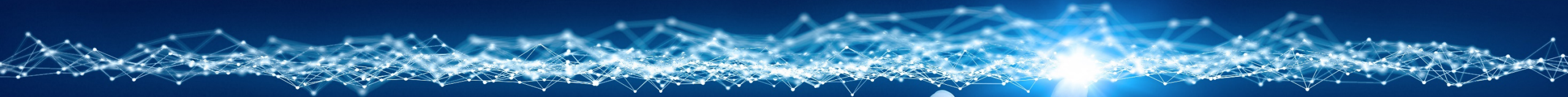


REIMAGINING RESILIENCE



Jenitha John, CIA
2020-21 Chairman of the Global Board
The Institute of Internal Auditors

Agenda

- Resilience and Internal Audit
 - The Pandemic
 - The 'Novel' Tomorrow
- Resilience Leads to Transformation
- TACTT: 5 Keys to Sustainability
- The Critical Role of the New Three Lines Model
- Final Thoughts



Resilience

In times of crisis:

- Capacity to rebound
- Ability to achieve
- Capability to succeed



*For internal
auditors and their
organizations,
resilience demands
far-reaching
transformation.*



Audit hotspots over time



2015	2016	2017	2018	2019	2020
Information security	Data privacy	Data privacy	Data privacy	Cybersecurity	Cybersecurity
Strategic change management	Cybersecurity	Cybersecurity – external threats	Cloud vulnerabilities	Digitalization and technology (AI, RPA)	Data protection
Climate change and extreme weather	Third-party relationships	Pace of innovation	Information Security	Cloud computing	Regulatory change
Geopolitical instability	Strategic change management	Sustainability	Corporate culture	Data governance	Business continuity and crisis response
Data policy	Continuity and disaster recovery	Third-party relationships	Fraud	Third-party risk management	Data and new technology
Third-party relationships	Competitive environment	Political uncertainty	Geopolitical uncertainty	Fraud risk management	Third-party risk
Compliance management	Talent management	Budgeting and forecasting	Tech disruptions – business model change	Corporate culture	Talent management
Risk culture	Macro volatility	Strategic decision-making and execution	Changing workforce demographic	Regulatory burden	Operational resilience
Strategic workforce planning	Governance	International tax planning	Changing consumer behavior	Risk management overhaul	Sustainability

Change is constant...



... and the velocity of
risk is increasing



Regulation

Business continuity

Revenue and long-term viability

Human resources

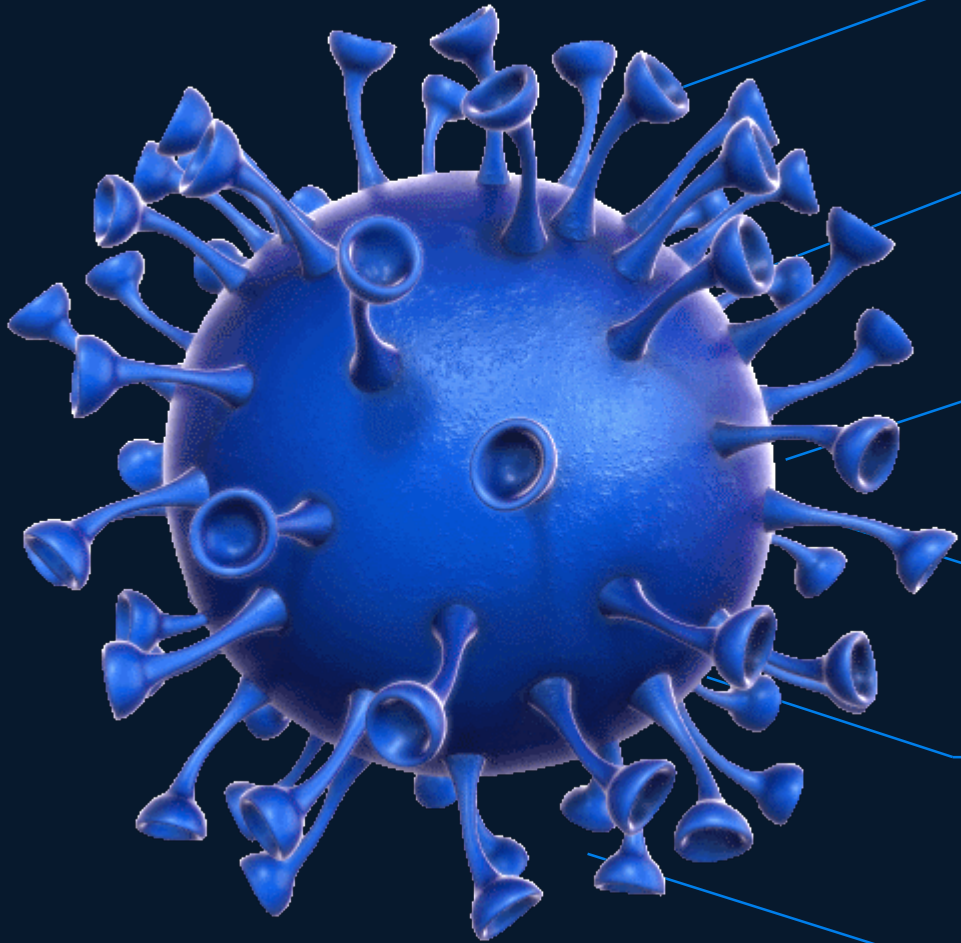
CORONAVIRUS

Evolving control environment

Operational resilience

Supply chain

Impact on Internal Audit



RISK

Strategic response and managing related risks

AGILITY

Reallocation of resources and audit plan revisions

FINANCIAL

Budget declines

PERSONNEL

Staffing cuts

RELATIONSHIPS

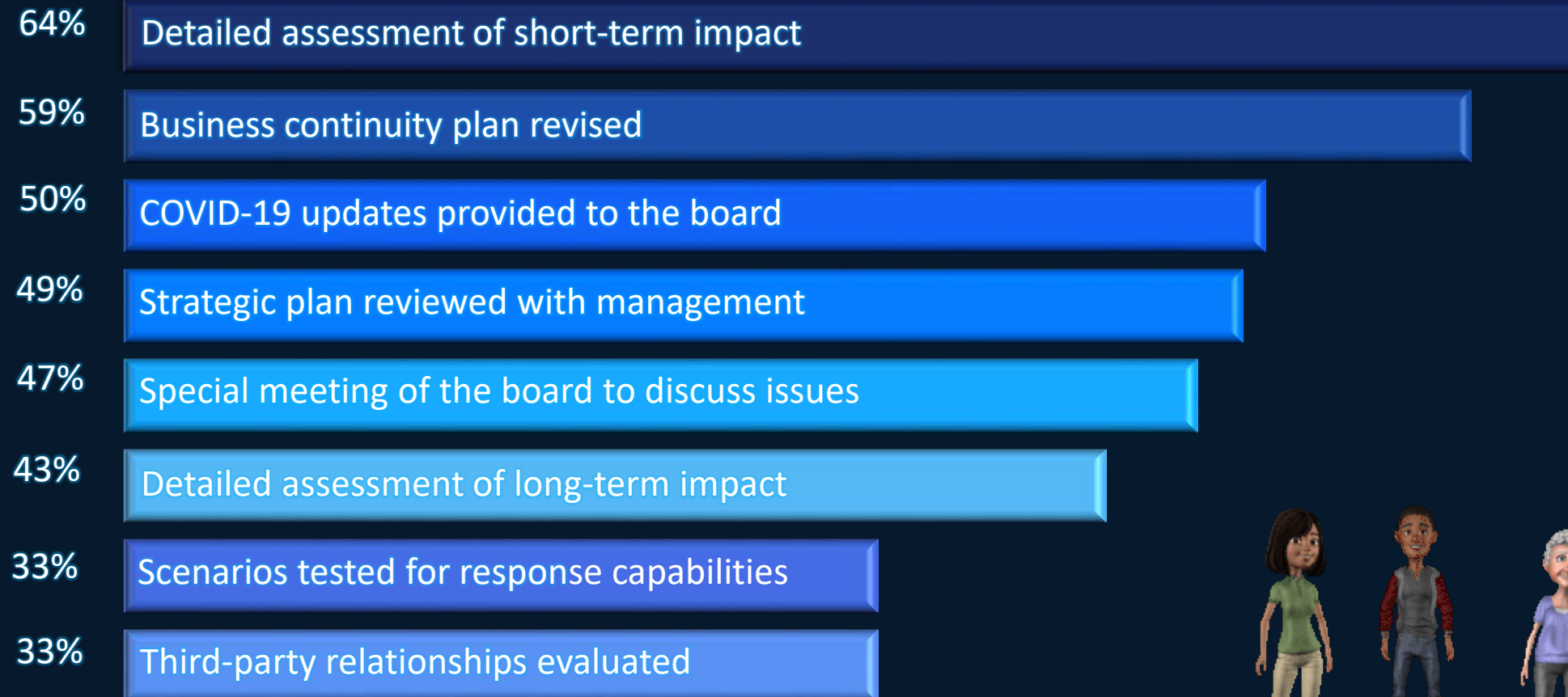
Evaluating changing relationships

ADAPTABILITY

Assessing long-term impact and smarter audit techniques (remote auditing)

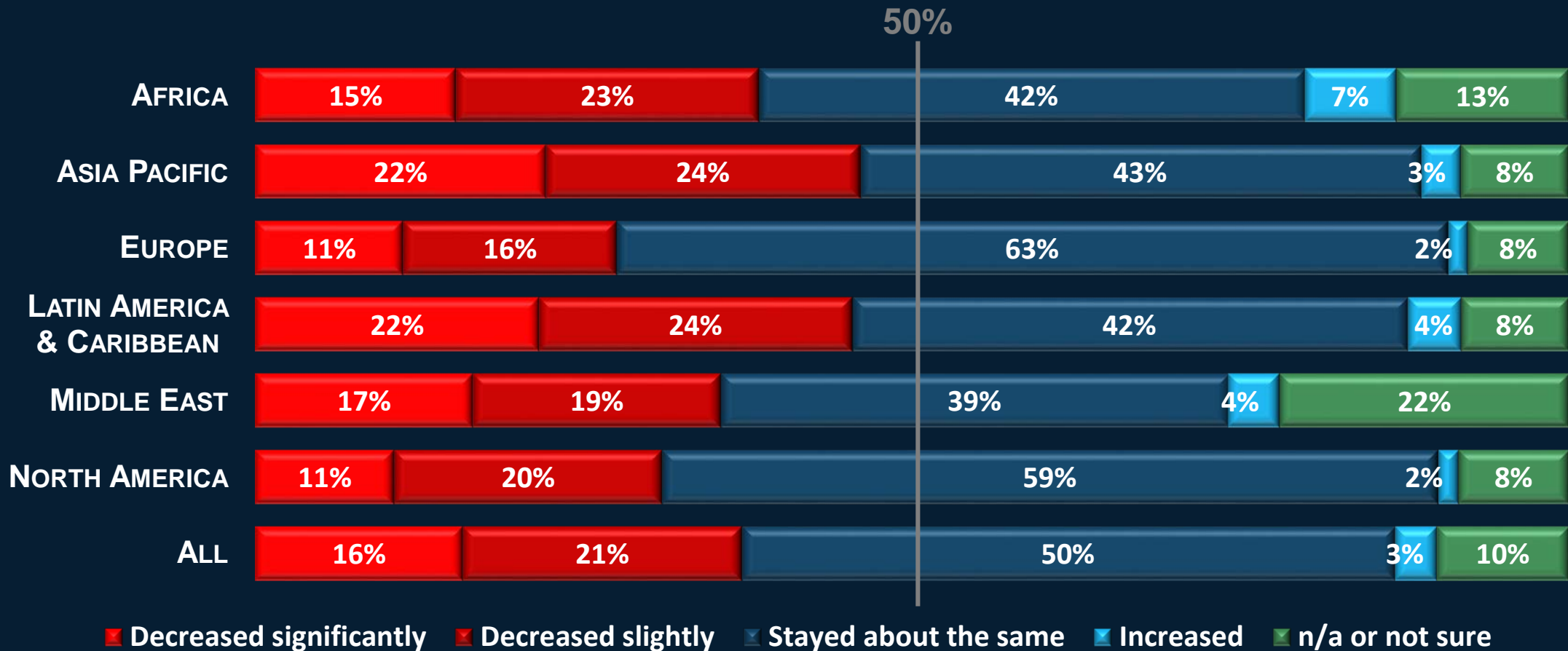
Strategic Response to COVID-19

(Enterprise-wide)

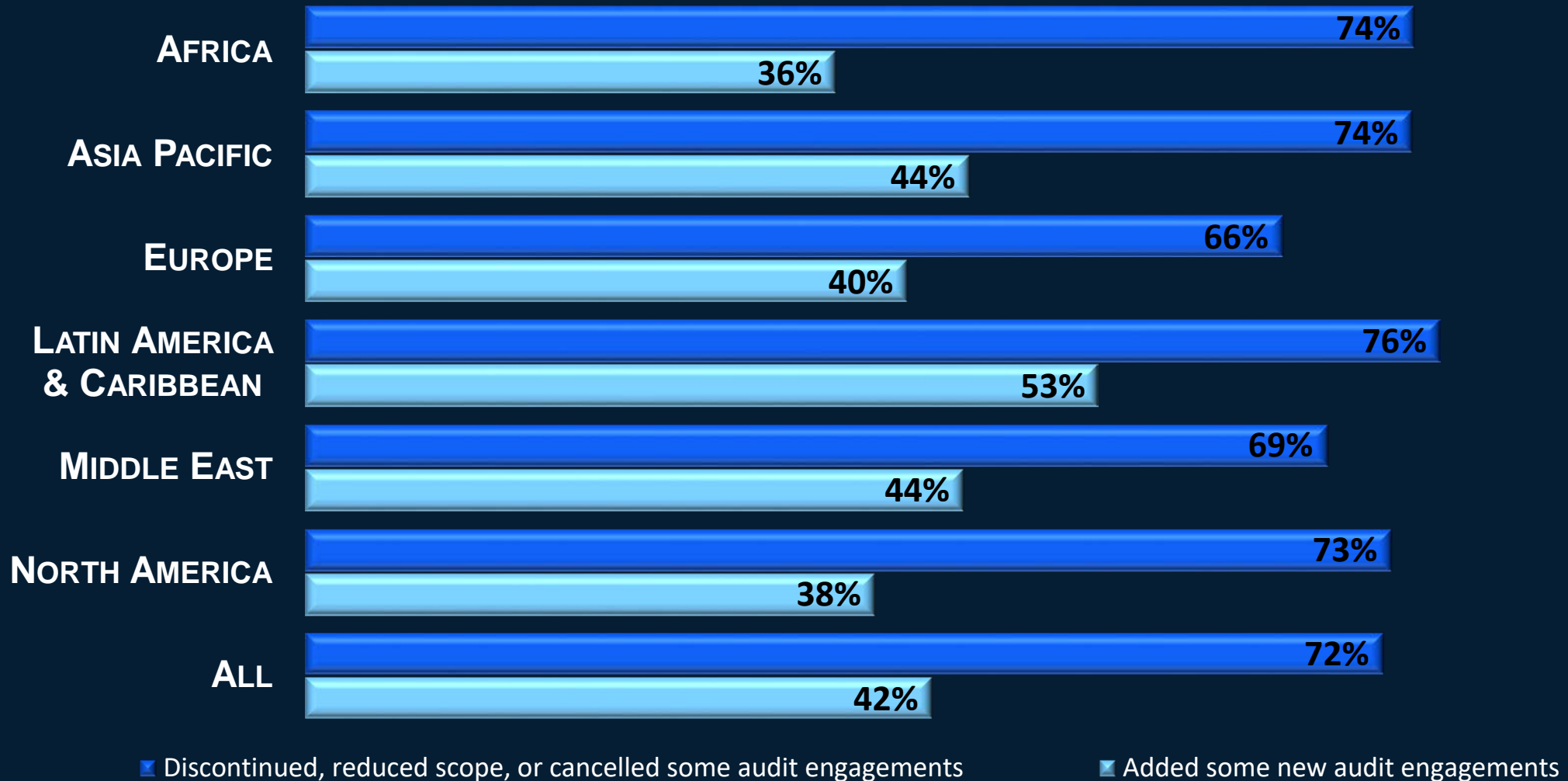


Internal Audit Budgets

Short-term impact of COVID-19



Audit Plan Changes Due to COVID-19



Lessons Learned: What Went RIGHT

Within Internal Audit

Quick to update plans

Reassessed risks swiftly

Internal Audit within the Organization

Put aside normal audits to assist the organization

Proved additional value by being agile and flexible



Working Together

RESPONDING to the COVID-19 Crisis



The IIA COVID-19 Resource Exchange

Newsire

The IIA COVID-19 Resource Exchange is a comprehensive source for internal audit practitioners around the globe, featuring risk guidance, thought leadership, training, tools, events, and more relating to COVID-19.

[Online Learning](#) | [Webinars & Symposiums](#) | [Benchmarking](#) | [Relevant Publications](#) | [Partner Content](#)

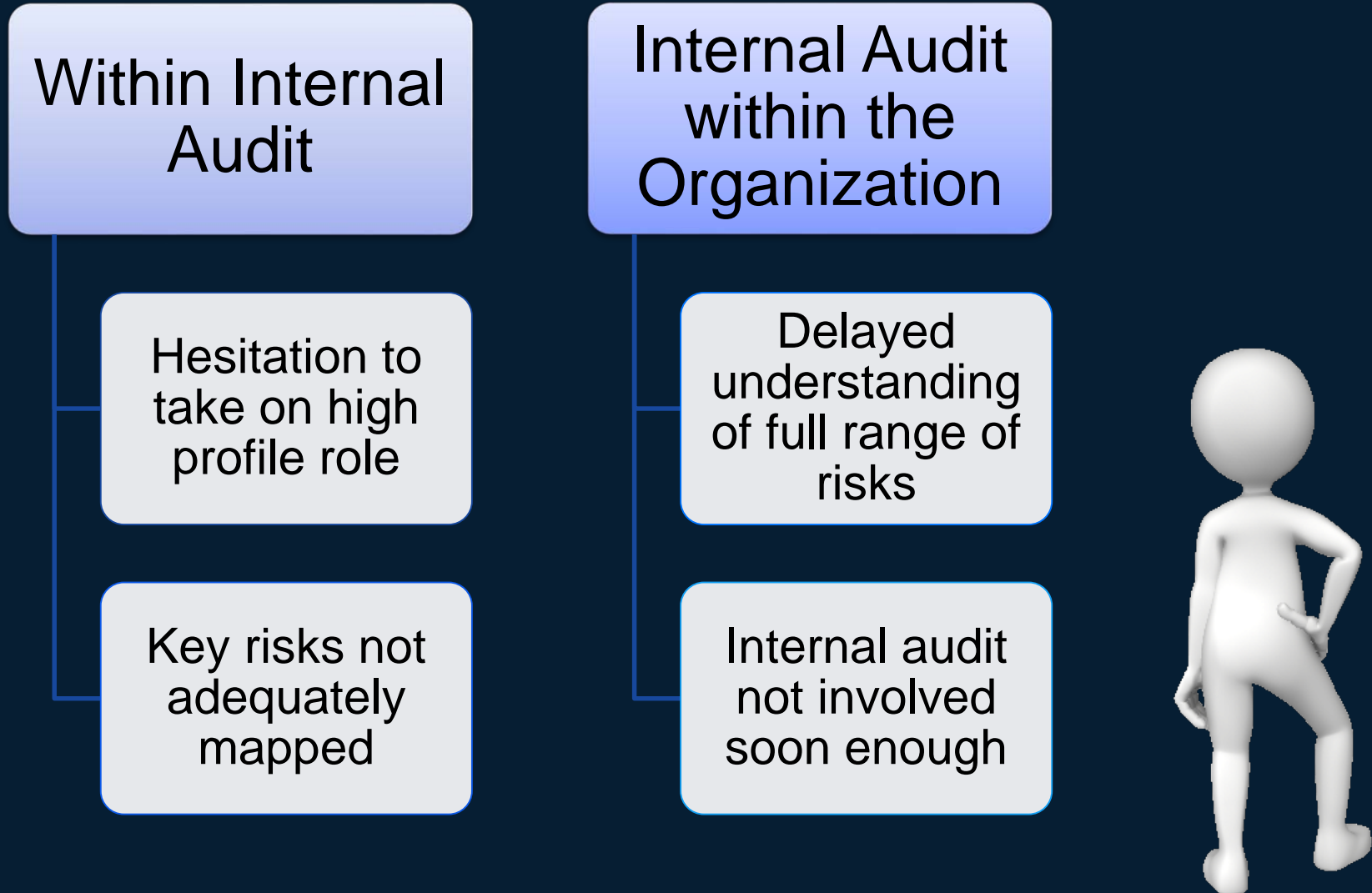


NEW! Get Certified From Home and Save

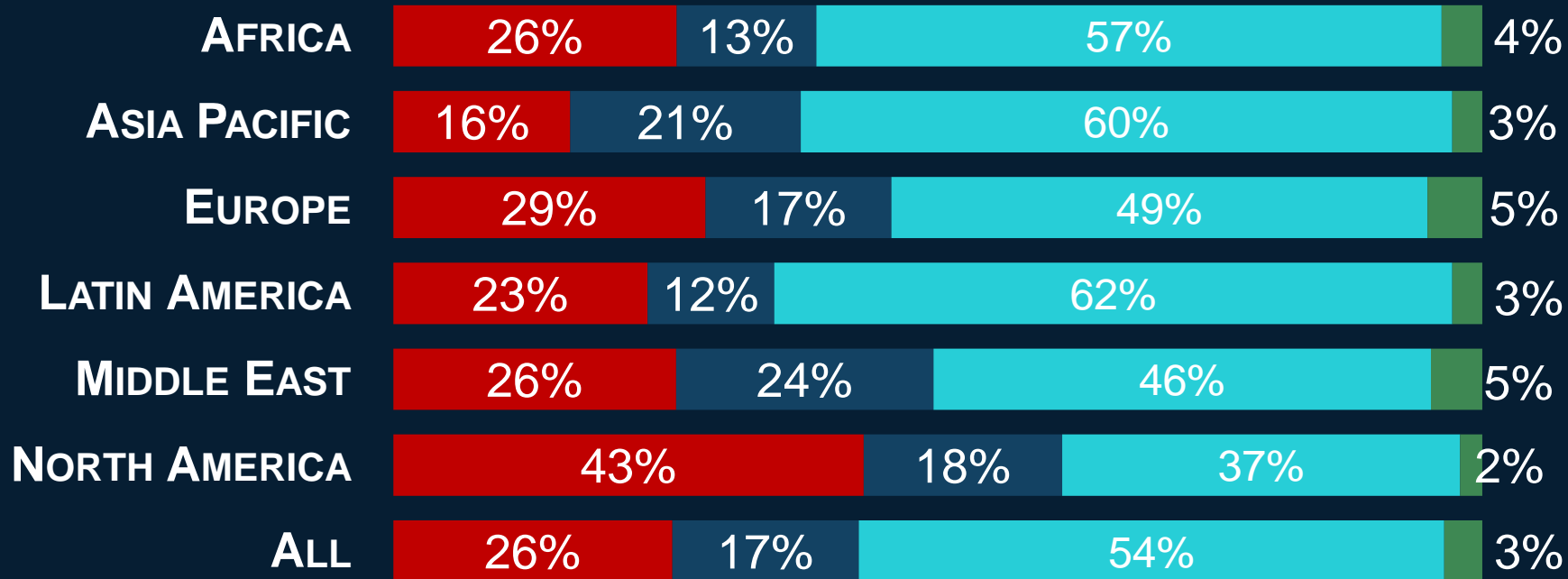
Even in difficult times, professional development remains important. To support you, The IIA is adding a test from home option for CIA and CRMA. Also, until May 31, The IIA is offering members a 20% discount on CIA and CRMA applications and exam registrations. Enjoy extra savings on study materials, including The IIA's CIA Learning System.

[Learn more about eligibility and savings.](#)

Lessons Learned: What Went WRONG



Is internal audit involved in the discussion?



- Disagree or strongly disagree internal audit is involved
- Neither agree or disagree
- Agree or strongly agree internal audit is involved
- Don't know



Respond with Resilience



FINANCIAL SUSTAINABILITY

- Liquidity
- Reserves
- Cash
- Insurance
- Tax
- Disclosure
- Investments
- Impairments
- Debt covenants
- Fraud risk
- Relief mechanisms



THIRD-PARTY RISK MANAGEMENT

- Supply chain
- Contracts
- Technology
- Cloud software licensing
- Cyber risk



HUMAN CAPITAL

- Employee well-being
- Productivity/culture
- Layoffs, retrenchments
- Leave authenticity
- Broadband access



CAPITAL ADEQUACY & STRESS TESTING

- Regulatory requirements
- Scenario tests



BUSINESS CONTINUITY

- Crisis response
- Adverse media
- Continuity plans
- New products



TECHNOLOGY RESILIENCE

- Broadband costs
- New platforms
- Patching
- Zoom, MS teams
- Data/cyber security
- Social media



INSIDER THREAT

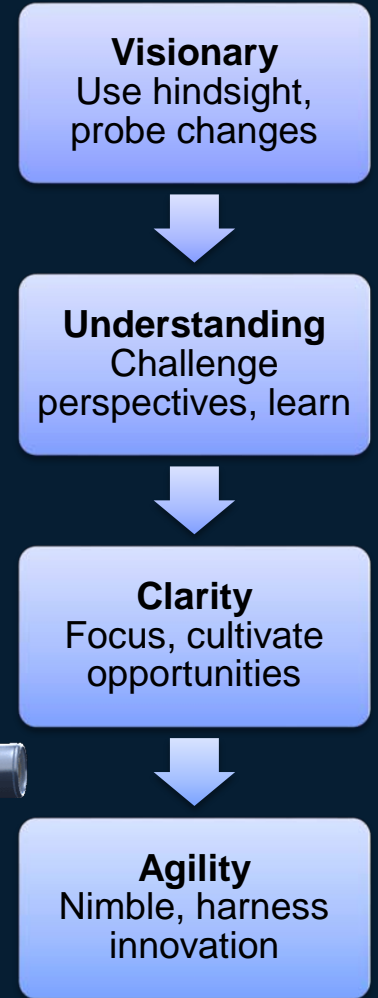
- Information security
- Assets safeguard
- Digital signatures
- Retention and archiving



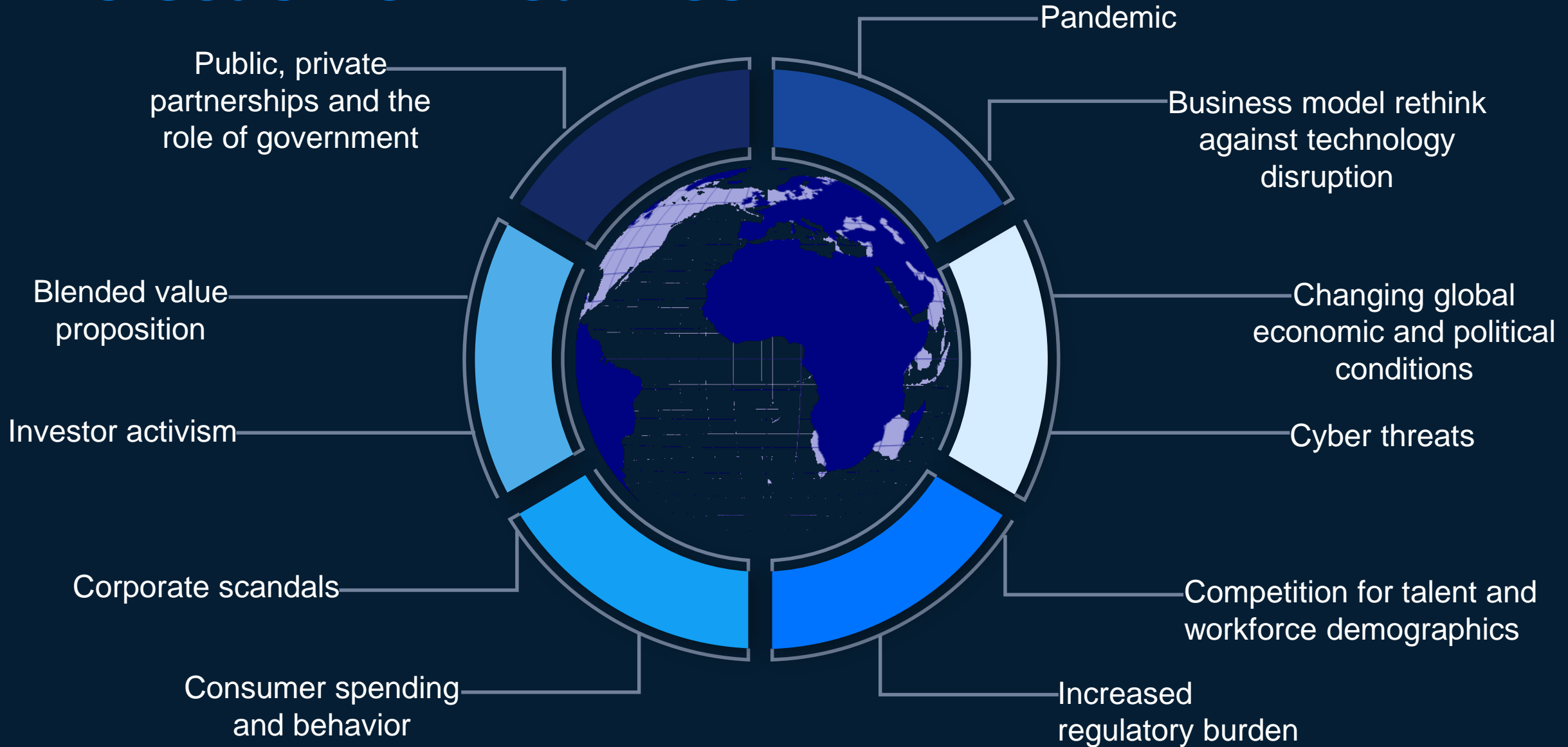
GOING CONCERNS

- Key person dependency
- Talent/succession plan
- Cash flow forecast
- Technology resilience
- Operational resilience
- Customer lapse rates

Internal Audit in the “Novel” Tomorrow



Refocus: New Realities



Evolution Begins

Auditing In a Time of Crisis



- Agility
- Flexibility
- Creativity

Business Continuity



- Direct engagement in continuity planning
- Assurance

Technology



- Roles
- Responsibilities

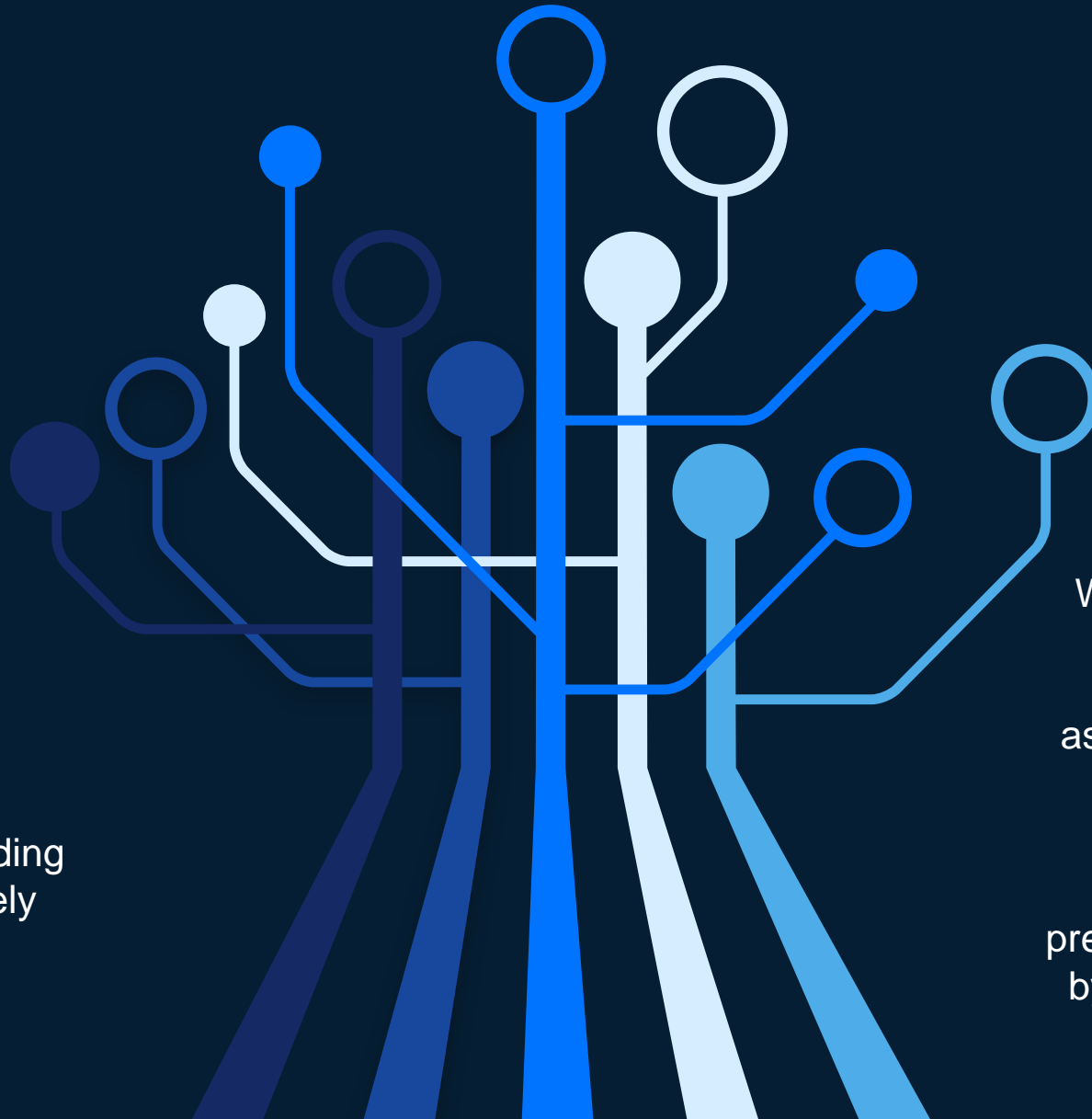
Seize the Opportunity

● Participate in crisis management committees

● Identify new and changed risks

● Eliminate duplications and bottlenecks in new processes

● Be agile, including finding ways to work remotely



● Ramp up data analytics

● Provide answers as liaison to the board, audit committee

● Be a humble but confident protector and nurturer

● Work closely with first and second lines, as well as with external audit, by asking, "How can we help?"

● Prepare to deal with pressures to "cross the lines" by assuming management responsibilities

Sustainability



TECHNOLOGY

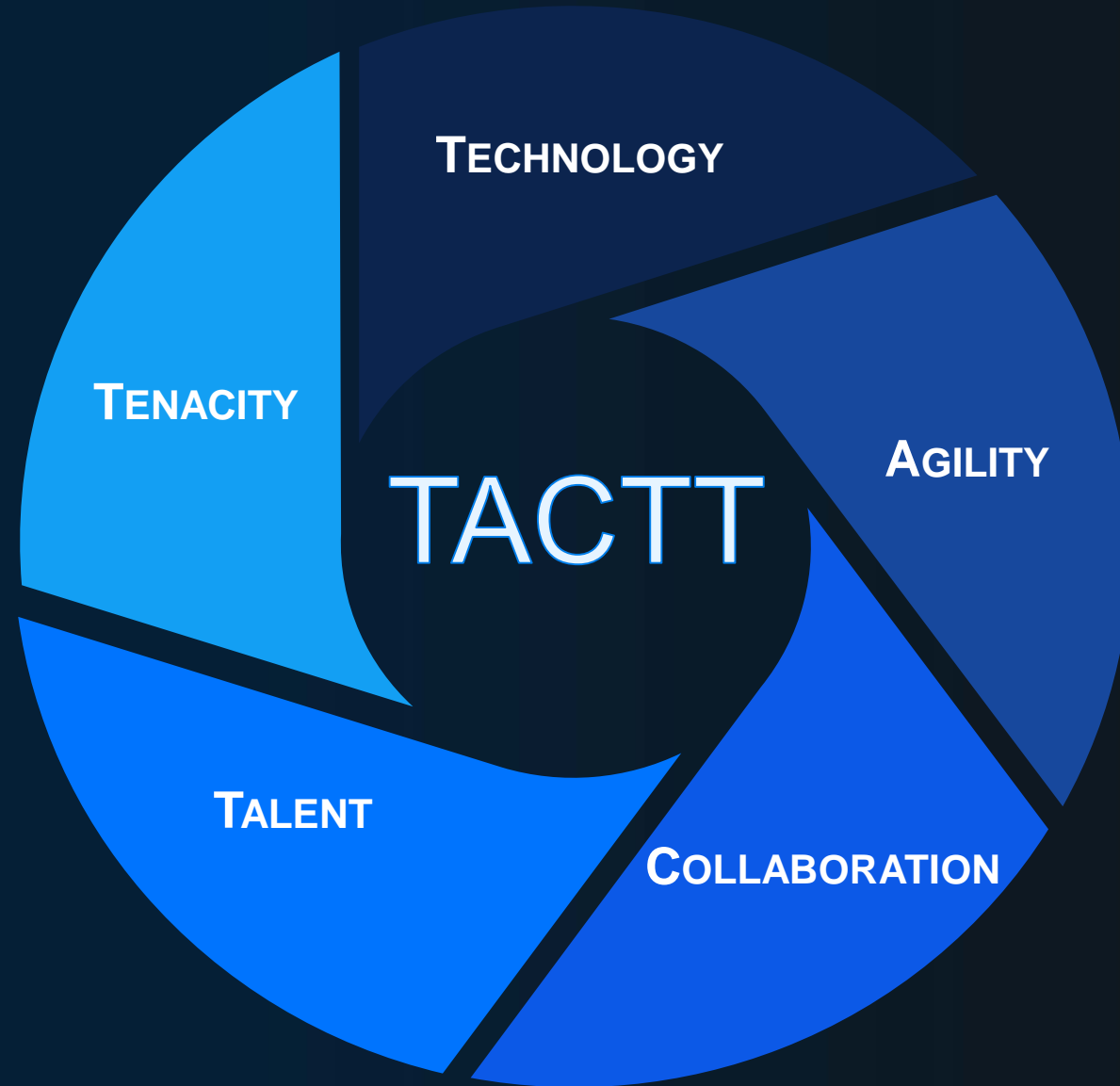
TALENT

TENACITY

AGILITY

COLLABORATION

TACTT: It's how we become RESILIENT

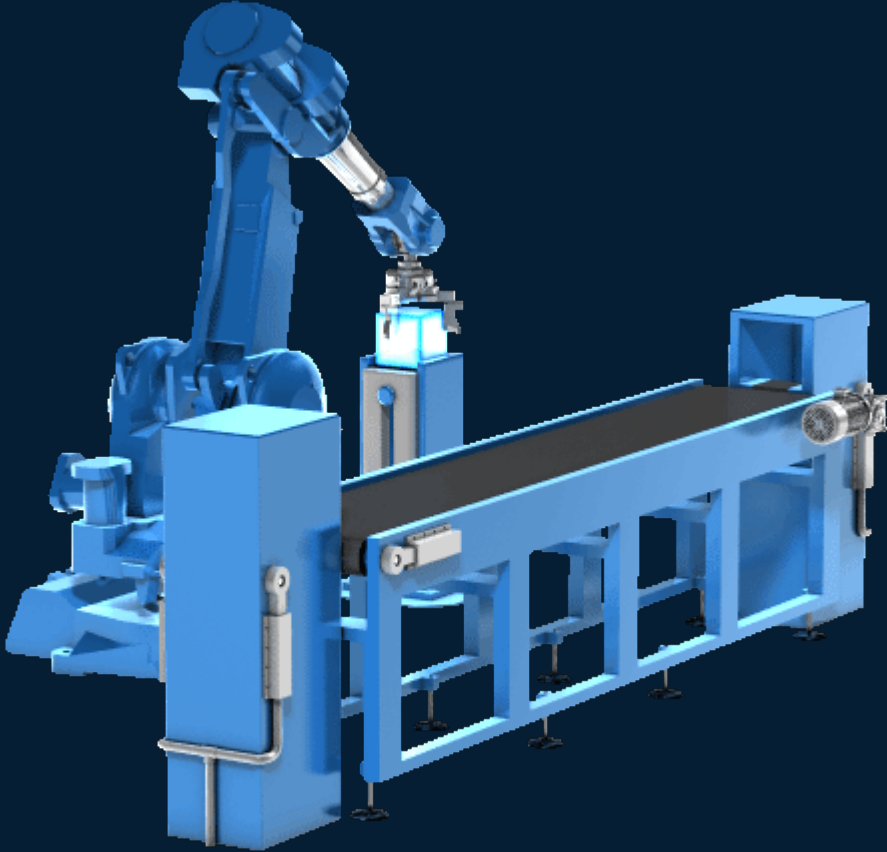


Technology

4IR, data analytics, robotic process automation, and artificial intelligence enable continuous monitoring and faster detection of problems.

- Improves focus on risks and big picture
- Special needs, rising demand during crisis
- Skills needed for day-to-day and challenging times
- Data and digital impact on business models
- Leverage governance, risk and compliance platforms
- Cyber world risks and opportunities

Agility



Ability to anticipate, respond swiftly to changing landscape, and reshape

- A challenge for tight-knit teams
- Audit activities align with organizational priorities
- IA provides relevant and reliable insights and advice to foster innovation and improvement
- Anticipate emerging issues – swift response
- Agile mind and methodology

Collaboration

Ability to work together even when apart

- Strategic
- Necessity of shared resources – and free content
- Convergence of different disciplines
- Innate intelligence - CQ (collaborative, connective intelligence)
- Embrace combined assurance
- Adopt the Three Lines Model
- Tone at the top, tune in the middle, rhythm on the dance floor



Talent

Knowledge and training position us to provide valuable insight and help our organizations anticipate and prepare for the future.



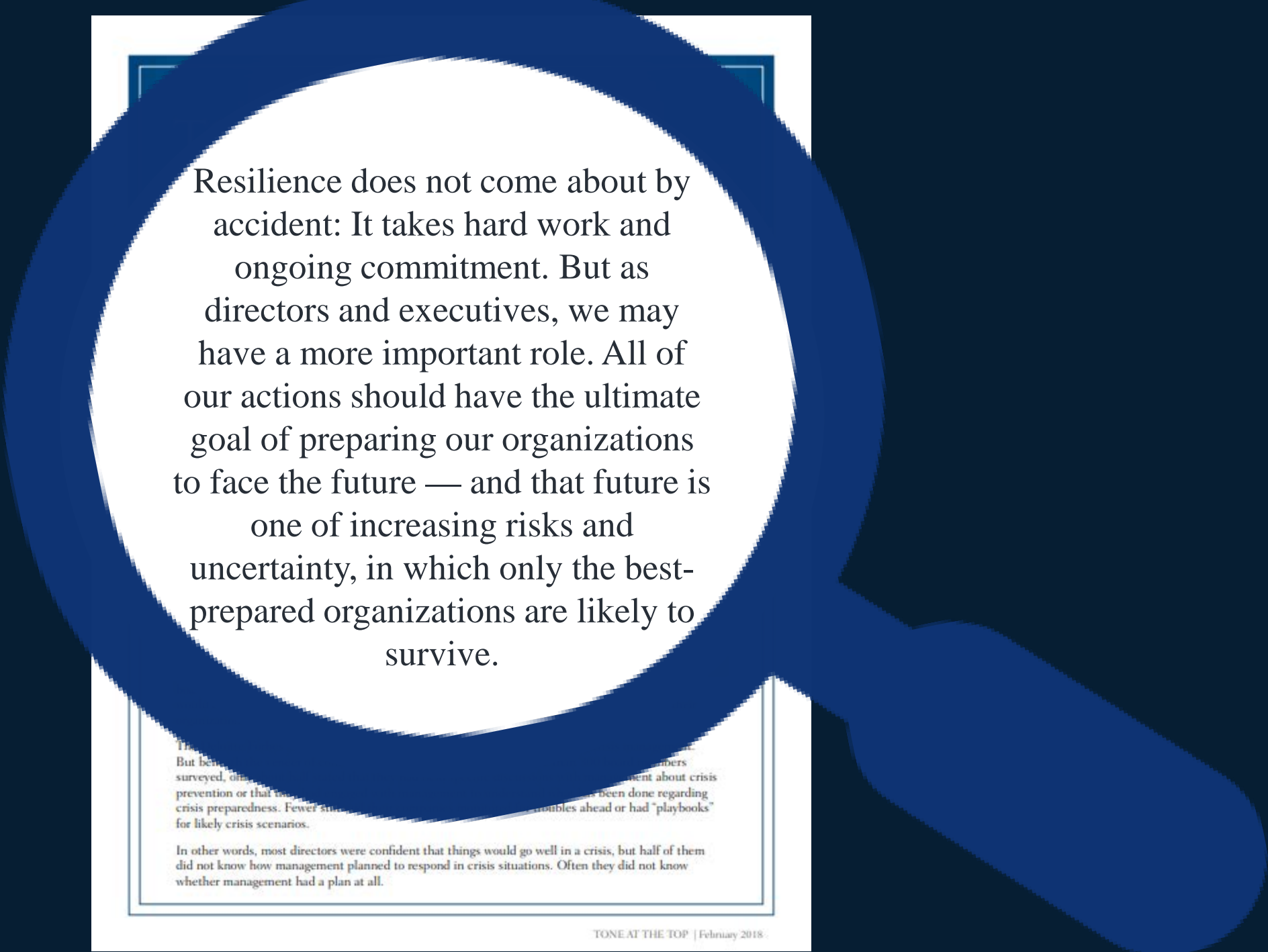
- Commit to certification and continuous professional development
- Embrace diversity
- Adapt to non-audit roles as appropriate
- Cultivate continuous commercial awareness
- Nurture innate intelligence
- Adopt drone mentality

Tenacity

Internal audit must have the courage to share views on the risk landscape, providing advice and assurance from within organizations to help people:

- Understand the internal and external environments in which they operate
- Make better-informed, risk-based decisions
- Achieve their goals effectively, efficiently, ethically, and sustainably in support of both the function and the business/organization.



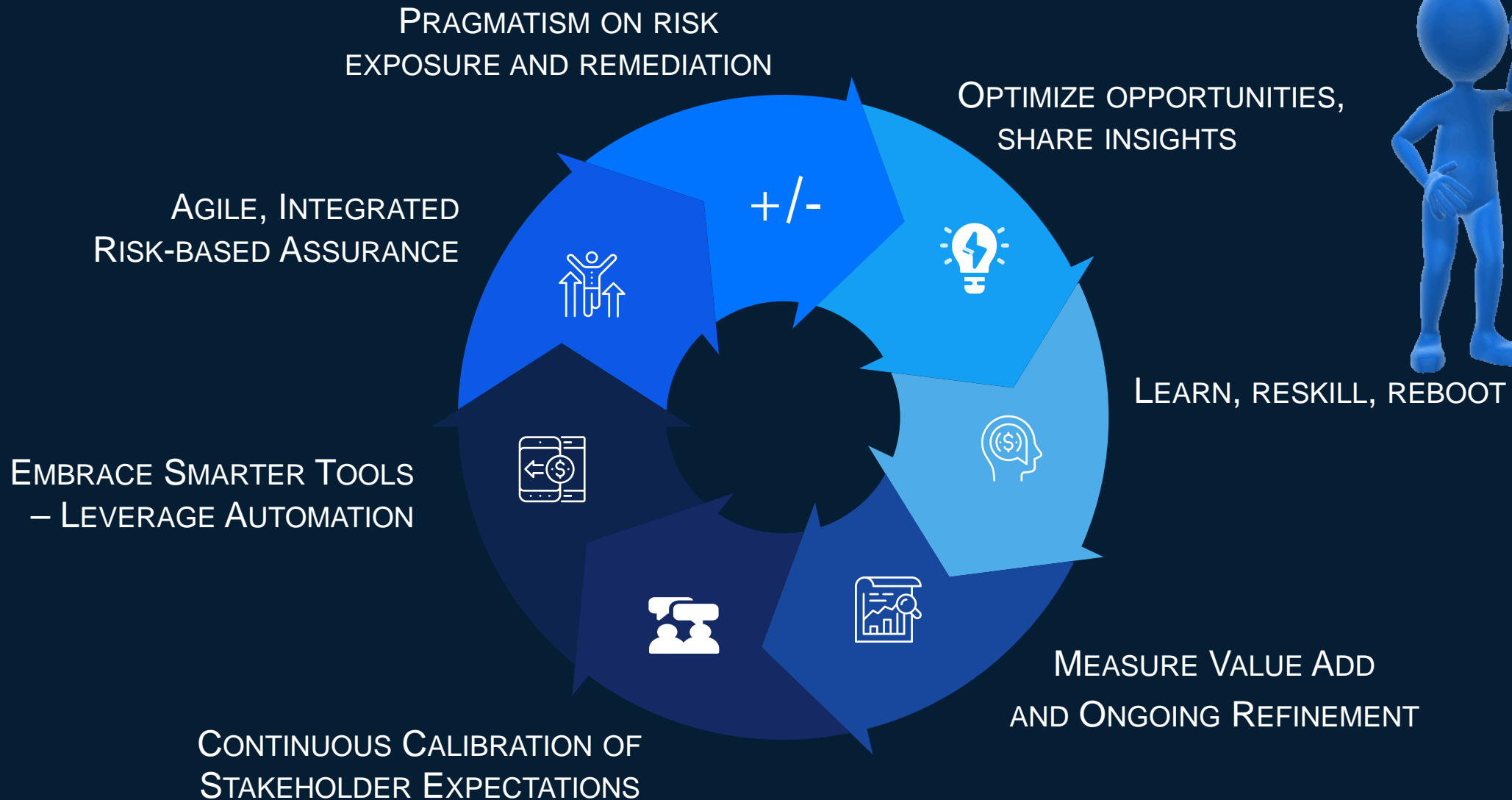


Resilience does not come about by accident: It takes hard work and ongoing commitment. But as directors and executives, we may have a more important role. All of our actions should have the ultimate goal of preparing our organizations to face the future — and that future is one of increasing risks and uncertainty, in which only the best-prepared organizations are likely to survive.

But beyond that, 50% of the directors surveyed, did not know how management planned to respond in crisis situations. Often they did not know whether management had a plan at all.

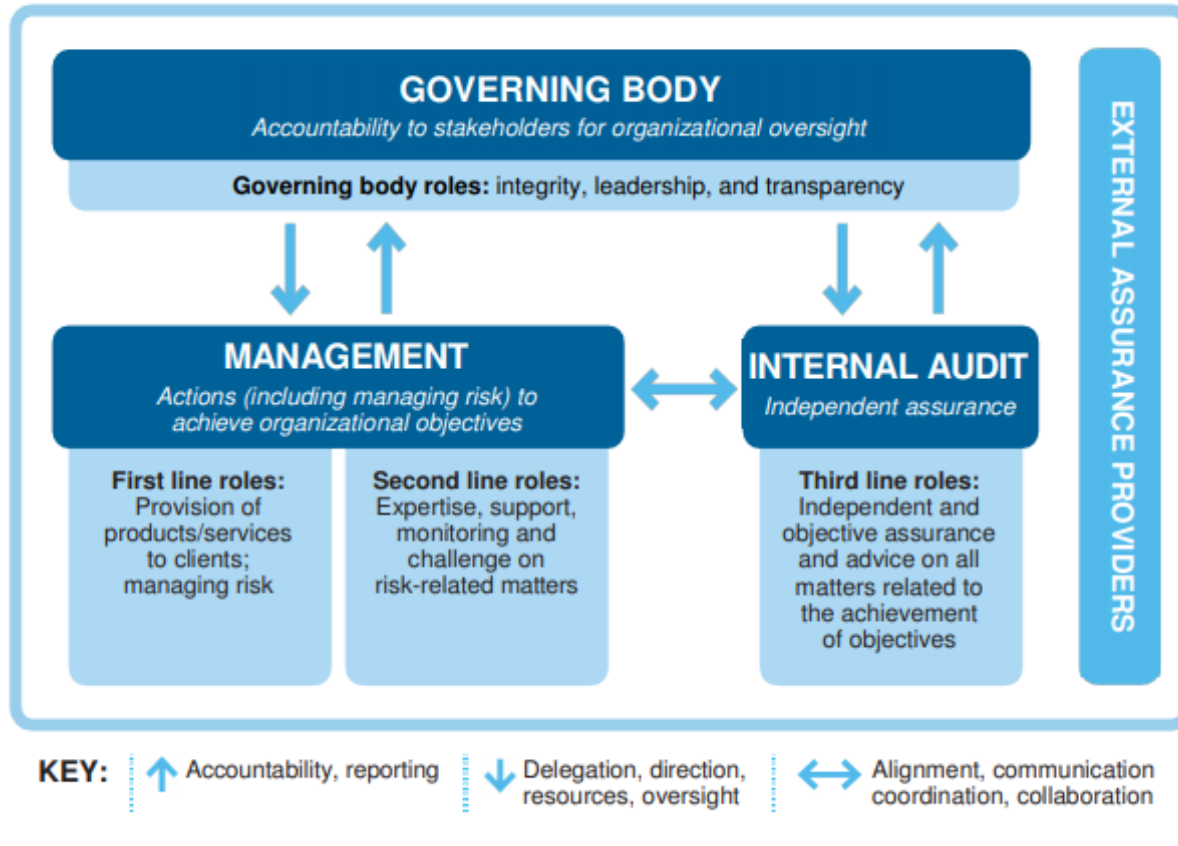
In other words, most directors were confident that things would go well in a crisis, but half of them did not know how management planned to respond in crisis situations. Often they did not know whether management had a plan at all.

Remaining Relevant



Guided by the Three Lines

The IIA's Three Lines Model



Governing Body

- Integrity
- Leadership
- Oversight



Management

- Strategy
- Execution
- Risk – compliance and support

Internal Audit

- Accountable to governing body
- Independent, objective assurance
- Related advisory

Reimagining Resilience

Let's work together to:

- Rescan the landscape
- Refocus on new realities
- Reshape audit perceptions
- Reinvent internal audit



*"The future belongs to those who
are prepared for it."*

-Ralph Waldo Emerson



THANK YOU!



The Institute of
Internal Auditors

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2020-21 Chairman of the Global Board

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RESOURCES

- [The IIA's COVID-19 Resource Exchange and Newswire](#)
- [Crisis Resilience: IIA President and CEO Richard F. Chambers and IIA Global Chair Jenitha John \(video\)](#)
- [Assessing Risk in a Post-pandemic World](#) (*Internal Auditor* magazine)
- [How Organizations Globally Are Responding to COVID-19](#)
- [The IIA's Three Lines Model](#)
- [The Virtual Audit](#) (*Internal Auditor* magazine)
- [Rethinking Preparedness: Pandemics and Cybersecurity](#) (IIA Bulletin)
- [Social Distancing and Internal Audit: Strategies for Auditing in a Time of Crisis](#) (webinar)
- [What New IIA Survey Reveals About Pandemic's Impact and Year Ahead for Internal Audit](#) (blog)
- [Crisis Resiliency: Missed Conversations, Misplaced Confidence](#) (Tone at the Top)
- [Resilience of a Tech-Enabled and Digitally Upskilled Work Force in the COVID-19 Era](#) (video)
- [Global Perspectives and Insights: Crisis Resilience](#) (paper)
- [OnRisk 2020: A Guide to Understanding, Aligning and Optimizing Risk](#) (report)
- [American Corporate Governance Index \(ACGI\)](#) (report)
- [The King IV Report on Corporate Governance for South Africa 2016](#)