



# ***Auditing in a world of uncertainty***

30 April 2026

# Ask a question



The screenshot shows a window titled 'Q&A'. It displays a history of questions and answers:

- You asked:** 18:03  
What happens when I raise my hand?
- Molly Parker answered:** 18:04  
I can take you off of mute.

Below the history is a large text input area with the placeholder text 'Please input your question'. At the bottom left, there is a checkbox labeled 'Send Anonymously'. At the bottom right, there is a blue button labeled 'Send'.

## To ask a question

Click on the **Q&A** button in the bottom toolbar to open the submit question prompt.

Type your question and click send

NOTE: If you wish to ask your question anonymously check the **send anonymously** box shown on the illustration.



# Did you know?

ICAEW's revised Continuing Professional Development (CPD) Regulations brought in new CPD requirements, including a minimum number of hours and an ethics requirement.

This webinar could contribute to up to 1 hour of verifiable CPD, so long as you can demonstrate that the content is relevant to your role.

Find out more about how these changes affect you at [icaew.com/cpdchanges](https://www.icaew.com/cpdchanges).



# *Today's speakers...*



Emma Price  
Brave Within



Amarjeet Sabarwal  
Corporate Audit , Bentley  
Motors (VW Group Audit)



Carolyn Clarke  
Brave Within



Donna Littlechild  
Littlechild & Haley



Paul Haley  
Littlechild & Haley

# Auditing in the World of Uncertainty: Insights from Davos 2026

EXPLORING CHALLENGES AND STRATEGIES FOR FUTURE  
AUDITS

A S SABARWAL  
30.04.2026



# Examining The Complex Landscape Of Risks

# The Five Uncertainty Drivers That Matter Most

## **Geopolitical Fragmentation Risks**

Geopolitical fragmentation now directly impacts operations, disrupting supply chains, data flows, and compliance.

## **AI Accountability and Governance**

Focus on AI governance and accountability grows as leaders face significant control gaps over AI systems.

## **Erosion of Trust and Misinformation**

Systemic risks from misinformation and declining trust threaten markets, institutions, and reputations.

## **Climate and Environmental Financial Risks**

Climate risks recognized as financial threats impacting asset valuations and regulatory scrutiny.

## **Organisational Fragility and Resilience**

Overemphasis on efficiency increases fragility; resilience becomes a key strategic advantage.

# Geopolitical Fragmentation as a Business Risk



A.I Generated Image

# From Political Tension to Operational Reality

## **Structural Geopolitical Fragmentation**

Geopolitical fragmentation is a lasting structural feature, reshaping global trade, technology, and regulation.

## **Operational Impacts on Organizations**

Organizations face supply chain decoupling, data restrictions, and diverse regulatory challenges daily.

## **Internal Audit Considerations**

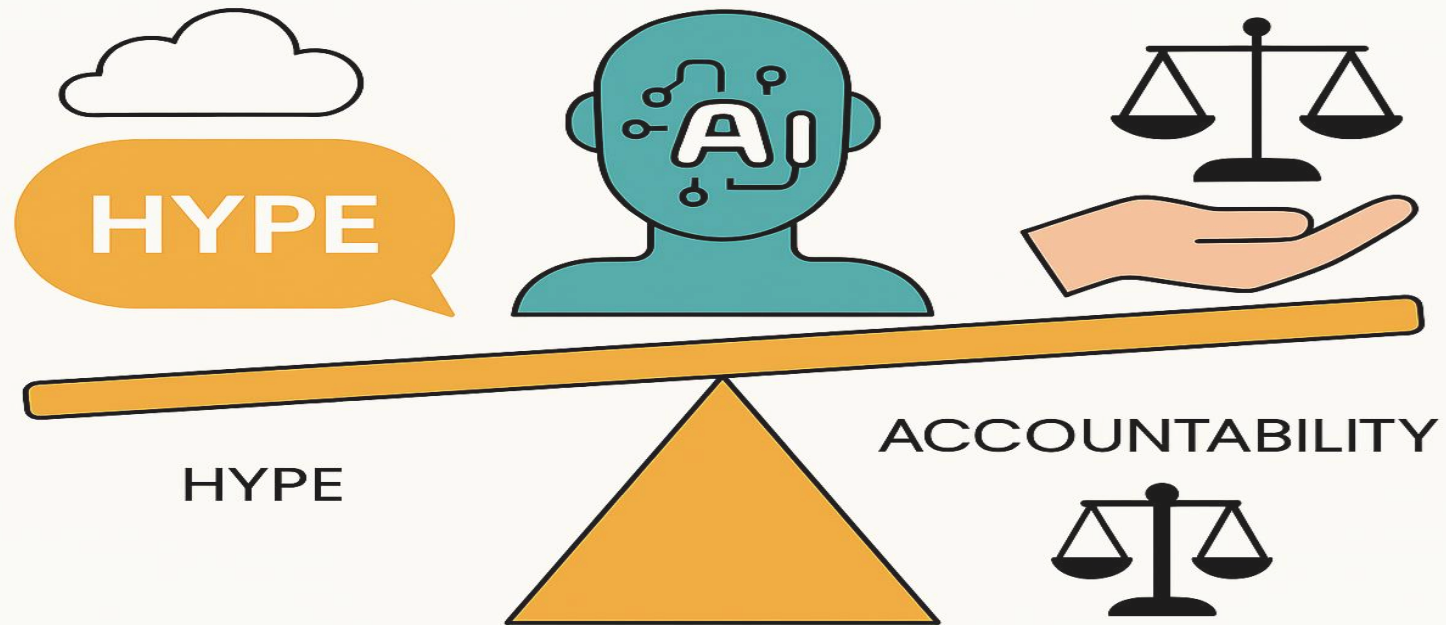
Internal audits must evaluate stress testing of supply chains, data localization, and contingency planning.

## **Board-Level Strategic Oversight**

Boards need structured oversight to manage geopolitical risks impacting resilience and compliance.



## Artificial Intelligence: From Hype to Accountability



A.I Generated Image

# The Governance Gap in AI Deployment

## Shift in AI Focus

Discussions shifted from AI capabilities to challenges in value, governance, and accountability.

## Organizational Governance Gap

Less than 1% of organizations have fully operationalized responsible AI due to fragmented controls and unclear ownership.

## Audit's Urgent Mandate

Internal audit must ensure boards approve AI governance and models are explainable and auditable.

## Accountability in AI Deployment

AI decisions must be auditable before large-scale deployment to maintain trust and accountability.



## Trust, Misinformation, and Reputational Risk



A.I Generated Image

# Erosion of Trust as a Systemic Risk

## **Trust as Systemic Risk**

Erosion of trust and misinformation are top systemic risks affecting markets, regulations, and corporate reputations.

## **Expanded Risk Monitoring**

Reputational risk requires monitoring with the same rigor as financial and operational risks in organisations.

## **Communication Governance**

Governance over communications must ensure verification, traceability, and effectiveness of whistleblowing and ethics mechanisms.

## **Trust as Foundational Asset**

Trust underpins organisational resilience and value, requiring structured assurance and oversight to maintain.



## Climate and Environmental Risk as Financial Risk



A.I Generated Image

# Embedding Climate Risk into Core Governance

## Climate Risk as Core Financial Risk

Climate risk now impacts capital planning, asset values, insurance, and supply chains as a core financial concern.

## Internal Audit Role

Internal audit must shift to evaluating auditable, decision-useful climate data and verify reliability against regulations.

## Board-Level Governance

Climate risk governance is the responsibility of the board, ensuring robust oversight of climate-related decisions.



## Resilience Over Efficiency



A.I Generated Image

# Rethinking Operating Models for a Volatile World

## Limits of Efficiency Focus

Decades of optimizing for efficiency have increased organizational fragility and risk of failure during compound crises.

## Resilience as Strategic Differentiator

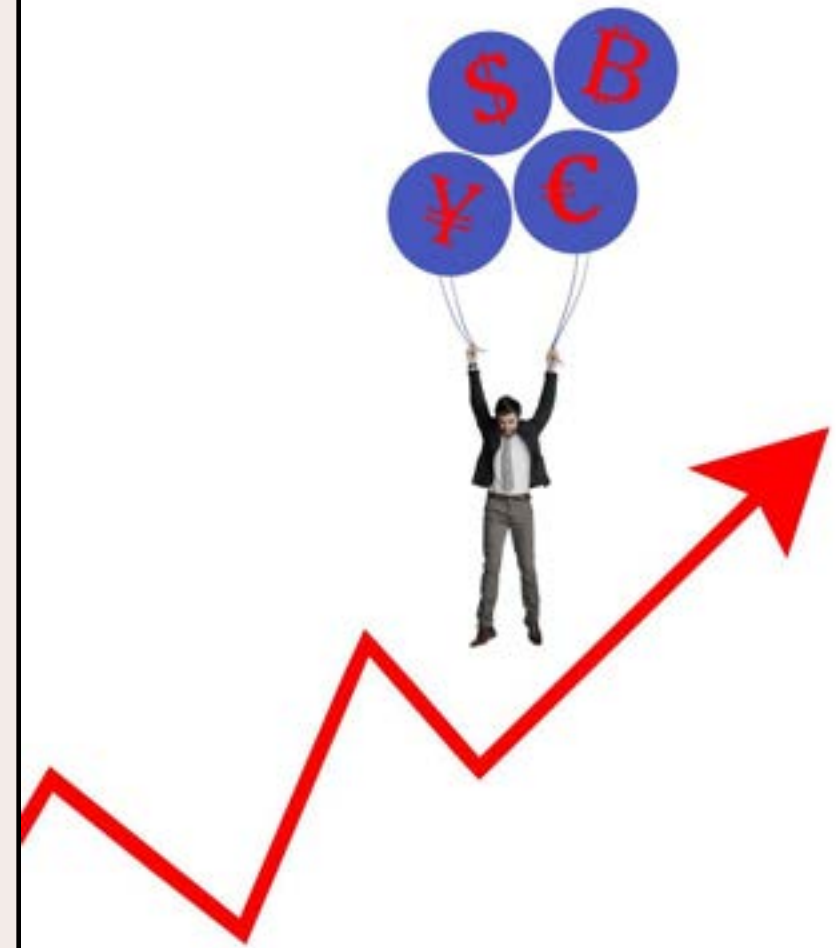
Leaders now prioritize resilience over efficiency to strengthen organizational robustness in volatile environments.

## Internal Audit's Expanded Role

Internal audit evaluates business continuity and crisis plans against complex overlapping shock scenarios for preparedness.

## Measuring Genuine Resilience

Audit functions assess resilience across people, technology, and liquidity to ensure it is measured, not just discussed.



# Redefining the Role of Internal Audit

# From Assurance Provider to Strategic Risk Challenger

## Evolving Audit Role

Internal audit must shift from traditional assurance to strategic risk challenger questioning organizational resilience.

## Forward-Looking Assurance

Use of scenario-based audits and early-warning indicators enables proactive risk management beyond historical reviews.

## Systemic Risk Perspective

Audit functions must adopt systemic views recognizing risk interdependencies rather than isolated silos.

## Dynamic Audit Planning

Continuous risk sensing and dynamic planning are essential in fast-moving environments to keep audits relevant.





# The Role of Behavioural Science in Internal Audit

Carolyn Clarke  
Chief Pioneer  
Brave Within LLP

**BRAVE.**

Changing governance. From within. For good.

# TOPICAL REQUIREMENT ON ORGANISATIONAL BEHAVIOUR

**BRAVE.**

## What?

- Mandatory baseline for auditing the human side of risk
- Turns culture, conduct, and behaviour into something observable, evidence-based, and auditable
- Embeds observable actions, decisions and interpersonal dynamics
- Focus on achievement of strategic objectives: “Behaviours@Risk”
- Long list of specific guidance

## Why?

- The world is more uncertain and moving more quickly than ever before
- Focus in on technology.... and AI
- Yet, behaviour is the root cause of most major failures
- Failing to audit behaviour means you are not auditing the most significant risk

## How?

Three pillars:

- **Governance** – clarity of behavioural expectations, ownership, leadership tone, communication, oversight
- **Risk management** – identification, monitoring, escalation of behavioural risks with root cause analysis
- **Controls** – incentives, consequences, performance management, reporting channels, mechanisms designed to reinforce behaviour



# BEHAVIOURAL SCIENCE

**BRAVE.**

- Examines human behaviour, decision making and social context using empirical methods.
- Evidence based understanding of how people behave and make decisions.
- Enables the understanding of behavioural drivers and barriers.
- Applies academic and scientific research to enable policy design and implementation.
- Enables leaders to reduce friction, improve choices and enhance strategic outcomes.



- Every risk ultimately stems from a human decision.
- Cognitive biases drive decisions that underpin both success and failure.
- Enables an understanding of why people bypass controls, misjudge risks, or fall for social engineering.
- Aligns Internal Audit with how leading organisations are using behavioural insights and interventions.

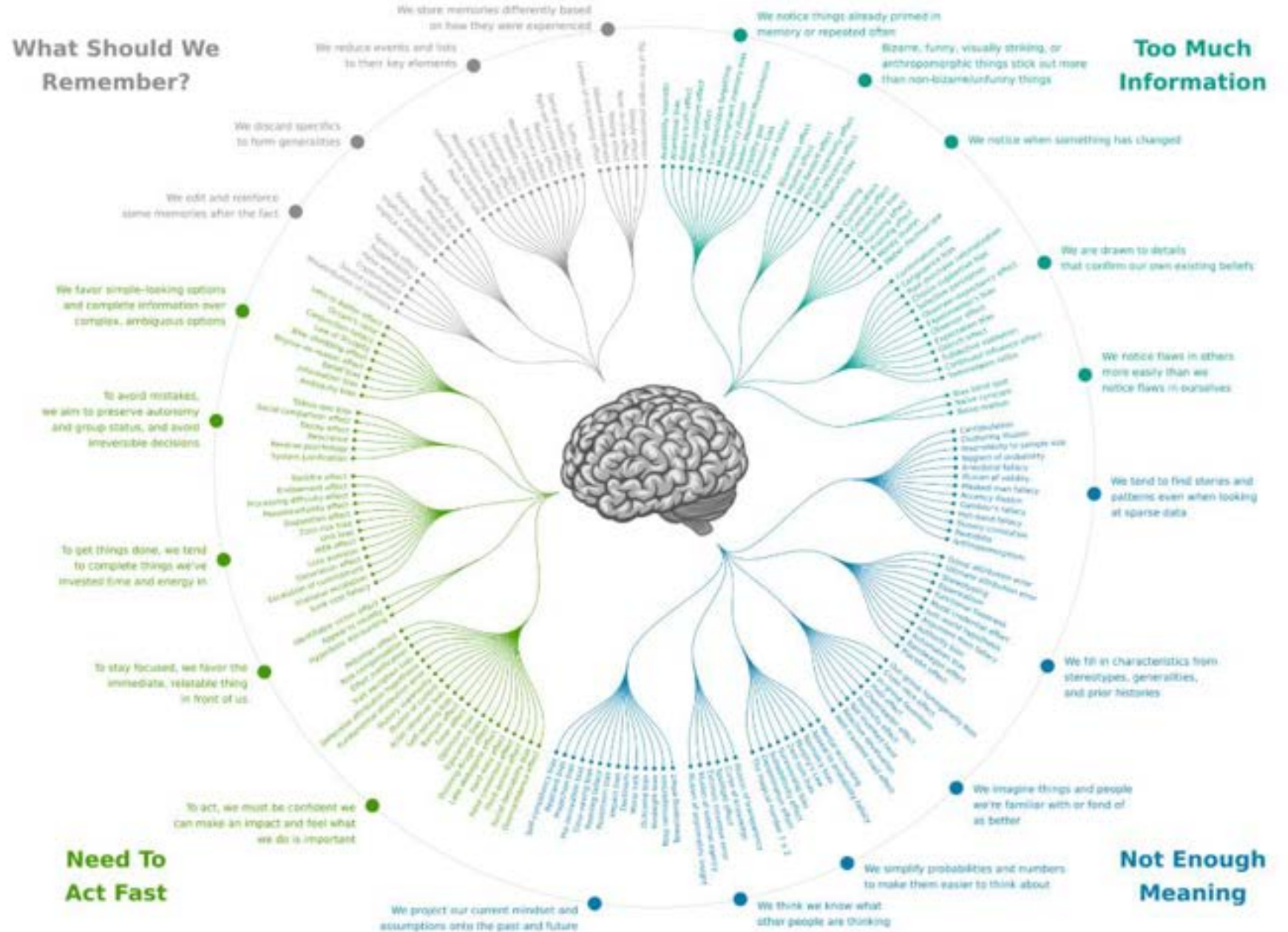
## **Requires independent Internal Audit using a range of evidence-based techniques.**

- Behavioural risk assessments.
- Culture and conduct assurance.
- Decision-making diagnostics.
- Leadership behaviour evaluation.
- Incentive and consequence design.
- Technology-enabled behavioural interventions.



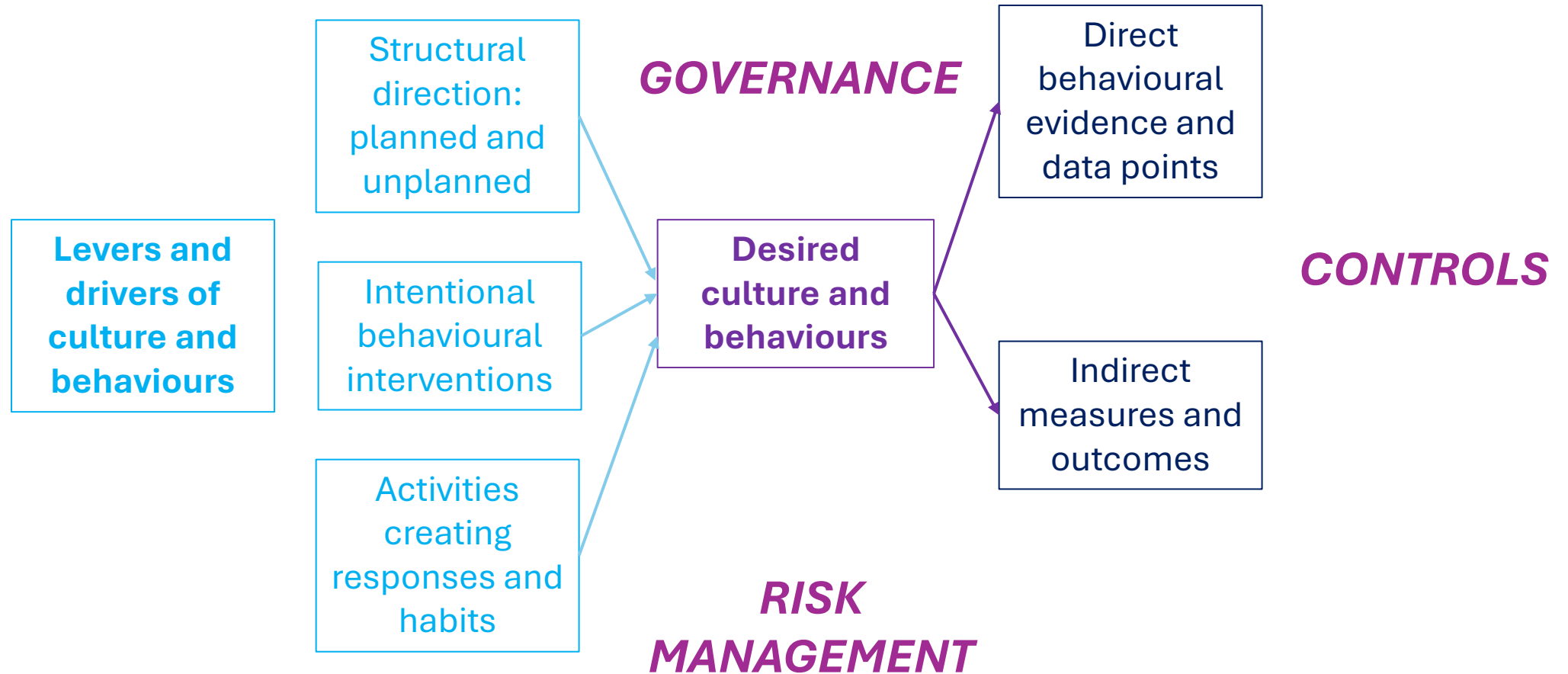
# COGNITIVE BIAS – “WHY GOOD PEOPLE DO BAD THINGS”

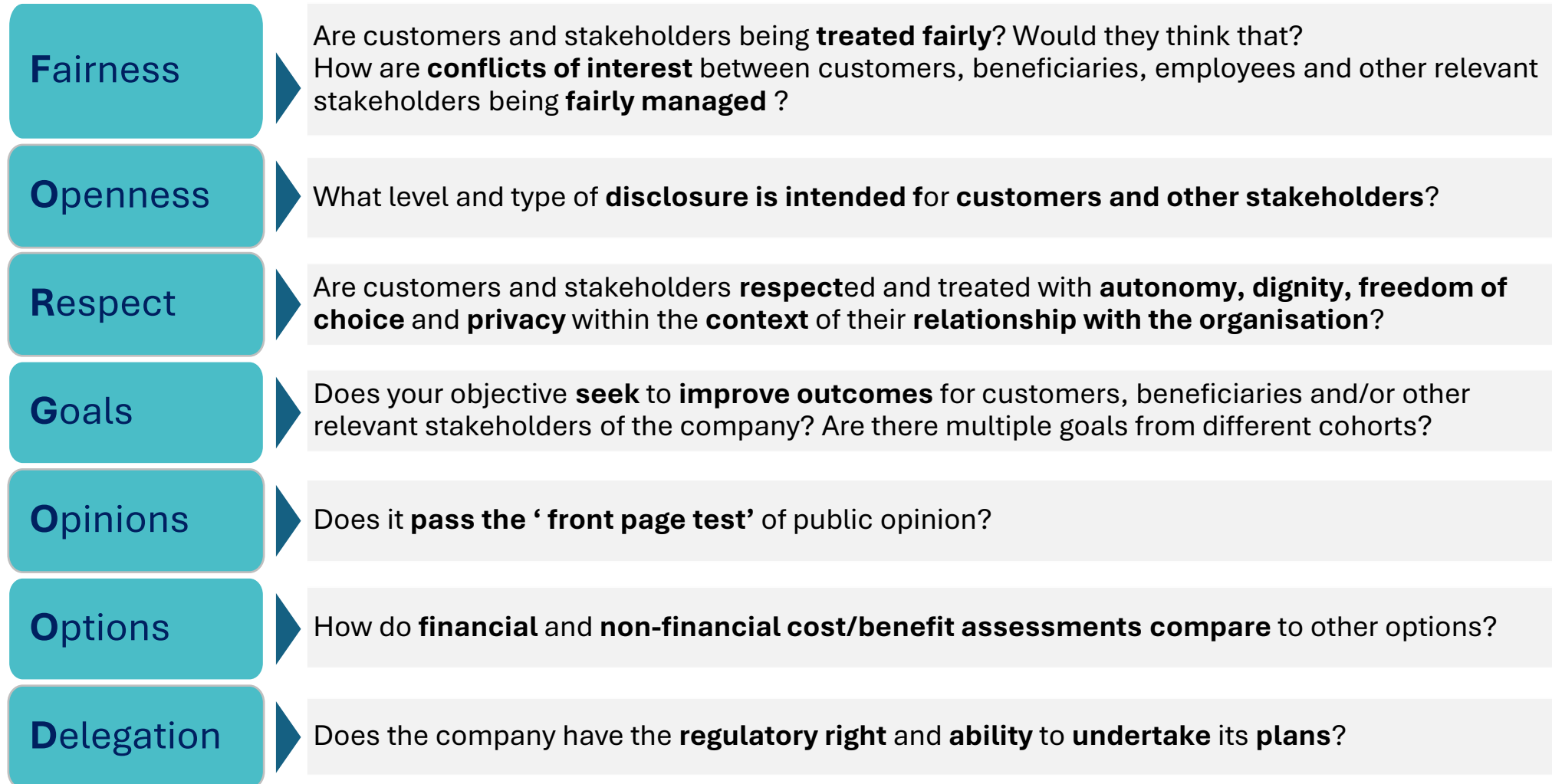
## THE COGNITIVE BIAS CODEX



**BRAVE.**

# APPROACHING BEHAVIOURAL AUDIT







# The Role of Behavioural Science in Internal Audit

**BRAVE.**

Changing governance. From within. For good.

[carolyn.clarke@brave-governance.com](mailto:carolyn.clarke@brave-governance.com)



# Littlechild & Haley

Helping businesses manage risks to success

Foresight and Emerging Risk

Donna Littlechild

# How did we not see this coming?

---



- Ignored signals
- Normalised deviance
- Lagging indicators
- Comfortable assurance



# Foresight is not prediction!

---

Preparedness → Prediction

- Curiosity
- Pattern recognition
- Direction of travel
- Context



# Risks don't queue politely

---

- Compounding
- Cascading
- System stress

# From assurance to preparedness

---



REHEARSE  
DISCOMFORT



PLAN FOR STRESS



ESCALATE  
EARLIER



CHALLENGE  
ASSUMPTIONS

# Making foresight real in practice

---

- Build emerging risk into planning (not annual only)
- Create a route to escalate weak signals
- Stress test risk interaction
- Allow flexibility in the audit plan
- Be willing to speak before you have full proof



# Thank you

---



Reach out to us:

Email: [info@littlechildhaley.co.uk](mailto:info@littlechildhaley.co.uk)

Phone: 02922 520571

Visit our website for more information and resources.

Follow us on social media for updates and news.



# Littlechild & Haley

Helping businesses manage risks to success

Integrated Joined-up  
Assurance & Assurance  
Maps

# What Is Integrated Assurance?

---



**Definition of Integrated Assurance:** A combination of two or more service providers for the purpose of providing the most effective and complete independent assessment on risk management, control, and governance processes for the organisation. Paul Haley 2007

## Collaborative Assurance Approach

Integrated assurance aligns audit, risk, and compliance functions to work collaboratively across the organisation.

## Three Lines of Defence Model

The model ensures management, risk/compliance, and internal audit provide a unified assurance framework.

## Mandatory Requirement

The new Global Internal Audit Standards refer to assurance mapping in Standard 9.5, "Coordination and Reliance." This standard highlights the need for *better coordination and collaboration* with other assurance providers.

# 6 elements of a Cooperative Assurance Relationship

---

1

Seek opportunities for cooperation in the conduct of audit work

2

Discuss common understanding of audit techniques, methods and terminology

3

Consult on audit plans

4

Exchange audit reports and management letters

5

Provide access to each others audit programs and working papers

6

Work together on joint audits.

# 7 elements of Coordination Conditions

---

HM Treasury



COMMITMENT,



CONSULTATION,



COMMUNICATION,

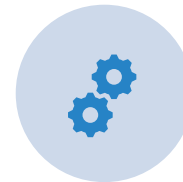


CONFIDENCE

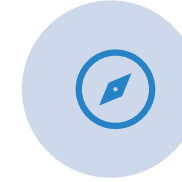
Paul Haley



CLARITY



CAPABILITY



CUSTOMER-  
ORIENTATION

# Levels of Coordination Scale

---

Level 1: *Independent decision making by review bodies.*

Level 2: *Communication to other review bodies (information exchange).*

Level 3: *Consultation with other review bodies.*

Level 4: *Avoiding divergences among review bodies.*

And further 5 levels

# Why Use Assurance Maps?

---



## Understanding Assurance Coverage

Assurance maps identify who provides assurance over specific risks and controls, highlighting coverage gaps and overlaps.

## Supporting Effective Governance

Maps clarify roles and responsibilities, enabling stronger board decision-making and increased stakeholder confidence.

## Enhancing Coordination and Reporting

Improved coordination reduces duplication and enhances clarity in assurance reporting across functions.

## Value in Complex Environments

Assurance maps are especially valuable where multiple providers operate, ensuring all critical risks are addressed.

# Models and Applications



## Heatmaps for Risk Assessment

Heatmaps categorise risks by severity and assurance coverage to visually prioritise risk management efforts.

## RACI Matrices

RACI matrices clearly define roles as Responsible, Accountable, Consulted, and Informed for assurance activities.

## Layered Defence Maps

Layered maps illustrate contributions from the First, Second, and Third Lines of Defence within assurance frameworks.

## Dynamic Mapping Tools

Dynamic tools link assurance activities to risk registers and performance indicators for real-time governance insights.

<b>Review Team</b>	<b>Internal Audit</b>	<b>External Audit</b>	<b>Review Team A</b>	<b>Review Team B</b>	<b>Review Team C</b>
<b>Risk Areas</b>					
Financial	x	x			
Operational	x		x	x	x
Purchases	x		x		
IT Security	x		x		x
Quality	x		x	x	

# Making It Work

---



## Focus on Relationships

Effective integrated assurance depends on trust and collaboration among assurance providers, beyond formal reporting lines.

## Tailored Assurance Models

Organisations must customise assurance models based on unique culture, risk appetite, and maturity levels for success.

## Professional Development

Coaching, mentoring, and continuous professional development enhance assurance capabilities and stakeholder engagement.

## Mindset and Culture

Integrated assurance requires a cultural mindset focused on strategic thinking and alignment across functions.

# Pitfalls & Challenges

---



Political Will – a Champion and initial investment

Ownership – who maintains and keeps up to date

Vision – buy in of Audit Committee

Competent Delivery – reliance on other providers of assurance

Funding – cost of assurance

Goodwill & Buy-in of staff – competency on risk management & internal control

Regular Co-ordination Forum Meetings – frequency??

Complexity & Systems – spreadsheets or embedded process flow

Three Lines – how hollowed out is your Second Line?

AI – some think AI replaces the Lines, but AI won't end up in the dock alongside Management

# 3 Lines to make a Statement?

## The Three Lines of Defense Model



Adapted from ECII/AFERMA *Guidance on the 8th EU Company Law Directive, article 41*

How strong are your Lines?

How accountable?

How responsible?

Where do they report?

Governance  
Statement

# Thank you

---



Reach out to us:

Email: [info@littlechildhaley.co.uk](mailto:info@littlechildhaley.co.uk)

Phone: 02922 520571

Visit our website for more information and resources.

Follow us on social media for updates and news.

# Questions?

