

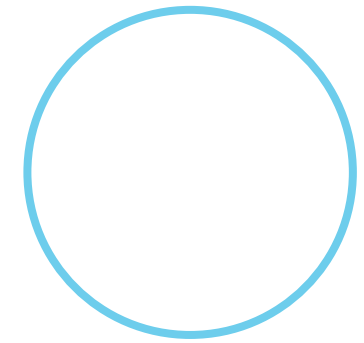
AUDIT HORIZONS



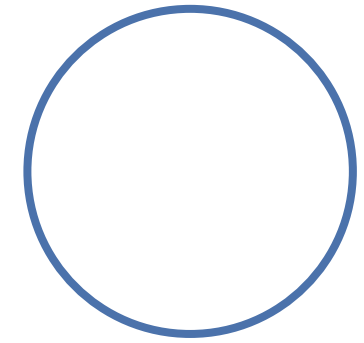
Crisis Management

The Internal Audit Challenge in
Assessing Your Organizations
Crisis Resiliency

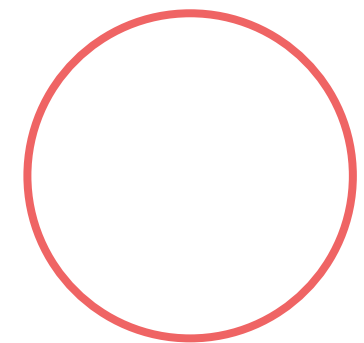




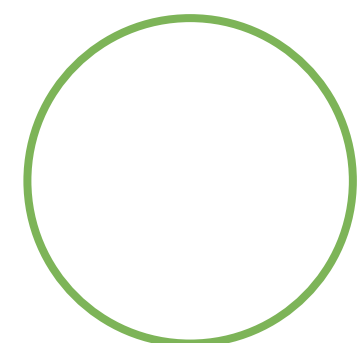
Crisis in History



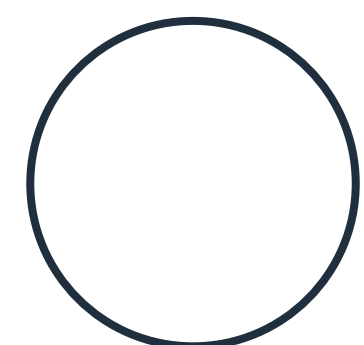
Inherent in the Business



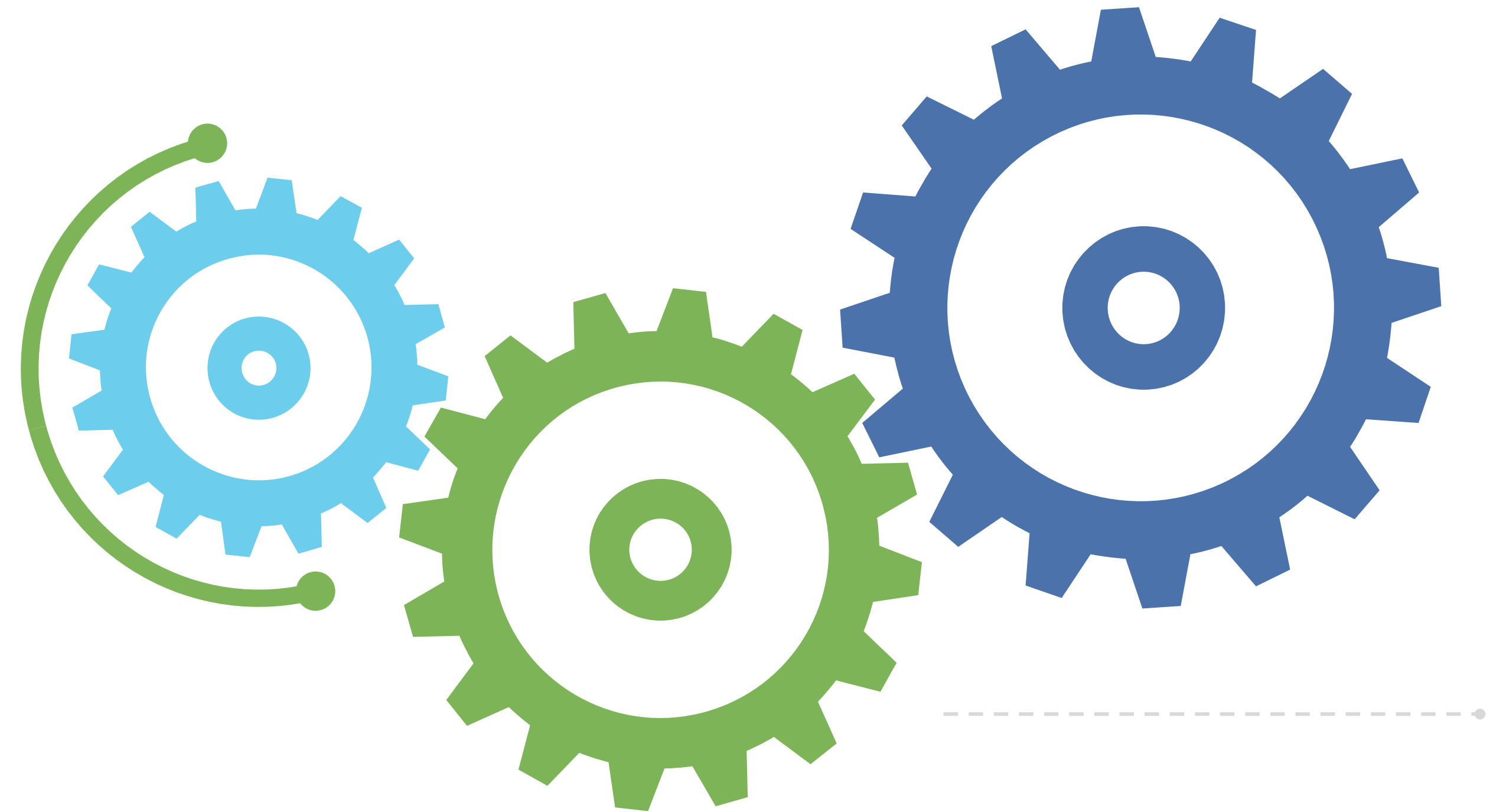
Invisible Function



Internal Audit Evolution



Crisis Management & BCM



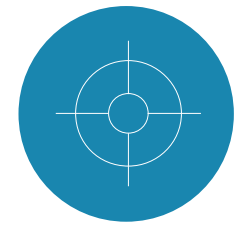
*“Only when the tide goes out do you discover who’s
been swimming naked”*

Warren Buffett

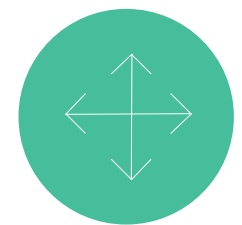




Familiar Situation



Time is of essence



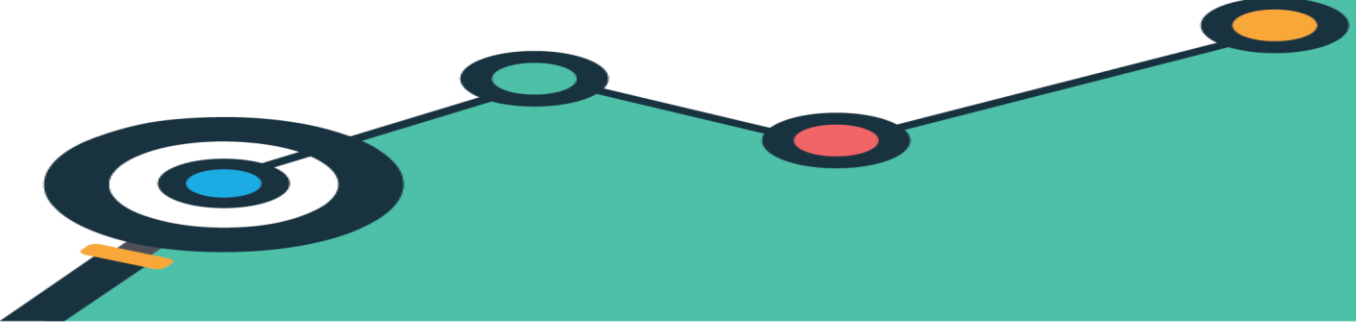
The Decision Maker



Are we trained for this?



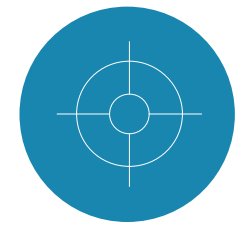
*“we will always need to have the right people in the room who can make these decisions ,
under pressure and in a short period of time, to the best of their capabilities.”*



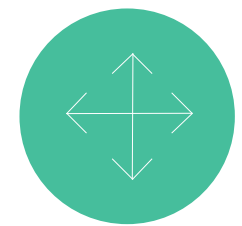
Preparedness & Readiness



Scenario Limitation



Mixed Scenarios



Preparedness



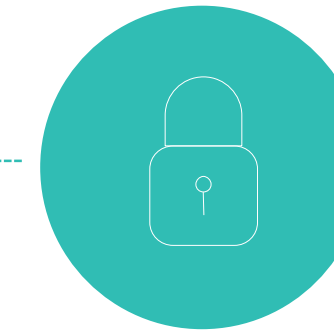
Readiness in our DNA



“readiness and preparedness needs to be more on resiliency of the organization to be able to respond to any type of crisis than only to prepared to respond to the obvious scenarios.”

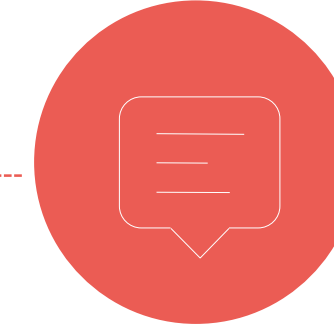
Why Internal Audit ?

Breadth of Skills



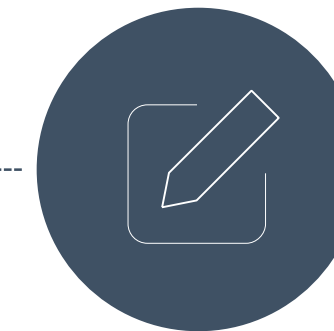
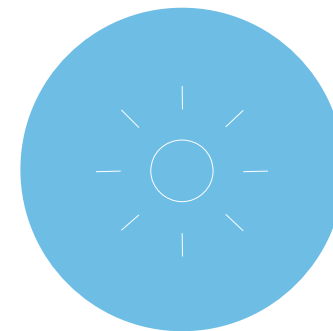
Board of Directors
Interaction

Position in
the Organization



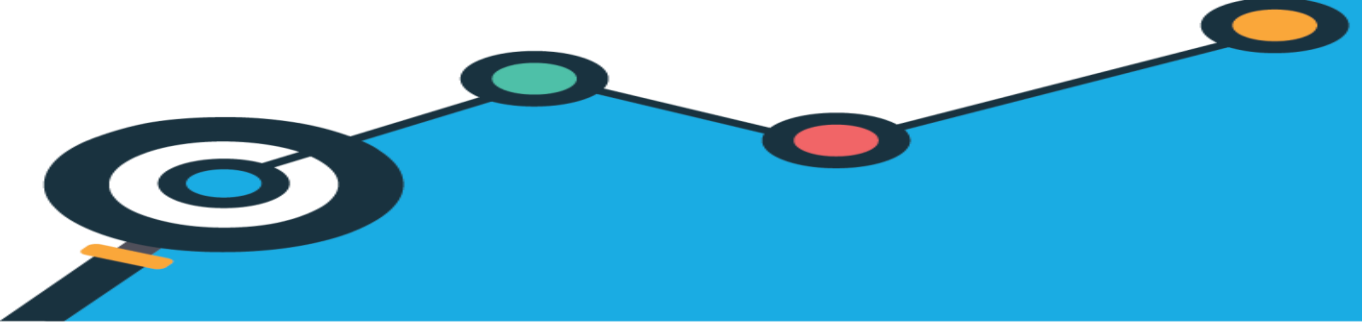
Functional Flexibility

Industry and
Process know-how



Risk Mindset

“Internal Auditors can help their businesses prepare for the inevitable crisis and move the organization from crisis aware to crisis resilient – ready to resist, react to, and recover from major disruptive events.”



Crisis Management Vs. Business Continuity

- ✓ Some equate Crisis Management with Business Continuity Planning.
- ✓ Business continuity plans are typically procedural and designed to recover processes or systems if they fail or are unavailable
- ✓ Crises are broader, more ambiguous, and cover all areas of potential strategic impact risk. They demand a high degree of organization, coordination, and communication.
- ✓ Crisis readiness is about the execution capability of the organization and its leadership in such circumstances, irrespective of whether an appropriate business continuity plan exists or not.

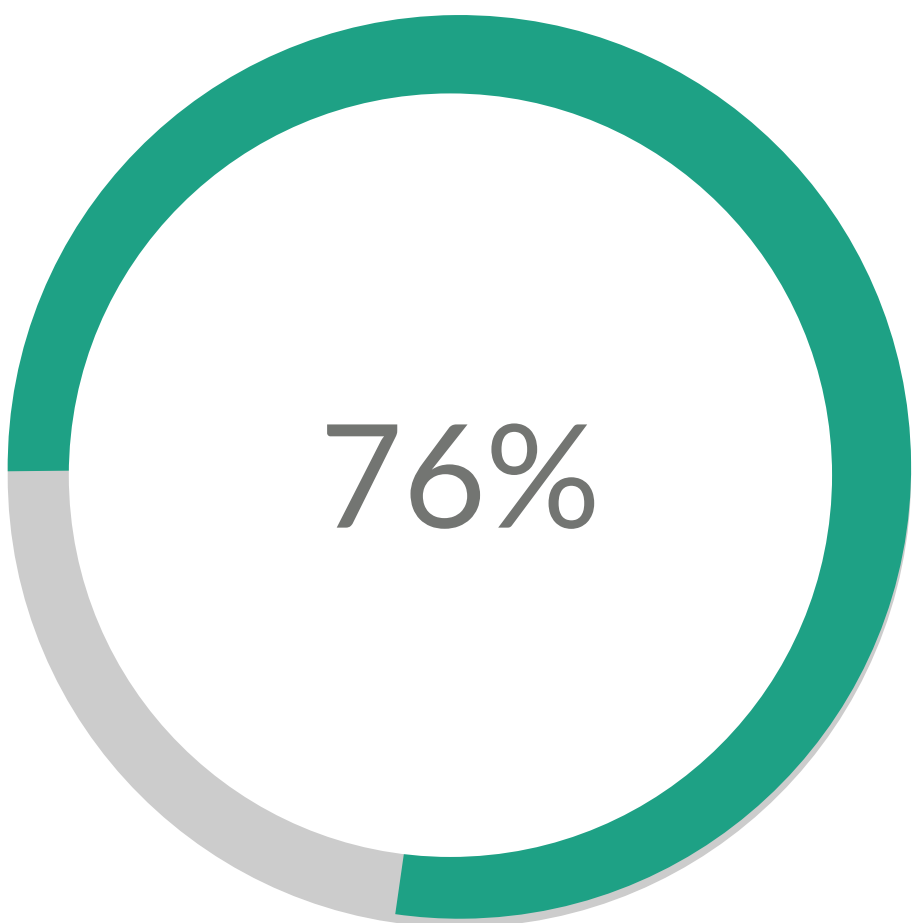


A Crisis of Confidence

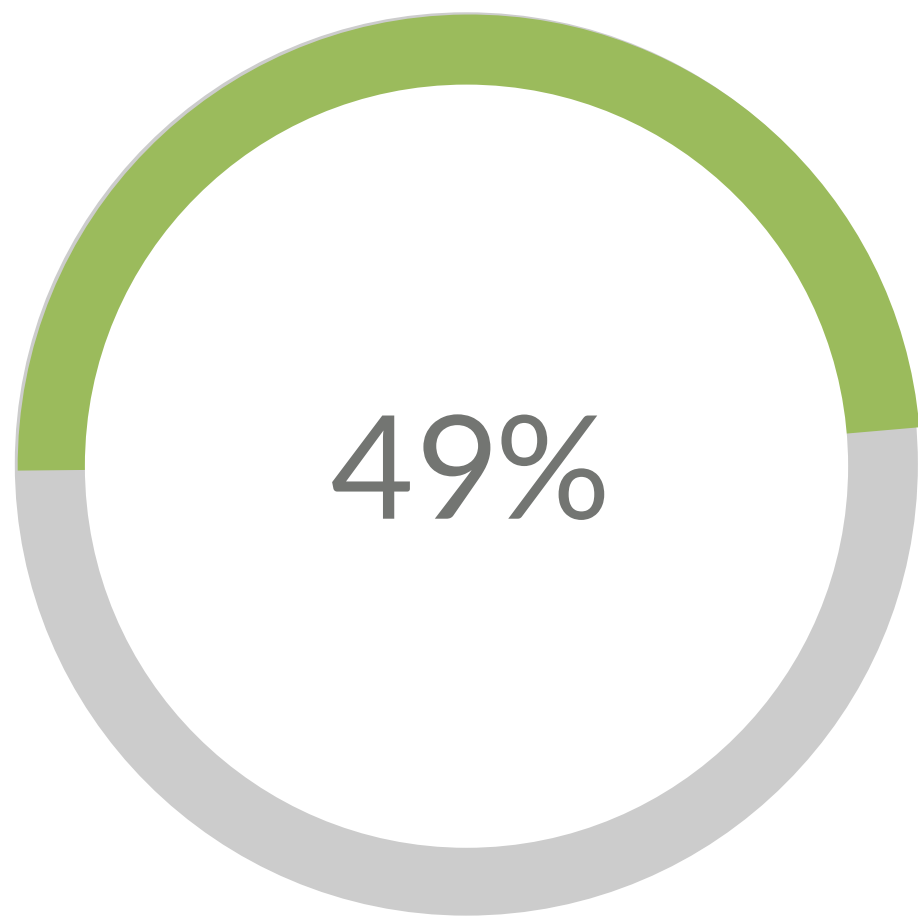
Forbes Insights on behalf of Deloitte , conducted a survey of more than 300 board members



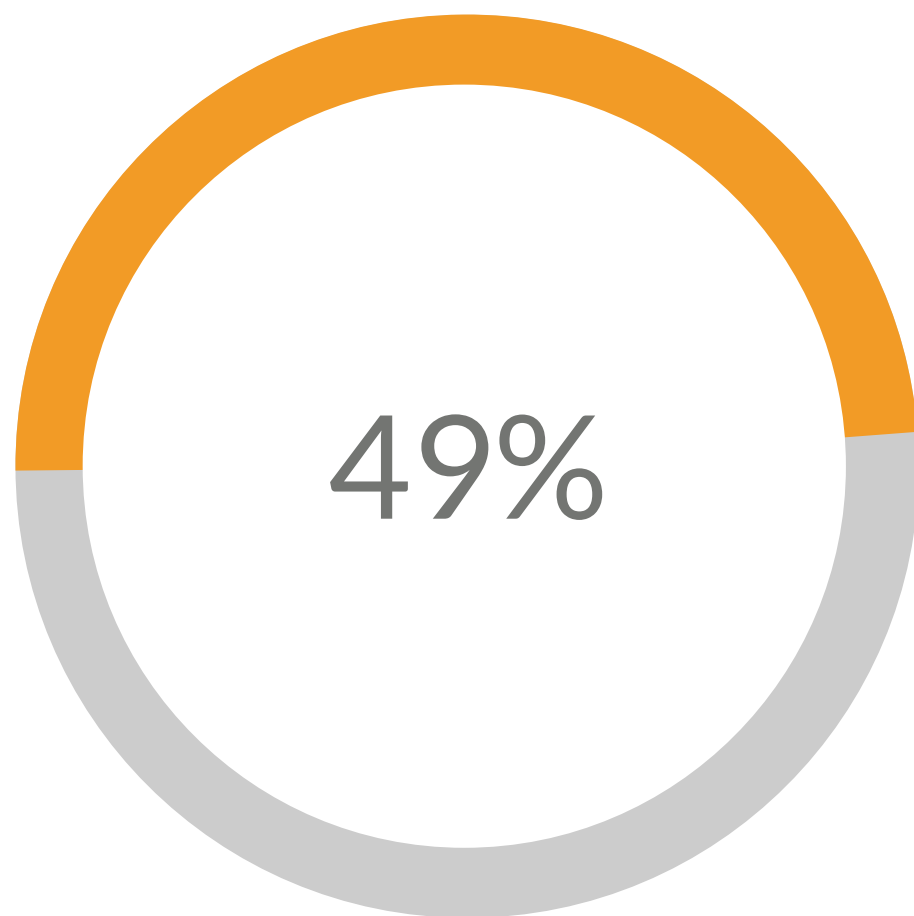
Feeling Ready Vs. Being Ready



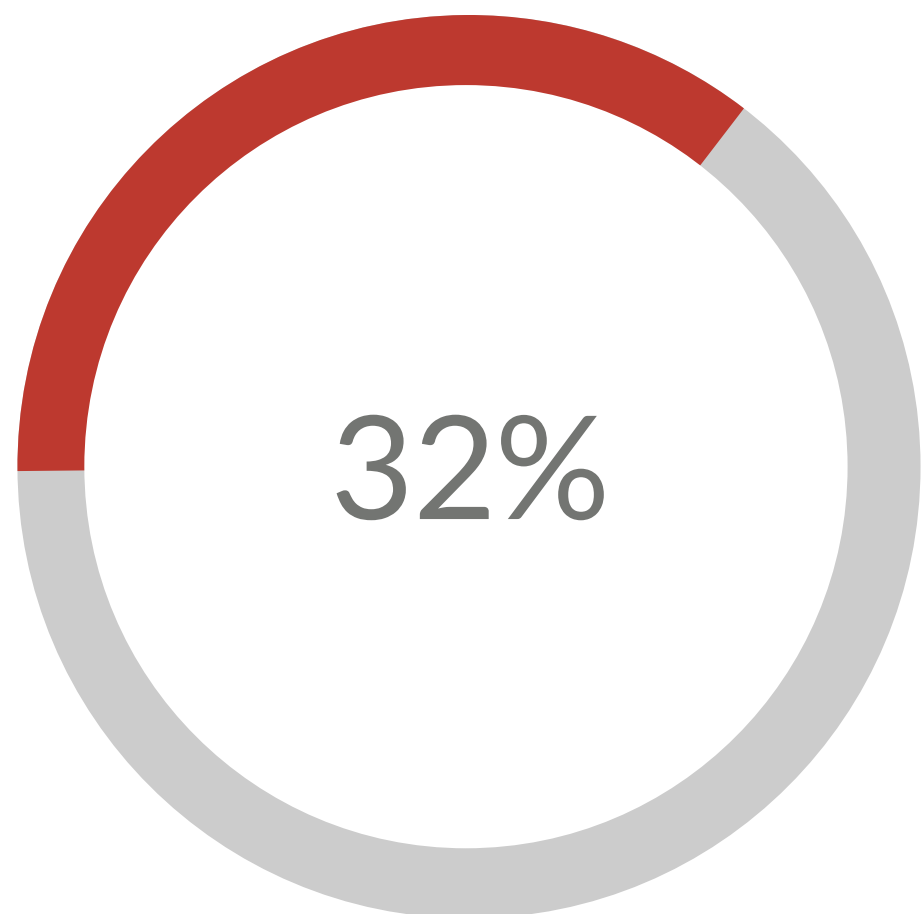
*organization will have
an effective response
to Crisis.*



*engage in monitoring to
detect trouble ahead*

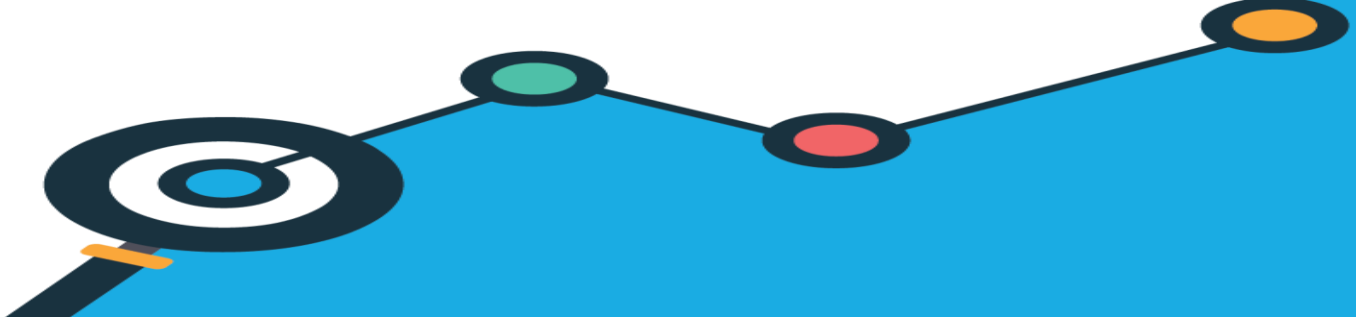


*have playbooks for
likely crisis scenarios*

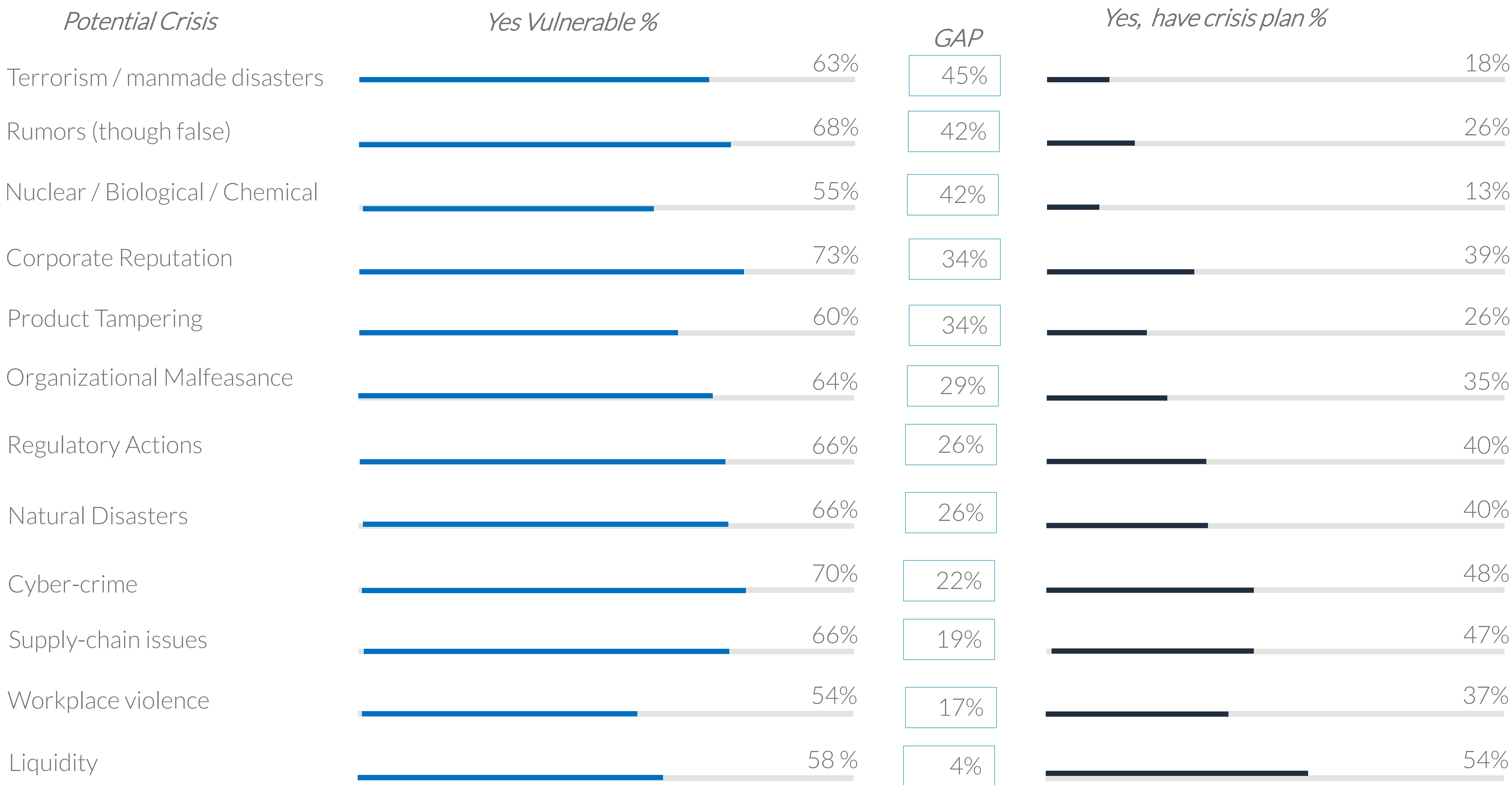


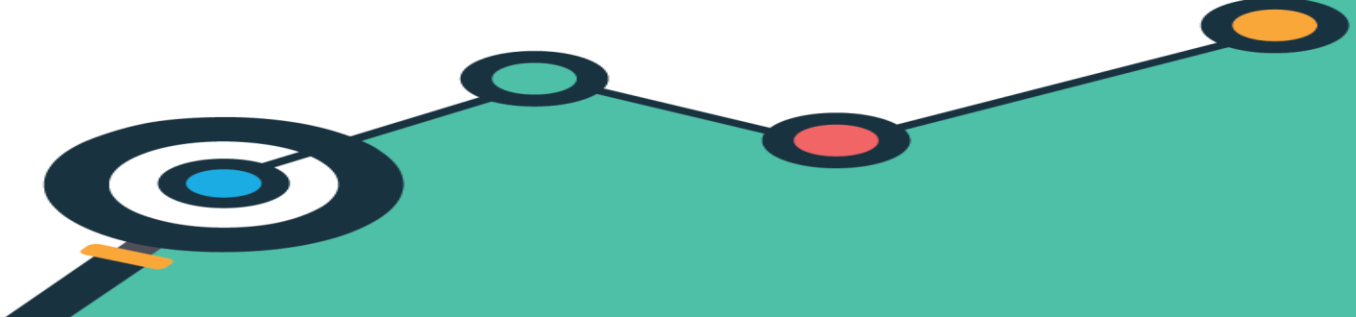
*engage in crisis
simulations or training.*

*“Fewer than half (49 percent) say they have engaged with management to understand what
has been done to support crisis preparedness”*



The Vulnerability Gap





Response Planning

What are the key elements of your response planning?

Key steps are present in fewer than half of the companies

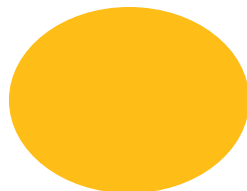

Clear alert & mobilization plans

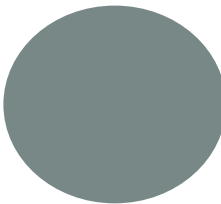

Clearly defined coordination / communication plans


Crisis-specific planning (if 'this' crisis, take 'these' 'actions')



Clearly defined governance / chain of command

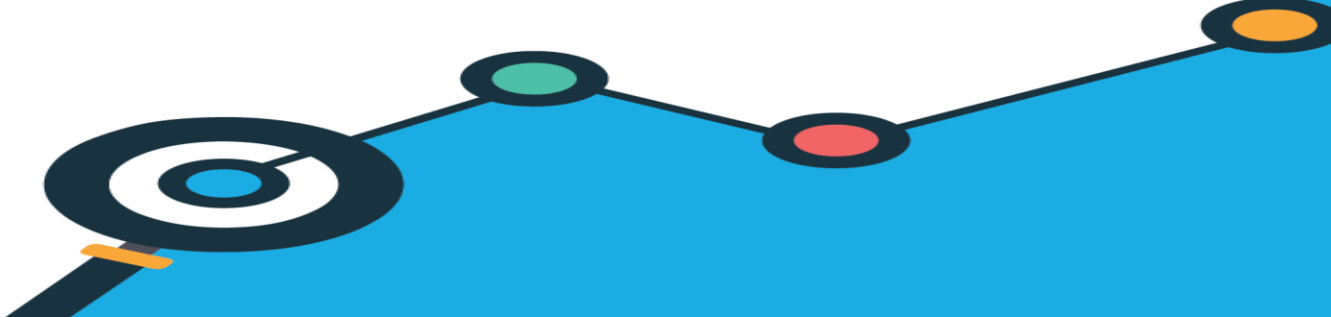

Clear declaration protocols (this is a crisis)


Clearly defined 'freedom of action' (in absence of superior)


Clearly defined roles (who should act in which instances?)

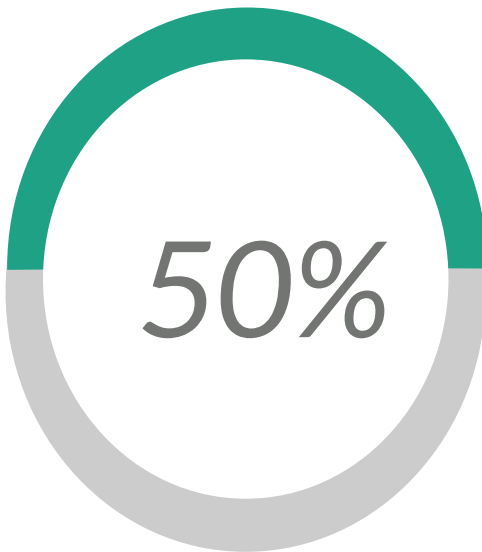

Clearly defined rules of escalation (if this happen, do this..)


Before – the – fact crisis simulation / “war gaming”

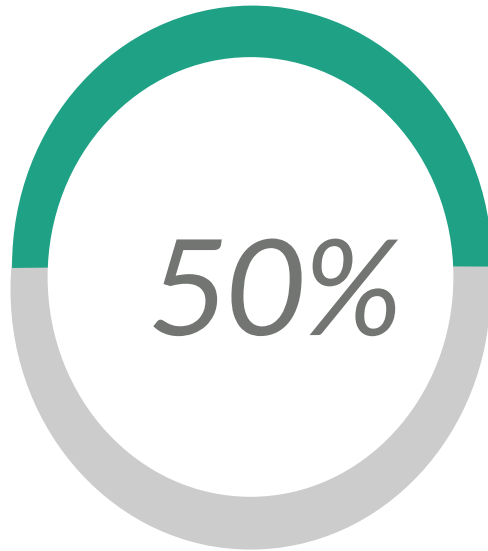


Crisis Preparedness

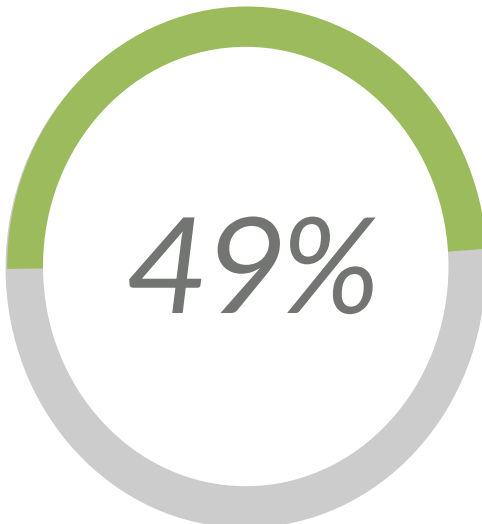
What steps have you taken in crisis preparedness?



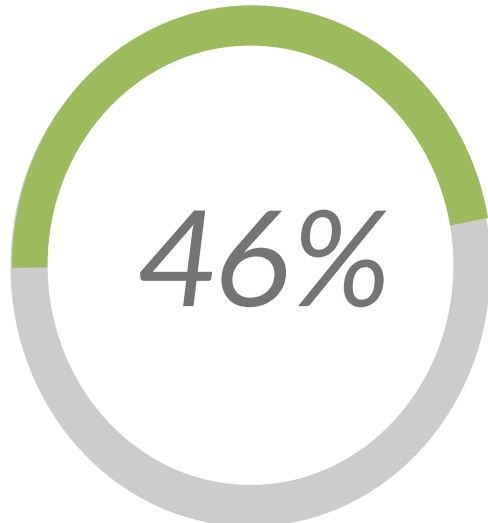
Evaluated key crisis scenarios



SWOT Analysis

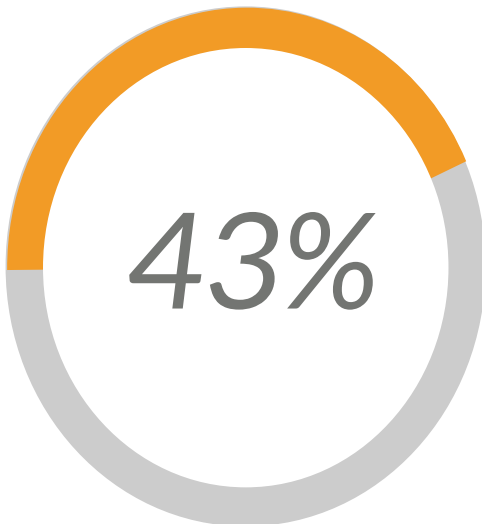


Identified relevant stakeholders

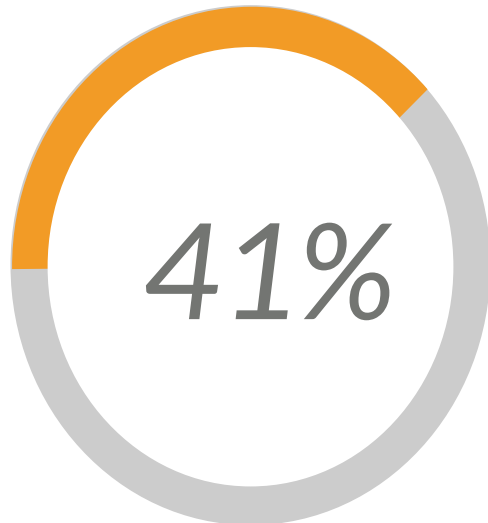


Engaged multifunctional teams

Most go ignored at half of companies or more

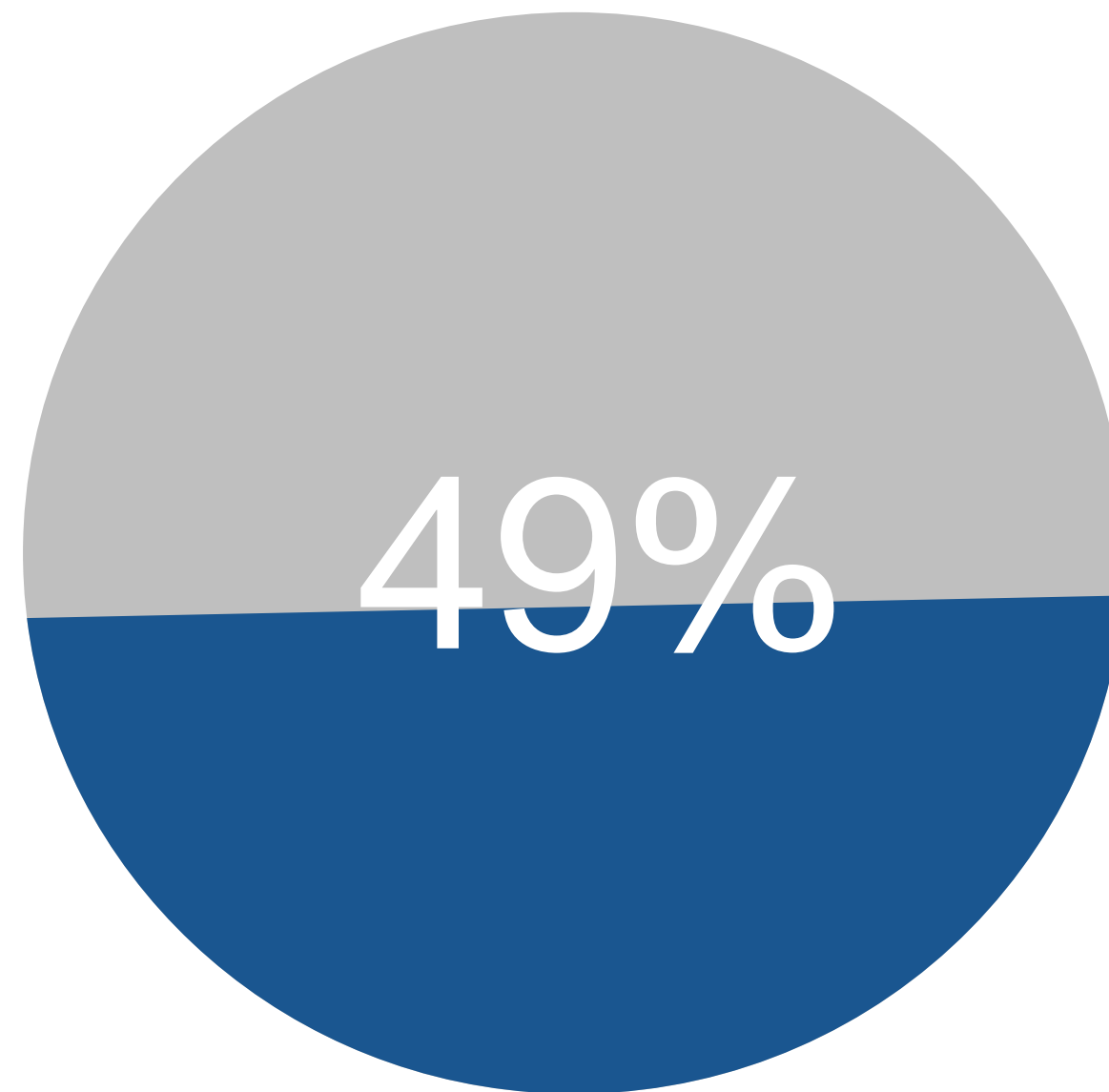


Evaluated worst-case scenarios

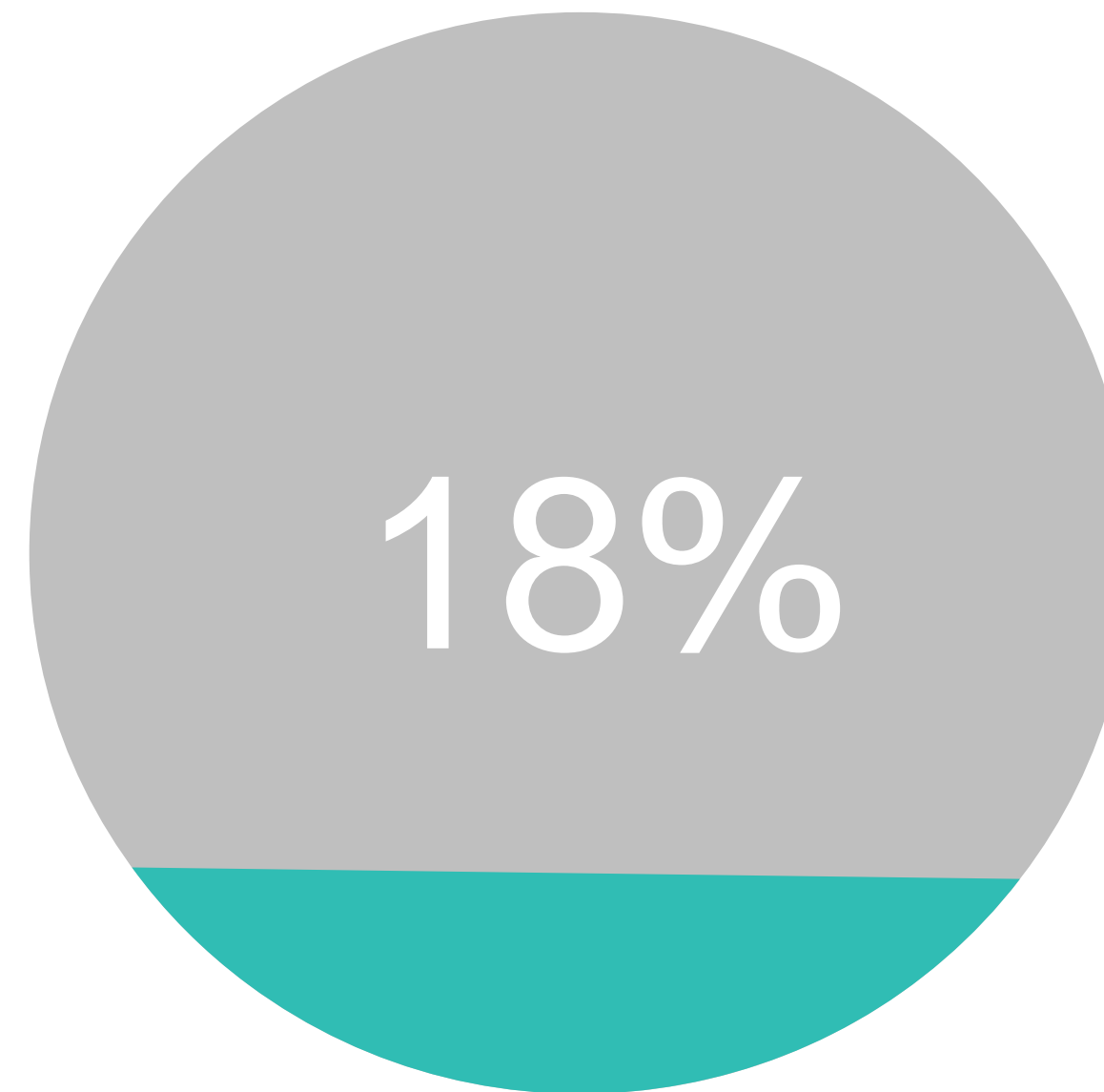


Engaged stakeholders in analysis of specific scenarios

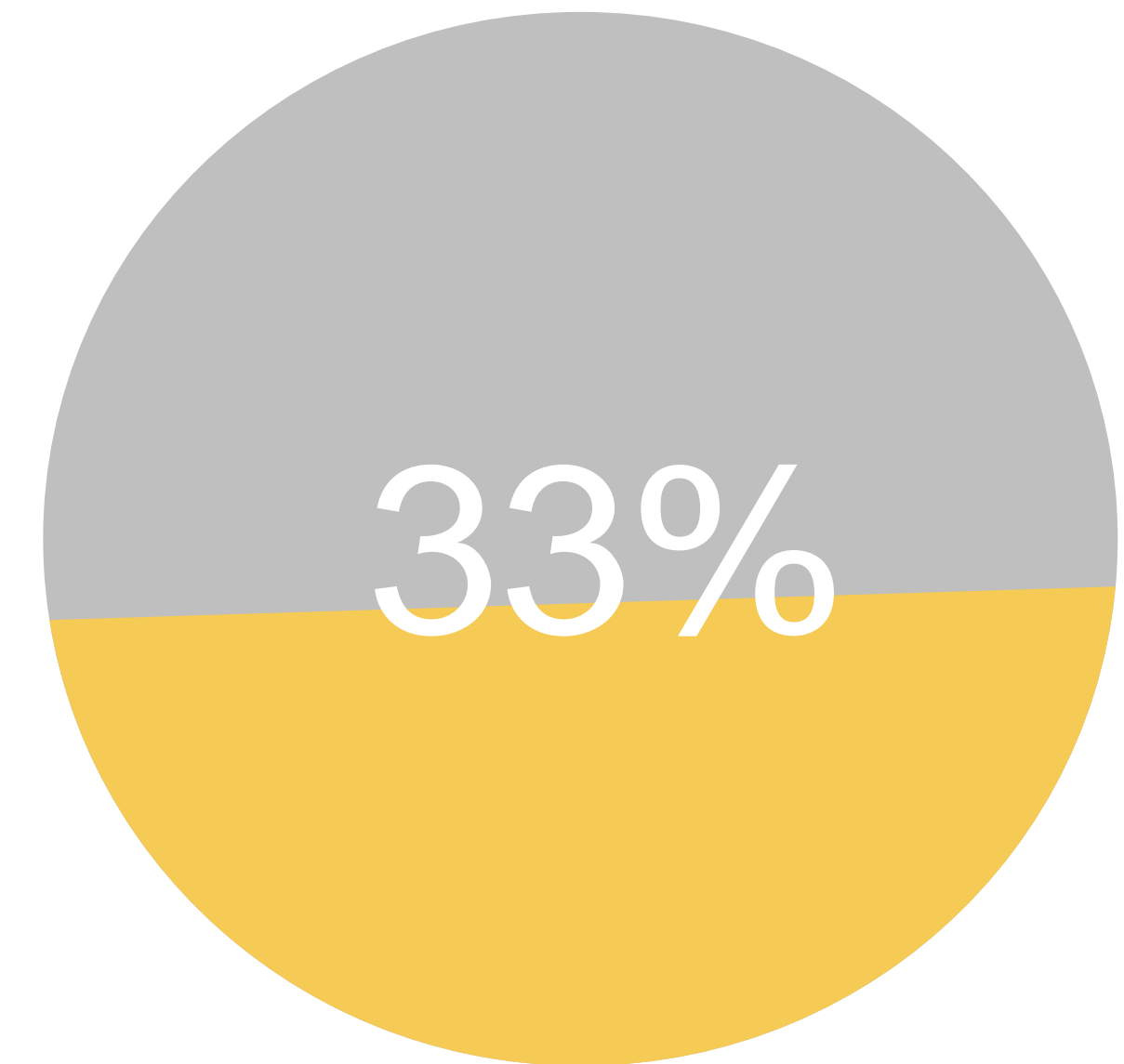
Does this organization define a specific set of actions – a distinct “playbook” – for each of its specifically defined crises scenarios



YES



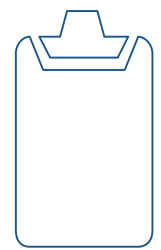
NO



Uncertain



Lessons Learned



Conduct better pre-crisis planning



Communicate more effectively with customers



Communicate more effectively with employees



Better define the roles / responsibilities



Invest more effort in prevention



Communicate better with business partners / alliances



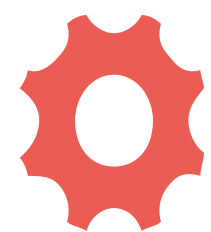
Do more to identify crisis scenarios



More closely monitor social media



Communicate more effectively with suppliers



Execute a more timely and robust communications plan



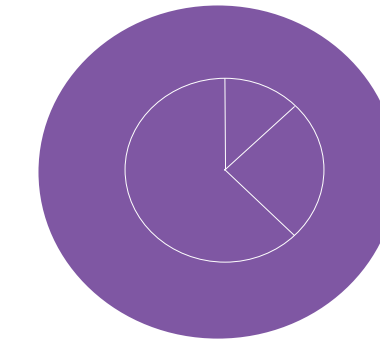
Improve detection and early warning systems



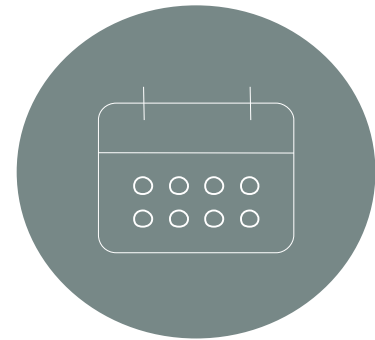
Steps to be taken



**Board of Directors
Competence**



The Specifics



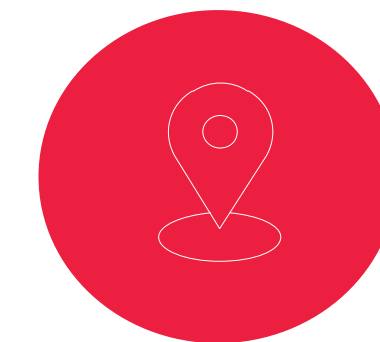
Job Descriptions



Communication



The Crisis Organization



**The Guardian
of Reputation**

“the ability to lead in a crisis must increasingly become a core competency for CEOs, senior executives, and board members.

This competency can only come through training, rehearsals, and direct experience of crisis situations”



IIA Poll

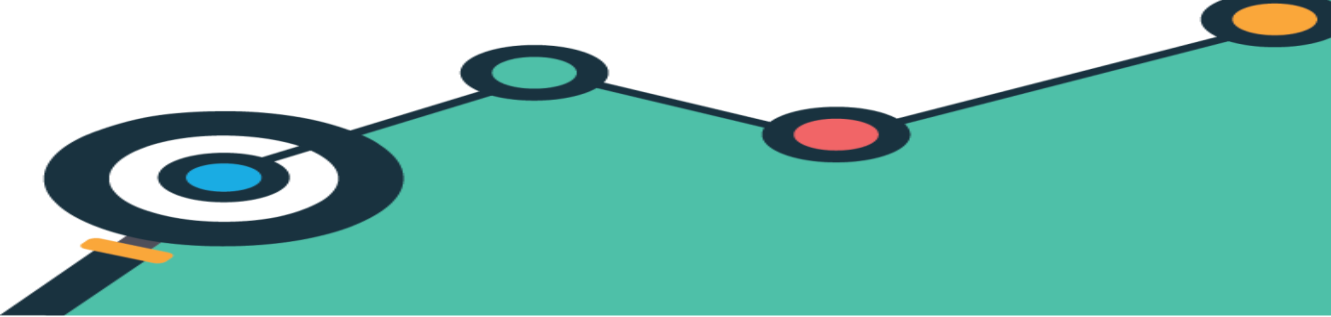


How would you describe your organization's crisis response procedures?



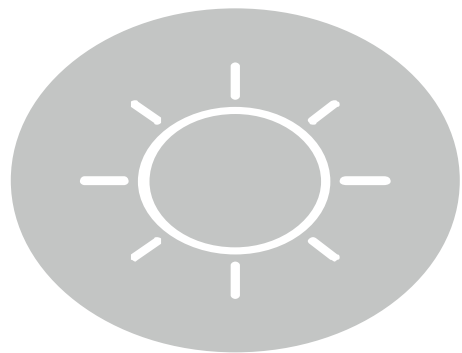


The Internal Audit Role



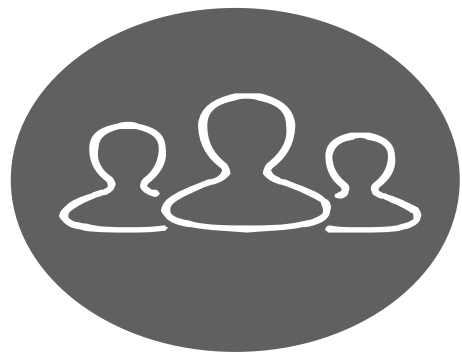
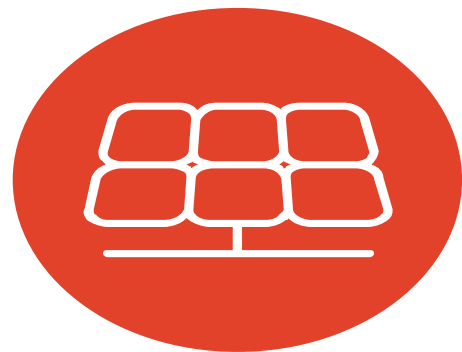
Before the Crisis

Detailed Crisis Management Plan



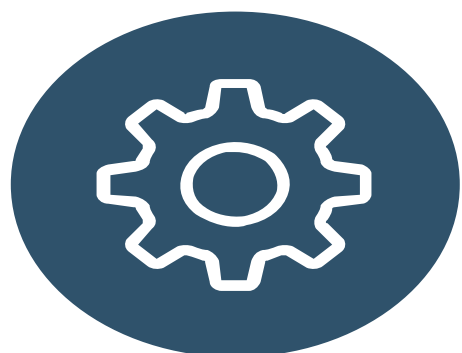
Communication Plan

Executive Training



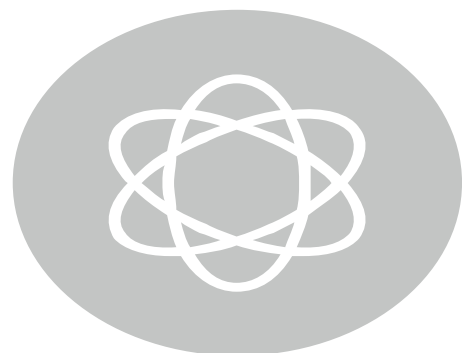
Audit Committee Involvement

Vulnerabilities & Key Risks



Risk Committee Involvement

BoD Crisis Plan



Outside Help



**Consultancy /
Recommendations**



Communication



Crisis Committee



Lessons Learned

Root-Cause Analysis

Recovery Efforts



References



A Crisis of Confidence

Deloitte

www.deloitte.com/acrisisofconfidence



Global Perspectives And Insights

Crisis Resilience

The Institute of Internal Auditors



Business Continuity Management

Practice Guide

The Institute of Internal Auditors