

# How internal auditing students become professionals on campus

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## Introduction

Over the past few years internal auditing's status as a profession has increased dramatically all over the world. In South Africa, legislation such as the Public Finance Management Act and the Municipal Finance Management Act has been passed in Parliament and it has become a statutory requirement for all government functions to have an internal auditing function. In its attempt to attract competent and professional internal auditors, the public sector faces fierce competition from the private sector also striving to comply with the Second King Report on Corporate Governance's recommendations dealing with internal auditing. The current situation faced by both the public and the private sectors can only be described as an acute shortage of skilled internal auditors.

The dramatic shortage of internal auditors is however not unique to South Africa. In the United States of America the highly publicised corporate failures and the subsequent Sarbanes-Oxley Act has also led to a skills shortage in the internal auditing profession. To meet this increased demand, entities are looking towards universities to attract suitable students to enter the profession. A graduate student who enters the job market for the first time is however, not necessarily ready to execute his or her duties competently, and as many an experienced internal auditor will know, providing new recruits with practical training can be a full-time exercise in itself. It is exactly this "window period" between student and competent employee that is addressed by the unique internal auditing programme offered by Louisiana State University (LSU) in the United States of America (USA).

## Louisiana State University's Centre for Internal Auditing

Situated in Baton Rouge, the capital of Louisiana State, Louisiana State University's Centre for Internal Auditing (LSUCIA) offers the largest internal auditing programme in the United States. The programme is run by Professor Glenn Sumners and was started more than twenty years ago. Relatively few universities in the USA offer programmes in internal auditing. This is similar to the situation in South Africa where only two universities offered degrees specialising in internal auditing at the time of publication of this article.

## Unique characteristics of the programme

LSUCIA offers a unique internal auditing programme for both undergraduate and postgraduate students that select this programme as part of another degree course being followed. This means that students will never graduate with a degree specialising in internal auditing, but will have the internal auditing programme as part of their degree's normal subject bouquet. The internal auditing programme is available as an elective course to any LSU student. This might sound strange at first, but a closer investigation reveals that LSUCIA offers a product that exactly meets market demand in the USA. Apart from being a programme that is voluntarily selected by students, the programme is completely different from any other course ever taken by the average university student, and contrasts dramatically from the laidback campus-life scenario most students envisaged.

The approach followed by LSUCIA might be experienced as unconventional by both the typical academic and student alike, but once accustomed to the unique, and sometimes old fashioned methods, applied in the programme all those involved work towards a single goal: producing the world's most career-ready students in internal auditing.

## Student profile

The first notable distinction between the LSU programme and other internal auditing programmes is the fact that students from various disciplines are allowed to register for the course. The student

profile in both the under- and postgraduate classes is a mixture including arts, business, engineering, information technology and accounting students. This mixture brings a new dimension to the programme and recognises that internal auditing is not a sub-discipline of accounting and that the work of the internal auditor should extend beyond transactions and financial controls. It is indeed an experience to listen to the different options being proposed by, for example, engineering and art students, in a case study evaluation. A large number of international students also follow the programme. The programme emphasises the role of the internal auditor in adding value, facilitating change, assessing risks and improving business processes.

Another unique characteristic is that a number of the students in the programme interrupt their careers to join the programme full-time. These are typically persons who have worked for a few years and have decided on a career in internal auditing. They know that their participation in the programme would provide numerous new employment opportunities. This group of students, interacting with students who have never previously worked on a full-time basis, enhances the learning experience for all parties involved in the programme.

### **Producing what the profession demands**

The student profile of the programme is but one of the numerous characteristics that make the LSUCIA programme unique. The programme follows a unique approach to training and a significant commitment is expected from all students that enrol. As the programme is an optional selection, students are expected to interview a previous student and obtain background on the programme before they register. Once registered, students sign a pledge, known as the LSUCIA pledge, in which they declare that they understand the format and structure of the course, their responsibilities while under its auspices, and pledge their commitment to the course.

A professional demeanour is expected for class and all students are required to adhere to a business-casual dress code. This requirement makes LSUCIA students one of the most easily recognisable groups on campus. Punctuality is also strictly enforced and students never enter a class late or leave early. Students are expected to act in a professional manner and fellow students are considered colleagues. All students are expected to wear name-tags during the first weeks of the programme and there is even a name-tag exam in which students should be able to name fellow-students without their name-tags on. This emphasizes the importance of knowing colleagues and auditees in the working environment and is based on the principle that one cannot start working and not know the names of all your colleagues after two weeks. Class format is based on the real-world and aims to create a business environment with a highly unstructured approach to teaching.

Similar to the business world, the course exposes students to a high degree of competitiveness. After the first major test, the bottom third of the class is not allowed to continue with the course, irrespective of their mark. In theory this means that if the student with the lowest mark achieved 60% for example, that student still needs to discontinue the course. Competitiveness is thus based on peer performance, and not academic scoring. To further enhance this concept, students are expected to work in teams on various assignments during the programme. Teams are rotated and no one student is allowed to work with the same person twice. This forces students to learn to work with different personalities and to adapt to people of different backgrounds and views and still to work effectively as part of a group.

Team members are expected to rate their fellow team members after each assignment, from best to worst. Students who consistently end up in the bottom 25% in team evaluations are also expected to drop the course. No team assignments are accepted after a due date, and if one team member had the responsibility to hand in an assignment and he/she missed the due date, all students in the group are penalised, thus emphasising the importance of carrying out responsibilities allocated to one in a group.

The course follows a student-based approach to teaching, and lecturers limit teaching and rather act as facilitators to stimulate creativity, self-learning and critical thinking. Classes are seldom used to transfer factual content, as students are expected to come to class prepared and actively participate in class discussions. Case studies are also extensively used in the learning process.

Students are also expected to attend numerous weekend and evening seminars, sometimes on short notice. The LSUCIA work programme changes continuously to accommodate guest lecturers, practitioners and other stakeholders. Students are expected to monitor events via the Internet on a daily basis and it is not uncommon that new after-hour events are scheduled with minimal (sometimes only a few hours) notice. This approach is integral to exposing students to the internal auditing environment in the USA, where internal auditing involves a lot of travelling and audit priorities may change on short notice. Adaptability remains one of the most critical characteristics for internal auditors. In the USA it is not uncommon for an internal auditor based in New York, for example, to be told a two-week engagement in Los Angeles has just been rescheduled, and that the auditor will be flying out the next day for the engagement.

The weekend and evening seminars are usually presented by practitioners and cover a variety of topics. One of the major employers of LSUCIA students, for example, sponsors America's foremost consultant on presentation skills to present a workshop for students on a Saturday early in the course. Experts on other topics also address students during these seminars. Students are expected to read up on the subject area before the presentation and to participate during the seminars. Active involvement in discussions during such seminars forms part of the evaluation process followed by recruiters in identifying candidates for employment. Topics addressed in the weekend and evening seminars are then considered covered, and examinable in future. Practitioners' involvement also includes sponsorships and receptions where students can apply their networking skills and learn more about the different internal auditing functions and options available in the profession.

Involvement in the profession is an integral part of the programme and all students are expected to join the Institute of Internal Auditors and to attend local chapter meetings. The programme has an optional internship programme. Each year during the June to August summer vacation students are placed with internal auditing functions all over the United States. In 2005 more than 125 students were placed in internships. LSUCIA students are so highly sought after that internship placements are done through a lottery system to enable all employers to have an equal chance of obtaining interns.

A case study week is also organised where students are assigned to teams and need to make presentations on various subjects related to internal auditing, one presentation per day per group for five days. Students score one another and need to attend all the other teams' presentations. During this week students learn to function under a lot of pressure and it is not uncommon for teams to work through the night on the next days presentation.

Because of the high expectations associated with the programme, only between 40% - 50% of students who join the programme successfully complete the course. Successful students are however guaranteed of a career opportunity, and might in some cases even be in a position to choose an employer from offers made to them.

A by-product of the LSUCIA programme is that the programme also prepares students for the international Certified Internal Auditor (CIA) examination. Of the LSUCIA graduates, over 300 have also successfully passed the four-part examination. LSUCIA students have also been the winners of the International Student High Achievement Award, given to the student that scores the highest on the CIA exam, fourteen times during the last fifteen years.

## **Conclusion**

Over the past twenty years the LSUCIA programme has proved that employers prefer to recruit students that have the necessary soft skills and the ability to be team players. Students that are ready to function in an unstructured and ever changing business environment are crucial for the internal auditing profession to meet the challenges faced in its quest to be management's tool for problem solving and adding value, based on risk assessment, control and good corporate governance.