



Curious interventions: The benefits of a curious mind



Internal auditors are naturally curious: questioning, enquiring, probing. Curiosity is about being intrigued by what is outside of the box, beneath the surface or hidden from sight.

In this article, we look at how internal auditors can harness their curiosity using sustainability risk and the growing concerns about natural resources risk management as an example.

What is curiosity?

Curiosity is closely linked to professional scepticism. It is about probing and taking an interest in what might be beyond the obvious.

Intrigue, fascination even excitement are feelings that typically take the mind of an internal auditor down the curious rather than sceptic route.

Scepticism is about taking nothing at face value and rarely assuming that the first answer to a question is true according to Richard Chambers, ex-President and CEO IIA Global.

Similarly, accountants define it as “an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of evidence.”

Curiosity has a sense of wonder, exploring a childlike naivety of a topic, to learn without judgement, to build knowledge and share understanding.

Finding time to be curious

We hear your sigh. Personally, and professionally, there is not enough time for everything.

If we can find just a few minutes a day, the time to make a cup of tea, to be curious it can be impactful. Even a busy Chief Audit Executive (CAE) with a team of curious internal auditors can soon get to grips with emerging risks, trends and the latest news.

An emerging risk within the climate crisis is the management of natural resources.

If we think of the Earth's history as a calendar year, humans have existed for about 37 minutes. We've not even made it to the end of Jools Holland's hootenanny! Yet in that short time, we've used 33% of the Earth's natural resources in the last 0.2 seconds.

Are you curious as to what this might mean?

Five benefits of a curious mind

Unlike professional scepticism, which probes and challenges evidence from an expert standpoint, a curious mind has to be intellectually vulnerable, open to not knowing and to learning.

1. **Innovation:** Curiosity helps us to be vigilant about our constantly changing environment and to gain the knowledge required to navigate it. A natural survival instinct which in the workplace enables internal auditors to manage the impact of disruptions.
2. **Performance:** When we have an interest in what we are doing, we typically put more effort into it, get more involved and achieve more.
3. **Relationships:** Authentic curiosity builds empathy and leads to trust. This is the all-important small talk at the start of a conversation. Rather than talk about the weather, make it respectfully personal. Take an interest in the person, including their life and/or their interests.
4. **Consensus:** Research has shown that when doctors are genuinely curious about their patients' perspectives, both parties communicate more constructively, make better decisions, and ultimately increasing the effectiveness of treatment. Internal auditors that consider their audit findings from different perspectives find it easier to agree remedial actions that are completed in a timely manner.
5. **Wellbeing:** Exploring new things causes our brain to release dopamine and other feel-good chemicals. Curious people are often happy and have reduced anxiety. Happy people are typically also curious so this is a bit of a chicken and egg conundrum.

Natural resource scarcity

Scarcity happens when current demand exceeds available supply. Improving living standards and a world population forecast to reach 9 billion by 2050 will push demand for resources to unimaginable levels.

There are a growing number of natural resources with depleting stock that have significant implications for our economy and how we lead our lives: freshwater, oil, phosphorus, sand, copper, lithium, nickel and cobalt to name a few.

A curious mind might start to think about how their organisation's operations impact natural resources.

A hot topic

The use of natural resources and their scarcity is itself a specialist subject. It cuts across many of the United Nation's 17 **sustainability goals** including number 12: responsible consumption and production.

Speaking after COP26, Marcus Gover, Chief Executive of the resource's charity WRAP (Waste and Resources Action Programme) said that the focus on domestic targets is only part of the picture. We need to think about imports too, "consumption is the issue that has been missing... we've got to look at consumption emissions as well as territorial emissions... then we're solving the problems in other countries."

WRAP works with governments, businesses, and communities to deliver practical solutions to improve resource efficiency around the world.

Every organisation consumes natural resources; directly and indirectly.

Risks related to irresponsible consumption and production within the supply chain have an immediate financial impact and reputational impact for organisations in addition to longer term sustainability issues for the planet.

Issues of shared responsibility are complex; natural resource risk management is end-to-end across the supply chain.

Who is curious about this within your organisation?

Where are the "who, what, why, when, where and how" questions being asked about natural resources to identify and manage potential scarcity risks?

The role of internal audit

Internal audit provides two distinct services: assurance and consultancy (advisory) engagements.

A consultancy engagement can include counsel, advice, facilitation and training. Typically requested by management with a formal scope and output reported in some form to the audit committee. Curiosity is an essential part of consultancy and the critical thinking involved in problem solving.

A curious intervention is different. It is informal, without invitation or scope. It is likely to be a simple conversation or an email, in some cases perhaps the outline of a business case. The informality should obviously be signposted to avoid being confused with internal audit advice or opinion. Using phrases such as just a thought or I'll leave this with you and I saw this when I was reading about and thought I'd share it with you can be helpful.

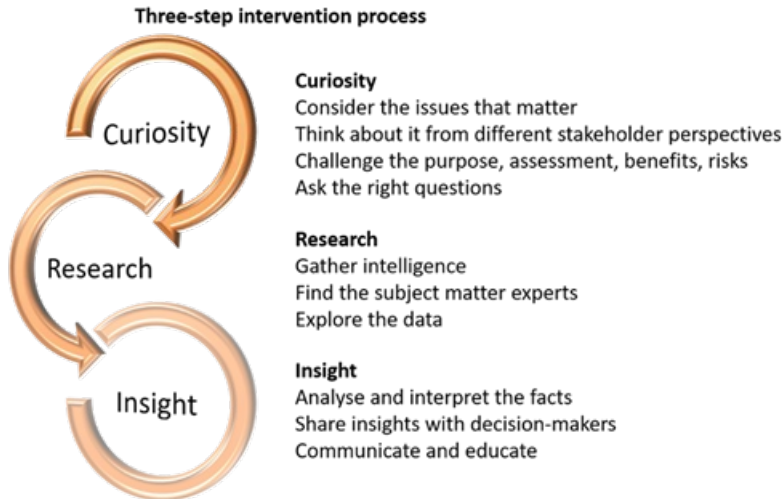
Curious intervention process

Curious intervention is an informal way to think about internal audit's advisory role. It is a practical, non-hierarchical and non-judgemental approach to raise awareness, challenge assumptions and open the door to conversations.

Internal auditors are naturally curious. It is part of our professional DNA.

There are a range of topics that lend themselves to curious intervention such as diversity, ethics, artificial intelligence, geopolitics, climate change and sustainability; topical debates that although grounded in facts encourage a wide range of perspectives.

A simple three step process can encourage internal auditors to stage interventions. See image below (click thumbnail to enlarge).



Interventions can happen at any time or at any stage of an internal audit engagement; curiosity is a permanent state of mind. There is an unbounded timeframe to the process too.

Curiosity might be sparked during the scoping stage with research running concurrent to fieldwork and insights delivered alongside formal findings. Conversely, an internal auditor may be curious about something in the afternoon get absorbed in reading about the topic that evening and have started to form insights within hours. It might also be as simple as sharing a link to an article with someone who has a shared interest or *should* have an interest in a particular topic.

If we go back to our natural resources example, read any corporate report and an organisation will claim to be *doing its bit* for the planet with great recycling statistics, for example some might have a zero-landfill target.

Internal auditors can be both professionally sceptical and curious about this. A sceptical approach might be to challenge the authenticity of recycling partners to ensure waste is not being dumped on a beach in a far-off land. A more curious approach might be to look at alternatives to recycling which is fast becoming the option of last resort due to resource scarcity. The modern mantra is refuse and assess, reduce, reuse, refill, repair, regift (donate) and finally recycle. The 7 Rs.

Is this something you are curious about?

Which topics do spark your interest? Do you demonstrate this to your team?

How might you give your team the courage to stage curious interventions?

Encourage curiosity in your team

A good time to encourage curiosity is during supervision of an audit engagement; challenging unconscious

bias, identifying interesting topics, and thinking from a different perspective.

Leading by example is the best form of encouragement. Think how powerful it could be to hear someone say “I’m intrigued by that. When I get a coffee later, I’m going to take five minutes to read about it so I understand it better”. It gives licence for others to do the same.

- Be open when you don’t know something
- Encourage people to talk about what interests them
- Allow time for brainstorming and freeflow thinking at team meetings
- Explore visioning as a team to solve problems
- Consider setting up an internal audit blog on your intranet

Scenarios to consider

To get your curiosity started, let’s scratch the surface on three natural resources that are high on the scarcity concern list if mitigating action is not taken.

Water

A cup of coffee is roughly 125ml. Wrong. There is virtual water to think about including irrigation and processing of the coffee beans. A cup of coffee is actually about 132 litres of water. Did you know that one kilo of potatoes takes 100 litres of water to produce compared to 13000 for a kilo of beef?

A sheet of A4 takes about 13 litres of water – the paperless office isn’t just about efficiency. In our digital age, should internal audit be championing the obsolescence of paper files? Including working papers!

In much the same way as we talk about carbon footprints, there is a **water footprint**. Water is an essential component of almost everything we eat, wear and buy. It is probable that in future years organisations will be asked to consider their virtual consumption of water, the end-to-end process, for sustainability efforts to be considered genuine.

The World Water Council advise that there is no water crisis today but widespread water insecurity. It is a volatile situation, climate change and the poor management of freshwater across agriculture, industry and domestic use together with rising populations could lead to shortages. Insecurity is not simply an issue for developing nations. Scotland issued drought warnings as late as September in 2021 and warned of shortages in 2022 without significant rainfall, putting their **water scarcity plan** into action.

“If a bucket contained all the world’s water, one teacup of that would be freshwater, and just one teaspoon of that would be available for us to use, from lakes, rivers and underwater reservoirs as groundwater.”

The state of the worlds water, WaterAid 2019.

All organisations impact and are impacted by this in some way.

Sand

Many of you might laugh to think that sand is a scarce resource or that your organisation has a dependency on it. Think again.

Sand is the most consumed raw material after water. It is a key component of concrete and glass, including computer screens, smart phones and even silicon chips. But not all sand is the same and the type that we

depend on is potentially one of the biggest challenges of the 21st century.

This is a relatively new area of concern. The UN included it as part of its environmental programme in 2019 calling for dialogue to find a solution for effective policy, planning, regulation and management of sand. Global governance of natural resources is becoming a key theme as part of the climate agenda.

CAEs in the construction industry will be very aware of this issue. CAEs in service industries may be less familiar, however, despite such firms being historical contributors to the problem with demands for more and more office space. Maybe hybrid working will be a game changer?

At a practical level, infrastructure decision-making can make a difference. It is possible to build using recycled materials. City officials in Amsterdam have committed to halving their use of natural resources by 2030 and becoming 100% circular by 2050. And, in Zurich, buildings are already using 98% recycled concrete.

Curious interventions by internal audit could make a difference today to new office space, warehouse units or extensions to existing buildings.

Batteries

We are in the midst of the biggest revolution of domestic travel since Henry Ford introduced the Model T in 1913. Electric vehicles are forecast to be 20% of all car sales by 2025 and 40% by 2030 compared to just 5% in 2020.

The demand for batteries is significant. Add into the mix commercial vehicles, electronics and wearable devices and the demand is more than significant, it is huge.

Rechargeable batteries have a key role in the transition to a low-carbon energy system. There is already pressure on the human rights aspect of the infrastructure behind materials such as lithium, cobalt, graphite and manganese. Resource scarcity compounds concern further and has encouraged innovative thinking.

For example, Tesla are reducing reliance on cobalt in battery design, Apple are considering vertical integration into mining and developing a reuse programme.

Supply chain complexities make proving sustainability challenging but all organisations can think about their impact on the supply chain. Demand creates demand.

When thinking about efficiency and effectiveness, how curious are you?

Could the scope of an engagement look deeper, encourage innovation, be less accepting of the status quo?

Closing thoughts

All too often, curiosity can be suppressed by time constraints, a to do list or a lack of motivation. Allowing time for our inner child to explore and learn can be rewarding on many levels both professionally and personally. Perhaps a curious intervention today can help prevent a crisis for your organisation tomorrow.

“The important thing is not to stop questioning... never lose a holy curiosity.”

Albert Einstein