would like to express my deepest gratitude to my late grandmother, Vhengani Tshenuwani Sithubi, thank you for lifelong sacrifices that have made me who I am today and formed the foundation to the success of completing this study.

ABSTRACT

This study sets out a qualitative assessment of the positioning and suitability of the Internal Audit Function (IAF) to perform the assessment of organisational culture within their entities.

Literature relating to management science, social psychology and the Internal audit profession was analysed prior to conducting interviews with Chief Audit Executives (CAEs) and Audit Committee Chairpersons across various industries and sectors, to determine their perspectives on:

1. establishing the definition of organisational culture.
2. identifying the key drivers of organisational culture for the various organisations and assessing how they compare to the theoretical framework(s) identified.
3. identifying the characteristics of the IAF that will determine whether or not the IAF is in a position to carry out these assessments.

The results show varying perspectives on the definition of organisational culture, pointing to the complexity that is inherent in the process of defining culture. Participants identified key drivers of organisational culture within their organisations which were in line with those identified in the theoretical framework(s) identified, and further identified additional factors that they viewed as resulting in an impact on organisational culture. The results also point to the independence of the IAF placing them in a suitable position to perform the assessment of organisational culture, however, the background education and training they currently undergo is perceived not to provide the suitable skills to perform the assessment of organisational culture.

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INTRODUCTION

There have been a number of corporate scandals across various industries and sectors, both globally and in the South African context. Leisurennet, Masterbond, Fidentia, Steinhoff, VBS and Tongaat-Hullelt are some of the corporate scandals that we have seen occur over the past two decades in South Africa.

The purpose of the study is to explore the potential for organisations to monitor and assess their organisational culture before it translates into unethical decision making and the resultant corporate scandals observed. Given the positioning of the Internal Audit Function (IAF) within an organisation, organisations may be able to look to the IAF to perform the assessment of organisational culture.

The key objective of conducting the study is to determine how the IAF can play a significant role in assessing culture within an organisation through:

1. establishing the definition of organisational culture,
2. identifying the key drivers of organisational culture and assessing how these compare to the theoretical framework(s) identified, and
3. identifying the characteristics of the IAF that will determine whether or not the IAF is in a position to carry out these assessments.

This will be done through firstly analysing literature relating to management science and social psychology to determine the proven key drivers of organisational culture and then conducting interviews with audit committee chairs and Chief Audit Executives (CAEs) across various sectors to determine how these drivers manifest within the organisation. In addition, literature relating to the internal auditing profession will be analysed to determine the known characteristics that would enable the IAF to perform the assessment of organisational culture.

The literature explored in the study revealed multiple definitions of organisational culture, indicating the varying perspectives from which organisational culture is viewed. The participants interviewed provided varying definitions of organisational culture, which is in line with what was observed in literature.

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Additional themes or key factors impacting organisational culture identified by the interviewed participants are reflected in the summary and conclusion section.

Independence of the IAF was raised as a key characteristic in enabling the IAF to perform the assessment of organisational culture. The training background and skillset held by the individuals within the IAF were also raised as key characteristics to consider in assessing the positioning and suitability of the IAF to perform the assessment of organisational culture.

The positions within an organisation referred to in this study are reflected in the organisational structure in Appendix C.

LITERATURE REVIEW

The Global Chartered Institute of Internal Auditors (2014) conducted a study focussing on culture and the role of internal audit, in which they highlight the unique function that Internal audit fulfils within an organisation, with its independence and positioning to give assurance to those charged with governance. According to the study, this positioning can provide confidence that there is a strong commitment to good conduct and that it is actually being translated into everyday behaviours. More importantly, the IAF is also well positioned to point out where there is no commitment to good conduct.

The study further points out that having access to information on the commitment to good conduct may allow those charged with governance to mitigate the risk of integrity failure (Chartered Institute of Internal Auditors, 2014). The study also acknowledges the complexity of auditing culture, as culture is a difficult concept to conceptualise. The internal audit function needs to have an understanding of culture prior to undertaking an audit of a specific entity. For purposes of this study, the Organisational Culture Assessment Instrument (OCAI) developed by Cameron and Quinn, will form the foundation for benchmarking the IAF's understanding of culture. The OCAI is regarded as a validated research tool to assess organisational culture. It has been used by over ten thousand companies in 30 years (OCAI online, 2020).

The study by the Global Chartered Institute of Internal Auditors places responsibility on boards and senior management to define and analyse organisational culture by promoting the organisation's ethics and values, as well as the behaviour, management require across their organisations (Chartered Institute of Internal Auditors, 2014). This responsibility results in a need for those charged with governance to be assured that the organisation as a whole is working in a coherent manner, including ensuring that the ethics and culture of all staff, is being filtered down to all levels of the organisation.

In the South African context, as good governance practice, the importance of culture is further emphasised by Principle 2 of the King IV report on governance (2016). It requires the governing body of an organisation to oversee the ethics in a way that supports the establishment of an ethical culture. As a recommended practice, the governing body is required to exercise ongoing oversight of the management of ethics, and in particular, oversee that it results in:

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- application of the organisation's ethical standards to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers;
- having sanctions and remedies in place for when the organisation's ethical standards are breached;
- the use of protected disclosure or whistle-blowing mechanisms to detect breaches of ethical standards and dealing with such disclosures appropriately;
- the monitoring of adherence to the organisation's ethical standards by employees and other stakeholders through, among others, periodic independent assessments (King IV, 2016).

The recommended practice of periodic independent assessments of an organisation's adherence to ethical standards indicated above is closely linked to the assessment of an organisation's culture, as culture influences behaviour and poses a potential hindrance or enabler to compliance with ethical standards. This relationship is further discussed below through literature on organisational culture.

The global Institute of Internal Auditors (IIA) issues an annual publication setting out global perspectives and insights into the emerging trends relating to the IAF . The publication is based on a survey of internal audit professionals from around the world. The 2016 Global Pulse of internal audit reflects results of a survey conducted online between 9 May and 27 May 2016, with more than half of respondents (52%) being classified as the highest-ranking members of their internal audit departments in their organisations (The Institute of Internal Auditors, 2016). The survey included respondents from 111 countries across the public and private sectors and incorporated industries covering the financial services, manufacturing, public administration, health care and utilities industries.

The 2016 publication covers two key emerging issues: auditing culture and keeping up with technology, specifically matters relating to cybersecurity and big data. According to the 2016 survey, history has shown that culture can directly and adversely affect an organisation's finances, operations and reputation (The Institute of Internal auditors, 2016). Of the two key issues raised by the Institute, this study will place focus on the issue of auditing culture. Following the 2016 publication, emerging issues considered by the IIA were based on surveys conducted by Deloitte. The

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assessment of organisational culture was raised in the 2018 and 2019 version of *Internal audit Insights: High-impact areas of focus* (Deloitte, 2018, 2019). This demonstrates the continued importance and relevance of the study.

Cameron and Quinn (2006), summarise several scientific studies that explored and reported a positive relationship between dimensions of organisational culture and organisational effectiveness. The authors further highlight culture as an important factor in the long-term effectiveness of an organisation, the importance of being able to measure key drivers and components of culture and develop a strategy and implementation process for the identified change.

Cameron and Quinn (2006) further point out that highly successful companies that are leaders in their industry have a distinctive, readily identifiable organisational culture, and that the success of these companies is often as a result of having capitalised on the power to develop and manage a unique organisational culture. The studies completed by Cameron and Quinn therefore point to clear benefits for organisations to assess and be aware of their organisational cultures in order to distinguish themselves and to achieve efficiencies.

KPMG's Audit Committee Institute (2017) conducted a Global Audit Committee Pulse Survey to clarify the challenges and areas of priority for audit committees across various sectors . There were over 800 respondents to the survey, who raised the following areas of concern: CFO succession planning, talent and skills in the finance organisation, tone and culture at the top, and aligning the short and long-term priorities (KPMG, 2017).

Tone at the top, culture and short-termism were ranked as the top challenges that may require additional attention, by one in four of the respondents. The same rate of respondents expressed a lack of satisfaction around the level of attention these matters were receiving on their audit committee agendas (KPMG, 2017). Members of audit committees across the various sectors that were surveyed raised the culture of an organisation and the attention it receives from those charged with governance as an area of concern.

The results of the KPMG survey also reveal that audit committees are looking to internal audit to focus on the critical risks noted and for the internal audit plan to be flexible and adaptable to changing business risks and conditions. The survey

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specifically included a question on what steps internal audit can take to maximise its value to the organisation and 27% of respondents selected assessment or audit of the culture of an organisation as an indication of adding value for the organisation (KPMG, 2017).

According to the IIA (2016), the culture of an organisation encompasses its activities and forms a foundation for the activities within that organisation. A similar view was shared by Guiso, Sapienza and Zingales (2015) in their study on the value of organisational culture, which describes culture as a form of complement to more traditional control systems, such as incentives. This view is based on the premise that if a common set of expectations is shared between people that are working together, they are under one another's control whenever they are in each other's presence.

According to Hodgson (1996), organisational culture is able to modify the preferences of individuals and induce them to internalise some norms. Culture can therefore be viewed as an influencer over decisions that may be made by individuals within an organisation. Cameron and Quinn (2006) expand on this view in their study, with their perspective that a strong, unique organisational culture reduces collective uncertainties through the process of creating and facilitating a common interpretation system for members of an organisation and creating a sense of social order through making what is expected and valued clear to the members of the organisation. Culture is therefore key in driving the day to day decision making that is part of the processes carried out by individuals within an organisation.

From the studies conducted, Cameron and Quinn (2006) consider organisational culture to be reflected in a number of factors or key drivers, namely:

- What is valued within the organisation;
- The dominant leadership styles within the organisation;
- The language used;
- The procedures and routines in place; and
- The definition of success that is set out within that organisation.

In addition to these factors, where organisations are structured to incorporate sub-units, it is likely that each sub-unit will develop its own perspective, set of values and culture which can fragment the culture of the organisation (Cameron and Quinn, 2006).

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The structures of an organisation are therefore key in assessing the culture of the organisation. The factors found to represent organisational culture will be further expanded on below, in analysing the underlying framework used by Cameron and Quinn to build the culture assessment tool.

Risk culture is defined by the IIA (2016) as describing values, beliefs, knowledge and understanding about risk shared by a group of people with a common purpose, in particular the employees of an organisation or teams or groups within the organisation. Risk taking is considered to be a part of what organisations do to meet specific organisational objectives. An organisation's risk culture will impact the extent to which it manages these risks. Culture is seen to be a determinant of and is also influenced by risk culture. Based on this view, an organisation can make use of culture to manage risk, in addition to using culture to distinguish itself.

Pan, Siegal and Wang (2017) point out the low level of progress that has been made to date regarding understanding how attitudes toward risk and uncertainty inside organisations form, evolve over time and ultimately affect corporate decisions. The study by Pan et al (2017) further explores the relationship between risk culture and risk taking and concludes that changes in organisational risk culture over time can be associated with changes in other practices, such as investment policies, for example. In light of the definitions above, risk culture refers to the extent to which an organisation's culture encourages or hinders the taking of risks and related opportunities that arise. The culture of an organisation can in turn be used to manage the risks within the organisation.

In their study of risk culture in financial organisations, Ashby, Palermo and Power (2012) describe risk culture as a continuous process that repeats and renews itself and may also be subject to periodic shocks. They view risk culture to be a mixture of formal and informal processes and also consider that an organisation will not have a single risk culture but multiple risk cultures which could also be trans-organisational in nature. The study further compares a selection of definitions of risk culture from both practice and academic literature, and found the common thread to be that risk culture relates to the behaviour of people within an organisation in relation to risk management. This view highlights the complexity of the concept of risk culture, which results in added complexity to the assessment thereof.

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The multiple definitions and descriptions of culture point to the variation of views in how organisational culture can be defined. A question will therefore be incorporated into the interviews, in order to determine how the participants would define organisational culture.

Cameron and Quinn (2006) argue that since culture is a crucial factor in the long-term effectiveness of organisations, it becomes important for the individuals charged with studying or managing organisational culture to be able to measure the key dimensions of culture and then proceed to develop and implement the relevant change strategy where required. The scope of this study will be limited to identifying the key drivers of culture, without consideration of developing and implementing any resulting changes that may be necessary.

Those charged with governance of an organisation should be able to look to the IAF to provide assurance and advisory services that help an organisation monitor and strengthen culture, and to raise awareness when the culture principles have been breached. In the context of South Africa, this expectation is in line with the corporate governance principles set out and recommended in the *King IV report on Corporate Governance*. King IV (2016) describes the IAF as a trusted advisor that adds value by contributing insight into the activities of the organisation and, as a further enhancement, foresight. Based on the description of the IAF in King IV, the function is well placed, being an integral, yet independent part of an organisation, to obtain an understanding of an organisation's culture and how that interacts with its processes.

This view is further supported by KPMG's Board Leadership Centre (Anderson & Stuart, 2017). The publication recommends that a values assessment be incorporated into the annual audit plan of the IAF, reviewing the extent to which an organisation's culture and values are evident in the behaviour of employees.

Thomas Wescott, interviewed in the study above, is of the view that a specially trained internal audit team can help develop a dashboard and begin to "audit" the culture, interviewing employees, managers, other stakeholders and reviewing processes and business practices and other factors to measure day-to-day practices against the company's values, behaviour, code of conduct etc (Anderson & Stuart, 2017).

The driver for organisations to pay attention to their culture is usually, but not necessarily always, regulatory forces or corporate failures. The 2008 global financial

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crisis, for example, has been argued to have arisen partly as a result in weaknesses in the cultures of banks and other related financial institutions. This has brought organisational culture onto the agenda of many organisations (Ashby et al, 2012). Incorporating the assessment of an organisation's culture as part of the organisation's processes could lead to a reduction in the corporate failures noted across the various industries.

The recommendations made by the study by the global Chartered Institute of Internal Auditors were centred around two approaches. The first approach would be to incorporate culture into each audit conducted by the IAF, identifying why issues occur and how they can be drivers for wrong behaviours, and then to link the findings to the drivers across individual audits. The second approach would be auditing cultural indicators across the organisation through auditing personal behaviours as a proxy for culture (The Institute of Internal Auditors, 2016). This second approach is less commonly used as it would require a setting out of a framework reference in developing criteria on which to base the audit of culture. The second approach will form the basis on this study and the selected option for such a framework is further discussed and explored under the following section.

CULTURE ASSESSMENT TOOL

Cameron and Quinn developed the OCAI, which is based on a theoretical model known as the Competing Values Framework, initially developed through research on organisational effectiveness. In coming up with the framework, Cameron and Quinn acknowledge that in assessing organisational culture, we are unable to pay attention to everything within an organisation and therefore the approach becomes focused on certain dimensions of an organisation's culture over others (Cameron and Quinn, 2006).

The three most dominant pattern dimensions identified by Cameron and Quinn from literature are cultural strength, cultural congruence, and cultural type. They define cultural strength as the power or pre-eminence of culture in affecting what happens within an organisation. Cultural congruence is defined as the extent to which the culture in one part of the organisation is similar to and consistent with the culture reflected in another part of the organisation. Culture type is defined as the specific type of culture that is prevalent within the organisation (e.g. risk-oriented culture vs

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innovative culture). The OCAI incorporates all three of the pattern dimensions discussed above, which strengthens its position as a preferred assessment tool. The pattern dimensions have been included here for completeness of the analysis of the assessment tool, but will not play a role in determining the framework for the purposes of the study.

In the process of deriving relevant dimensions, Cameron and Quinn (2006) refer to two separate types of dimensions, being content dimensions and pattern dimensions. Content dimensions refer to aspects of an organisation that assist with identifying an organisation's cultural values. Pattern dimensions refer to the scoring outcome from making use of a culture assessment tool. Cameron and Quinn's OCAI is based on a psychological archetype framework which refers to human behaviour of how people categorise information in their minds, in order to organise it. The approach to the competing values framework makes use of the same organising framework used by people when they obtain, interpret and draw conclusions on information that they encounter. This is as a result of research concluding that individuals describe the culture in their organisations according to their psychological archetype. Cameron and Quinn (2006) found that the key to assessing organisational culture would therefore be to identify aspects of the organisation that reflect key values and assumptions in the organisation, and then to give individuals an opportunity to respond using their underlying archetypal framework.

The underlying framework or content dimension of the model developed by Cameron and Quinn will form a theoretical categorisation of the questions and responses that will be used in this study. The pattern dimension is relevant to the categorisation of the conclusion of the assessment of culture. The categorisation of culture assessed does not form part of the objective of this study and will therefore not be considered in determining a relevant framework.

The following key theoretical categories, based on the content dimension of Cameron and Quinn's assessment tool will form the framework for the questions posed to meet one of the objectives of the study, being to assess the organisation's understanding of the key drivers of their culture and to compare that understanding to an existing framework:

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1. The organisational values:

This refers to the dominant characteristics of the organisation overall and should answer the question: what is the overall organisation like?

2. The dominant leadership style within the organisation:

This refers to the leadership approach and style that is most prevalent within the organisation. An environment that has dominant leaders at an executive level results in limited challenge from lower level employees, setting a culture that could be ideal for executive level unethical decision making.

3. The type of language used within the organisation on a daily basis

This refers to the management of employees or the style that represents how employees are treated on a daily basis and the resulting representation of what the work environment is like.

4. The procedures and processes in place within the organisation:

This refers to the mechanisms in place within the organisation that hold the organisation together on a day-to-day basis.

5. The definition of success communicated by those charged with governance:

This refers to the criteria of success that determines how success is defined and what gets celebrated within the organisation. Where irrational risk taking is celebrated and rewarded, this may incentivise employees to make decisions that may not be ethical in order to achieve the level of success communicated.

6. The strategic emphasis of the organisation:

This refers to the strategic emphases that define what areas of emphasis drive the organisation's strategy.

The following questions derived from the theoretical framework discussed above will be posed to participants to determine their understanding of the definition of organisational culture and their perception of the key drivers of organisational culture:

1. What is your understanding of culture as it relates to your organisation?
2. What are the factors that contribute to your organisation's culture?
3. What drives the culture within the organisation?
4. In what ways do these factors get monitored within your organisation?
5. How frequently and in what form do management interact with staff responsible for the key day-to-day processes of your organisation? i.e. is management actively

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“setting the tone” within the organisation.

6. What is communicated as being the main aspect valued within the organisation?
 - 6.1 How do these valued aspects translate into the rewarding of staff at each level?
7. What do you believe is the “tone” set by the board relating to ethical behaviour within your organisation?
 - 7.1 What form of evidence could you provide to support this?
8. Organisational structure/ strategy:
 - 8.1 Is there a dedicated person/ individuals charged with the responsibility to assess and report on ethics and culture related risks impacting the organisation?
 - 8.2 How frequently does such reporting take place?
 - 8.3 Who is the responsible individual/body reporting on the ethics culture?
9. How often is organisational culture tabled as an agenda item at board meeting? In comparison to strategy?
10. Has there been a change in executive leadership recently, particularly the CEO?
 - 10.1 How has this change influenced the culture of the organisation?

The preceding questions will therefore address the objectives of establishing the definition of culture and the identifying of what the key drivers of organisational culture are for each specific organisation of the individuals interviewed. A complete list of questions used in the interviews conducted are reflected in Appendix A.

To conclude on the assessment of organisational culture, the OCAI classifies the resulting culture assessed into four types of possible cultures that can be present within an organisation, being clan, adhocracy, hierarchy or market cultures. An organisation with a clan culture is one that focuses on internal maintenance with flexibility concerns for people and sensitivity to customers. An organisation with an adhocracy culture is one that focuses on external positioning with a high degree of flexibility and individuality. An organisation with a hierarchy culture is one that focuses on internal maintenance, with a need for stability and control. An organisation with a market culture is one that focuses on external positioning with a need for stability and control. The classification of the culture identified will not be a consideration for purposes of this study as the key objective is to determine the suitability of the IAF’s positioning to carry out the assessment of organisational culture within their relevant organisation. The theoretical categories that underpin the OCAI will be used as a

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theoretical framework to which key themes identified from the interviews conducted can be compared.

LITERATURE POINTING TO IAF'S ABILITY TO ASSESS CULTURE

The IIA Research Foundation defines the IAF as an independent, objective, assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (IIARF, 2018).

This view is further supported by Lenz and Hahn (2015), which highlighted the expectation for an effective IAF to review the major risk areas of an organisation and to contribute to an organisation's achievement of objectives by positively contributing to the corporate governance of the organisation. The study defines corporate governance as a term that incorporates both risk management and the internal control environment.

The criteria for effectiveness will differ from one stakeholder to the next, considering the differences in needs and value drawn by the different stakeholders (Lenz & Hahn, 2015). Effectiveness would therefore be required to be assessed from the perspectives of the different key stakeholders involved. Conflict may arise in addressing the needs of the above-mentioned stakeholders, as structurally, from a good governance perspective, the IAF is required to respond to the needs of the governing body through the Audit committee and to maintain a significant level of objectivity and independence from management.

The IIA issued a practice guide on evaluating Ethics-related programs and activities, which provides the IAF with a framework for the evaluation of ethics-related programs and activities. The evaluation framework provided by the IIA is not comprehensive in nature, due to the differences in perspectives and views on what impacts and drives ethical culture in various countries and organisations. The practice guide requires the IAF to assess and make appropriate recommendations for improving ethics programs and the governance process in its accomplishment of specific objectives. The objectives specified are to promote appropriate ethics and values within the organisations through the evaluation of the design and implementation and

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effectiveness of ethics-related programs and activities. (IPPF Practice Guide: Evaluating Ethics-related programs and activities, 2012).

The Practice Guide requires the IAF to gain an understanding of the organisation's evaluation process through :

- Reviewing the organisation's mission, vision and strategic plans, code of conduct, reporting systems, related regulatory and privacy requirements.
- Researching the culture of the various countries, organisations, and business units with which they do business
- Confirming the IAF's understanding with management and employees
- Reflecting on insights from past business issues and audit findings
- Reviewing applicable legislation and guidelines

Global performance standards, issued by the IIA, address the nature of IAF activities and require the CAE to establish a risk-based plan to determine the priorities of the IAF activity, which should be consistent with the organisation's goals. The interpretation of this requirement acknowledges the need for the CAE to consult with senior management and the board to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. Direct addressing of the needs of management, may therefore give rise to some level of conflict. There is very limited conclusive literature available on addressing the dynamics of the relationship between management and the IAF. Lenz, Sarez and Hoos (2017) consider the pattern of interaction between CAEs and management to be a significant and key determinant of IAF effectiveness.

The global Chartered Institute of Internal Auditors has identified and noted various challenges with regards to the approach to auditing culture, mainly due to the fact that organisational culture is often underpinned by how a statement of values is translated into concrete actions and the key question for internal audit would be to gather evidence and demonstrate that this is the case and that the values are being lived at every level. Assessing the values lived may entail surveys and interviews which may be skewed if not underpinned by a culture of being able to speak openly and honestly. The use of surveys and interviews was further criticised by Cameron and Quinn in their work underpinning the OCAI tool, this view is further discussed below.

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The audit of culture will place internal auditors out of their comfort zone as it requires a combination of evidence based on hard facts as well as judgement, which would be a combination of quantitative as well as qualitative factors. There will also be upskilling required for the IAF to enable them to carry out more subjective and informal discussions about cultural matters (The Institute of Internal Auditors, 2016). Internal audit can also, without realisation, be considered to be a part of the culture by adopting the same cultural values and ethics as the rest of the organisation. This could give rise to a questioning of the credibility and appropriateness of internal audit to carry out the required assessments.

Challenges to the IAF's ability to conduct a culture assessment:

Cameron and Quinn (2011) address the complexity in measuring culture based on the studies they have conducted. According their research there are three key strategies available for use in measuring culture:

1. A holistic approach in which the investigator becomes immersed in the culture and engages in in-depth participant observation by making themselves a part of the organisation;
2. Metaphorical or language approaches in which the investigator uses language patterns in documents, reports, stories and conversations to identify cultural patterns in an investigative manner; or
3. Quantitative approaches in which the investigator uses questionnaires or interviews to assess particular dimensions of culture.

The positioning of the IAF within an organisation allows for a possibility for all three options. The last approach is valued for allowing various viewpoints to be considered as part of the assessment. However, it is also criticized, as it makes use of questionnaires and interviews, therefore limiting the measurement of characteristics to those that are superficial to the organisation and not in-depth cultural values. Cameron and Quinn's study further discusses the view that only utilizing in-depth qualitative procedures in which artefacts, stories and myths, and interpretation systems are studied over long periods of time in a comprehensive way can aid in identifying cultural attributes. They summarise this concept by referring to the philosophical basis that 'one must experience something to understand it'.

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As a result of the approaches discussed by Cameron and Quinn, the nature of the structure (being whether in house or outsourced, which may impact the level of familiarity with the organisation) and the duration in office of the IAF may have an impact on their ability to undertake an assessment of culture within an organisation as it impacts the opportunity to study the environment over an extended period of time. IAF's shorter period in office may therefore present a challenge to their ability to provide an in-depth assessment of the culture of the organisation.

Chambers and Odar (2015) highlight the fact that fraud and abuse tends to escalate and leads to becoming more visible as its concealment becomes more difficult. As a result of this, the IAF would be more vital during the good times when fraud and abuse are more readily concealed, which would require additional investigative skills to detect. In light of this, Chambers and Odar note the gap in skillset as the International Standards for the Professional Practice of internal auditing ¹ do not currently require the IAF to have investigation related skills.

The study above further highlights IAF's limitations. In the context of the global financial crisis, the fact that IAFs and audit committees, even though operating within a risk management mandate, were focused on process and internal controls within an organisation and were not looking beyond that. Chambers and Odar (2015) further suggest that going forward, the IAF needs to play a much broader role, in looking at the governance of an organisation, by looking at the behaviour in governance, the behaviour in management and the board, the skills and abilities, particularly those of the board and non-executive directors, to ensure they are able to play their role effectively in identifying and ensuring that the organisation is mitigating risk.

Chamber and Odar (2015) further highlight the contention that arises from the IAF's role required to provide assurance to the board through direct reporting channels to

¹ The International *Standards for Professional Practice on Internal Auditing* are mandatory requirements consisting of:

- Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of its performance. The requirements are internationally applicable at organizational and individual levels.
- Interpretations, which clarify terms or concepts within the statements.
- Glossary terms.

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the board and/or board audit and risk committees. This contention involves the ability of the IAF to make their own decision about what should be disclosed to the board, resulting in a veto by management of the organisation (Chambers & Odar, 2015). Instances of having dominant management, who have the ability to veto what the IAF discloses to the board will therefore result in reduced ability of the IAF to assess and report on organisation cultural elements that management do not desire to be reported to the board.

Enablers to the IAF's ability to conduct a culture assessment:

Abbott, Daughtry, Parker and Peters (2016) explored the impact of IAF's competence and Independence on their ability to support high quality financial reporting within an organisation. In this study, Abbott et al conclude that, even though competence is an important factor in order for the IAF to identify misstatements, independence is an important factor that drives the reporting of any misstatements identified to the suitable parties within an organisation. The study further identifies three key artefacts that have a significant impact on the IAF's independence:

1. The relative degree of audit committee oversight, compared to management oversight
2. The dominance of internal audit outsourcing within the organisation
3. The use of internal audit as a management training ground (MTG). (Abbott, Daughtry, Parker, & Peters, 2016)

Abbott et al (2016) concluded that the IAF's independence is enhanced by a greater level of oversight from the Audit Committee, when compared to that by management. They also identified decreased instances of abnormal accruals when internal audit is not used as MTG.

Khelil, Hussainey and Noubbigh (2016) explore the role that the interaction between the Audit Committee Chairperson and the CAE has on the moral courage of the CAE. In the study, moral courage is described in terms of behavioural theory, and defined to be courageous behaviour. Khelil et al (2016) concluded that the CAE's private access to the Audit Committee has a positive impact on the moral courage of the CAE. In the context of this study, this access may be critical in enabling the CAE to objectively assess the culture of an organisation. In addition to the access afforded to the CAEs, Khelil et al consider the number of meetings held between the CAE and the

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Audit Committee to be a direct stimulus to the increase in moral courage of the CAE (Khelil et al, 2016). Ease of access to the Audit Committee chairperson by the CAE would therefore have a positive effect on the moral courage of the CAE and therefore be an enabler to their ability to conduct an assessment of their organisation's culture and report it without fear of retaliation from management, particularly where the elements of culture are driven by management decision making.

Literature pointing to the effectiveness of the IAF explores the perspective of effectiveness from the perspective of various stakeholders, the key stakeholders considered being; management of an organisation, the Audit Committee as well as external auditors. Considering the objectives of this study, focus has been placed on components of literature referring to the perspectives of the Audit Committee and management. The review of the audit program and results by the Audit Committee, as well as the Audit Committee's involvement in the appointment and dismissal of the CAE were also found to have a positive impact on the moral courage of the CAE. Lastly, the study also identifies the regular review of the relationship between the IAF and management by the Audit Committee as a stimulus to moral courage (Khelil et al., 2016).

This view is further supported by Chambers and Odar (2015) whose study highlights the importance of strengthening the CAE's relationship with the board through the Audit Committee as well as the involvement of such board in the appointment and dismissal, as well as remuneration of the IAF. The study further concludes that boards operate within a partial assurance vacuum which can be filled by the IAF if structured correctly. The key structural element highlighted being the reporting line through which the IAF reports.

Chambers and Odar (2015) conclude that the only reporting line should be to the independent element of the board and that the IAF should be regarded as one of the costs of running the board as the IAF's services to the board should be considered damaged if the IAF is answerable to management.

The theoretical framework, in assessing the IAF's ability and positioning to audit an organisation's culture, based on the study completed by Khelil et al, will include:

1. The existence of private access to the Audit Committee for the CAE?
2. The number of meetings held between the audit committee and the CAE

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3. The review of the internal audit program and results by the Audit Committee
4. The responsibility for the appointment, dismissal and remuneration of the CAE
5. The review by the CAE of the relationship between internal audit and management

The framework derived above is further supported by the Global Internal Audit Body of Knowledge. Their study was based on consultations with boards of directors through surveys and interviews with over 1 200 participants. The study concludes that Audit Committees should take responsibility for enabling the IAF to think more broadly and strategically as they plan for, execute and report on their work. Audit committees should also take responsibility for encouraging the IAF to move beyond assurance to enhance its value proposition and also take steps to ensure that CAEs and the IAF as a whole are effectively positioned to deliver on expectations (Deloach & Hjelm, 2016).

The study highlights the importance of considering the CAE's access to the Audit Committee when determining the expectations from the IAF, as represented in the framework above. The majority of the directors that participated in the study expressed the view that the regular presence of CAEs in appropriate board and board committee meetings would be an effective strategy to provide access to the Audit Committee. Attendance at such meetings is perceived to increase the CAE's access and interaction with the board and in turn elevate the stature and visibility of the IAF (Deloach & Hjelm, 2016).

The study published by the Global Internal Audit Body of Knowledge further highlights a need for Directors, through the Audit Committee to encourage the IAF, through the CAE to think beyond the scope of the audit plan. Thinking beyond the scope of the audit plan can be encouraged by asking broader questions such as :

- “What is the real meaning of these findings? Is there a broader message we should be aware of?”
- “How are we driving value out of compliance and assurance activities? For example, are there improvements to our processes that we need to make?”
- “How do these findings relate to other areas of the business? As leaders of the organisation, what are we missing?”
- “Are there potential crisis events that we have not thought about and for which we are unprepared to respond?” (Deloach & Hjelm, 2016)

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The key objective for this is to reinforce that the IAF's role has evolved beyond ticking the box for the performance of a task or process.

In conclusion, literature available indicates that the IAF is well positioned to be able to carry out the assessment of organisational culture, given the independent positioning and the independence standards that the profession is held against. The involvement and oversight by the Audit Committee in the IAF's activities will have an impact on the IAF's perceived independence.

The evolved role and responsibilities of the IAF, driving the practice of thinking beyond the scope of the audit plan indicate that the IAF should have the required skills and capabilities to carry out the assessment of organisational culture.

The following questions will be posed to all the CAEs and Audit Committee chairpersons to obtain their perspective on the impact of the competence and independence of the IAF on their ability to conduct an assessment of culture within their organisation:

1. Is there an internal audit function within your organisation?
 - 1.1 If yes, is it an internal function or has it been outsourced to an external provider?
2. Is the internal audit function within the organisation operating effectively in your view?
 - 2.1 Does the function have sufficient senior resources to assess areas involving judgement?
 - 2.2 How would you describe the relationship between the CAE and the board within the organisation? Does it support the effective functioning of the IAF?
3. Does the IAF assess and report on the culture of the organisation?
4. If not, do you think the IAF would be in a good position to assess the culture of your organisation? Given their resources, reporting structure and capacity to provide objective feedback?
5. How long has the IAF been in office? Do they have depth in their knowledge of the operations and strategy, as well as the day-to-day environment and culture of the organisation?

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The following questions will only be posed to Audit Committee chairpersons:

6. As the Audit Committee Chair, what is your assessment of the following:

6.1 The existence of private access for the CAE to the Audit Committee?

6.2 The adequacy of the number of meetings held between the audit committee and the CAE

6.3 How often do you conduct a review of the internal audit program and results?

6.4 Who carries the responsibility for the appointment and dismissal of the CAE? as well their performance review?

6.5 Is there a review of the relationship between internal audit and management conducted to establish whether the relationship allows for the IAF to bring all key risk matters to the attention of the Audit Committee?

6.6. In your view, does the CAE have the moral courage to report matters of risk that involve decisions made by management?

6.7 What evidence would you provide to support your answer?

The preceding questions address the objective of determining whether or not the IAF is in a position to carry out the assessment of organisational culture. A complete list of questions used in the interviews conducted are reflected in Appendix A.

RESEARCH METHODOLOGY

A qualitative approach will be taken to the study, which will provide room for a reflexive design throughout the process of the study. According to Maxwell (2009), this results in a need for a broader, less restrictive concept of the design of the study. The study will be undertaken by means of in-depth interviews of Chief Audit Executives (CAEs) as well as Audit Committee chairpersons. The questions posed will be open ended in nature, to allow for additional insight that may not have come through literature to be derived.

Cognisance will be kept of potential bias in the nature and structure of the questions, not to be based on expectation of responses, but rather to be framed in terms of the theoretical framework discussed as part of the Literature Review.

The data collected will be analysed by means of coding, using Atlas.ti. The categorisation of the coding will be based on a combination of the theoretical framework drawn from the literature review, as well as substantive categories that are drawn from insight provided from the consultations and interviews conducted.

DESIGN

Maxwell introduced the interactive model, which consists of the components of a research study and the ways in which they interact with one another. The model presented by Maxwell has five components as follows (Maxwell, 2009):

1. Goals: Why is the study worth doing? What issues will be clarified and what practices and policies do you want it to influence? Why do you want to conduct this study and why should we care about the results?
2. Conceptual framework: What do you think is going on with the issues, settings or people you plan to study? What theories, beliefs and prior research findings will guide or inform your research, and what literature, preliminary studies, and personal experiences will you draw on for understanding the people or issues you are studying?
3. Validity: How might the results and conclusions be wrong? What are the plausible alternative interpretations and validity threats to these, and how will you deal with these? How can the data you have, or that you could potentially collect support or challenge your ideas about what's going on? Why should the results be relied on?

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4. Methods: What will you actually do in conducting this study? What approaches and techniques will you use to collect and analyse your data, and how do these constitute an integrated strategy?
5. Research questions: What, specifically, do you want to learn or understand by doing this study? What do you not know about the things you are studying that you want to learn? What questions will your research attempt to answer, and how are these questions related to one another?

Designing a Qualitative Study

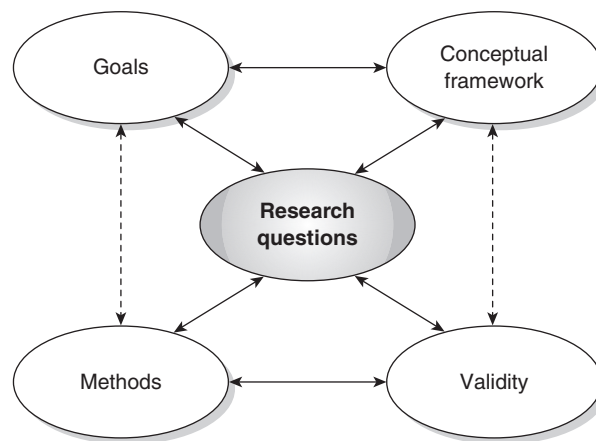


Figure 7.1 An Interactive Model of Research Design

Source: From Qualitative Research Design: An Interactive Approach, by Maxwell, 2005.

Diagram 1

The interactive and interlinked nature of the components represented in the preceding diagram significantly contribute to the reflexive process of the study. Further factors impacting the five components illustrated above are set out in the following diagram:

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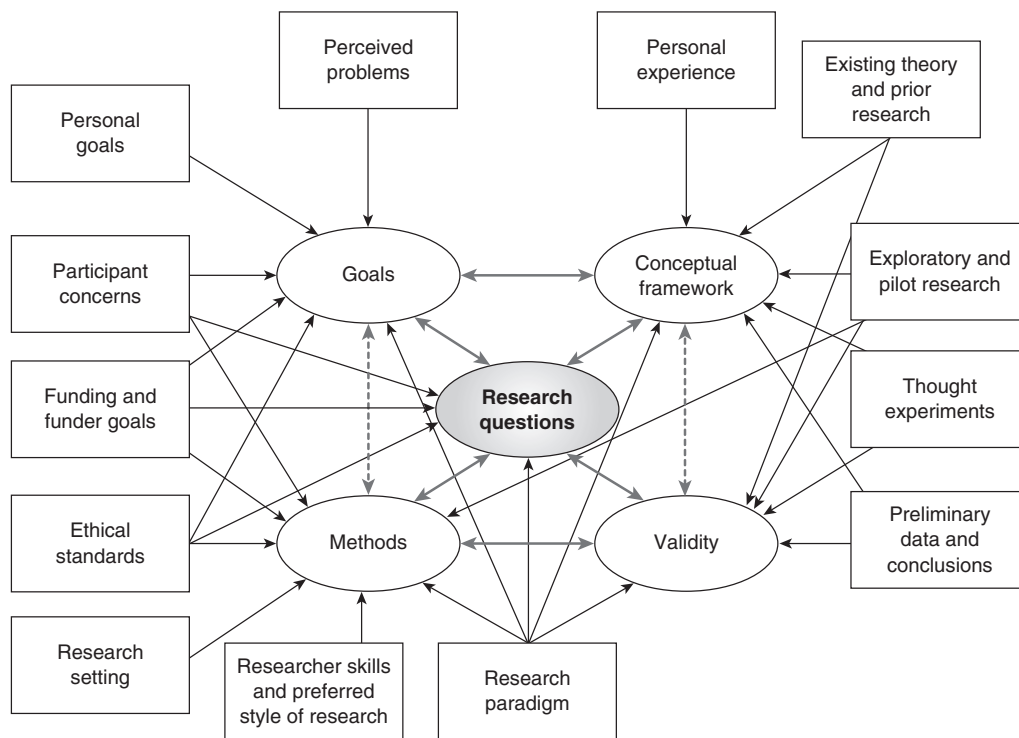


Figure 7.2 Contextual Factors Influencing a Research Design

Source: From Qualitative Research Design: An Interactive Approach, by Maxwell, 2005.

Diagram 2

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1. Goals

The goal of the study is set out as the objective under the introduction section in the preceding chapter. The preceding chapter and literature reviewed further clarifies the objectives stated and incorporates the perceived problems, participants concerns as well as the relevant ethical standards and guidelines related to the subject matter. Personal goals as well as funding and funder goals are not relevant for this study.

2. Conceptual framework

The conceptual framework that will form the foundation of the study is based on Cameron and Quinn's Organizational Culture Assessment Instrument (OCAI), which is based on a theoretical model known as the Competing Values Framework. In addition to this, the results of the study completed by Khelil et al (2016) on the IAF's positioning within an organisation will also be taken into account in assessing the IAF's ability to conduct an assessment of organisational culture. The combination of both frameworks is as a result of the added perspective of considering the assessment of organisational culture with the use of the IAF and not an assessment of organisational culture by management of an organisation as the OCAI was intended to be used.

The overall framework will be exploratory in nature, as the foundation frameworks discussed above will be suitably adapted, based on consultations with industry practitioners and subject matter experts.

Personal experience as well as thought experiments will not be considered for purposes of this study.

3. Validity

The underlying need for the study is as a result of a gap identified within practice as published by the global Institute of Internal Auditors in a publication highlighting areas within the profession requiring additional focus.

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The key framework and basis of the study is derived from literature, publications, academic and professional, which have contributed to the preliminary data and relevant conclusions as set out in the Literature Review section. Cameron and Quinn's OCAI, which forms the main basis of the framework used in this study, has been used in organisations of various sizes and sectors, with no reported strong criticism in relation to achieving the objective set out (Cameron and Quinn, 2006). This points to the underlying framework as reputable and reliable.

In addition to this, the consultations with subject matter experts result in a positive impact on the validity of the objective of the study. The insight and experience held by the subject matter experts from their exposure to the subject matter provides a perspective from which the theoretical approach can be validated or invalidated.

The validity of the approach to the sampling for the study is discussed below: According to Dolores and Tongco (2007) the manner of collecting data and from whom it will be collected is a crucial component of a study and there is no amount of data analysis that can make up for improper collection of data.

This study will make use of purposive sampling, also known as judgment sampling, which is a deliberate choice of an informant due to the qualities the informant possesses. This is a non-random technique that does not require underlying theories or a set number of informants (Dolores & Tongco, 2007). This method of sampling is based on the notion of the researcher identifying what needs to be known/answered and then identifying individuals that are able and willing to provide the answers required. According to Dolores and Tongco, there is no limitation to how many informants should make up a purposive sample, as long as the information required has been obtained from the informants (Dolores & Tongco, 2007). An earlier study by Steidler (1974) on different sample sizes of informants selected purposefully also revealed that at least five informants were required for data to be reliable. The minimum number of informants who will be selected for this study will be driven by the availability and willingness of individuals who agree to be interviewed and the limitation of the number of informants interviewed will be driven by whether what is required to be answered has been sufficiently addressed and the breadth of the research objectives have been addressed to the extent of not obtaining any further new issues

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from interviews being conducted.

According to Bernard, purposive sampling is not free from bias, any bias or impact thereof noted from this study will be discussed prior to concluding on the findings of the study. Bernard further highlights the potential for the strength of purposive sampling being in the intentional bias inherent in the sampling methodology (Bernard, 2006).

4. Methods

Approach to literature review:

The method and relevant conclusion relating to determining the conceptual framework for the study is set out under the conceptual framework in the preceding subsection and in more detail in the preceding chapter on the literature review.

Approach to sample selection:

As discussed under the preceding validity section, this study will make use of purposive sampling of CAEs as well as Audit Committee chairpersons with practical experience of interacting with the IAF and being in a position to observe the IAF's ability to apply the skills required to assess the culture of an organisation. The sample, will continue to be selected until such a point where there are no further themes or categories identified from the interviews.

Approach to data collection:

The key consideration for the preferred style of research is based on the reflexive and exploratory nature of the study and the aim to pose open-ended questions to achieve the objective of gathering additional considerations that may not be covered in the literature discussed in the preceding chapter. As a result of this, interviews provide the most suitable platform for additional considerations and context to be provided by the individuals participating in the interviews. Interviews, unlike surveys, allow for additional follow up questions to clarify responses from the participating individuals and therefore may result in additional considerations not incorporated in the conceptual framework.

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Bernard (2006) highlights the importance of taking note of consistencies and inconsistencies during the interviewing process and finding out why individuals interviewed disagree, in the case of inconsistencies. The interview approach to this study will allow for any inconsistencies noted during the interview process of this study to be interrogated accordingly, allowing for a reflexive approach to the collection of data during the study.

The key skill that will drive the success of this approach will be determining appropriate, effective open ended questions that will be used for the study. The effectiveness of the questions that will be posed to the participating individuals was reviewed and assessed by an industry practitioner prior to conducting the interviews with participants.

The research paradigm, which is interpretivist in nature due to the varying interpretations of the concept of organisational culture, has been set out in the introduction section of the Literature Review, as well as the validity section above.

Approach to data analysis:

According to Smit (2002), when making use of a qualitative analysis approach to data, we do not make use of the frequency or quantity of which something appears as evidence, but rather the underlying meaning from the data in a systematic and comprehensive manner.

Data collected from the interviews will be analysed by making use of coding, using an exploratory multiple case study approach to present the findings of the study. According to Yin (2018), a case study copes with a technically distinctive situation in which there will be many more variables of interest than data points and as one result benefits from the prior development of theoretical propositions to guide, design, data collection and analysis, and as another result relies on multiple sources of evidence, with data needing to converge in a triangulation fashion. The varying views and perspectives regarding organisational culture result in a case study approach being appropriate for this study. The source of data will be singular, in the form of interviews, however the multiple interviews conducted will provide a variation of perspectives and therefore achieve the objective of theory triangulation. Yin considers interviews to be a helpful tool as they provide explanations of key elements of the context of a study

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and interviews of well-informed interviewees can provide valuable insight into human affairs or actions. The mechanics and process of the study involves the following:

- Producing transcripts of interviews conducted and reading through small samples of text;

This process will involve transcribing the interviews conducted into transcripts that will allow for reading and comparison across the multiple instances of interviews. The transcribing of interviews will be outsourced to an external service provider to ensure accuracy. The transcripts produced will be read for consistency with the interview conducted.

The following actions will be performed by making use of a data coding and analysis tool, Atlas.ti :

- Identifying potential analytic categories, being potential themes that arise from the interviews;

This process will involve identifying recurring themes from reading the interview transcripts referred to above. The themes identified will make it possible to categorise the data collected.

- As the categories emerge, pulling all the data from the categories together and comparing them;

This process will involve comparing the data collected in accordance with the categorisation implemented in the process above.

- Thinking about how the various categories are linked together;

This process will involve analysing the categories and data categorised with additional depth by considering the potential relationship between the various categories identified and the data contained within those categories.

- Using the relationships among the categories identified to build theoretical models, constantly checking the models against the actual data collected- particularly against negative cases;

This process involves deriving theoretical trends from the relationships identified in the preceding process and assessing the consistency of the theory to the data collected, taking into consideration and making note of instances where the theory is not applicable.

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- Presenting the results of the analysis and using examples of quotes from interviews that clarify the theories identified.

This process will make use of quotes from the interview scripts transcribed to provide examples and clarification of the theories or questions derived in the preceding process. No identity or traits that could point to the identity of the individual interviewed will be revealed in the quotes used.

5. Research questions

Overall, the objective of the study is to determine the perspective of individuals in practice, specifically CAEs and Audit Committee chairpersons, concerning the key drivers of their organisation's culture. The study will further determine how these perceptions compare to the framework derived from research published on the subject matter. In addition to this perception, to obtain further perspective of what the individuals interviewed consider to be the resulting key drivers of organisational culture, as well as their perception of whether the IAF within their organisation would be in a position to perform an assessment on such culture.

Based on the approach detailed in the sections above, the overall research questions derived are as follows:

- Establishing the definition of organisational culture
- Identifying what the key drivers of organisational culture are for each specific organisation of the individuals interviewed and assessing how it compares to theoretical framework(s) identified.
- Determining whether or not the IAF is in a position to carry out these assessments

INTERVIEW PROCESS

The following is a description of the practitioners interviewed as part of the data collection:

Chief Audit Executives:

- Four were Chief Audit Executives, two of whom were female and two male

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- One of the four Chief Audit Executives was from an external service provider who provides outsourced internal audit services to various entities.
- One of the four Chief Audit Executives was from a public services entity
- One of the four Chief Audit Executives was from the private medical industry
- One of the four Chief Audit Executives was from the small banking industry

Audit Committee Chairpersons:

- Six of the individuals interviewed were Audit Committee Chairpersons, one of whom was female
 - Two of the six Audit Committee Chairpersons were from the Financial Services sector
 - Two of the six Audit Committee Chairpersons was from the Retail sector
 - One of the six Audit Committee Chairpersons was from a state owned entity.
 - One of the six Audit Committee Chairpersons had a combination of experience within the Retail, Automotive, Manufacturing and Financial Services sectors.

The table below shows a further description of the participants involved as well as a number assigned for purposes of the analysis of the results from the interviews:

Table 1

Designation of participant	Industry	Position
Interviewee 1	Retail	Audit Committee Chair
Interviewee 2	Financial Services	Audit Committee Chair
Interviewee 3	Multiple	Audit Committee Chair
Interviewee 4	Public Sector	Chief Audit Executive
Interviewee 5	Banking	Chief Audit Executive
Interviewee 6	Financial Services	Audit Committee Chair
Interviewee 7	Multiple	Chief Audit Executive

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Interviewee 8	Medical-Private	Chief Audit Executive
Interviewee 9	Financial Services	Audit Committee Chair
Interviewee 10	Public Sector	Audit Committee Chair

Each interview was held in person in Cape Town or Johannesburg and lasted between 30 to 60 minutes. The cities in which the interviews were held were not determined based on pre-set criteria, but rather occurred as a result of how the interview participants responded. The format of the interview was semi-structured. DiCiccobloom and Crabtree (2006) describe semi-structured interviews as interviews that are often the sole source of data for a qualitative research project and are scheduled in advance for a time and location outside of the usual day to day activities of the participants. This type of interview is centred around a set of pre-determined open ended questions, with other questions emerging from the dialogue between the interviewer and interviewee (Dicicco-bloom & Crabtree, 2006) . Consent was obtained from each participant prior to recording the audio that was transcribed for analysis. Consent was granted on the condition that no names, company names and client names mentioned as examples would be made publicly available or mentioned in any of the output produced from the research conducted.

Open ended questions, as presented in appendix A, were used to guide a discussion with the interviewees above. The questions were based on the literature review conducted as well as input from an industry practitioner as detailed below. Diciccobloom and Crabtree (2006) emphasise the importance of ensuring that the first question asked is open ended and non-threatening, to allow the participant to freely speak.

According to DiCiccobloom and Crabtree(2006), data collection by interview and analysis eventually leads to a point where there are no new themes or categories emerging , this point is referred to as the saturation point and forms a signal that the data collection is complete. Interviews with participants were conducted until a point where there were no new themes or categories emerging, therefore indicating a saturation point as highlighted by DiCiccobloom and Crabtree. This point was reached after the ten interviews were conducted.

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INSIGHT FROM INDUSTRY PRACTITIONER

Dr Schalk Engelbrecht (PhD in Philosophy): Head of Ethics Advisory at KPMG, within the Forensic Business Unit and Research Associate at the Centre for Applied Ethics, Stellenbosch University.

Schalk Engelbrecht specialises in business ethics and practices in the field with regular interaction and collaboration with the IAF.

The objective of the consultation was to determine, based on his experience in practice, the key drivers of an ethical culture and whether the IAF's positioning, training and skillset enables it to effectively carry out assessments of an organisation's culture. An additional objective of the consultation was to obtain input regarding the appropriateness and effectiveness of the questions that will be posed to the interview participants.

Schalk has had practical exposure to the IIA's standard 2110, which he recommended as a resource when looking at the assessment of ethical culture of an organisation. In addition to this, he has had exposure to a framework developed incorporating social sciences with business practice. The framework was based on the study *Developing and testing a measure for the ethical culture of organisations: the corporate ethical values model*, authored by Muel Kaptein (Kaptein, 2008) which sets out a basis for an ethical culture within an organisation.

Given his experience with the IAF, Schalk highlighted his perception of the challenges of the IAF carrying out an assessment of organisational culture as follows:

- Underdeveloped ethics programs within the organisation, the implication is that the programmes are not developed enough for a meaningful assessment to be conducted by the organisation.
- Limited experience and skills relating to the assessment of culture as not provided by the current IAF training process. Schalk's view on this is that there may be a need for a specialist resource to be incorporated into the IAF and not following an approach to upskill existing members of the IAF, given the traditional education and training background of the IAF.
- Schalk also views the Ethics and Social Committee to be better suited as custodians of culture within an organisation and believes that the responsibility of an

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organisation's culture assessment should be placed with this committee. He further pointed out the audit committee should also take note of the culture, but primarily to consider whether the "soft controls" over financial reporting are adequate and effective.

Schalk went through the draft questions compiled to be posed to Chief Audit Executives and Audit Committee Chairpersons (as presented in appendix A) and found them to be relevant and appropriate for purposes of meeting the objective of the study.

The consultation held was significant in highlighting the importance and relevance of the topic and specified objectives of the study.

The summary of the discussion held with Schalk is presented as appendix B.

PRESENTATION AND ANALYSIS OF RESULTS

This section presents and discusses the findings from the data collected, based on the methodology described in the methodology section.

As discussed in the research methodology, a multiple case study approach, using a pattern matching logic (similar to the congruence method) to analysing the results from the data collected, will be taken for this study. According to Yin (2018), if empirical and predicted patterns appear to be similar, the results can help a case study increase its validity. The patterns analysed for the purposes of this study are the themes identified and detailed in table 2. The process described in the research methodology is followed in analysing data.

The examples of quotes for each of the themes identified have been presented with the results below.

The following key themes were identified:

Table 2

1. Definition of Culture	11. Tone at the top
2. Complexity in the assessment of culture	12. Staff dynamics
3. Communication	13. Transformation and diversity
4. Consequences of wrong doing	14. Internal audit Structure
5. Impact of sub-units	15. Internal audit independence
6. Language used	16. Internal audit skills
7. Management and Leadership accountability <ul style="list-style-type: none"> • Adaptability and management's attitude towards change • Management actions and behaviour • Risk taking • Management turnover • Intrinsic attitude 	17. Collaboration with specialists

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8. Procedures and processes	18. Relationship between the CAE and Audit Committee
9. Reward and recognition <ul style="list-style-type: none"> • The definition of success communicated • Reward System 	19. Moral courage
10. Strategy, vision and values	20. Other structures to oversee culture

1. Definition of culture

Prior to obtaining the perspectives of the participants on what they perceive to be the factors contributing to organisational culture, it was key to first establish their understanding of organisational culture.

All the individuals interviewed had different perspectives and explanations of what organisational culture is. What was clear from all the responses, was the difficulty in defining culture due to its intangible nature, which adds complexity in terms of defining as well as understanding culture as it relates to an organisation. There are numerous dimensions to culture, but there are also common threads such as values as can be seen in the examples presented.

Four of the ten participants highlighted culture as something that is driven by what is intrinsic within individuals in an organisation. The participants have a good sense of understanding the drivers of organisational culture within their organisations as demonstrated by themes discussed under the relevant sections below.

An interesting perspective was raised by interviewee 2, pointing out that based on their interactions with multinational corporates, different geographic locations could also result in differing organisational culture due to the influence of the cultural diversity across those nations. This view is supported by Shachaf's study which concluded that cultural diversity had an impact on decision making and communication (Shachaf, 2008).

The following are examples of participants responses to the question asking them to define culture:

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- *Interviewee 1: So culture is a set of values and habits...and the way we do things around here in a company. That's how I see a culture. It's not even that easy to define but that's what I see are those three components that I've mentioned now.*
- *Interviewee 2: Culture is not about policies and procedures, although you need to have some thinking done on that, but I do think the danger is that if you put too much into them, that you actually...people glaze over. And I think different countries have different cultures.*
- *Interviewee 6: So when you talk culture, what are you actually talking about? So, if you go into a factory is it the safety culture? Because, you know, you have organisational culture, but organisational culture has many subsets. Safety culture, risk culture, a whole lot of types of the cultures. So...so I think it's ja...it's a bit of a challenge.*
- *Interviewee 8: Culture is probably a big catch all for many things that surround the values of the organisation and obviously that flows into the people. The type of people and how you measure them and how you manage them.*
it's probably stuff that we grew up with, its old-style values, the stuff that your parents your grandparents taught you to do: be nice, be kind, that sort of thing.

2. Complexity in the assessment of culture:

All ten of the individuals interviewed highlighted the complexity that is attached to the assessment or audit of culture, highlighting the challenge that would face the internal audit function in taking on the assessment of organisational culture. The intangible nature of organisational culture and the level of subjectivity involved were raised as some of the main concerns linked to assessing organisational culture.

Despite the complexity expressed above, eight of the individuals interviewed expressed the importance of conducting an assessment of the culture of their organisation and that would be something they would support to take place within their organisations.

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It is clear from the responses expressed that there is a level of complexity that arises from the process of assessing organisational culture or even determining indicators that can be used as an indication of organisational culture.

The following are examples of responses from participants expressing the complexity involved in the assessment of organisational culture:

- *Interviewee 1: So how do you measure it? It's very difficult to measure it. I think you see it in the long term sustainability and the long term traces that a company leaves on the community and a society*
- *Interviewee 2: The idea of defining what the culture should be and then observing how that plays out is something that you could do, but the interpretation might be difficult.*
- *Interviewee 10: the Internal audit function looks at things that have gone through the system. But there's also a risk about things that haven't gone through the system, so how do you deal with that where there is no paper trail?*

The importance of assessing culture, despite the complexity expressed above:

- *Interviewee 6: if you look at some of the regulators nowadays, especially the Dutch Central Bank, they have recognised the importance of culture in organisations, and they are actually bringing culture as part of their monitoring of banks.*
- *Interviewee 2: the idea of having an independent party say, this is what we say, now let's collect all the evidence to suggest whether that's the case [the organisation's expressed culture]. The evidence could include ; what do our suppliers say? What do our customers say? What do our staff say? I don't think I've seen it pulled together across that range of things.*
- *Interviewee 10: I think sometimes we...we look at findings but we don't really jot down of what and to what those findings are indicative of.*

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Participants were further asked to identify key drivers that can be used as indicators of organisational culture. Despite having expressed complexity in the assessment of organisational culture, participants were able to suggest the drivers of organisational culture based on their observations as set out from points three to thirteen below.

3. Communication

Four of the ten participants identified communication as a key contributing factor to the culture of an organisation. The importance of communication by management to all levels of staff as well as the frequency of the communication came through strongly in the views expressed by the individuals that considered communication to be a factor contributing to organisational culture.

One of the participants linked the level of communication from management to the level of understanding of the vision of the organisation by staff at all levels, which would impact the behaviour among staff and in turn the culture of the organisation.

Two of the participants pointed out the importance of direct communication from top management (the CEO for example) to all staff (and not just through middle management). These participants made reference to their organisations maintaining an open door policy that allows staff access to top management even outside of structured, formal meetings and highlighted that this has had a positive impact on the culture of their organisations. The frequency of the communication from top management was also raised as an important factors that will have an impact on the culture of the organisation.

From the views above, it is clear that communication as highlighted in Cameron and Quinn's framework, is an important factor that is seen by the participants to drive the culture of an organisation.

The following are examples of quotes of the participants who mentioned communication as a key driver of organisational culture:

- *Interviewee 3: In a company that really does differentiate it with culture and DNA, it would typically be well articulated, frequently on multiple platforms, internally and externally.*

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I said earlier, this is not something twice a year when you stand up and do something with the staff when you remember to put it in your speech, it's not that. So it's got to be something you preach all the time.

- *Interviewee 4: So if you understand your vision and it's clearly defined and you've communicated it to your staff or management, and in order to implement that they need to behave in a certain way, that in itself will drive a lot changes in an organisation to get to a culture.*
- *Interviewee 5: our CEO talks about having an open door policy and I think...so there's that tone at the top, but it's your word is your bond. Because he says, I have an open-door policy, every morning at half past seven when he's in Joburg, he is sitting in the library and anybody can go talk to him. He has regular coffee sessions with the staff, and it's twenty members of staff that come together and he asks them, so what is not working? And there's somebody who literally takes notes and afterwards goes and fixes it. And so we're seeing people who actually want to work in our culture.*
- *Interviewee 6: I think it's power, I think a lot of people want to be seen to be powerful in the organisations. And they're not prepared to listen to advice from people a lot of the time.*
- *Interviewee 10: So I think maybe conversations with the CEO, or something like that, where people can speak candidly without fear of something happening, but voice their concerns about the culture.*

4. Consequences of wrong doing

A further factor contributing to organisational culture is the consequences of wrong doing that are carried out by organisations. Four of the participants raised the consequences of wrong doing as a contributing factor to organisational culture. Participants that raised this as a relevant point emphasised that this goes beyond what is communicated as consequences, but rather what gets carried out as the actual consequences for wrong doing.

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One participant highlighted the importance of how errors are handled in the organisation, drawing a distinction between deliberate wrong doing and errors. This point further emphasised the impact that consistent harsh consequences to errors could have a negative impact on the culture of the organisation as it would deter individuals within the organisation from taking accountability of the errors made, but rather finding ways to conceal the errors made.

The consequences to wrong doing carried out within an organisation could therefore have both a negative and a positive impact on the culture of the organisation. This view is in line with that highlighted by Cameron and Quinn in emphasising the impact of what the organisation values on the culture of that organisation.

The following are examples of quotes from participants who expressed that the consequences of wrong doing in place would be a key driver of organisational culture:

- *Interviewee 3: People are expected to live the values, live the DNA. And if you don't there will be consequences, whatever kind.*
- *Interviewee 5: I think also the way that we react to the issues that our staff bring forth has a huge impact.
So, the other side of it is this importance of consequences. There are consequences for not maintaining the culture, and not maintaining ethics, and not maintaining what we set.*
- *Interviewee 6: I think how the organisation handles errors. You know, so an open culture is not caused by people being nailed every time there's an issue.*
- *Interviewee 8: I must go back to the person involved and say, why didn't you follow this procedure and how do we make sure that doesn't happen again? But if it happens again and I can see now there's a trend, something must be done about it, otherwise...because people get away with a small things and then once they get away with the small things they get away with even bigger things than that's how organisational rot starts and then before you know it, it's commonplace to do certain things because you didn't nip it in the bud.*

5. Impact of sub-units

Two of the participants highlighted the impact that the structure of an organisation, in terms of the impact multiple departments or sub-units could have on the culture of an organisation. The more segmented an organisation is, the more likely it is that the culture differs from one segment from the next. Having different cultures within an organisation adds complexity, as what may be perceived to be the culture of the organisation may not be applicable to the organisation as a whole.

One of the participants highlighted the impact of acquisitions which could give rise to differing cultures within an organisation. The acquisition or merging of different entities will therefore also have an impact on the culture of an organisation as the acquired entity may bring with it a different way of doing things from where it originated.

Organisations that consist of multiple departments or sub-units may therefore have multiple cultures prevalent within them and therefore would impact the assessment of the overall culture of the organisation.

The following are examples of quotes from participants expressing that the structure of the organisation and existence of sub-units will have an impact on the organisational culture:

- *Interviewee 1: Sometimes you get the different culture because some of these divisions, these are really sub divisions of the group like sometimes they called the clusters of the group, different clusters...you find that these different clusters of a group, or sub divisions, have not been with the group forever. Some were acquisitions that were made, so some of those acquisitions come with a very strong culture when you make them; it doesn't just change because it's now part of a bigger group.*
- *Interviewee 5: It's very hard to say overall what our risk culture is, because there are five or six departments that are affected, or in this process. That one and that one and that one are fantastic. How do I give you a rating?*

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6. Language used

Participants expressed that the type of language used within an organisation to communicate with the relevant stakeholders will have an impact on the culture of the organisation.

What is constantly communicated and the words chosen to communicate within the organisation sets the tone for what is acceptable and expected within the organisation and will therefore drive the way in which individuals within the organisation carry out their day to day responsibilities and activities.

The following is an example of a quote from a participant expressing that the language used would be a key driver of organisational culture:

- *Interviewee 3: You've got to do it in a structured fashion, you've got to be careful about the words you use, not to be politically correct but careful because you need to be consistent. So think about your words, the words have to work inside and outside the organisation*

7. Management and Leadership

There were a number of themes that arose that have an impact on management and leadership. The themes identified were accountability, adaptability, management's attitude towards change, management's decision making pace, the pace of addressing issues, management's attitude towards controls, the dominant leadership style, management turnover, management's actions and behaviour as well as the intrinsic attitude of people within the organisation. The similar themes above, being management's decision making pace, the pace of addressing issues, management's attitude towards controls and management's dominant leadership style were consolidated into the management's actions and behaviour key theme.

Accountability:

The view expressed by participants was that the level of accountability for decisions and behaviour that is maintained for individuals within the organisation at various levels has an impact on the culture of the organisation.

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When people understand and are aware that they will be held accountable for taking certain decisions and behaving in a certain way, they are likely to behave and act in line with what is expected of them and what they will be held accountable for within the organisation.

The following are examples of quotes from participants who expressed that accountability would be a key driver of organisational culture:

- *Interviewee 5: Because one of the things that we have tried to push as part of the culture is that every single person who works in this organisation is a risk manager. So, if your risk culture as a risk manager isn't very aware, or isn't very far along in the process, we're in the difficult position of not understanding how you are managing the risk for us.*
- *Interviewee 6: Accountability and holding people accountable I think also impacts culture.*
- *Interviewee 8: And I think also a culture of accountability when it comes to these types of things is important.*
- *Interviewee 3: So...you know, this is probably one of the few cases where, maybe not so much to measure it but to define it is the CEO himself needs to step up to the plate, articulate it, put it down in writing, and embed it.*

Adaptability and management's attitude towards change:

Participants expressed that the willingness and ability of an organisation to change has an impact on the culture of the organisation and management's attitude towards change will also have an impact on the culture of the organisation and the rate at which issues that negatively impact culture are addressed.

One of the participants had the following to say regarding the impact of adaptability on the culture of an organisation:

- *Interviewee 3: I think one of the things any organisation should have as, part of your culture should be the willingness and ability to change.*

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You would have to continually preach that this is an organisation that is able to change, is willing to change, we reward change, we want young people, whatever.

Management actions and behaviour:

Nine of the participants interviewed noted the importance of the tone set at the top as a key factor that drives organisational culture as discussed under the key theme that follows. Participants also emphasised the importance of leading by example in setting the tone. Setting the tone should therefore be beyond what management articulate as acceptable behaviour within the organisation but also address the behaviour that is demonstrated by management in their actions and decision making on a day to day basis.

The following are examples of quotes from participants who expressed that management actions and behaviour would be a key driver of organisational culture:

- *Interviewee 3: So then that's where you've got to preach. And going back to the pulpit, you've got to walk the talk, you've got to do it all the time, you've got to do it continuously.*
- *Interviewee 4: The tone set by the top drives your control environment. And similarly, it will drive the culture. And for me culture is also behaviour. So, if management is relaxed in enforcing like policies and procedures, that obviously feeds down to the rest of the organisation and that will then set your tone for the organisation. So, it's very critical that management all sing from the same hymn sheet, and that they actually...they need to own the policies, because once they show commitment to, you know, adhering to a policy or procedure, and following through with it.*
- *Interviewee 7: sometimes boards obviously are all on the top, they think things happen in a certain way, and it may not even get exactly the same way embedded in number two, and then number three is just completely different.*
- *Interviewee 8: So just because you're speaking the speak and you say we must comply, if we know that we can't...you try and dodge the system yourself, it creates a culture of dodging. I think it's very important. You can't underestimate it. So, we*

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mustn't only be heard to be saying that, but I think also seen to be doing the right thing is important for the culture to kind of filter down to the bottom.

Risk taking:

One of the participants raised the impact of the organisation's risk appetite and risk practices on the overall culture of the organisation. They suggested that the number of successful or failed attempts could then be used to assess the status of the risk culture within the organisation.

The following is a quote from the participant that raised risk-taking as a key driver of organisational culture:

- *Interviewee 10: So, for instance, you could say, if tolerance for risk is a cultural aspect, so you could measure your tolerance for risk on some scale from nought to ten, depending on how many failed ventures you've had internally, or something like that.*

Management turnover:

Two of the participants expressed that the stability of leadership and management, as the people that set the tone and are perceived to drive the culture of the organisation, can also have an impact on the culture of the organisation.

When the management team of an organisation is constantly changing, the tone set by management will change with the management team and therefore result in an impact on the way in which the individuals within the organisation carry out their day to day activities and responsibilities.

The following is an example of a quote from the participants that raised management turnover as a key driver of organisational culture:

- *Interviewee 3: where there they're sort of lucky in a sense, they've had the same CEO for sixty years, but...so it does depend a little...as I said earlier, it does depend significantly on the longevity of the CEO, preferably a founder CEO, if you really want to differentiate it, or at least a long serving person...probably come through the ranks, could be an outsider, but probably come through the ranks.*

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Intrinsic attitude:

Two of the participants expressed that organisational culture can also be impacted by the intrinsic attitude that individuals within an organisation carry as shaped by their experiences and exposure. This component of culture is complex as it is intangible and difficult to assess or measure as it relates to the way people think and feel.

The following is an example of a quote from the participants that raised the intrinsic attitudes of individuals within the organisation as a key driver of organisational culture:

- *Interviewee 3: You can shift them and that's what leadership is about, is to change the way people...certainly change the way people behave; a little bit more difficult to change the way people think and feel, and even more difficult is to change people's intrinsic attitudes.*

8. Procedures and processes

Three of the participants expressed that the way in which an organisation carries out its procedures and processes in conducting its business on a day to day basis has an impact on the culture of the organisation. The processes and procedures that are in place within an organisation following the policies implemented, as well as the structuring thereof form a behavioural guideline for individuals within the organisation and would therefore have an impact on the culture of an organisation.

One of the participants highlighted that the procedures and processes in place should be in line with the policies implemented to support the desired culture of an organisation.

The following are examples of quotes from participants who raised procedures and processes as key drivers of organisational culture:

- *Interviewee 7: It could also be real hard evidence to say, your policy statements say this, your operating procedures say this, yet you've built a process and a control...a KPI, that say this. So clearly, they are not aligned, so there could be real hard and fast observations which are factually correct.*

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- *Interviewee 4: I mean, for policies and procedures to be adhered to, I think...especially in an organisation like this where everything is so big, there needs to be like consistency; so, standardisation of the policies procedures and templates.*

9. Reward and Recognition

Two main themes arose from this key theme, being the definition of success that is communicated by management as well as what is rewarded and incorporated into the organisations reward system.

The definition of success communicated:

Two participants expressed that it is important for organisations to determine and communicate what is important to the organisation and what will be considered to be success and rewarded as such.

The view expressed is that when individuals understand what is important to the organisation and what they will be rewarded for, the objectives and behaviour will be geared towards what they have understood to represent success within their organisation.

The following is an example of a quote from one of the participants who raised the definition of success communicated as a key driver of organisational culture:

- *Interviewee 7: people don't understand their role; they don't have capability; poor communication; (inadequate) supervision; reward; motivation. What we're saying is, you can almost trace any bad behaviour or good behaviour back to these root causes.*

Reward system:

In addition to what is communicated as success, participants perceive that the reward system implemented within the organisation must also drive individuals to behave and make decisions that are in line with the overall culture and objectives of the organisation as a whole.

Incentives that are not aligned to the organisation's objectives will drive behaviour that is not in line with what the organisation has set out to achieve.

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The following are examples of quotes from participants who raised the reward system implemented as a key driver of organisational culture:

- *Interviewee 9: There is also the importance of how execs are incentivised, short and long-term incentive. Organisations are too driven by numbers, sustainability should be embedded into the execs reward system.*
- *Interviewee 6: I think incentives are a big determinant of culture. If you look at the global financial crisis, all these big bonuses were in conflict with culture. And they had to be. So people were making the wrong kind of decisions.*
- *Interviewee 7: If you tell them you have to behave like this, in the long-term, but you measure them on a short-term incentive, then they are going to behave in a short-term way. And you see that...and that's probably one of the biggest things*
- *Interviewee 3: And then you can measure, and you can embed, it by the way, into your management processes. So, you know, ideally, as part of your performance appraisal system, properly embedded is the living the values.*

10. Strategy, vision and values

The strategy, vision and values of an organisation are perceived to be key components of the culture of an organisation as they represent core objectives and expectations that an organisation works towards. The way in which the organisation works towards these components is a close representation of the culture of an organisation.

One participant expressed that the living out of values by individuals within the organisation, particularly those in management, is a clear indicator of what the culture of an organisation could be as management's behaviour would have a significant impact on the behaviour of the rest of the individuals within an organisation.

The following are examples of quotes from participants who expressed that the organisation's strategy, vision and values will be a key driver of organisational culture:

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- *Interviewee 3: Do you live the culture? And that would be a legitimate challenge, by the way, when you have a defined...and values kind of get into the same space a bit. I don't think you can have this discussion without having a well-defined set of values. It sort of intersects. So I think it's a legitimate discussion internally and externally for someone to say, well you had these espoused values or this espoused culture or DNA, or whatever it might be, and yet I see he or she or them or this department are not living the values, whatever they might be.*
- *Interviewee 9: In all the integrated reports you to see the standard stuff because it's what they should have, it all boils down to does the board understand all these things? They can put what they like but it's important that the chair of the board understands all these things and ensure that that he or she installs that culture and lives the values. If you have something in your integrated report said this is your values but you don't live them. It needs to come down to some form of repeated education program within every organisation, starting at the board. The board could actually have a little workshop on their values and make sure they live it. If you look at where all the big problems have come, it's actually been the execs in the big companies when looking at the ones that have collapsed over the years. Even if you consider state owned enterprises, the issue has been with the top execs.*
- *Interviewee 4: Culture is also driven very much by the vision of an institution. The vision will define where you want to be. And for you to achieve that you obviously need to have a certain, like a type of culture.*

11. Tone at the top

All ten participants mentioned the tone at the top as an important factor that drives the culture of an organisation, emphasising the importance of the tone set by management on the behaviour and actions of the individuals within an organisation, as well as the resulting culture of the organisation.

The way things are done by management will be perceived as the acceptable way in which things are done within the organisation and will ultimately filter down to the way staff members approach their work across all levels. One of the participants highlighted the importance of management's actions being aligned to what they

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communicate, in order to aid with credibility amongst the individuals within the organisation.

The tone at the top and the example set by those in management therefore plays a key role in impacting the culture of an organisation.

The following are examples of quotes from participants who expressed that the tone at the top will be a key driver of organisational culture:

- *Interviewee 1: And then the force that comes from the other side is the example and the values and culture that the chief executive officer, and probably the executive team...very much centred around the CEO, him or herself. And the example that they set and it's the way they apply...set cultural examples.*
- *Interviewee 8: But I've been around long enough to know that that doesn't work unless it comes from the top and here you see it coming from the top, in generating that sort of teamwork, spirit of working together helping each other and stuff like that.*
- *Interviewee 6: I think culture in many cases...it's interesting because there are two ways to look at this, one says a culture should be driven from the top. So, it's the tone from the top driven down within the organisation at the various levels and*
- *Interviewee 5: So then there are a number of things that contribute. In the first and primary one is the tone at the top. It's if we see what the board of directors and the executive management of an organisation do, how they do things tends to filter down into the way that other people do things.*
- *Interviewee 7: So you can go with this thing in a very complicated way. Because I think that's how we got to the six pockets [Leadership action, communication, people practices, performance management and reward, organisational structure and external environment] was, people want to be led by someone ethical, they want to understand and be communicated with...both directions. They want to be evaluated properly.*

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- *Interviewee 8: So tone at the top, I think it's very important because leadership is both express and tacit. So it is what you say and it is what you do. And for a leader to be credible in the employee's mind, the actions must match the words.*

12. Staff dynamics

There were a number of small underlying themes that arose from this category, addressing the impact of having buy-in from the organisation as a whole, employee satisfaction, staff turnover as well as the possibility of culture being potentially set from the bottom up.

Two participants view employee satisfaction to have an impact on the culture of the organisation. They note that employees who are happy with the environment in which they work will tend to buy into the way things are done within the organisation and therefore buy into the culture and the way in which things are done in the organisation.

The following are examples of quotes from participants who expressed that staff dynamics would be a key driver of organisational culture:

- *Interviewee 6: So maybe we're dealing with espoused culture versus implemented culture, and maybe there's no buy-in culture throughout organisations*
- *Interviewee 4: So it would be employee satisfaction, so I said, reward and recognition; how do people feel, like in terms of a sense of belonging...so those type of answers would probably drive in terms of what the culture is of an institution*
- *Interviewee 5: We have a number of staff who left, who go and join other companies and a while after come back. We have a very low staff turnover. And I think even if you consider that we have been for sale for the last two years, we've had an incredibly low staff turnover.*

13. Transformation and diversity

Transformation and diversity were raised as components that have an impact on organisational culture raised by two of the participants. Within the South African

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context, this has been a significant area, given the history of exclusion of key population groups under the previous policies and provisions of apartheid. The post-apartheid shift of diversity in individuals within an organisation has been seen to have an impact on the way in which organisations carry out their processes on a day to day basis and therefore impacting the culture of the organisation.

The following are examples of quotes from participants who raised transformation and diversity as key drivers of organisational culture:

- *Interviewee 3: So...I was affronted, to be honest, by some of the attitudes...and actually including at very senior levels. And I was also concerned about the sort of prevailing culture around attitudes to race. I'm not saying people were racist...but they may have been, but generally the attitudes to race were pre '94 attitudes.*
- *Interviewee 4: I mean, you'd obviously first engage with management as usual, and determine from them, so what is their appetite and why they obviously would want to do something like this. And, I mean, I would then look at, you know, what are those areas that are giving rise to perhaps dissatisfaction. So you'd probably like do some sort of survey, you know, like things like employee satisfaction survey. And maybe look at how people feel in various circumstances, so you could maybe start with...so it would be...obviously there would be transformation, diversity...reward and recognitions.*

The following themes, numbered fourteen to twenty, were in response to questions that relate to the third objective of the study, which was to determine the characteristics of the IAF that will determine whether or not the IAF is in a position to perform the assessment of organisational culture.

14. Internal audit structure

There were mixed views expressed on the impact of having an in-house versus an outsourced IAF on the ability of the IAF to carry out an assessment of organisational culture. The majority of the participants felt that it would not make a difference on the ability of the IAF to perform an assessment of organisational culture, while four expressed that it would have an impact.

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The views expressed by the majority of participants that felt that the structuring of the IAF would have no impact was mostly driven by the perspective that the IAF would not be an appropriate function to assess culture, and regardless of whether it is an in-house or outsourced IAF structure would not make a difference from their perspective.

Two of the participants expressed that the structuring of the IAF (whether in house or external) could have an impact on the independence of the IAF and therefore impact their positioning to perform the assessment of organisational culture.

The following are examples of quotes from participants on the impact of the structure of the IAF on their ability to assess organisational culture:

- *Interviewee 8: with Internal functions, you've got more insight as you've got more time to review and understand how those relationships work. But then you can also be blurred by your own is a preconception or prejudice about someone else in the process. but hopefully one can uphold independence of mind and that's maybe where the structure of this thing comes in here.*
- *Interviewee 9: It's not an external audit function and you need someone independent to review actually. So I've automatically in my mind got an outsourced internal audit function because I'm not working with any [inhouse] internal audit functions. So, I don't think it should be an internal function, so if it's an internal audit function it should be an outsourced external body, then I think it's the best position to do it. Yes, and they are sufficiently independent to be able to give a realistic view because I think despite internal audit posing as independent, if it's an internal function, they might be a bit scared to say things because I mean the CEOs are the ones who take the ultimate responsibility for the culture.*
- *Interviewee 6: I don't think it makes a difference provided...let's assume there was a proper methodology, provided that methodology was applied. There's always a risk that internal audit might be bullied around. You know then they say they're independent. So that...there's a risk. You know, ja...I don't think that inside or outside makes a difference, they will be equally inefficient at doing this job.*

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The importance of the relationship between the internal audit function and management was also raised as a consideration in addressing their ability to conduct an assessment of culture within their organisation:

- *Interviewee 5: I think that the other side of it is...is that internal auditors need to play politics. They need to be sure that they can rely on the support of a certain group of management, and a certain group of the audit committee or the board.*

I have made sure that I'm on really good terms with the head of risk, with the head of compliance. Regular meetings with the CEO, with the group company secretary and with legal.

- *Interviewee 2: I think if you're going into culture that you almost need to think carefully as to whether the root of the normal internal audit reports needs to be changed and you would then take a direct route into the board. Because that's a very sensitive place to be writing stuff...but if you want those observations at different levels, very difficult to write that and submit it to the chief executive if you've got concerns about the chief executive*

15. Internal audit Independence

Almost all the participants perceive the independence of the Internal audit Function to be a strong enabler and positive contributing factor to the ability of the function to carry out an assessment of organisational culture.

At the same time, there were views pointing to the need for a consultancy working relationship with management, to allow for understanding some of the indicators of organisational culture and for value add during the process of the assessment of culture. This may introduce a threat to the ability of the internal audit function to carry out the assessment with the perceived required level of independence.

The following are examples of quotes from participants on the impact of independence on the IAF's ability to conduct the assessment of organisational culture:

- *Interviewee 1: And I must say internal audit is...I think it's probably some of the...global internal audit standards. But also, probably some of...just the quality of internal auditors and internal audit leaders in South Africa is such that they've been able to keep themselves viewed, and in their actual actions, very neutral,*

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impressively so. So certainly, internal audit can play a role because they have got the necessary independence.

- *Interviewee 9: But I think you need someone sufficiently independent that I wouldn't be scared to say their piece.*
- *Interviewee 5: And so although there's always that terrifying line of independence and objectivity, particularly in a small environment such as ours, there's a very big possibility that if you work on a project there's a good chance that at some point in the future you're probably going to audit that place as well.*

And so I think that it's becoming more and more essential for internal auditors to actually build strong relationships...they're not our friends, they can never be friends because of the independence factor. But to have strong relationships within the audit committee and board, as well as with certain management, so that you always know that when you (recommend) that issue you will have some support.

- *Interviewee 7: so, all of that is said and done, what's the role of internal audit? And it's traditional in the expectations, so we want...the board wants to have an independent view on that sort of culture behavioural tone. So, they will look either at internal audit to do it or another third party to review it*
- *Interviewee 2: I think internal audit, because it beats the independence drum, it doesn't make it easy to be a partner alongside because if I'm a partner alongside I'm too close to you.*

16. Internal audit skills

In addition to the independence factor discussed above, another factor considered was the suitability of skillset of the Internal audit Function to be able to carry out the assessment of organisational culture.

Most of the participants argued that the education and training leading up to Internal audit qualifications does not allow for members of the internal audit profession to be able to perform engagements of this nature that are highly subjective. Participants expressed that organisational culture is a highly specialised field that would require

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input from industry experts from the behavioural sciences discipline. Participants noted that the internal audit function, as it currently stands in terms of background training and common areas of focus, may not be suitably skilled to carry out the assessment of organisational culture.

With the appropriate changes to the background training and upskilling of team members, it is the view of these participants that the IAF may be in a better position to carry out the assessment of culture within their organisation.

The following are examples of quotes from participants on the suitability of skills of the IAF to conduct an assessment of organisational culture:

- *Interviewee 8: Whether we are prepared as Internal auditors to audit? I think you probably can. Yeah, but I think you probably want a more experienced team and also depends on the maturity of organisation in terms of internal audit.*

I think some training, maybe on the different models of looking at culture. and then I think yeah definitely some it won't be so intensive training like you do on IFRS stuff, but it would be useful to have a benchmark.

- *Interviewee 6: Like if we look at internal audit, firstly I don't think the academic training touches on culture, as far as I know...not in my CA exams, there was nothing on culture. So, from an academic perspective there's nothing there. No audit programme...what well designed audit programme is there to test for culture? It's like the standard "agree this to that". So, what mechanism will they use to measure culture? Okay...and if they did have a mechanism, I don't think they understand what culture is. I mean, that is more of a psychological...it's a behavioural topic and they're not trained in behaviour firstly, and I don't think they have the experience.*

- *Interviewee 1: I think internal audit can do some of the work...they should never set themselves...put themselves forward as the culture experts, but in order to kind of do a dipstick on the culture in a very...kind of maybe running surveys or in a very considered way, commenting on culture, or at least just putting the question out there for the board, for other people tasked and charged with governance, to start thinking about it. I think internal audit can do that. But I don't think it should be a*

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mainstay of an internal audit workload, but a good awareness of culture and from time to time maybe planting the seeds if there is a possible concern around culture

If there's a report which is purely around culture, I think then internal audit is maybe moving a little bit outside of their space.

I don't think there's enough skill in internal audit department in itself to really run a culture audit.

- *Interviewee 5: Internal audit are not bean counters. And so, it's that...I personally think that there needs to be a lot more advocacy from the Institute of Internal auditors about what internal auditors do.*
- *Interviewee 2: Typically they'll then say, well you had a survey and the survey showed the following. But to actually get into what's really behind the survey, I think potentially is where they fail. So, it's not I'm trying to be unkind to them, I just don't think they're qualified to do the real stuff.*

So, I would argue that internal audit generally doesn't have all the skills necessary and does that a different way. If it's all in one place actually then I think they've got a problem because the internal auditor thinks he knows too much.

Because most of the internal audit functions I see would not have the kind of softer skills to assess...as I say, they can assess process with an evidence but you can't assess the real kind of culture, I don't think...as an internal audit, without specialist help.

17. Collaboration with specialists

In addition to recognising the complexity in measuring organisational culture as detailed above, eight of the participants suggested that the assessment of organisational culture by the IAF could be done by making use of specialists within the behavioural science discipline.

Participants that shared this view acknowledge that the IAF's experience in reporting on matters within their organisation, which points to a thorough understanding of the structures and operations, could put them in a good position to assess and report on some of the indicators of organisational culture discussed above, while placing

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reliance on the expertise of behavioural scientists for the areas that require their specialty.

The following are examples of quotes from participants who raised the collaboration with specialists as an option that would enable the IAF to conduct the assessment of organisational culture:

- *Interviewee 6: I would rather go and hire a set of behaviourists, in a human resource consulting type, like Human Capital Consultants and get them to check out the culture as opposed to Internal audit*
- *Interviewee 1: And organisational development people often have a very good in-house for this, and they have a good in-house for this and they have a good feel for this, and generally I would think that is where this kind of role is probably better positioned to do this kind of research.*

If it's purely a culture related report I think there they have to co-opt an organisational development person and if there isn't such a department in the company, they've got to co-opt someone from outside to do that.

- *Interviewee 3: Now to measure it, I don't know. I don't know who's good at that sort of thing. Maybe some behavioural psychologist types, marketing and strategy types could probably do a reasonable job at it.*

18. Relationship between the CAE and the Audit Committee Chair

The impact of the relationship between the CAE and the Audit Committee Chair on internal audit's positioning and ability to conduct assessments of this nature was also considered. All participants indicated that this is an important relationship that allows the internal audit function to carry out their responsibilities effectively and with confidence.

Where reporting lines are clearly defined and followed, the continued relationship, including providing input into the annual IAF audit plan and reporting to the Audit Committee Chair empowers the CAE and provides confidence in knowing there is support from the Non-Executive Directors when there are contentious disagreements to resolve with management within the organisation.

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The following are examples of quotes from participants who raised the relationship between the CAE and Audit Committee Chair as a factor that would enable the IAF to conduct the assessment of organisational culture:

- *Interviewee 8: I think that that's what actually gives you the licence to operate. because once that line is severed, there's no licence to operate.*
- *Interviewee 9: it has to be a close working relationship between the chair of the committee and internal or external Audits and that's all combined into the culture because you can't just every three months toodle along, look at a report and think that that's the job done.*
- *Interviewee 1: That's very important that there's a deep level of trust between non-execs and internal audit. And...if non-execs ever get the feeling that...or a view that internal audit is not giving them the whole picture or is kind of putting a gloss over things, then certainly it's problematic. They won't be trusted in any respect, not regarding this topic but broadly wouldn't be trusted.*
- *Interviewee 5: And the audit committee chair is sort of...as much as he's the primary boss, he is the secondary person that I talk to because he's not very close to the organisation. But I think having his support is very important, so one of the things that he first asked me to do was to look at risk culture in the organisation*
- *Interviewee 2: The internal audit function often, even theoretically, reports into the audit committee and has access to the chairman of the board; now how often does it really go there? And I think culture would be one of those things which would be a natural fit to go here[reported to the audit committee].*
- *Interviewee 4: And also because you only meet with the audit committee on like let's say four times a year. It depends on how approachable the audit committee is, but generally the way I operate is, if there's anything critical or serious that comes up, I do communicate it to them, so they are aware upfront. So it's not a surprise when it comes.*

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And a lot of the times when you perform an audit, you're under so much pressure that you want to make sure that whatever you've defined as your scope that that is covered. Because, I mean, that's what's going to get documented in your final audit report.

19. Moral courage

The impact of the ability of the internal audit function to demonstrate moral courage on the ability to assess organisational culture was taken into account. Three of the participants pointed out that the need for moral courage underpins the functionality of the internal audit function in their day to day operations, not just in instances where they are involved in engagements that require a high level of judgment and subjectivity.

The following are examples of quotes from participants who raised moral courage as an important factor in enabling them to conduct the assessment of organisational culture:

- *Interviewee 1: And if an organisation has maybe had...battling with a certain area in the company with maybe controls or fraud or unacceptable risk-taking or whatever is present, I think internal audit is entitled to comment on that and then maybe entitled to give some examples. But internal audit has got to be very, very careful because the people they're commenting on, on this very sensitive topic, are also people that they have to continue working with. So, you have to do it with great respect, but on the other hand mustn't dance around the topic.*

I mean, internal audit needs the moral courage...it doesn't really need it for the culture work...any of their reports they need moral courage, they need to be...stand strong on their points. And if they are doing it ethically and they're doing their job in a responsible way, the broad organisation will know that and will trust their reports, and will even be respectful of them having to stick their noses out on slightly difficult topics like these.

- *Interviewee 6: So it's very interesting, you see, so this moral courage that they will actually be a function of the culture, which is the very thing that they're auditing... it's a circular thing.*

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- *Interviewee 8: You need to balance it out. because it can feel a little bit confrontational. And if there is seniority at play then it's a problem. And so there is courage to report on what I found*

20. Other structures to oversee culture

Three of the participants indicated that the Social and Ethics Committee (SET) would be a suitable structure to take custodianship of the culture within an organisation, in place of the Audit Committee who have the legislated oversight over the IAF.

The following are examples of quotes from participants suggesting that a different structure from the audit committee should oversee the assessment of organisational culture:

- *Interviewee 1: I think the social and ethics committee is far better, their workload is normally such that there's a bit more capacity there. I also think that is what the whole intention is with the legislation of...because we've got...it's legislated, we have to have social and ethics committees in South Africa. It's more legislated even than an audit committee, can you believe that?*
- *Interviewee 7: I would have thought it was SET. I mean, it feels more like a natural...I mean, if that's where we deal with social ethical and the broader importance of societal purpose and how we connect with our stakeholders...you know, capital providers, customers, suppliers, everyone, then I would have thought...it's so pervasive, right?*
- *Interviewee 8: But then what happens to like the social and ethics sub-committee? We cannot relegate the dereliction of other business leaders' duties to not care about culture.*

SUMMARY AND CONCLUSION

As discussed in the introduction, the key objectives of conducting the study was to determine how the IAF can play a significant role in assessing organisational culture within an organisation through:

1. Establishing the definition of organisational culture.
2. Identifying what the key drivers of organisational culture are for the various organisations and assessing how it compares to theoretical framework(s) identified.
3. Determining the characteristics of the IAF that will determine whether or not the IAF is in a position to carry out these assessments.

Establishing the definition of organisational culture:

There is complexity in defining organisational culture as demonstrated by the varying perspectives and definitions that were expressed by the participants. The intangible nature and complexity in defining culture results in an element of subjectivity which would add difficulty in comparison across different organisations when defined by different individuals.

Identifying what the key drivers of organisational culture are and assessing how it compares to the theoretical framework identified:

The themes discussed in the presentation and analysis of results can be directly linked to the theoretical framework discussed in the literature review as follows:

Table 3

Theoretical framework	Themes emerging
What the organisation values	<ul style="list-style-type: none">- What the organisation values- Strategy, vision and values- Tone at the top- Consequences of wrong doing
The dominant leadership style within the organisation	-Management and Leadership

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The type of language used within the organisation on a daily basis	- Language used - Communication
The procedures and processes in place within the organisation	-Procedures and processes
The definition of success communicated by those charged with governance	- Reward and recognition - Consequences for wrong doing
The strategic emphasis of the organisation.	- Tone at the top - Strategy, vision and values
Internal audit Specific:	
The existence of private access for the CAE?	-Relationship between the CAE and Audit Committee
The number of meetings held between the audit committee and the CAE	-Relationship between the CAE and Audit Committee
The review of the internal audit program and results	-Relationship between the CAE and Audit Committee
The responsibility for the appointment and dismissal of the CAE	-Internal audit Structure -Internal audit independence
The review of the relationship between internal audit and management	-Internal audit Independence

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The following themes emerged as new themes from the interviews conducted, when compared to the theoretical framework:

1. Collaboration with specialists
2. Other structures to oversee culture
3. Staff dynamics
4. Transformation and diversity
5. Impact of sub-units
6. Internal audit Skills
7. Complexity in the assessment of culture

The key drivers of organisational culture, as described by the individuals that participated in the interviews, were aligned with those described in the theoretical framework as depicted in the table above. Staff dynamics, the impact of sub-units as well as transformation and diversity were raised as additional key indicators that could be included in the measures that assist in assessing the culture of an organisation.

Participants raised the potential for the culture of the organisation to be driven from bottom up, therefore highlighting the importance of staff dynamics that reflect buy-in from all staff, of the culture that is pursued from the top of the organisation. The inclusion of all staff from varying cultures and backgrounds was expressed a potential reflection of how organisations do things and therefore relevant to the assessment of the organisation's culture.

The complexity in the assessment of culture, the level of IAF skills, driven by their educational background and training, opportunity to collaborate with specialists as well as having structures other than the audit committee overseeing the assessment of organisational culture, were additional key drivers raised, that would impact the ability of the IAF to perform the assessment of organisational culture. These themes are incorporated in the discussion of the last sub-objective of the study below.

Determining whether or not IAF is in the position to perform the assessment of organisational culture:

Internal audit independence and suitability of skills were raised as key contributing factors to the positioning of the IAF to perform the assessment of organisational culture. Participants commended the IA profession for the levels and standards of

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independence levels experienced and expressed that the IAF would be well positioned to conduct the assessment of organisational culture from an independence perspective. The independence of the IAF from the organisation enhances the ability to provide an objective assessment of the organisation's culture. Participants from both the CAEs and Audit Committee Chairpersons grouping shared this view.

The majority of both CAE and Audit Committee interview participants were of the view that the structure of the IAF, in terms of whether it in-house or outsourced, does not have an impact on their ability to conduct the assessment of organisational culture.

From a skills perspective, the view expressed by the participants who are Audit Committee Chairpersons, is that the IAF, in the current education and training format, is not sufficiently skilled to perform the assessment of organisational culture and therefore may not be the most suitable body to conduct such assessment. This is largely due to the level of complexity expressed, that is attached to the process of assessing organisational culture. However, based on the views expressed, there may be room for the IAF to collaborate with industry experts from within the behavioural sciences discipline in order to successfully perform the required assessments.

Most of the CAE participants did not share the views expressed by the Audit Committee Chairpersons on the sufficiency of the skillsets to perform the assessment. The CAE participants expressed that there were areas of assessment of organisational culture that they could contribute significant value to. However, they did share the view that collaborating with industry experts could add a lot of value to the subject area.

AREAS FOR POTENTIAL FUTURE STUDIES

The independent positioning of the IAF is a strength that places them in a good position to carry out the assessment of organisational culture with the required level of objectivity. A further future study could explore the impact that understanding some of the identified key indicators of organisational culture with sufficient depth for assessment could have on the Independence of the IAF.

If the IAF was to collaborate with industry experts on the assessment of organisational culture, what still needs to be determined is what aspects of the assessment of KPIs

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identified would be best suited for the IAF to undertake and which ones would be better placed with the relevant industry experts.

Participants expressed the view that the current education and training background of the IAF does not place them in a suitable position to conduct the assessment of organisational culture. The level of training and extent of upskilling that would sufficiently place the IAF in a position to be able to carry out the assessment of organisational culture as well as other subjective relevant areas should still be determined.

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APPENDIX A: INTERVIEW QUESTIONS

The following questions relate to the objective of establishing the definition of organisational culture:

1. What is your understanding of culture as it relates to your organisation?
2. What are the factors that contribute to your organisation's culture?

The following questions relate to the objective of identifying the key drivers of organisational culture:

3. What drives the culture within the organisation?
4. In what ways do these factors get monitored within your organisation?
5. How frequently and in what form do management interact with staff responsible for the key day to day processes of your organisation? i.e. is management actively "setting the tone" within the organisation.
6. What is communicated as being the main aspect valued within the organisation?
 - 6.1 How do these valued aspects translate into the rewarding of staff at each level?
7. What do you believe is the "tone" set by the board relating to ethical behaviour within your organisation?
 - 7.1 What form of evidence could you provide to support this?
8. Organisational structure/ strategy:
 - 8.1 Is there a dedicated person/ individuals charged with the responsibility to assess and report on ethics and culture related risks impacting the organisation?
 - 8.2 How frequently does such reporting take place?
 - 8.3 Who is the responsible individual/ body reporting on the ethics culture?
9. How often is organisational culture tabled as an agenda item at a board meeting?
In comparison to strategy?
10. Has there been a change in executive leadership recently, particularly the CEO?

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10.1 How has that changed influenced the culture of the organisation?

The following questions relate to the objective of determining whether or not the IAF is in a position to carry out the assessment of organisational culture:

11. Is there an Internal audit Function within your organisation?

11.1 If yes, is it an internal function or has it been outsourced to an external provider?

12. Is the Internal audit function within the organisation operating effectively in your view?

12.1 Does the function have sufficient senior resources to assess areas involving judgement?

12.2 How would you describe the relationship between the CAE and the board within the organisation? Does it support the effective functioning of the IAF?

13. Does the IAF assess and report on the culture of the organisation?

14. If not, do you think the IAF would be in a good position to assess the culture of your organisation? Given their resources, reporting structure and capacity to provide objective feedback?

15. How long has the IAF been in office for? Do they have depth in their knowledge of the operations and strategy, as well as the day to day environment and culture of the organisation?

The following questions will only be posed to Audit Committee Chairpersons:

16. As the Audit Committee Chair, what is your assessment of the following:

16.1 The existence of private access for the CAE to the Audit Committee?

16.2 The adequacy of the number of meetings held between the audit committee and the CAE

16.3 How often do you conduct a review of the internal audit program and results?

16.4 Who carries the responsibility for the appointment and dismissal of the CAE, as well their performance review?

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16.5 Is there a review of the relationship between internal audit and management conducted to establish whether the relationship allows for the IAF to bring all key risk matters to the attention of the Audit Committee?

16.6 In your view, does the CAE have the moral courage to report matters of risk that involve decisions made by management?

16.7 What evidence would you provide to support your answer?

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Interview participants/ informants Selection criteria and demographics to note:

1. Explain anonymity and confidentiality of findings, objective is to obtain the perspective of someone with their level of experience and expertise.
2. Position held: CAE or Audit Committee Chairperson
3. Sector/ industry of organisation

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APPENDIX B: SUMMARY OF CONSULTATIVE INTERVIEW WITH DR SCHALK ENGELBRECHT

Meeting held at KPMG Wanooka, Johannesburg on Friday, 18 January 2019 at 10:00 am

RS: Thank you for taking the time to meet with me to discuss your perspective on ethics and culture within an organisation.

The context of my study is based on the recent recurring occurrences of corporate scandals and responses from entities which tend to be along the same lines of isolated events with a handful of individuals being responsible. Organisations tend to not take the time to analyse the impact of their culture on the resulting unethical decision making by individuals within their organisations. In addition to this, the Global IIA publish an annual publication, based on results of a survey of members across the globe, reflecting various areas of emerging risk and concern. The 2016 publication highlighted the audit of organisational culture as one such area.

The key objectives of the study are:

1. Identifying what the key drivers of organisational culture are for each specific organisation and assessing how it compares to theoretical framework(s) identified.
2. Determining the resulting measures or KPIs that can be used to assess such the culture of the organisation.
3. Determining whether or not the IAF is in a position to carry out these assessments

SE: From the IAF conducting the assessment of ethics and culture perspective, have you considered the guidance provided by the IIA Standard 2110?

RS: I will look into the guidance provided by the standard.

SE: The IAF should not be the custodians of ethics and culture within the organisation but can play the relevant role of providing assurance over these areas.

There is a framework that would provide a relevant basis for an assessment, the framework was developed by a partner in KPMG in the Netherlands, Muel Kaptein and looks at practical aspects of the business such as the existence and use of whistleblowing facilities, availability of ethics helpdesk that assist employees on a needs basis on matters such as gifts and hospitality policies, HR matters etc. This

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framework also incorporates Human Resources areas such as disciplinary proceedings conducted, staff turnover and matters raised in exit interviews.

RS: Getting back to the IAF, what do you think would be some of the hinderances or challenges that would impact their ability to carry out an assessment of culture within their organisations?

SE: The following areas tend to pose the main challenges relating to the IAF's ability :

- Underdeveloped ethics programs within the organisation which do not support their ability to assess the ethical culture of the organisation. The implication is that the programmes are not developed enough for a meaningful assessment to be conducted.
- Limited experience and skills relating to the assessment of culture as not provided by the current IAF training process. There may be a need for a specialist resource to be incorporated into the IAF and not following an approach to upskill existing members of the IAF of the required skillset.
- In addition to the above, the Ethics and Social Committee may be better suited as custodians of culture within an organisation and the responsibility for the assessment of ethics and culture should be placed with that committee. They may be better positioned to provide insight than the Audit Committee. The audit committee have a specific interest in culture as a "soft control" over financial reporting. The S&E Committee have a broader and pro-active interest.

RS: Thanks for that, I will look into incorporating the Ethics and Social committee into the study.

SE: The Ethics Institute of South Africa has covered an extensive amount of research and work relating to the assessment of ethics and culture for organisations. They have an ethics culture maturity model, which details tools for assessment and shifting ethical culture. This may also be worth looking into.

RS: Thank you, I will have a look at the work done by the Institute as per your description. I have a draft of questions that I plan to use as a base for interviews that I will be conducting with CAEs and Audit Committee chairpersons in gathering data for this study. It would really be great if you could have a quick look at these and let me know if they appear relevant for the objective of the study.

The positioning and suitability of the Internal Audit Function to perform the assessment of organisational culture

SE: The questions reflected appear to be relevant. In conducting the interviews, based on my experience, my recommendation would be to add variation to some of them through asking for examples of instances of occurrences/ non-occurrences of the relevant areas within the interviewees organisation. This will help ensure that the individual being interviewed has understood what is being asked and what the objective of the question is.

RS: Noted. Thank you once again for taking the time to have this discussion with me, I really appreciate it.

APPENDIX C: ORGANISATIONAL STRUCTURE

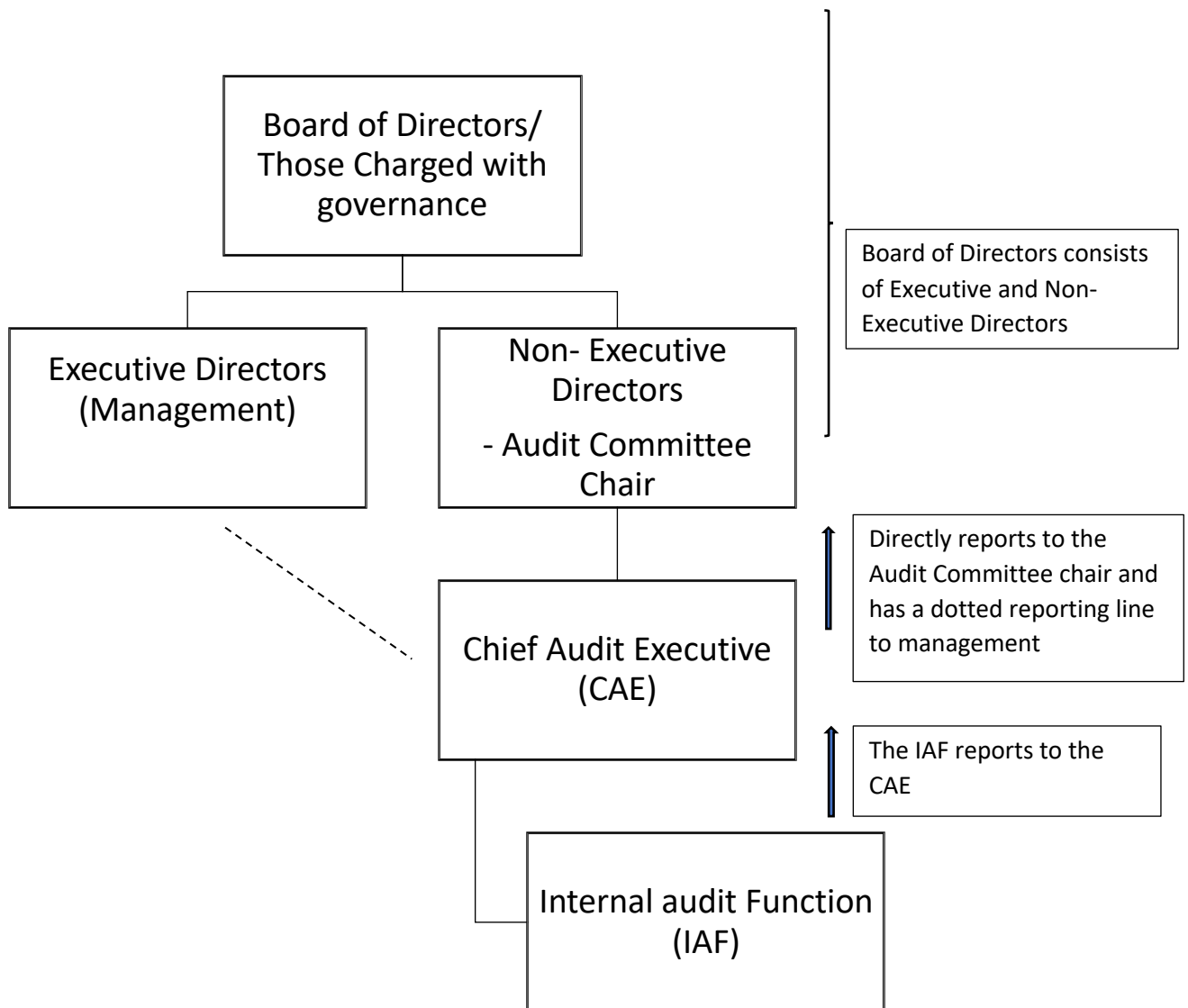


DIAGRAM 3

-----: Represents additional oversight that is provided by the executive directors over the CAE