



The Three Lines of Defense in the Boardroom

Mark Sparano May 8th, 2019



Welcome

Thank You

Background



The Board

- + Directors and their backgrounds, outside duties
- + Periodic meeting versus daily grind
- + Duty to shareholders
- + Management versus Board

How to be more effective with the Board

- + Preparation - pre meetings
- + Take a knife to the agenda
- + Delivery - colors and shapes, context setting
- + Action items on slides [FYI, approve, follow-up, etc.]
- + Two minute elevator speech
- + Post meeting follow ups
- + Read that day's WSJ!!

Compliance, Risk, Audit

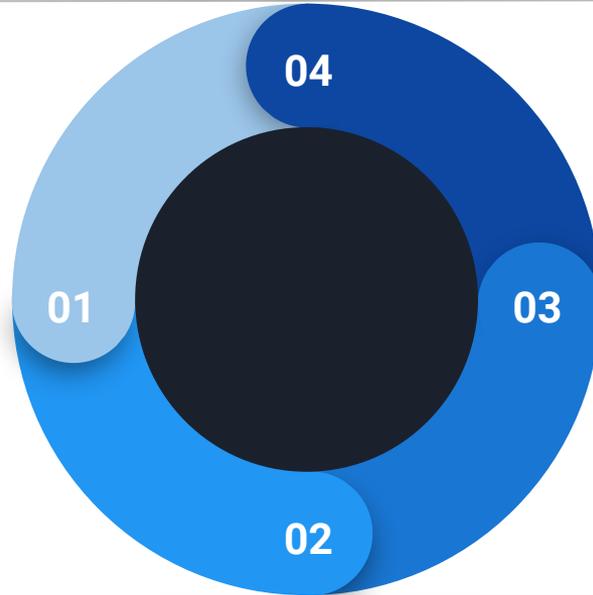
- + Similar activities with different key stakeholders
- + Monitoring versus testing
- + Independence and reliance
- + Testing versus an internal audit report
- + Same church, different pews

How Compliance, Risk, and Audit can be more effective in the Boardroom

- + Timing never aligns
- + Context setting for Board, Audit Committee, Risk Committee, Compliance Committee
- + ‘But the regulators said everything was fine’
- + ‘But the independent public accountants gave us an unqualified opinion’

The value of networking

Within the
Company



With tight peers

With near peers
and outside the
industry

Within the
industry

Honorable Mention - Innovation

- + Dynamic versus static
- + Different rating systems
- + Pre-implementation reviews
- + Post-implementation follow-ups
- + 'But the auditors gave us the green light'



Thank you!

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