

Session 3b

1:50 – 2:30 PM

Building a Resilient Audit Function:

Strategies to Thrive in
Uncertain Times



Learning Objectives

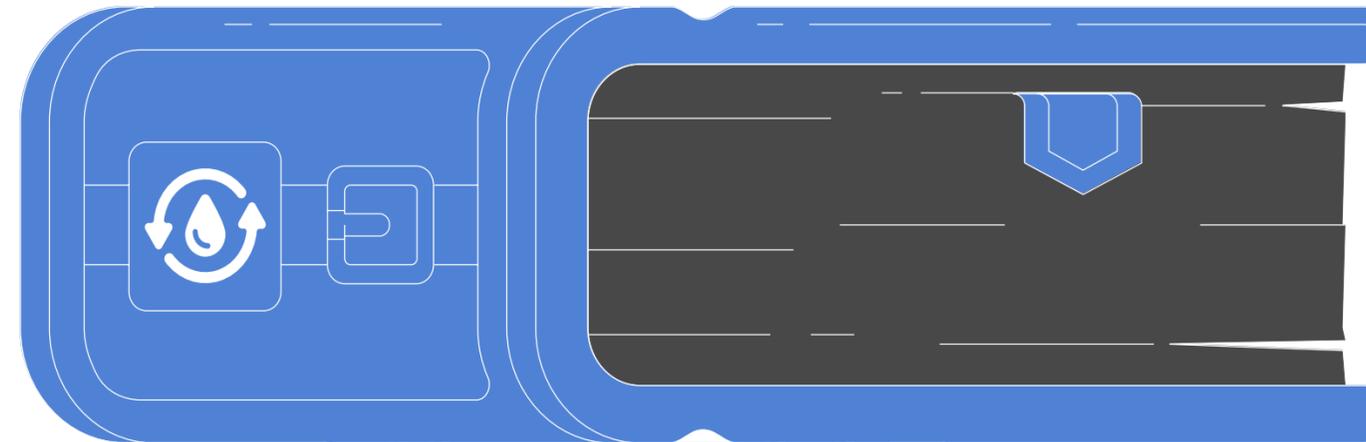
- 1 Develop adaptive audit plans that align with dynamic risk landscapes and organizational priorities.
- 2 Apply resilience-focused audit methodologies to proactively address emerging risks.
- 3 Identify strategies to maintain audit continuity and effectiveness during crises or disruptions.
- 4 Implement frameworks to evaluate and enhance both audit function and organizational resilience

Foundations of Audit Resilience

Why Resilience Matters: Internal Audit in Uncertainty

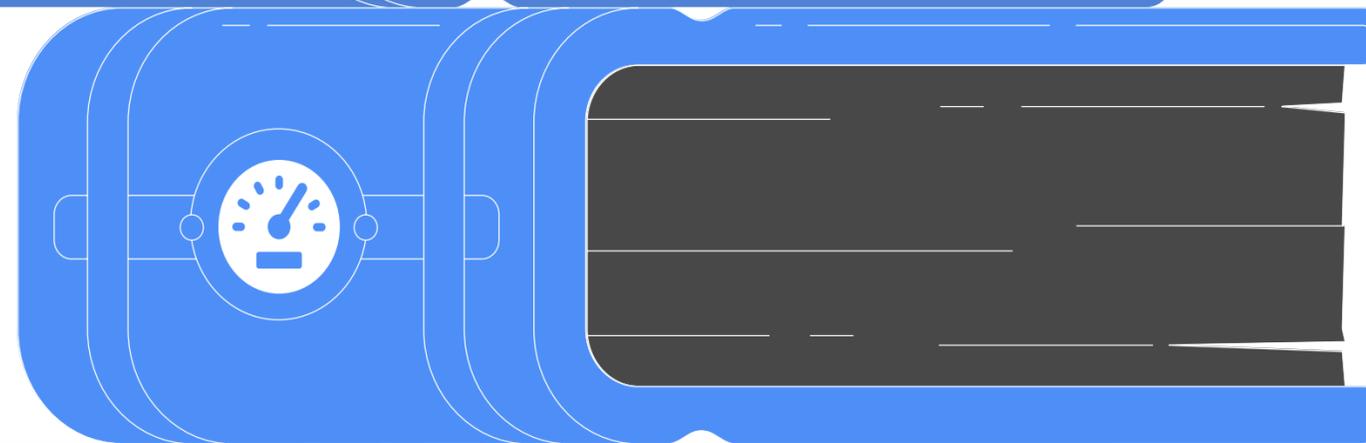
Unpredictable Risks

Emerging threats and disruptions pose significant challenges.



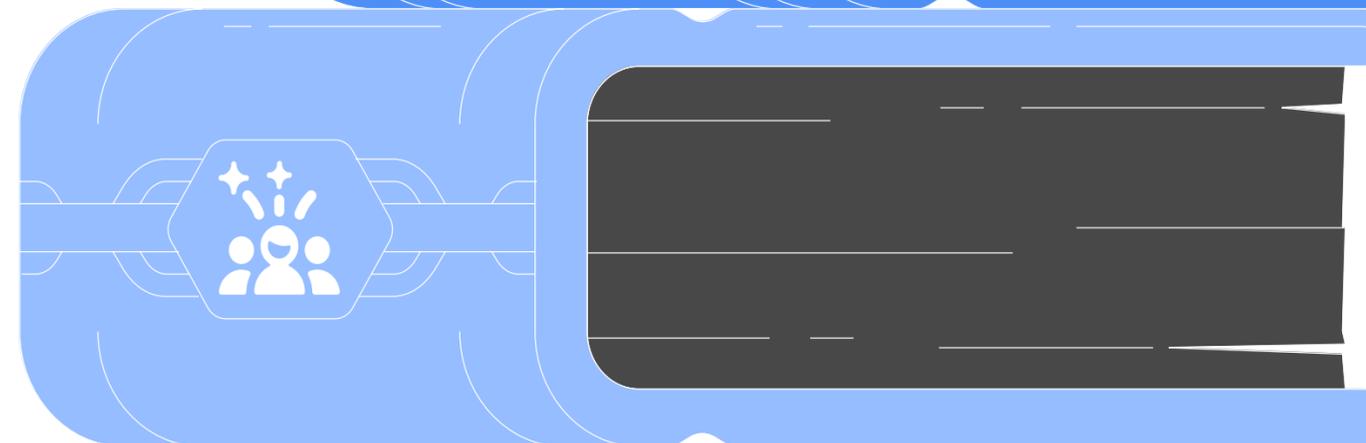
Rapid Change

Accelerating transformation and new demands require agility.



Rising Expectations

Stakeholders demand assurance, insight, and foresight.



4 Pillars of Audit Resilience

1 

Dynamic risk sensing aligned with organizational objectives.

Strategic Risk Intelligence

2 

Leveraging technology and digital tools for smarter audits.

Technology-Enabled Audit

3 

Building a future-ready, adaptable audit team.

Agile Talent Ecosystem

4 

Embedding quality, resilience, and continuous improvement.

Quality-Driven Evolution

Alignment With The IIA Standards:



| Pillars | IIA STANDARD | DOMAIN | ALIGNMENT DESCRIPTION |
|---|--|--------------|---|
| Strategic Risk Intelligence & Alignment | 7.1 Organizational Independence | Governing | Ensures audit function independence for objective risk assessment |
| | 9.1 Understanding Governance, Risk Management, Control | Managing | Foundation for understanding organizational risk landscape |
| | 9.2 Internal Audit Strategy | Managing | Strategic alignment of audit efforts |
| | 9.4 Internal Audit Plan | Managing | Risk-based planning and resource allocation |
| | 13.2 Engagement Risk Assessment | Performing | Systematic risk evaluation in audit engagements |
| | 6.1 Internal Audit Mandate | Governing | Board authorization for risk-focused audit activities |
| Technology-Enabled Audit Excellence | 10.3 Technological Resources | Managing | Technology infrastructure and tools for audit excellence |
| | 9.3 Methodologies | Managing | Technology-enabled audit approaches and techniques |
| | 14.1 Gathering Information for Analyses | Performing | Data analytics and information gathering technologies |
| | 8.2 Resources | Governing | Ensuring adequate technology resources and capabilities |
| Agile Talent & Competency Ecosystem | 3.1 Competency | Ethics/Prof. | Individual competency requirements and development |
| | 3.2 Continuing Professional Development | Ethics/Prof. | Ongoing skill development and adaptation |
| | 10.2 Human Resources Management | Managing | Workforce planning and talent management |
| | 7.2 Chief Audit Executive Qualifications | Governing | Leadership competency and qualification standards |
| | 4.1 Conformance with Global Standards | Ethics/Prof. | Professional standards adherence |
| Quality-Driven Continuous Evolution | 8.3 Quality | Governing | Quality assurance and improvement program development |
| | 12.1 Internal Quality Assessment | Managing | Internal quality review and evaluation processes |
| | 12.2 Performance Measurement | Managing | Performance metrics and continuous improvement |
| | 8.4 External Quality Assessment | Governing | Independent external quality evaluations |
| | 12.3 Oversee and Improve Engagement Performance | Managing | Engagement-level quality and improvement |





How would you rate your audit function's current resilience in each Pillar?



Needs Significant Improvement

Highly Resilient

Strategic Risk Intelligence: Ability to rapidly identify, assess, and align audit efforts with emerging organizational risks, while maintaining strategic relevance and independence.

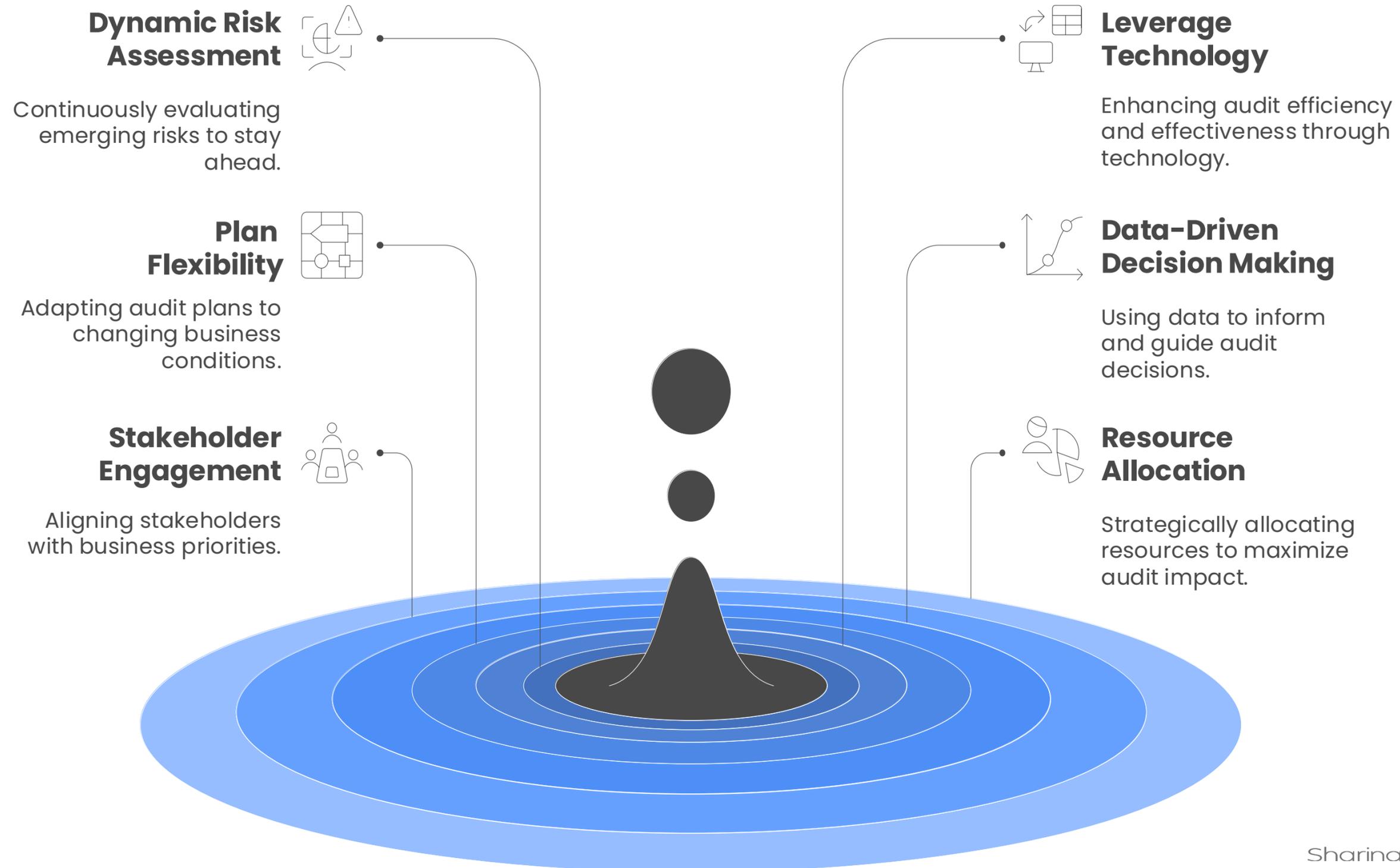
Technology-Enabled Audit Excellence: Leveraging advanced technologies (e.g., AI and data analytics) to enhance audit efficiency, enable continuous monitoring, and provide proactive insights.

Agile Talent & Competency Ecosystem: Building and maintaining a skilled, adaptable audit workforce with diverse competencies and the agility to respond rapidly to changing needs and risk landscapes.

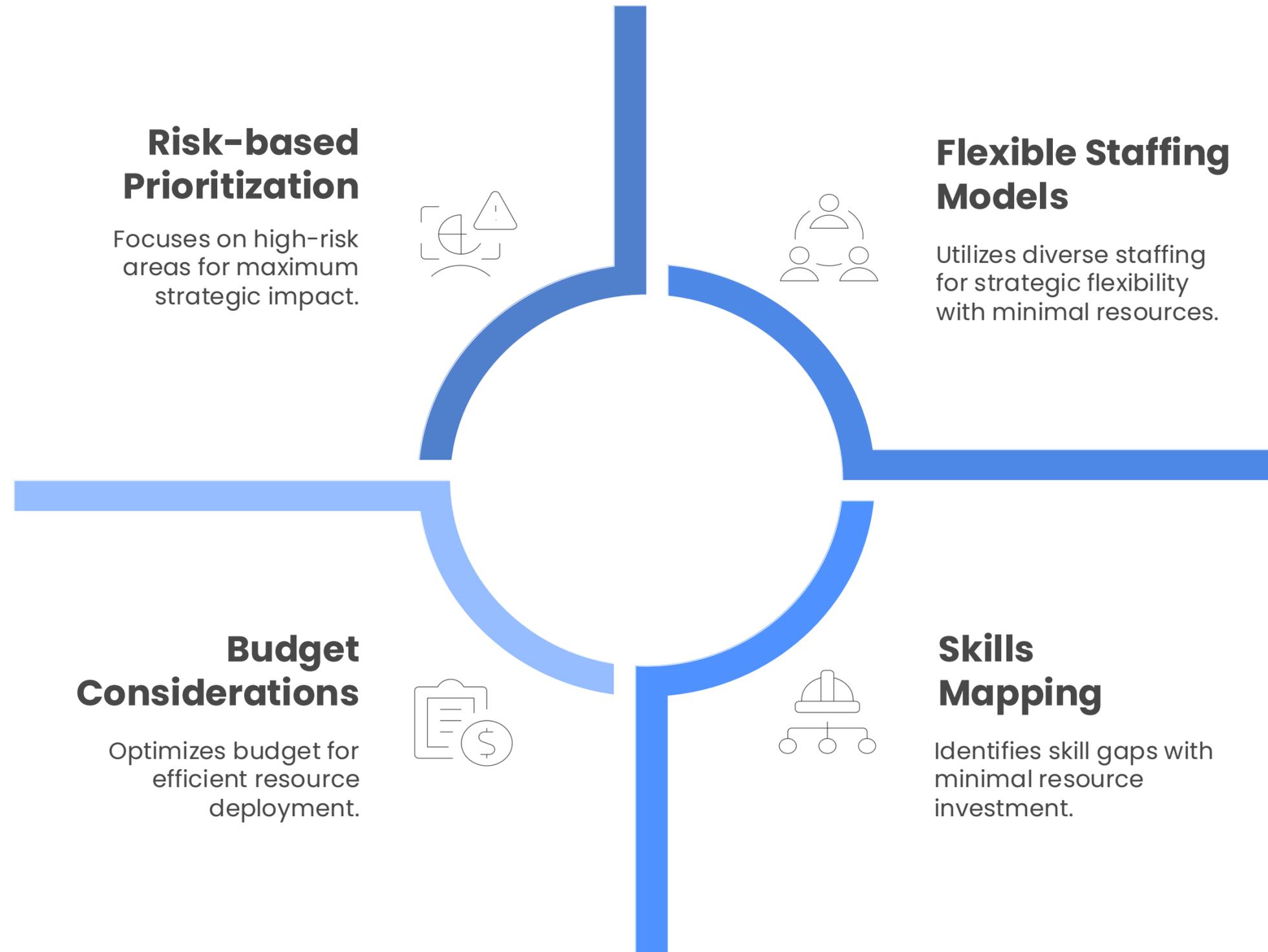
Quality-Driven Evolution: Establishing robust quality assurance processes and a culture of continuous improvement to ensure audit effectiveness, stakeholder confidence, and operational resilience during disruptions.

The Adaptive Audit Function

Internal Audit's Adaptive Capabilities



Optimizing Internal Audit Resources



Activity – What’s Your Competency Level

Internal Auditing Competency Framework™ Global Practice Guide



Aligns with the Global Internal Audit Standards

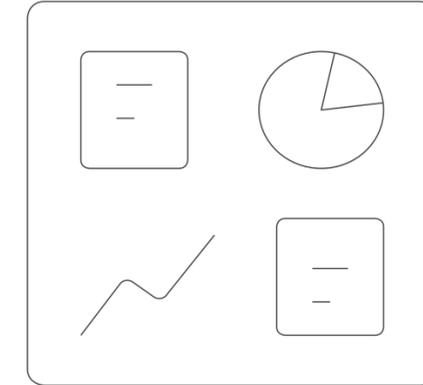
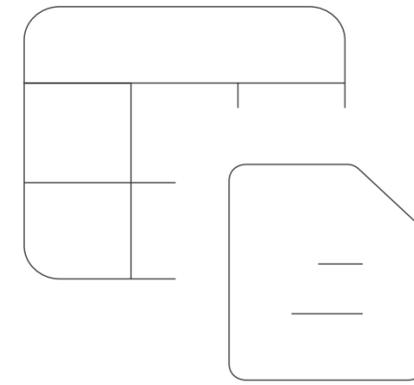
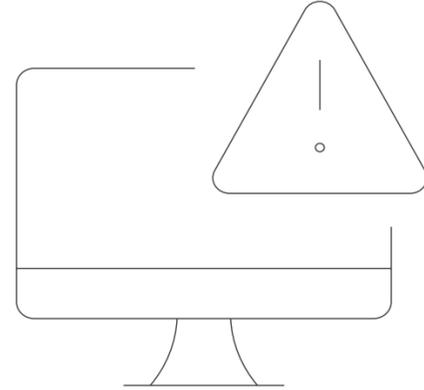
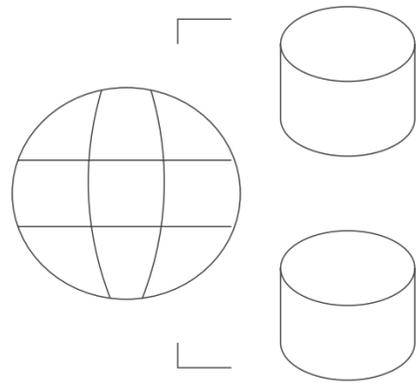


Internal Auditing Competency Framework™ Practice Guide - Appendix C.

Table of Contents

| Sheet Number | Title | Description of Contents |
|--------------|--|---|
| A1 | Competency Framework | A matrix of Knowledge and Skill subcategories and proficiency levels, with characteristic descriptions and examples for each combination. |
| A2 | Knowledge and Skill subcategory examples | Examples of some of the key processes or sub-topics that would be considered part of each Knowledge and Skill subcategory. |
| A3 | Individual Competency Assessment | A template to record individual competency assessments, to facilitate development and conformance with the Standards. |
| A4 | Collective Competency Assessment | A template to record collective competency assessments, to facilitate resource planning and conformance with the Standards. |
| B1 | Role Profile 1: entry-level internal auditor | Example of a typical competency assessment for an entry-level internal auditor. |
| B2 | Role Profile 2: staff-level internal auditor | Example of a typical competency assessment for a staff-level internal auditor. |
| B3 | Role Profile 3: senior internal auditor (general) | Example of a typical competency assessment for a senior internal auditor (general). |
| B4 | Role Profile 4: senior internal auditor (specialist) | Example of a typical competency assessment for a senior internal auditor (specialist). |
| B5 | Role Profile 5: lead auditor (engagement supervisor) | Example of a typical competency assessment for a lead auditor (engagement supervisor). |
| B6 | Role Profile 6: lead auditor (technical) | Example of a typical competency assessment for a lead auditor (technical). |
| B7 | Role Profile 7: senior audit manager | Example of a typical competency assessment for a senior audit manager. |
| B8 | Role Profile 8: internal audit director (non-CAE) | Example of a typical competency assessment for an internal audit director (non-CAE). |
| B9 | Role Profile 9: chief audit executive | Example of a typical competency assessment for a chief audit executive. |
| B10 | Role Profile 10: audit committee member | Example of a typical competency assessment for an audit committee member. |
| B11 | Role Profile 11: quality assessment team leader | Example of a typical competency assessment for a quality assessment team leader. |
| C1 | Conformance Checklist | Opportunities to use the Competency Model and accompanying templates to support demonstrating conformance with requirements in the Standards. |

Leveraging Technology for Adaptive Audit Services



Data Analytics and AI

- ✓ Advanced Analytics
- ✓ AI Tools
- ✓ Real-time Monitoring
- ✓ Predictive Modeling

Automated Risk Monitoring

- ✓ Control Monitoring
- ✓ Risk Indicators
- ✓ Alert Systems
- ✓ Exception Reporting

Planning Tools & Software

- ✓ Audit Mgmt. Software
- ✓ Resource Allocation
- ✓ Project Management
- ✓ Collaboration Software

Real-time Reporting Dashboards

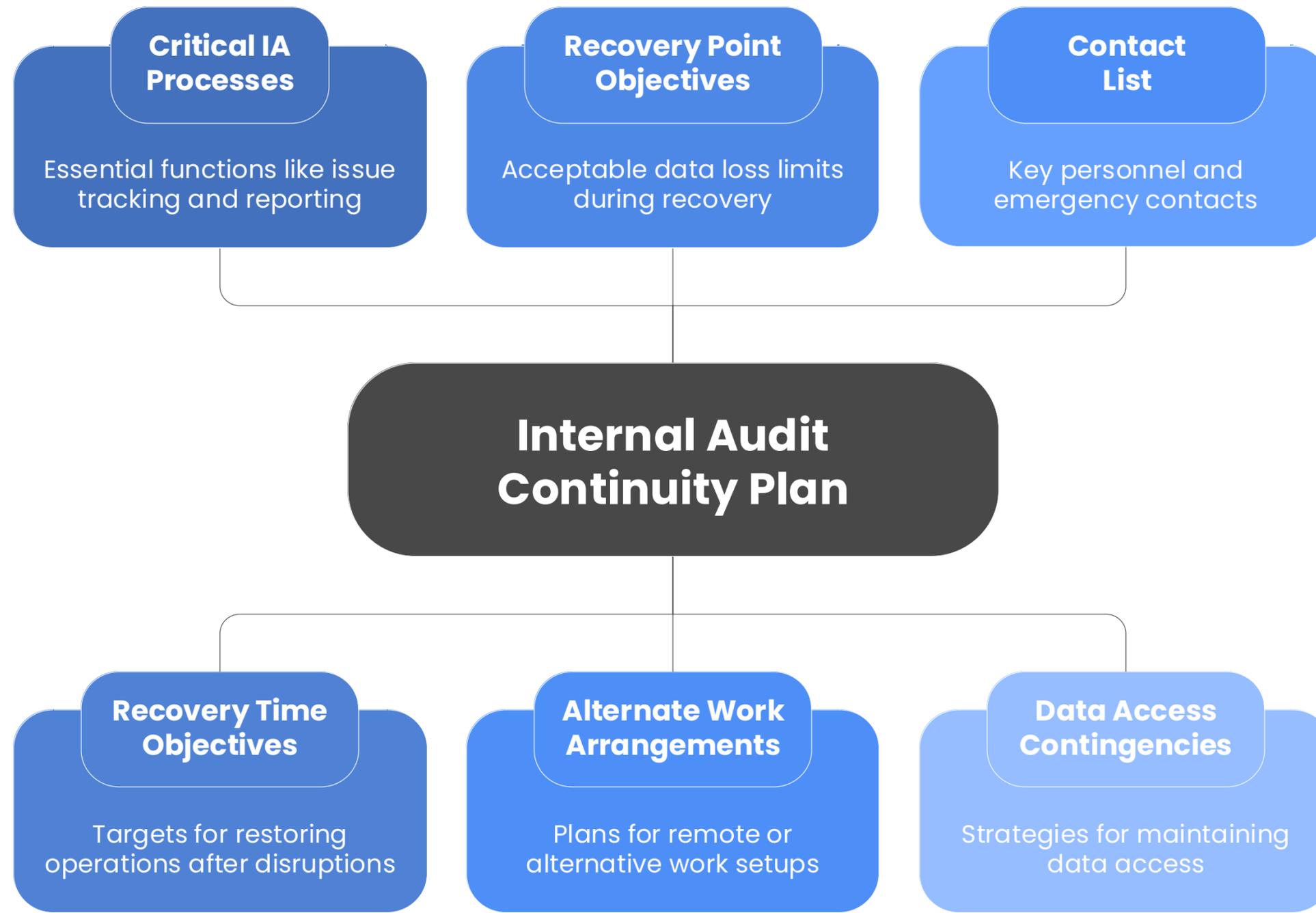
- ✓ Visualization Tools
- ✓ Metrics Display
- ✓ Stakeholder Views
- ✓ Automated Reporting

INTERNAL AUDIT RESILIENCE FRAMEWORK





Ensure Continuity Under Disruption



Internal Audit Continuity Plan (IACP)

To ensure the Internal Audit function can continue providing critical assurance and advisory services during a critical business disruption or crisis.

Table of Contents

| | |
|---|---|
| 1. OBJECTIVES | 2 |
| 2. GOVERNANCE AND ACCOUNTABILITY | 2 |
| 3. BUSINESS IMPACT ANALYSIS (BIA)..... | 2 |
| 4. THREATS AND RISK TRIGGERS | 3 |
| 5. ROLES AND RESPONSIBILITIES DURING A DISRUPTION | 3 |
| 6. COMMUNICATION AND ESCALATION PROTOCOLS..... | 4 |
| INTERNAL COMMUNICATION | 4 |
| ESCALATION PATH: | 4 |
| EXTERNAL STAKEHOLDERS TO NOTIFY (IF APPLICABLE): | 4 |
| 7. TECHNOLOGY AND DATA CONTINUITY | 4 |
| 8. RECOVERY AND CONTINUATION PROCEDURES | 5 |
| 9. TESTING AND MAINTENANCE | 5 |
| 10. AFTER-ACTION REVIEW TEMPLATE (POST-EVENT) | 5 |
| 11. PLAN IMPROVEMENT LOG..... | 6 |
| 12. APPENDICES..... | 6 |
| APPENDIX A - IA CONTACT TREE & ESCALATION DIRECTORY | 7 |
| APPENDIX B – CRISIS COMMUNICATION TEMPLATES | 7 |
| APPENDIX C – DEPUTY / RESERVE PROGRAM ROSTER..... | 8 |
| APPENDIX D – WORKPAPER ACCESS & SYSTEM RECOVERY..... | 9 |

3. Business Impact Analysis (BIA)

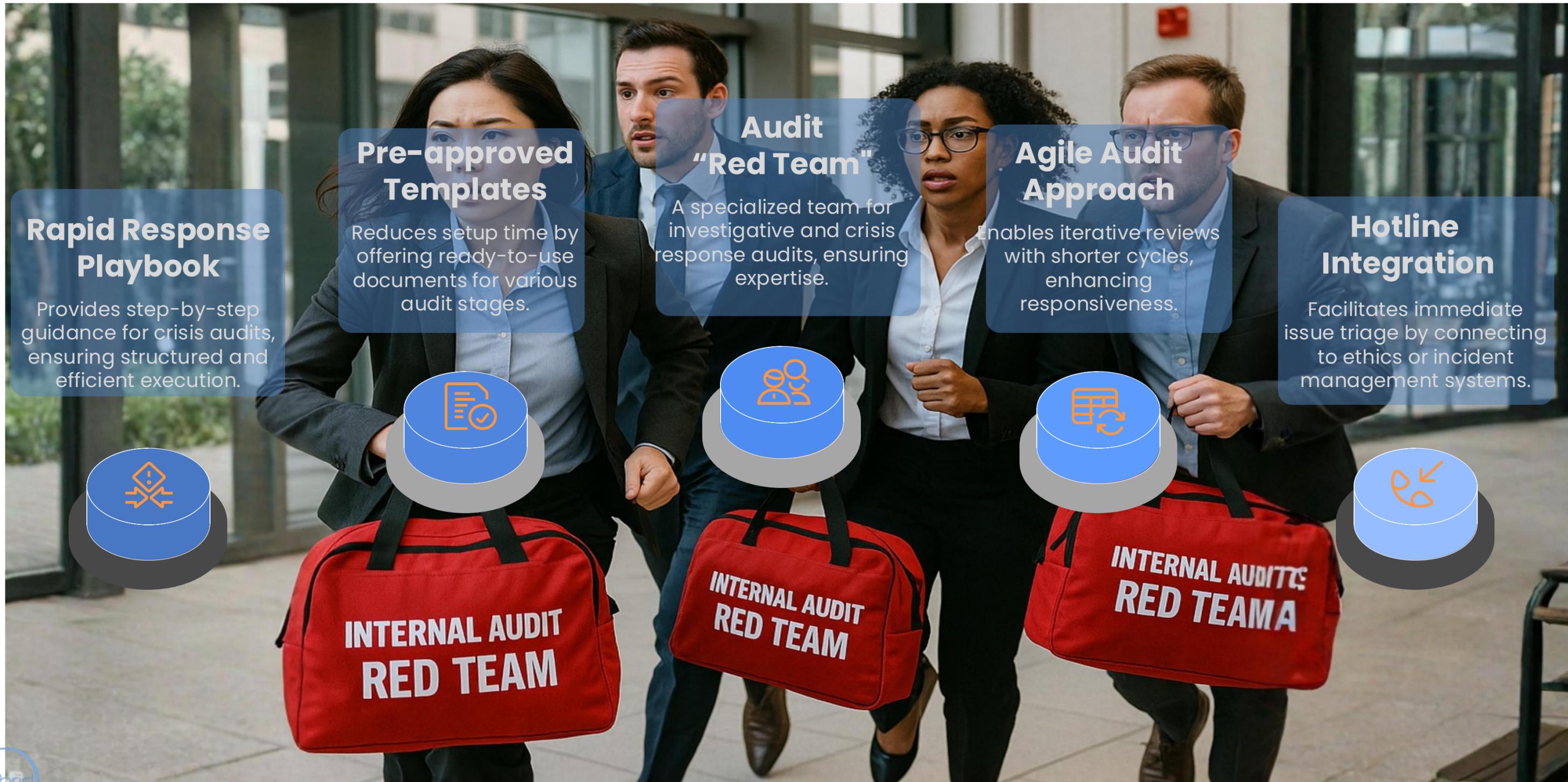
Identify IA's *critical activities*, their dependencies, and recovery objectives.

| Critical Function | Impact if interrupted | Recover Time Objective | Responsible Person |
|------------------------------|--|------------------------|---------------------|
| Audit Committee reporting | Severe: Loss of oversight visibility | 24 hrs | CAE/Audit Mgr. |
| In-flight, high-risk audits | Moderate/Severe: Delay in key risk assurance | 48 hrs | Engagement Lead |
| Audit issue follow-up | Moderate: Risk closure delay | 5 days | Audit Operations |
| Audit analytics & data feeds | Moderate: Reduced risk visibility | 5 days | Data Analytics Lead |

Customize this table based on your IA function's structure.



Rapid Response Unit



Rapid Response Playbook

Provides step-by-step guidance for crisis audits, ensuring structured and efficient execution.

Pre-approved Templates

Reduces setup time by offering ready-to-use documents for various audit stages.

Audit "Red Team"

A specialized team for investigative and crisis response audits, ensuring expertise.

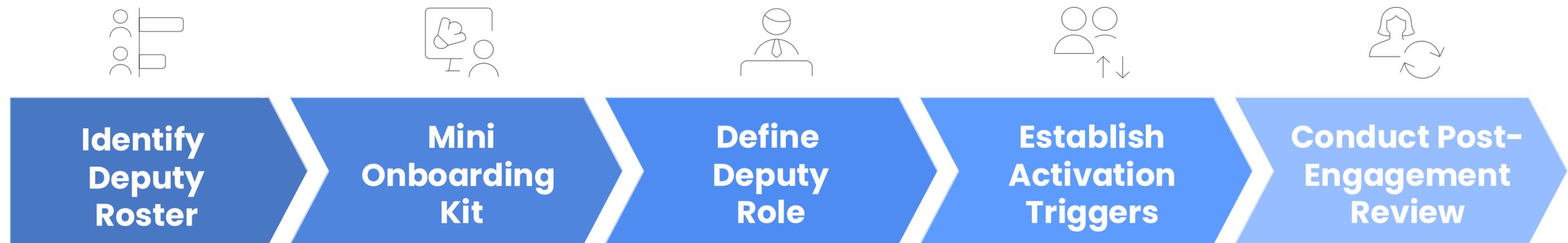
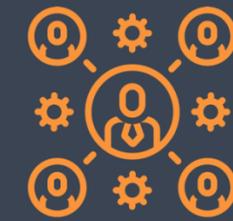
Agile Audit Approach

Enables iterative reviews with shorter cycles, enhancing responsiveness.

Hotline Integration

Facilitates immediate issue triage by connecting to ethics or incident management systems.

IA Deputy/Reserve Program



Select employees from Risk, Compliance, or Operations

Equip deputies with essential audit materials

Clarify responsibilities in evidence collection and documentation

Set thresholds for deputy deployment

Evaluate performance and readiness



Strategic Intelligence / Early Warning



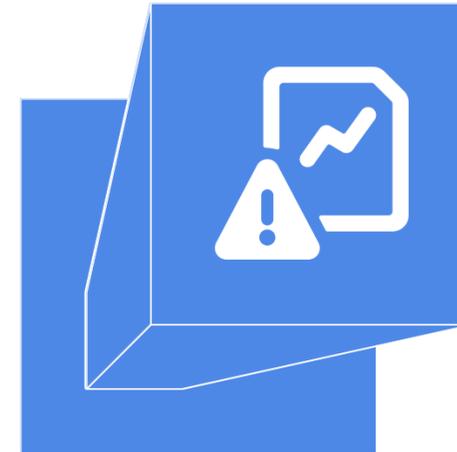
Continuous Monitoring

Continuous monitoring ensures early detection of emerging risks.



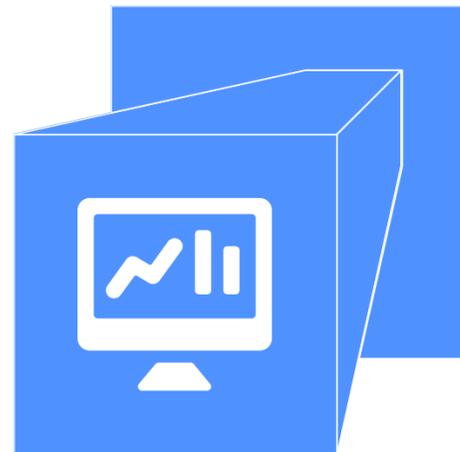
Dynamic Heat Maps

Heat maps provide real-time risk insights for proactive decision-making.



KPI Tracking

KPI tracking offers limited proactive risk management.



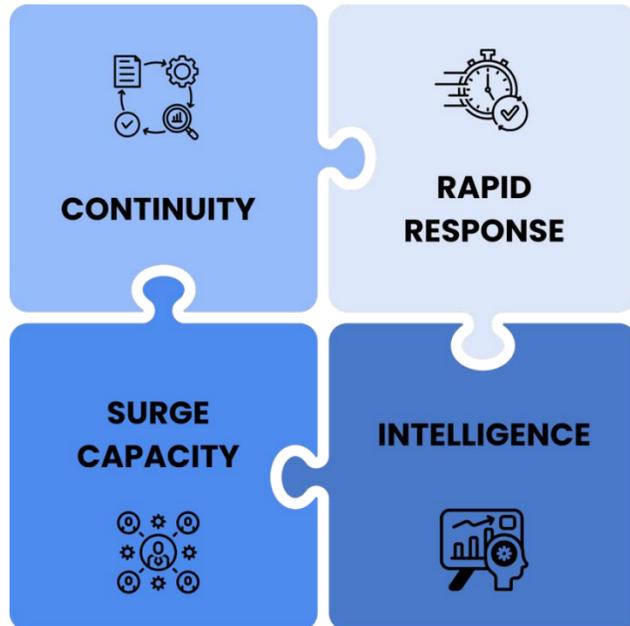
ERM Dashboard Integration

ERM dashboard integration enhances risk management but lacks proactivity.



Support Mechanisms

Internal Audit Resilience Framework



| Support Mechanism | IA Resilience Knowledge Hub | IA Capability Recovery Testing | IA Digital Resilience Tools | IA Cultural & Leadership |
|-----------------------------------|--|---|---|--|
| Description | Institutionalize critical knowledge | Test and validate IA's ability | Enable secure, flexible audit operations | Build psychological safety, agility, and leadership readiness |
| Why It Matters | Prevents knowledge silos | Turns resilience into muscle memory | Technology continuity ensures audits don't stop | A resilient team sustains performance |
| Examples, Exercises, Ideas | <ul style="list-style-type: none"> ✓ Crisis audit checklists & escalation maps ✓ IA continuity contacts and recovery playbooks ✓ Recorded "auditing under pressure" training modules ✓ Key system access & credential instructions ✓ Templates for rapid reports, risk assessments, and Root-Cause-Analysis | <ul style="list-style-type: none"> ✓ Tabletop simulations: ransomware, fraud, leadership loss ✓ Workpaper recovery drills: confirm backup and remote access ✓ Deputy activation test: rehearse reserve auditor deployment ✓ After-action reviews: capture lessons learned | <ul style="list-style-type: none"> ✓ Cloud-based audit platforms ✓ Automated testing & analytics scripts ✓ Collaboration hubs (Teams, Miro, SharePoint) with data security protocols ✓ IA "war room" chat channel for real-time crisis coordination | <ul style="list-style-type: none"> ✓ Leadership rotation or job-shadowing with Risk/Compliance ✓ Designate "IA Resilience Champions" to keep playbooks current ✓ Recognition and recovery protocols post-crisis ✓ Annual team resilience maturity assessment |

Resilience in Action



Example Triggers



Audit Response

Operational Breakdown

Repeated or sustained system outages, production halts, logistics gridlock



Signals critical process failure; IA verifies root cause analysis, controls crisis.

Cyber / Data Incident

Major cyber breach, ransomware, or data integrity compromise



Requires immediate assurance over containment, reporting, and remediation

Financial Irregularities

Sudden margin variance, large unapproved spend, accounting anomalies



Early audit intervention can prevent financial misstatement or fraud escalation

Compliance Breach

Regulatory notice, whistleblower escalation, or audit finding re-opened



IA provides independent fact-finding and control effectiveness review

Leadership / Governance Crisis

Senior leader resignation, board dispute, ethics allegation



IA assesses governance processes, succession readiness, tone-at-the-top

3rd-Party / Supply Chain Risk

Vendor insolvency, sustainability violation, critical supplier failure



IA verifies due diligence and contingency plan effectiveness

People & Culture Signals

Surge in HR attrition, hotline complaints, safety incidents



Early indicators of control environment stress or culture erosion

External Shock

Natural disaster, geopolitical disruption, market collapse



IA validates resilience and business continuity plan execution



Core Trigger Categories

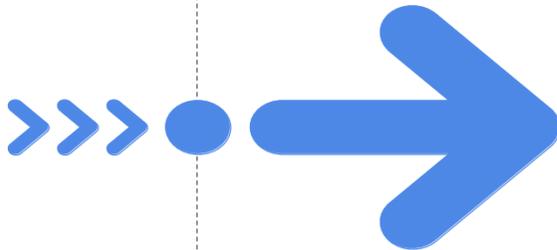
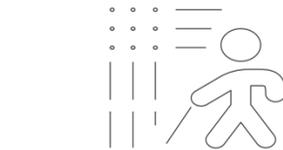
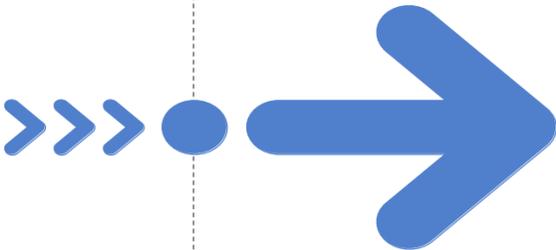
These can be built into your Strategic Risk Intelligence system's logic, dashboards, or escalation protocols.

Next Steps & Group Activity

Next Steps to Enhance Internal Audit Resilience

Assess Current Resilience Level

Evaluate conformance with standards and resources

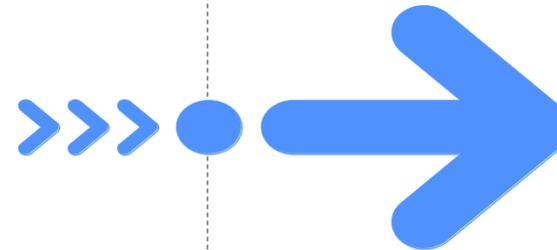


Identify Gaps in Resilience Framework

Document and prioritize gaps in resilience

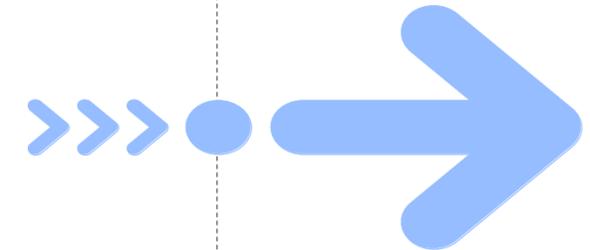
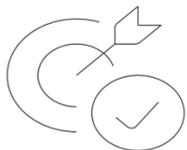
Develop Implementation Roadmap

Create action plans and allocate resources



Set Measurable Goals and Timelines

Define objectives and success metrics



Resilience Check-Up



Goal: *Quantify Your Capabilities Against the Future Risk Landscape*

This two-part survey will identify skill alignment and gaps across your personal proficiency and your team's collective capacity, using the IIA Competency Framework™.

Instructions: *Rate Yourself & Your Team (8 Questions)*

Go to [Meeting ID: 408-602-339] on your device.

Discussion: *Translating Gaps to Action*



AUDIT RESILIENCE JEOPARDY





15:00

Audit in
Motion

Take a

BREAK

SCOTT MADENBURG

AUDIT, RISK, COMPLIANCE
ADVISOR | TRAINER | SPEAKER



Let's Connect



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Sharina Wisdom Toaether