

BHP

Putting “Culture” into audits

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BHP

September 2021

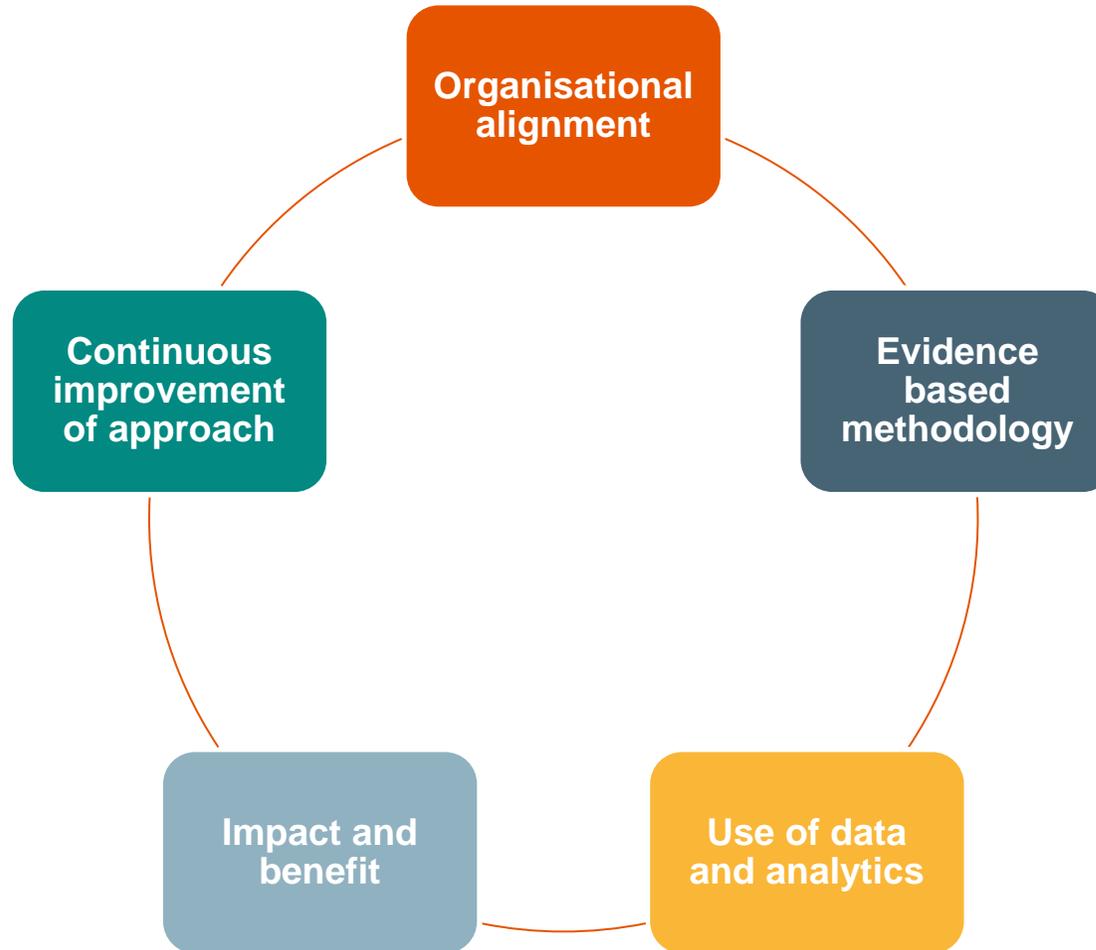


What we will cover today

- Applying the Audit Perspective – Building the foundations for Risk Culture Assurance
- Defining the cultural aspects to be assessed – BHP's Risk Culture Assurance approach
- Integration of Risk Culture reviews in audits – A Case Study
- Seeing benefits and overcoming roadblocks – Continually learning and improving our approach

Building the foundations for Risk Culture Assurance

Five core design principals were developed and socialised with the broader business prior to developing the methodology and approach.



BHP's Risk Culture Assurance approach

The objective is to identify underlying drivers of risk by assessing how behaviour, aligned to the BHP Charter Values, influences process and control effectiveness. This will allow IAA to better identify root causes of risk and control issues and potential opportunities to accelerate achievement of strategic priorities.

Current Audit approach

Systems and Processes

Audit the design and operational effectiveness of:

- Governance
- Risk Management
- Internal controls of core processes



Enhanced Audit approach

Behaviours aligned to the BHP Charter Values

1. Leaders own and prioritise risk and opportunity
2. Everyone can speak up without fear
3. Everyone takes responsibility for risk
4. We learn from mistakes and successes
5. We encourage the right behaviour

Identification of underlying drivers of risk outcomes by assessing how behaviour influences system and process effectiveness.

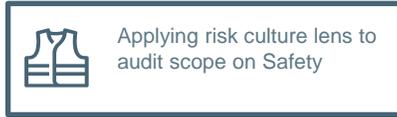
Identification of solutions to improve risk outcomes through behaviour change aligned to the BHP Charter Values.

Integration of Risk Culture reviews in audits

Planning

1. Communication and Scope

- Early stakeholder engagement on approach and input for the review



2. Audit Team Capability

- Team Capability assessment
- On going Capability development through training and coaching
- Support from Org Psychologist

3. Data Analysis

- Identification of data sources
- Quantitative data analysis
- Correlation of data to risk culture



4. Interview preparation

- Preliminary insights from data analysis and other planning sources
- Creation of hypothesis to explore in fieldwork
- Questions integrated as part of normal audit interviews with stakeholders



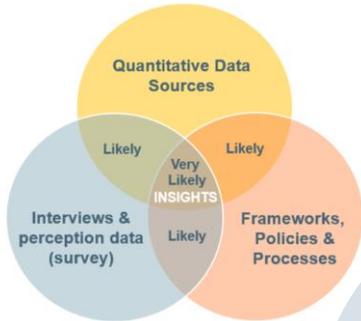
Risk Culture behaviors

1. Leaders own and prioritise risks and opportunities
2. Everyone can speak up without fear
3. Everyone takes responsibility for risk
4. We learn from mistakes and successes
5. We encourage the right behaviour

Fieldwork

6. Triangulating the Data

- Identify and triangulate data to evidence key insights



5. Qualitative Interview

- Qualitative perception data obtained from interviews, meetings, process walkthroughs, observations

Reporting

7. Audit Team Discussion

- Discussion of evidence and insights in conjunction with audit findings

8. Audit Report

- Report insights to raise awareness of behavioral impacts on managing risk

9. Retrospective

- Debrief on learnings and outcomes

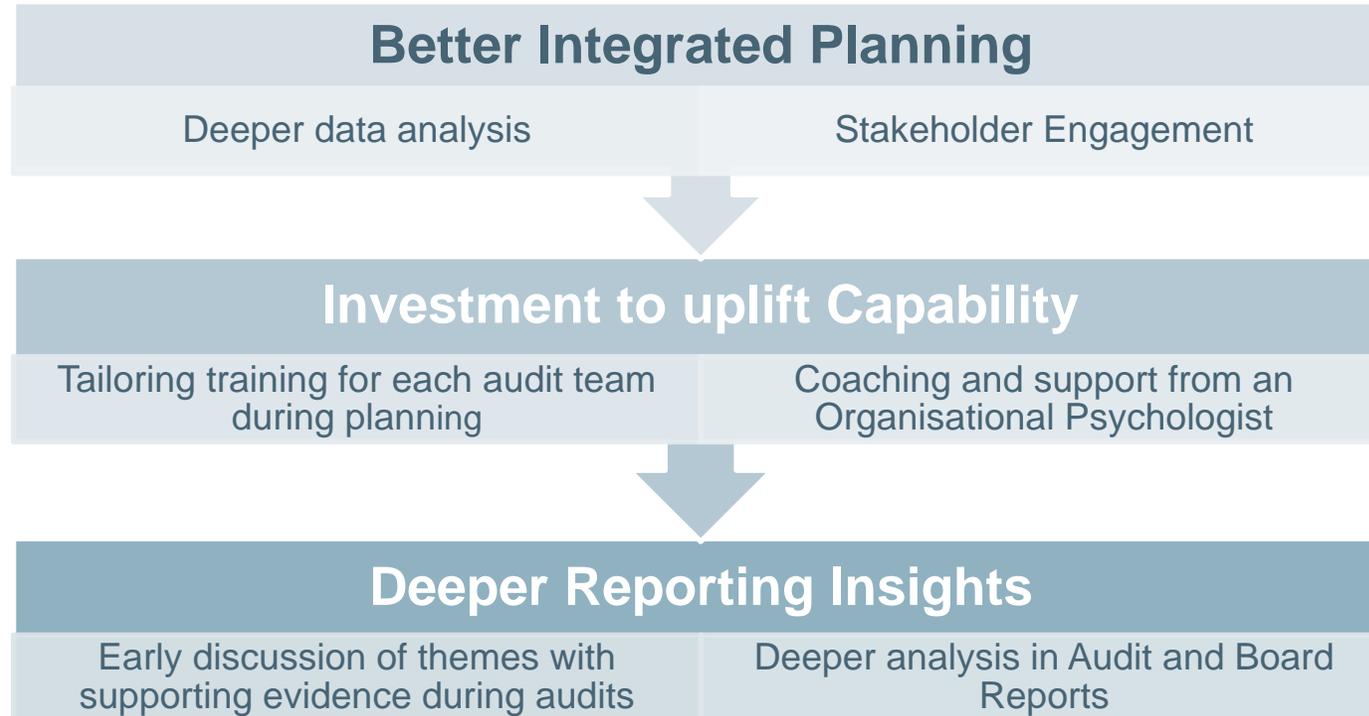
Benefits

- + An opportunity to independently observe, assess and analyse the reason why controls fail beyond systems and processes
- + Leaders can leverage cultural strengths while also ensuring blind spots do not develop
- + Improve actions to address cultural and behavioural drivers which contribute to control failures
- + Insights support the Board to oversee and monitor culture



Seeing benefits and overcoming roadblocks

Retrospectives are completed after the reviews identifying key learnings to support continuous improvement and to overcome roadblocks.



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