

## **Risk managers and internal audit: allies or enemies?**

A BELRIM seminar

Risk managers and internal auditors believe that each has a separate, but collaborative function. At the same time, they acknowledge that they may appear to be reporting about basically the same thing.

The difference between the two is this, said President of BELRIM, Gaëtan Lefèvre: “Risk managers are responsible for risk monitoring; internal audit is responsible for risk assurance.”

The Head of Internal Audit for SNCB, Tommaso Capurso, put it this way: “Risk management and internal audit are complementary. They look at the same reality from a different perspective.”

“Trust but verify is the basis of internal audit,” said Edmond Bettex, Audit Manager Belgacom.

These were some of the comments during a half day workshop on the subject of the role of risk management and internal audit organised by BELRIM at the ING Auditorium in Brussels on 24 January 2013.

The aim of the workshop was to explore such questions as: what does senior management expect from a risk management function and what does the audit committee want from internal audit in terms of the coverage of risk management.

### **From the top**

Cécile Coune, CEO of specialist aviation insurer Aviabel, gave the view from the top. “I consider myself to be the number one risk manager of Aviabel,” she said. She chairs the risk committee which is made up of the financial manager and managers of all the departments.

“They have ownership of the various risks of the company spread across the various departments, and in this way we make risk management consideration and identification of the risks part of everyday business decisions. It also frees time for the dedicated risk management resources to look at the transversal issues evolving across the company.”

Her remark prompted Michel Dennery, Vice President of FERMA and Deputy Chief Risk Officer of GDF Suez to comment: “We would like all CEOs to declare that they are the first risk manager of the company!”

Jean-Michel Cassiers, President of the board of the Institute of Internal Auditors Belgium, said that several functions need to cooperate to improve the risk management process and help management and the board in the discharge of their responsibilities.

“Risk management and internal audit are key to identify and respond to these expectations. It is also necessary that they collaborate to reduce the cost of control and assurance. The ultimate goal is to make progress through sharing joint reality.”

Yet, Rudi Hex, audit manager KBC Group, admitted: “For the management board and even the audit committee it can be confusing to have different functions apparently reporting about the same thing.”

He drew the distinction, however, between their objectives. “Risk management talks about future risks, where internal audit is about current risks – assurance today.”

Mr Dennery commented that top management wanted to have the best control and governance possible, but for it to be cost effective. “There are many issues for us in relation to different functions such as risk management, internal control and internal audit in terms of how to capitalise and fertilise information to decrease the cost of control.”

Josianne Van Walsberghe, Head of Internal Audit for the federal public service for mobility and transport, highlighted an important issue. “Are the internal auditors competent to evaluate the risk management processes? Not all internal auditors have the training and competence to do so. If internal audit is to fulfil its role of providing assurance of the risk management process, then internal auditors need skills in risk management.”

Mr Lefèvre summed up the general view. “The key word for risk management is risk monitoring, detecting risk in the future including the black swans. International audit provides assurance that current risks are under control.”

