



*General*  
**MEMBERSHIP  
MEETING**

August 31, 2021

**Many Sides of Crises:**

**Issues and Challenges in Managing the Internal Audit Function During the Pandemic**

**BY: REGINALD C. NERY**

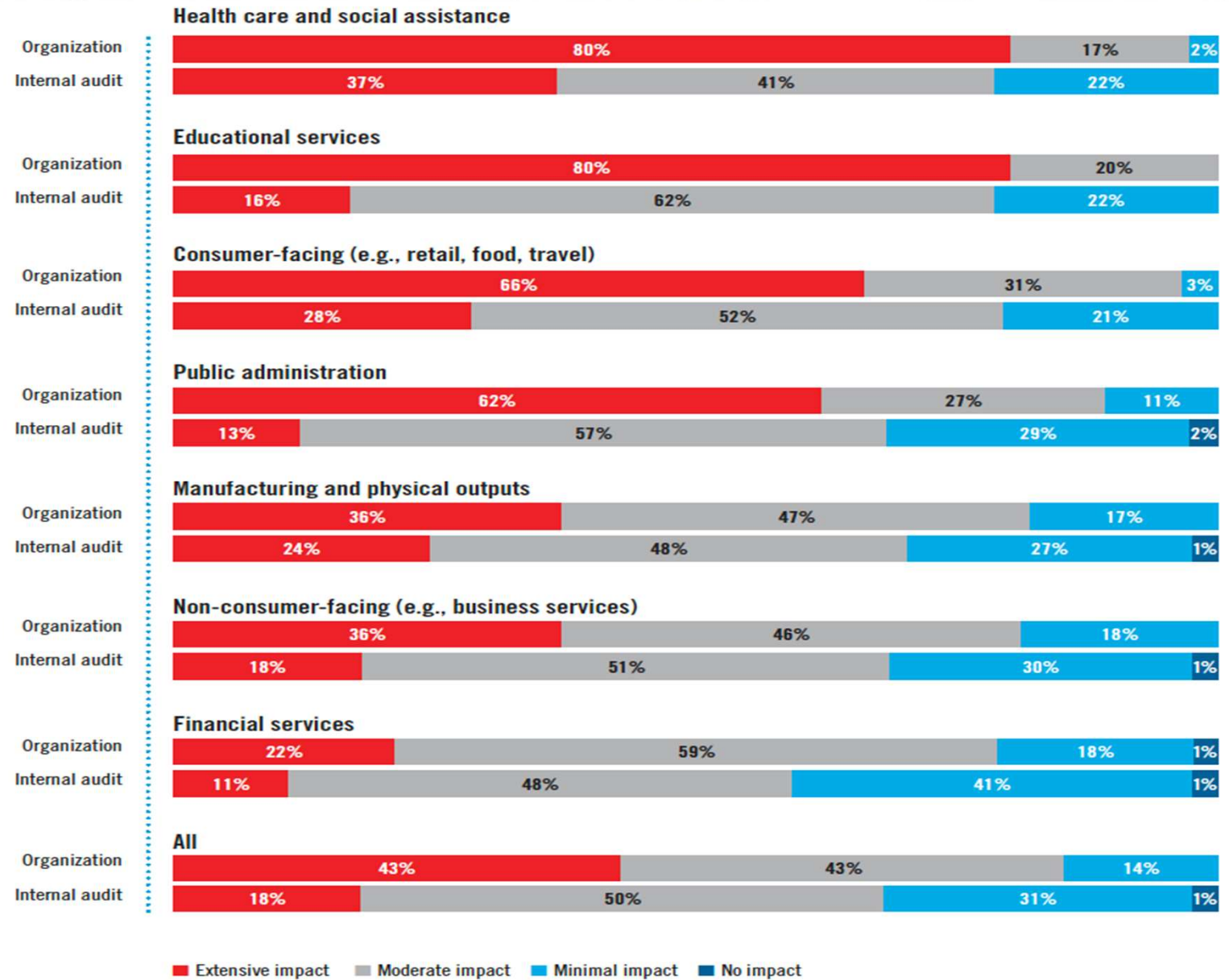


***“We are all in the same storm, but not on the same boat.”***

**- The IIA’s 2021 North American Pulse of Internal Audit: “Many Sides of Crisis”**

# COVID-19 Organizational Impact vs. Internal Audit Impact (With Industry Group Breakouts)

SOURCE: **The IIA's 2021  
North American Pulse  
of Internal Audit:  
"Many Sides of  
Crisis"**



## QUESTIONS ASKED



How were internal audit budget and staffing impacted by the global pandemic?

How did practitioners adjust risk assessments and audit plans as a result of the pandemic's impacts?

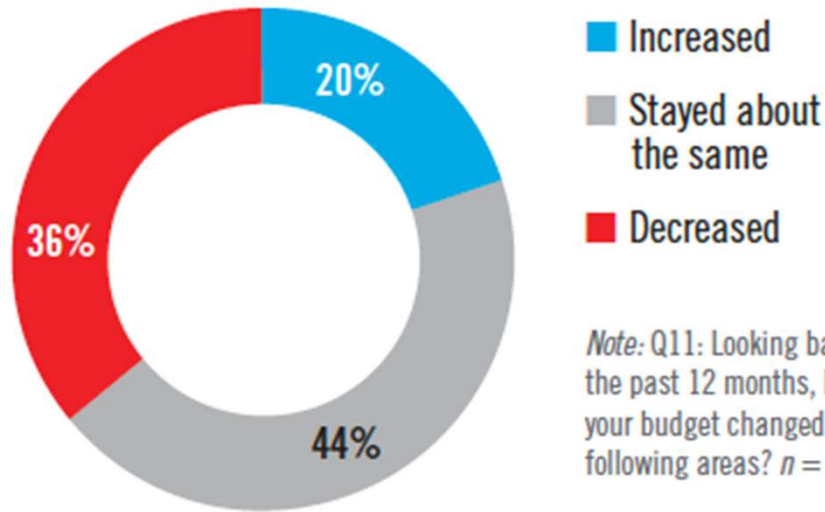


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## SURVEY METRICS

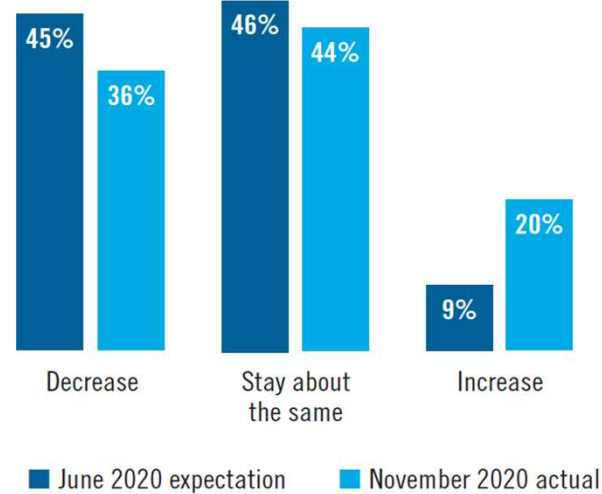
- INTERNAL AUDIT BUDGET
- INTERNAL AUDIT STAFFING
- RISK ASSESSMENT TRENDS
- AUDIT PLAN ALLOCATION TRENDS

## Overall Internal Audit Budget Change

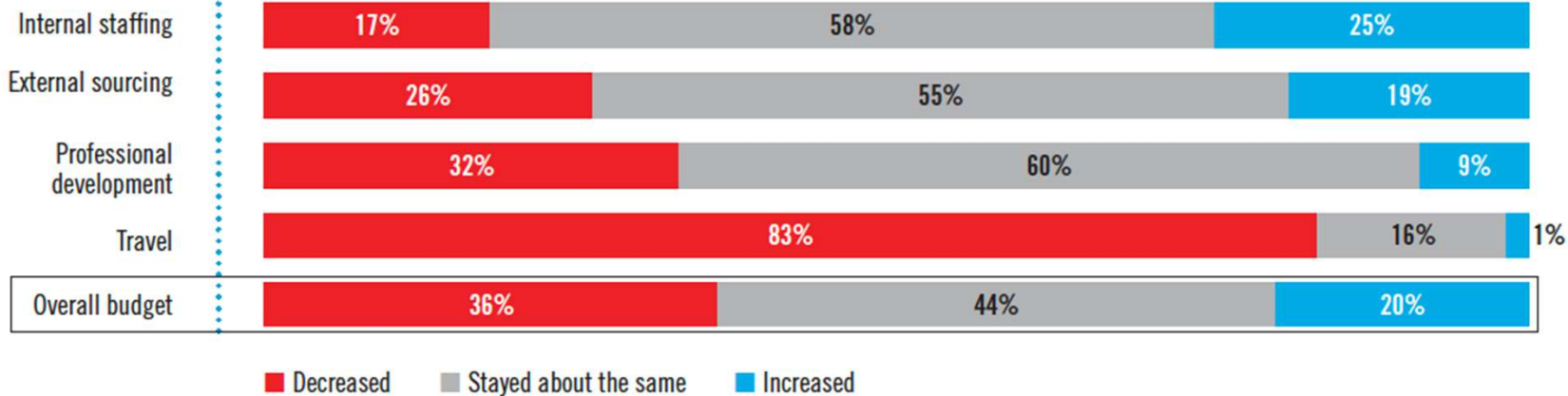


Note: Q11: Looking back over the past 12 months, how has your budget changed in the following areas? n = 581.

## Overall Internal Audit Budget



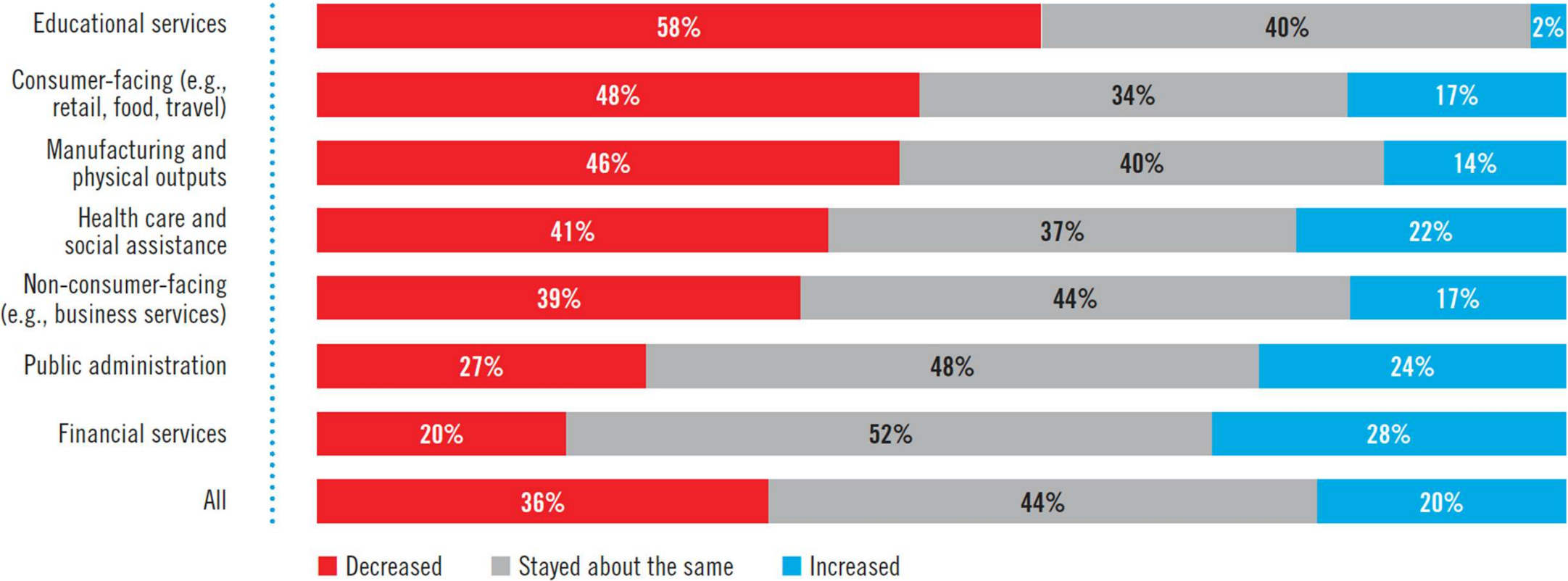
Internal Audit Budget Change: Expected vs. Actual



Internal Audit Budget Change: Comparing Budget Areas

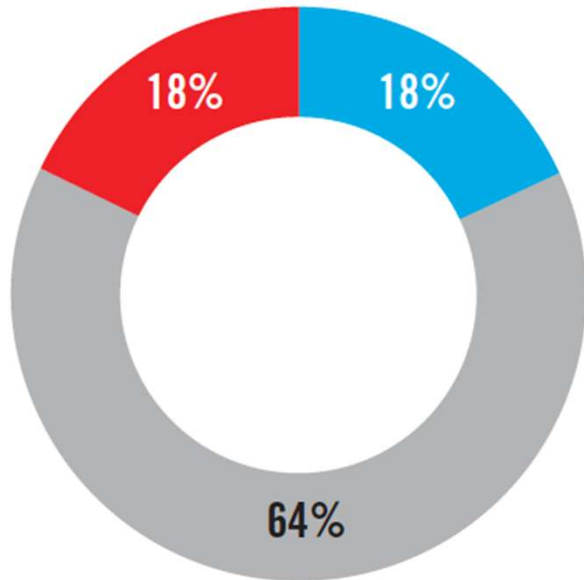
Note: Q11: Looking back over the past 12 months, how has your budget changed in the following areas? Totals may not equal 100% due to rounding. n = 586.

# Overall Internal Audit Budget Change - Past 12 Months (Compared to Organization Type)



*Note: Q11: Looking back over the past 12 months, how has your budget changed in the following areas? Totals may not equal 100% due to rounding. n = 585.*

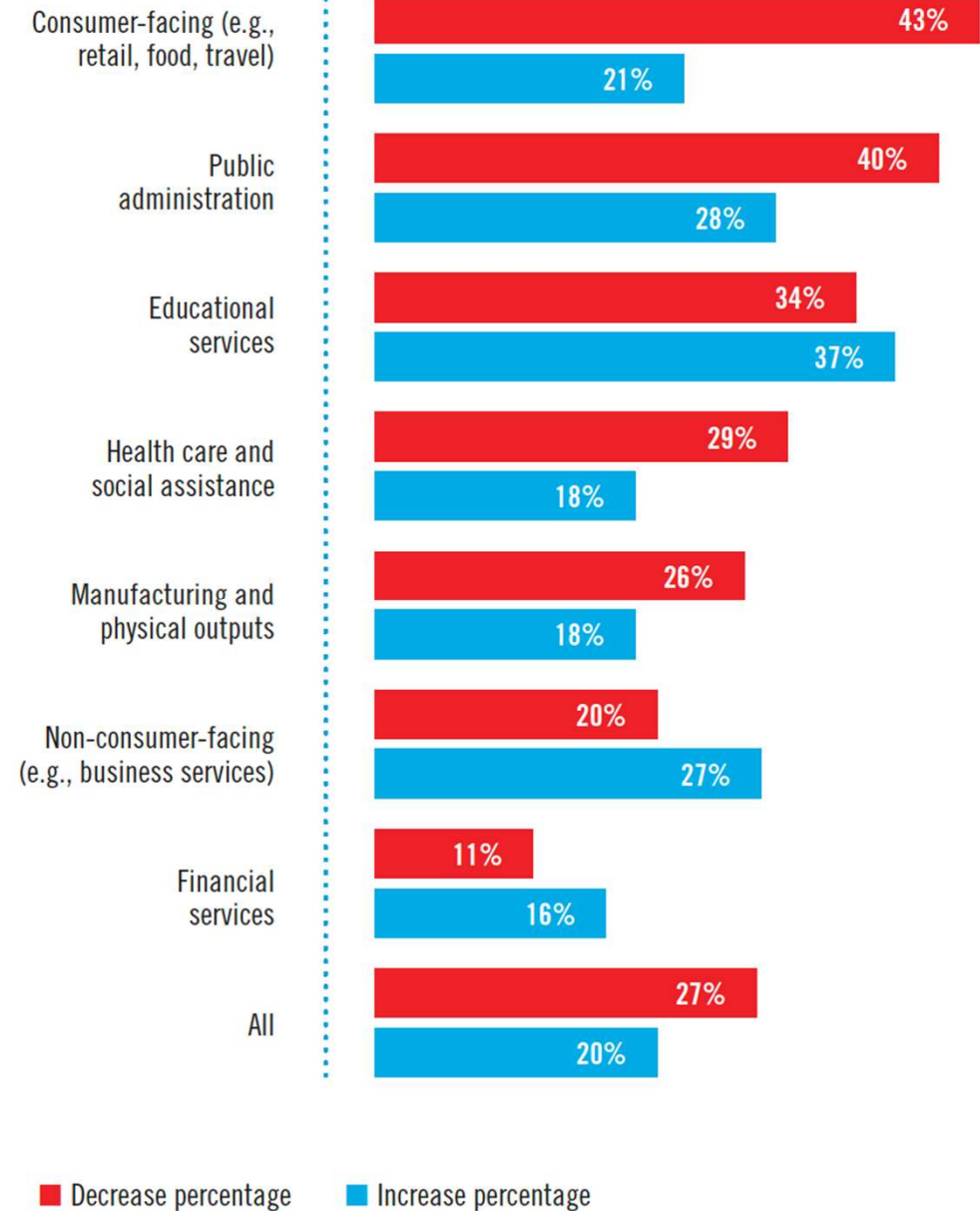
## Internal Audit Staff Change - Past 12 Months



- Increased
- Stayed about the same
- Decreased

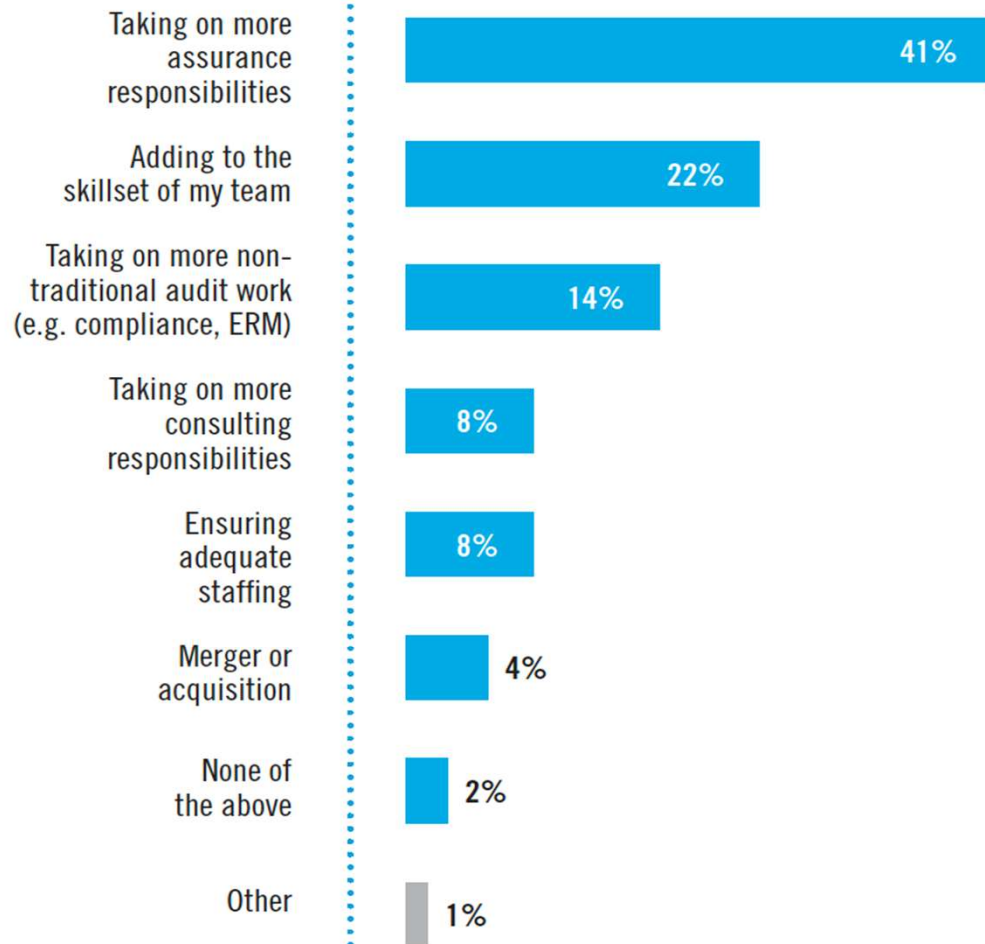
*Note:* Q6: Looking back over the past 12 months, the number of in-house and/or sourced staff within your internal audit function has increased, decreased, stayed about the same. *n* = 585.

SOURCE: The IIA's 2021 North American Pulse of Internal Audit: "Many Sides of Crisis"

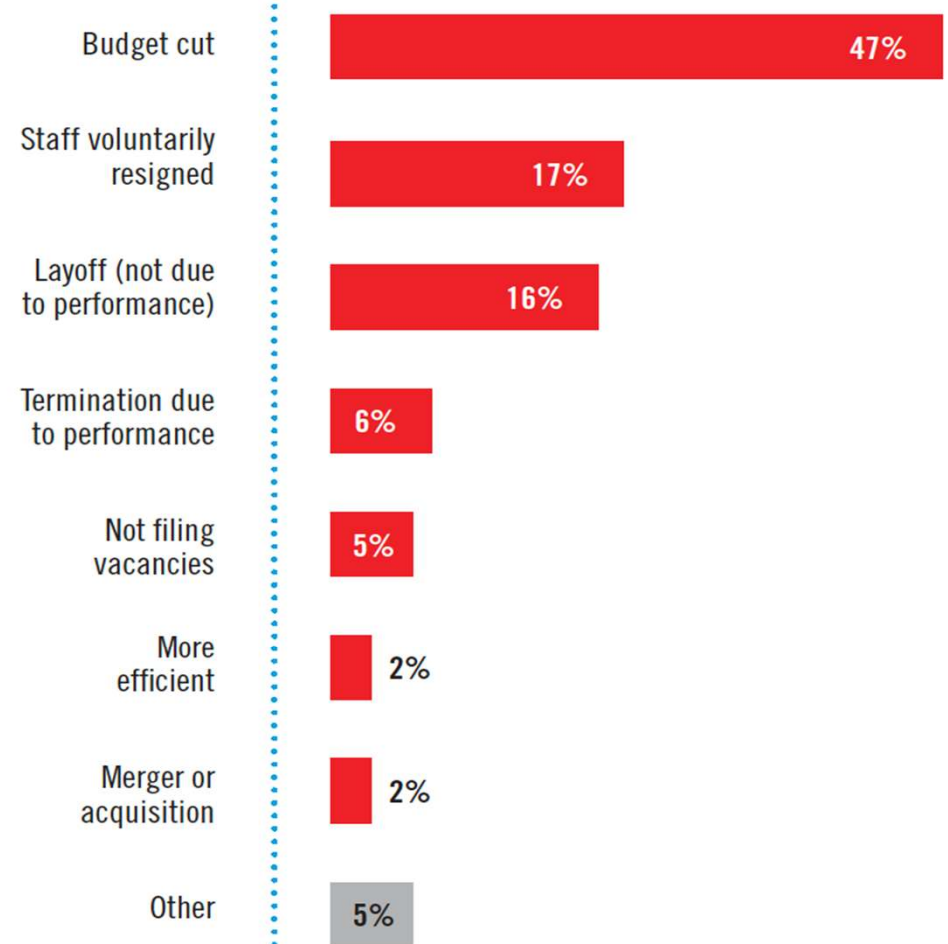




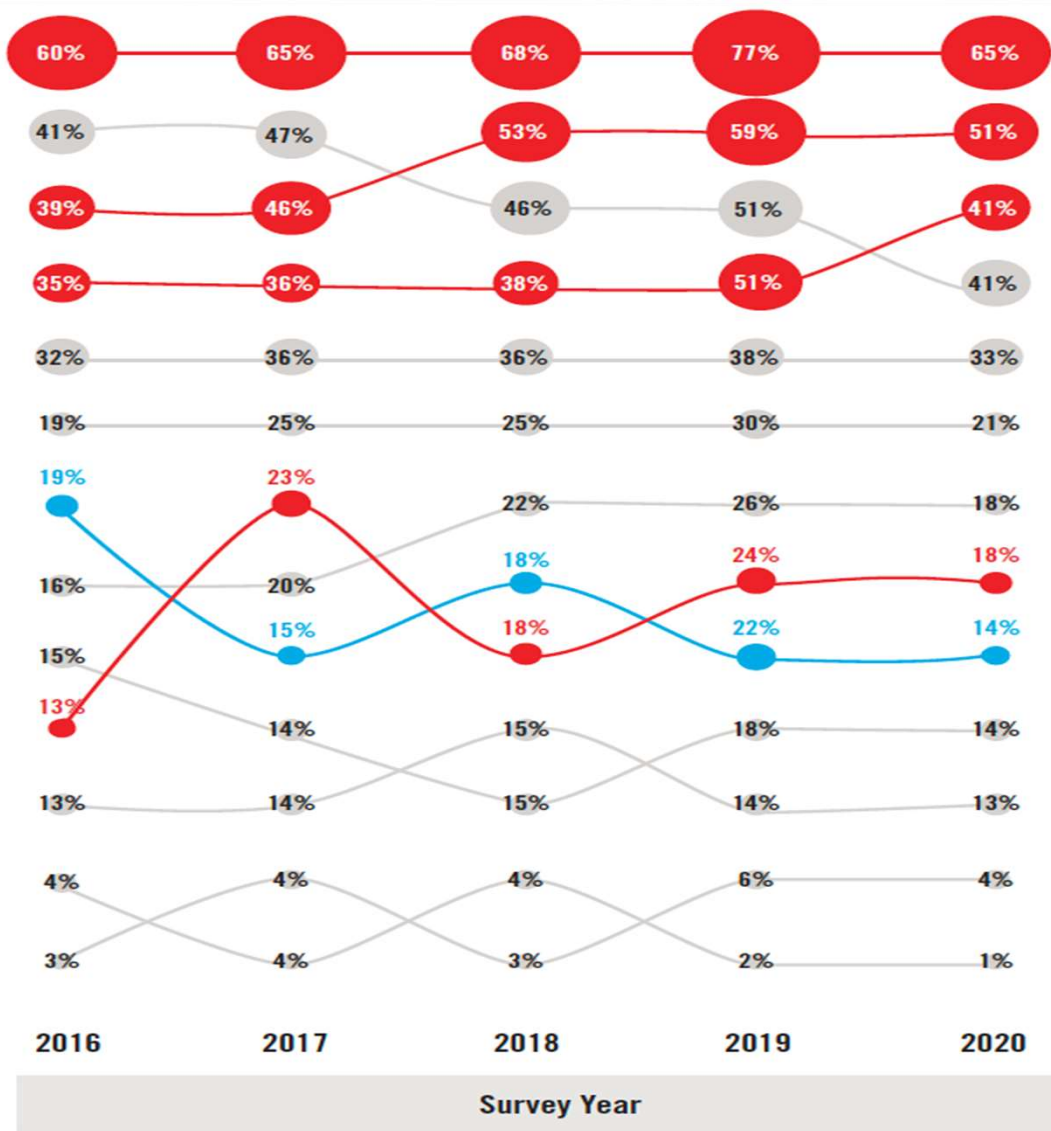
## Reasons for Increasing Internal Audit Staff



## Reasons for Decreasing Internal Audit Staff



SOURCE: **The IIA's 2021 North American Pulse of Internal Audit: "Many Sides of Crisis"**

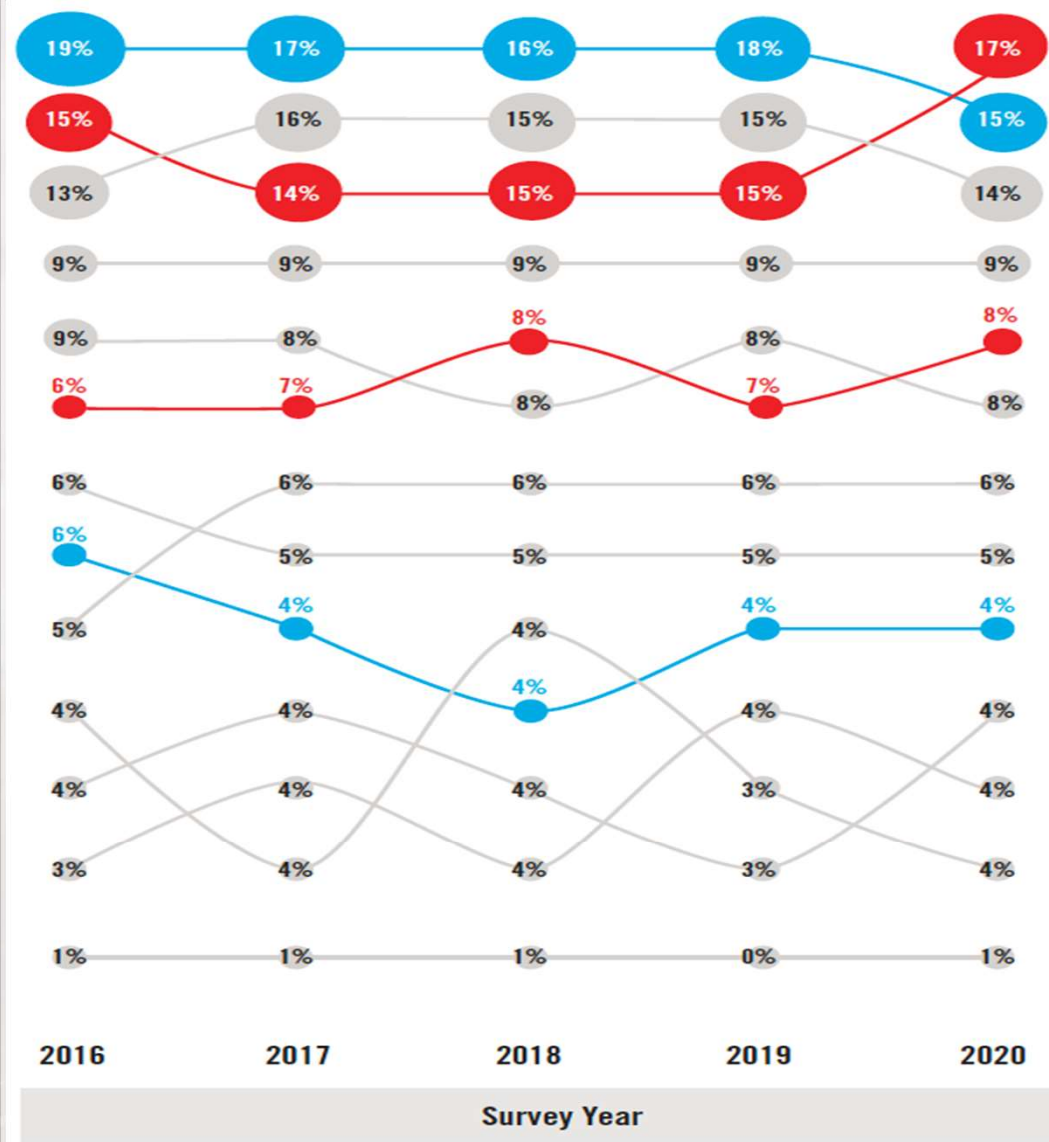


- Cybersecurity
- IT (not covered in other choices)
- Third-party relationships
- Compliance/regulatory (excluding ICFR)
- Operational
- ERM and related processes
- Governance and culture
- Cost/expense reduction
- Fraud
- Financial reporting (including ICFR)
- Financial (excluding ICFR)
- Sustainability/ non-financial reporting
- Support for external audit

# Risk Assessment Trend

## All Areas Assessed as High/Very High Risk - All Respondents

SOURCE: The IIA's 2021 North American Pulse of Internal Audit: "Many Sides of Crisis"

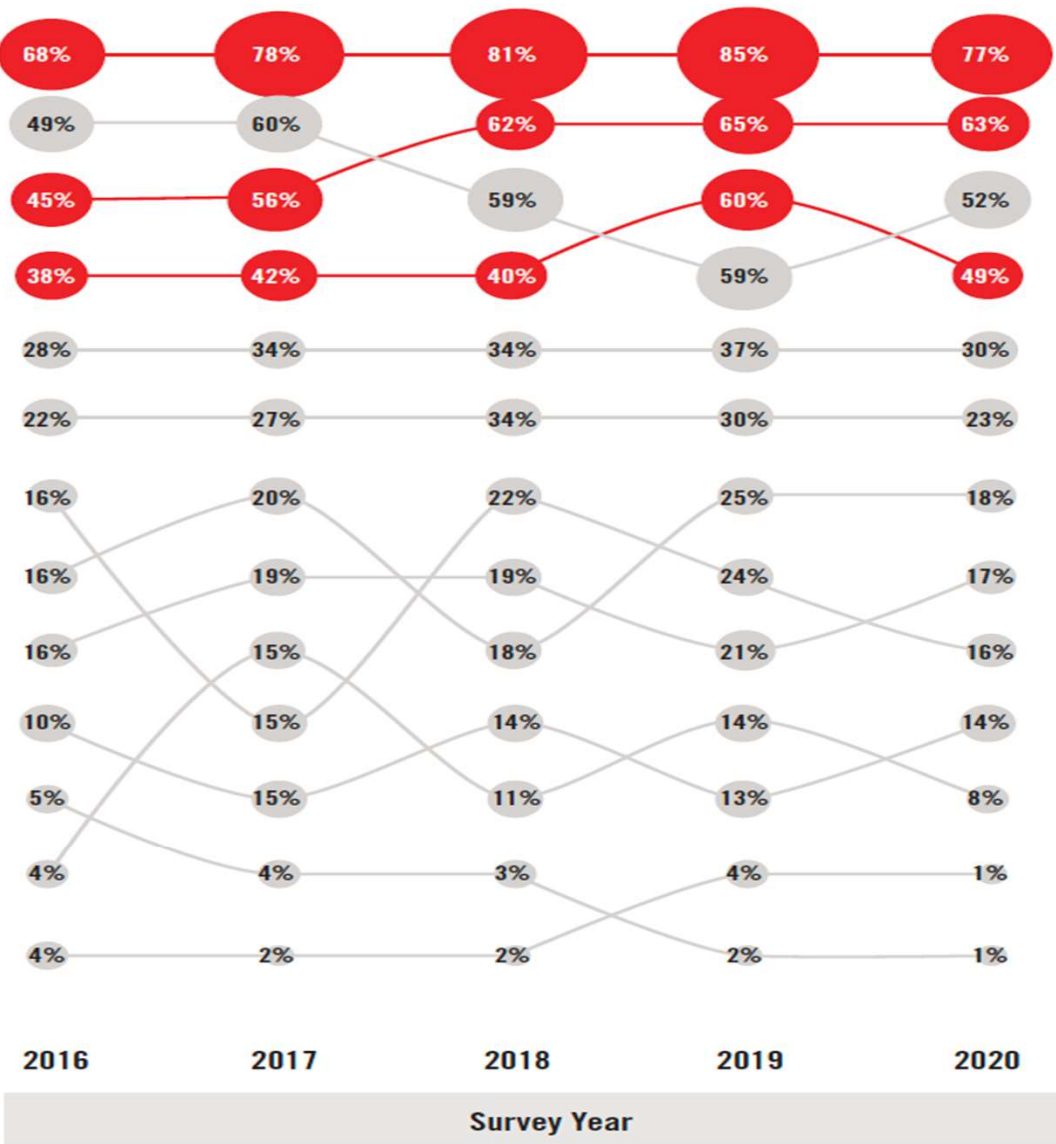


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# Audit Plan Allocation Trend

## Average Allocation Per Risk Area – All Respondents

SOURCE: The IIA's 2021 North American Pulse of Internal Audit: "Many Sides of Crisis"



■ Increased 5+ percentage points since 2016  
■ Decreased 5+ percentage points since 2016

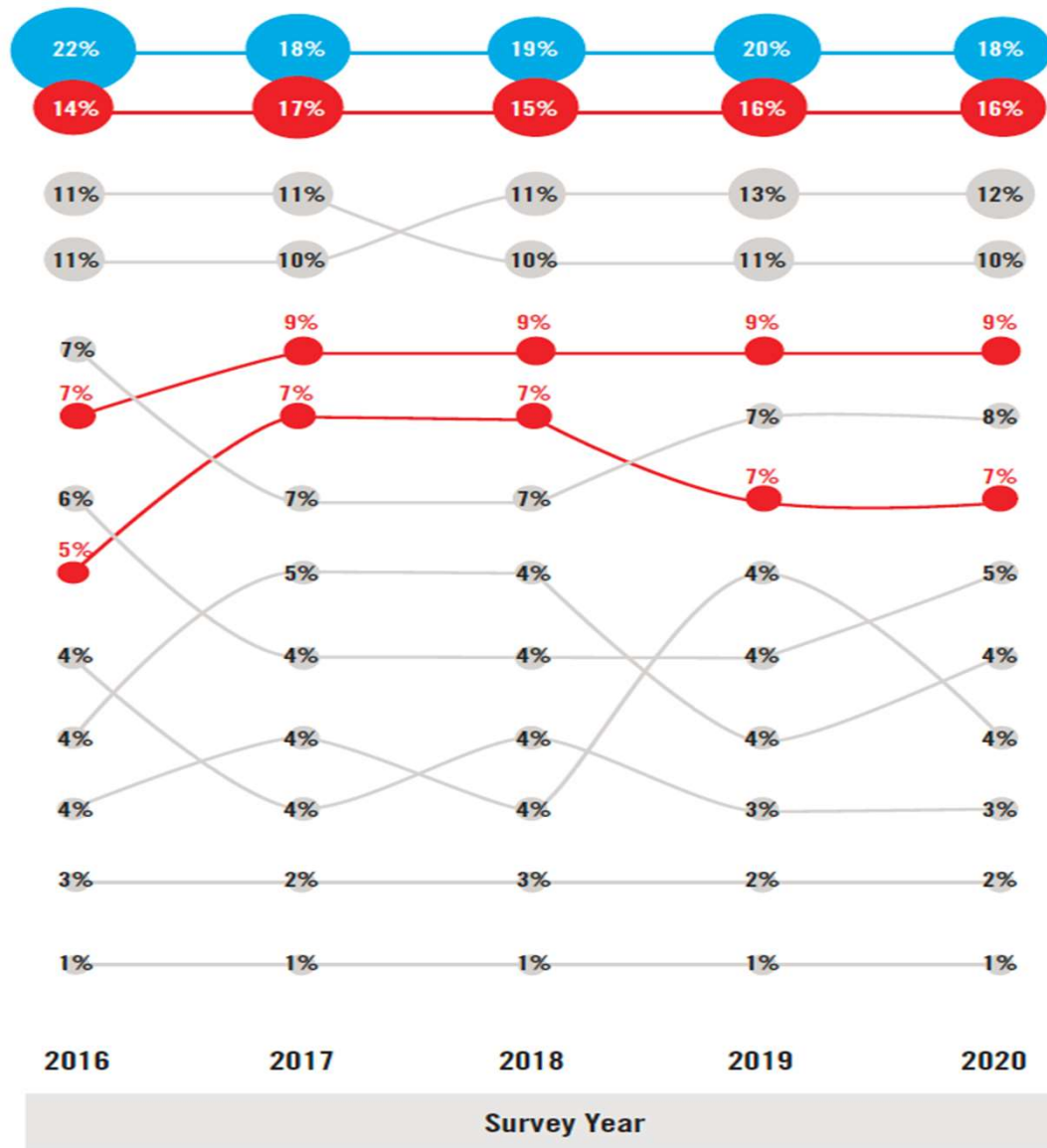
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## Risk Assessment Trend

### All Areas Assessed as High/Very High Risk - Financial Services

- ### Primary Sub-industries
- Banking (46%)
  - Insurance (28%)
  - Credit union (13%)
  - Asset management (8%)
  - Other investment (4%)

SOURCE: The IIA's 2021 North American Pulse of Internal Audit: "Many Sides of Crisis"



■ Increased 2+ percentage points since 2016  
■ Decreased 2+ percentage points since 2016

- Operational
- Compliance/regulatory (excluding ICFR)
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## Audit Plan Allocation Trend

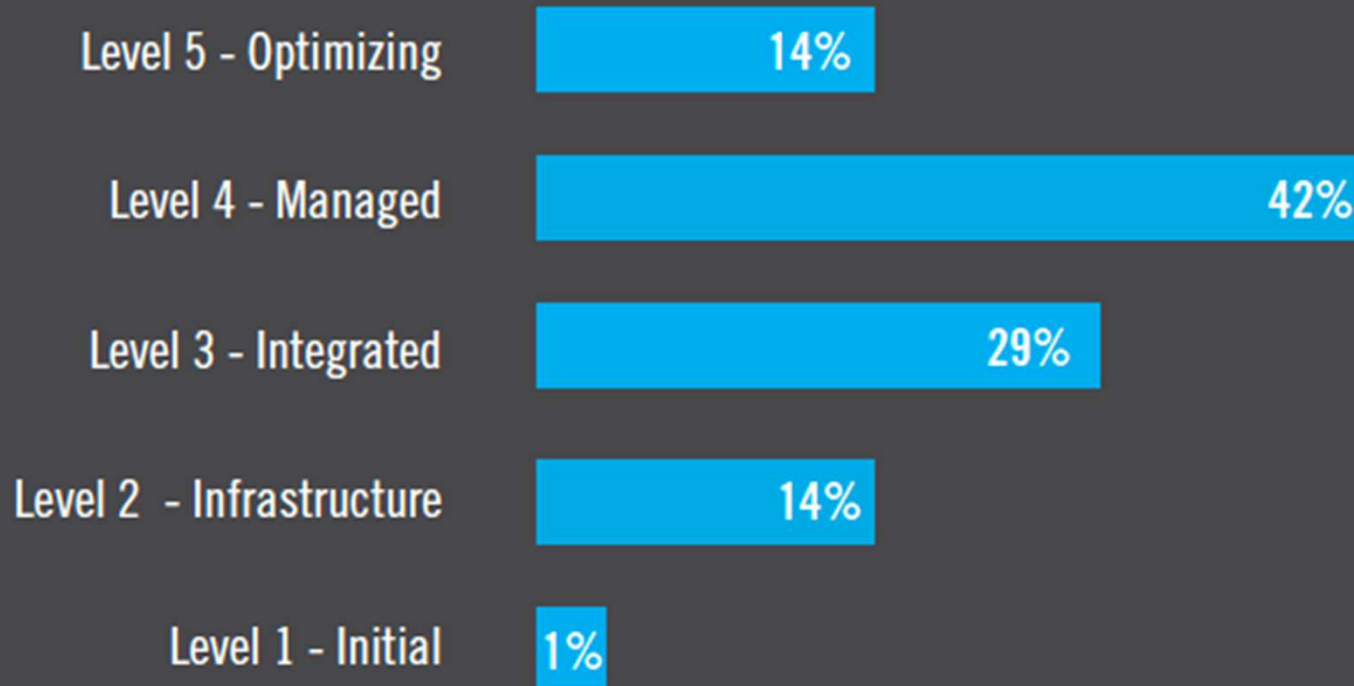
### Average Allocation Per Risk Area – Financial Services

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SOURCE: The IIA's 2021 North American Pulse of Internal Audit: "Many Sides of Crisis"

## WHICH OF THE FOLLOWING BEST DESCRIBES THE MATURITY OF YOUR ORGANIZATION'S INTERNAL AUDIT FUNCTION?

### Internal Audit Maturity



### Internal Audit Ambition Model

#### Level 5 – Optimizing

Optimizing value with continuous improvement for both internal audit and the organization.

#### Level 4 – Managed

Well-managed, with a visible role in the organization and a long-term vision and plan.

#### Level 3 – Integrated

Integrated into the organization and conforming to IIA *Standards*.

#### Level 2 – Infrastructure

Developing administrative infrastructure, along with policies, processes, and procedures.

#### Level 1 – Initial

Functioning at an initial stage of development, with ad hoc or unstructured activity.

SOURCE: The IIA's 2021 North American Pulse of Internal Audit: "Many Sides of Crisis"

Source: The Internal Audit Ambition Model, developed by IIA-Netherlands and LKO/NBA. Available at <https://www.iaa.nl/kwaliteit/ambition-model#introduction>

A person is sitting at a desk, typing on a laptop. The laptop screen displays a document with text and a logo that includes the letters 'GG'. The person is wearing a blue and white checkered shirt. In the foreground, there is a blue coffee cup. In the background, a white dog is visible, and there is a potted plant. The scene is set in a bright, indoor environment, possibly a cafe or office.

*OUR STORIES, OUR VERSIONS*

# COVID-19 (8/31/21)

 **Philippines**

**RANK NO. 20**

Coronavirus Cases:

**1,976,202**

**22,366 NEW DAILY CASES**

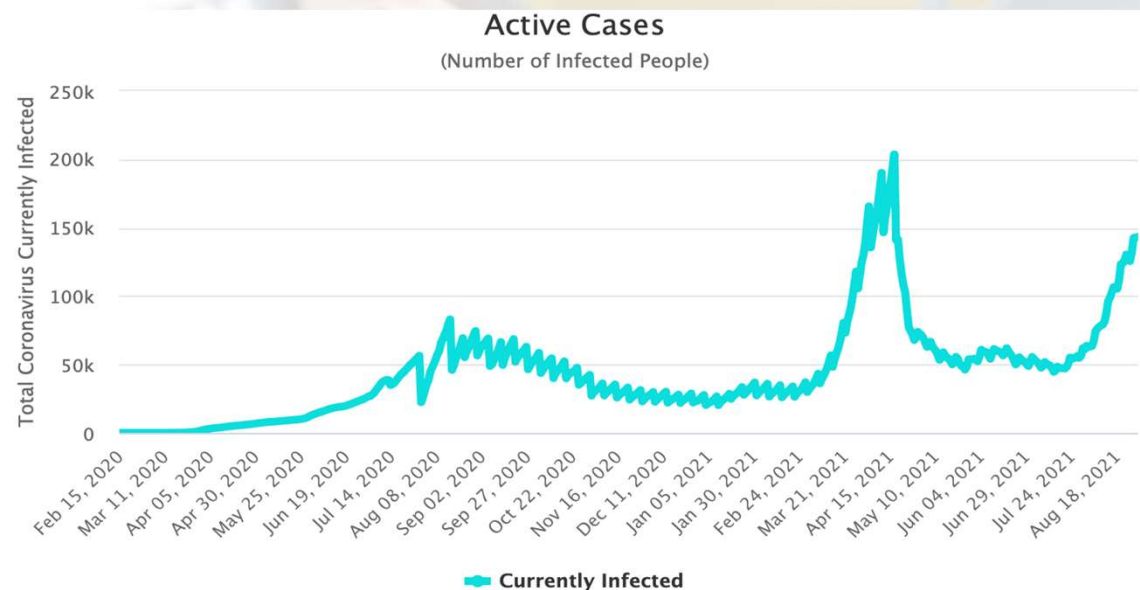
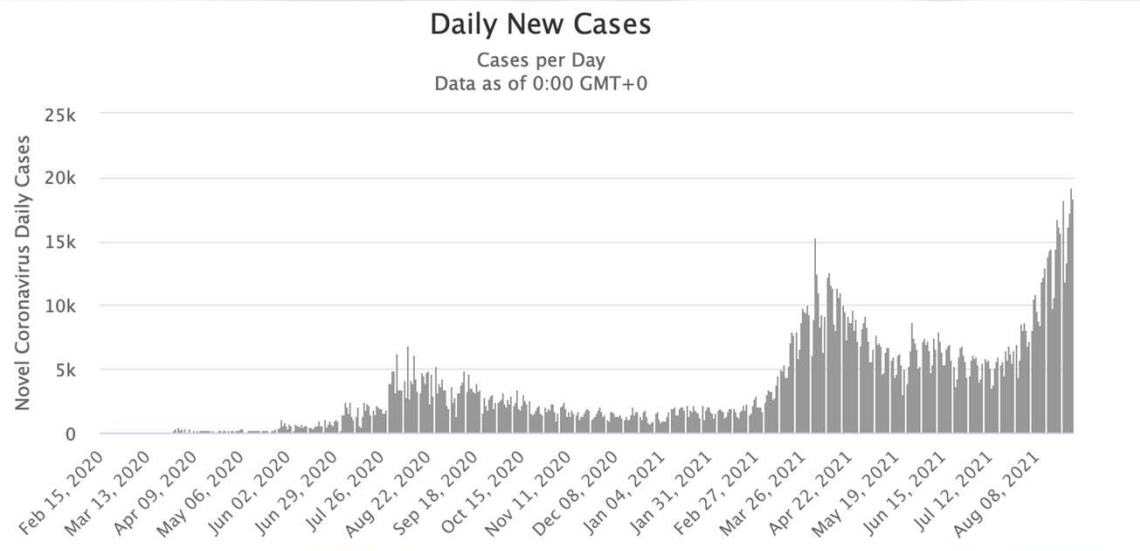
Deaths:

**33,330**

Recovered:

**1,794,278**

SOURCE:  
<https://www.worldometers.info/coronavirus/#countries>





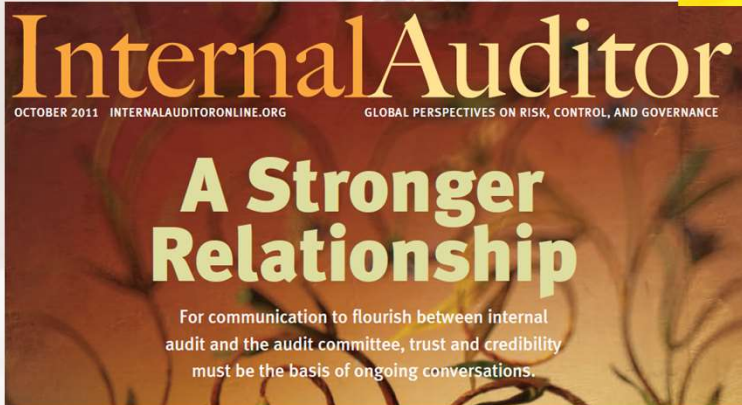
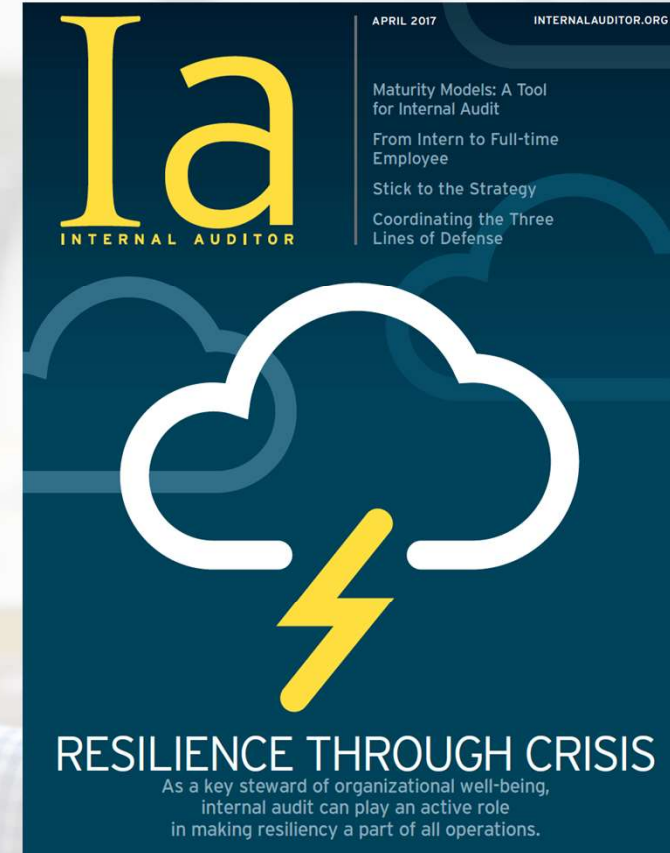
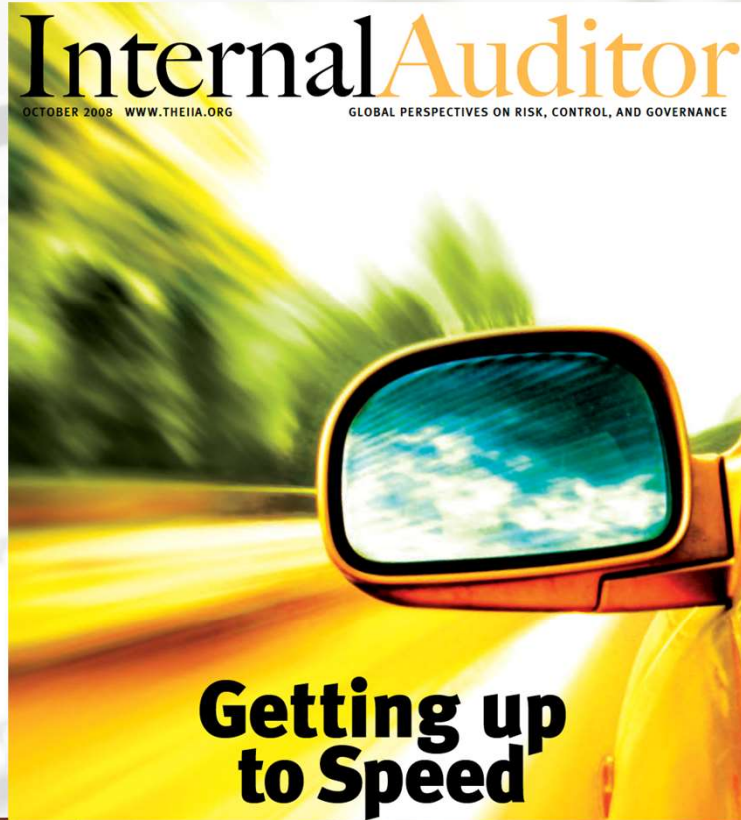
# FOUR QUESTIONS FOR REFLECTIONS

*ARE YOU AGILE?*

*ARE YOU RESILIENT?*

*ARE YOU CONNECTED?*

*ARE YOU STILL RELEVANT?*





# Ia

INTERNAL AUDITOR

JUNE 2020

A PUBLICATION OF THE IIA

Questions the Audit Committee Should Ask  
Protecting Privacy in a Volatile World  
IIA's New N.A. Board Chair on Building Great Teams  
Audit's Value Proposition: 2.0

## ROAD TO RECOVERY

In the age of COVID-19, internal auditors can help organizations navigate immediate risks, while keeping an eye on the horizon.

# Ia

INTERNAL AUDITOR

APRIL 2021

A PUBLICATION OF THE IIA

Opportunities for Disruption  
The Demand for Data Governance  
Optimizing Auditors' Use of Technology  
New IIA President and CEO Takes the Helm

## DIGITAL ACCELERATION

As data continues to grow at exponential rates, organizations are challenged with how to assess, use, and govern it.

# Ia

INTERNAL AUDITOR

AUGUST 2020

A PUBLICATION OF THE IIA

Artificial Intelligence Can Revolutionize Internal Auditing  
Can We Trust in Our Technologies?  
The IIA's New Global Board Chair Reimagines Resilience  
The Magic in the Mission



*“Without the dark,  
We’d never see the  
**STARS.**”*

- *Stephenie Meyer*

***“The worst will soon be over***

***and,***



***The Best is yet to come!”***