THE CROSS-FUNCTIONAL AUDITOR

Following Risk Without Chasing Noise

Practical ways to connect ERM, SOX, IT audit, analytics and operational audit into work that leadership values

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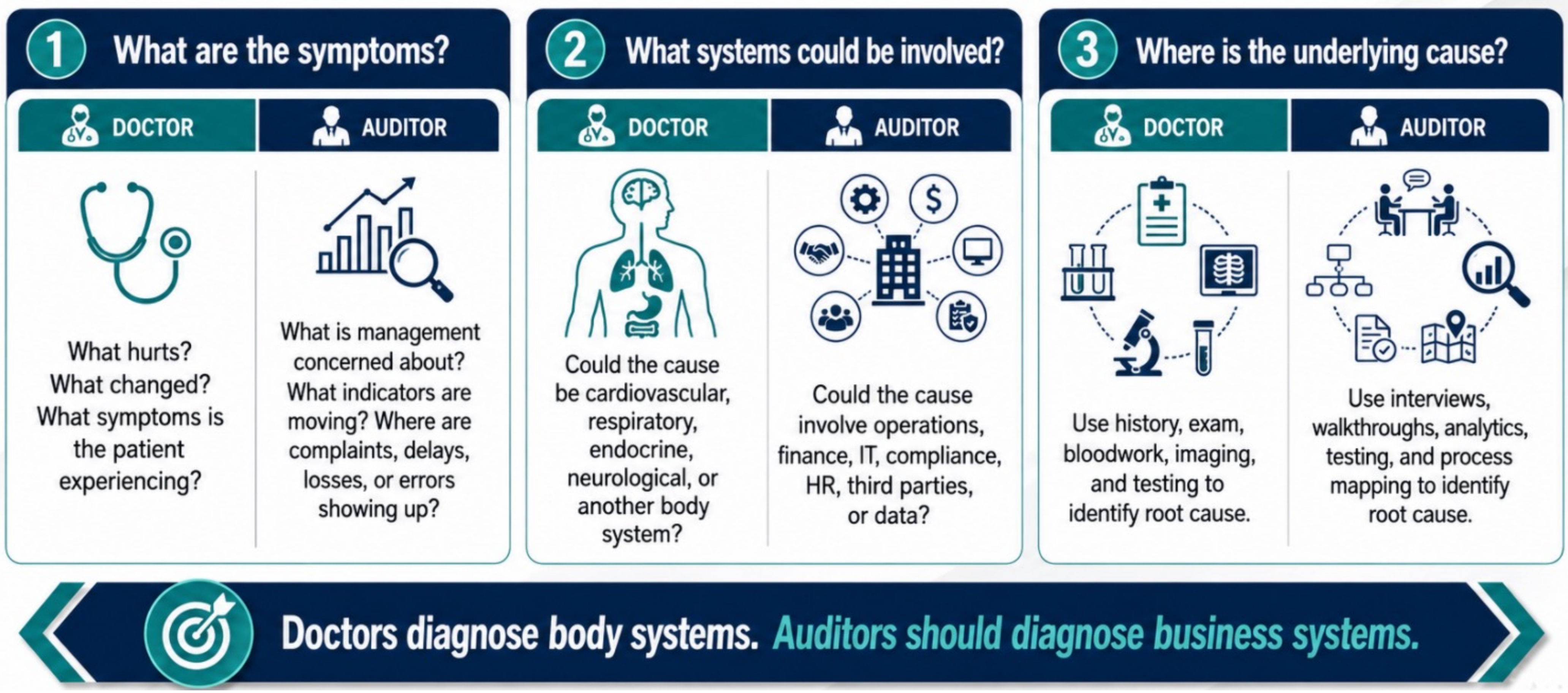
Three Questions Doctors and Auditors both ask

A simple opening framework for cross-functional auditing.



The Cross-Functional Auditor

Connecting Risks, Processes and People

Today’s journey

1. **WHY** — Why the modern risk landscape forces internal audit to think across functions.
2. **THINK** — How to think differently
3. **DO** — How to do it
4. **BUY-IN** — How to get buy-in
5. **PLAN** — Audit ideas, socialization tactics and planning guardrails that prevent risk-chasing.

Follow the risk, not the org chart.

Participants will leave with

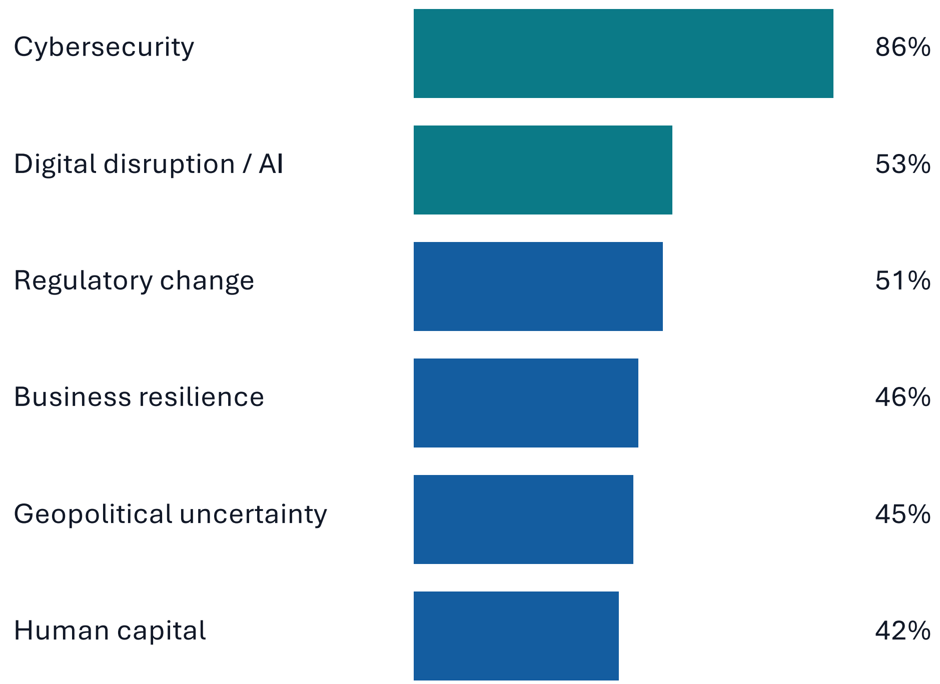
1. **Risk lens**
   See risk across boundaries
2. **Connector map**
   Map processes, systems and handoffs
3. **Audit ideas**
   Use examples that create business value
4. **Buy-in language**
   Socialize the work without creating resistance
5. **Planning model**
   Follow risk without chasing noise

Connect risks • processes • data • people

Session outcome: A practical playbook for making internal audit more connected, relevant and risk-focused.

Why now: risk is moving faster and crossing more boundaries

IIA Risk in Focus 2026 shows the leading risks are increasingly cross-functional.



North America CAE/director responses: Top 5 risks

1 WHY Why this matters

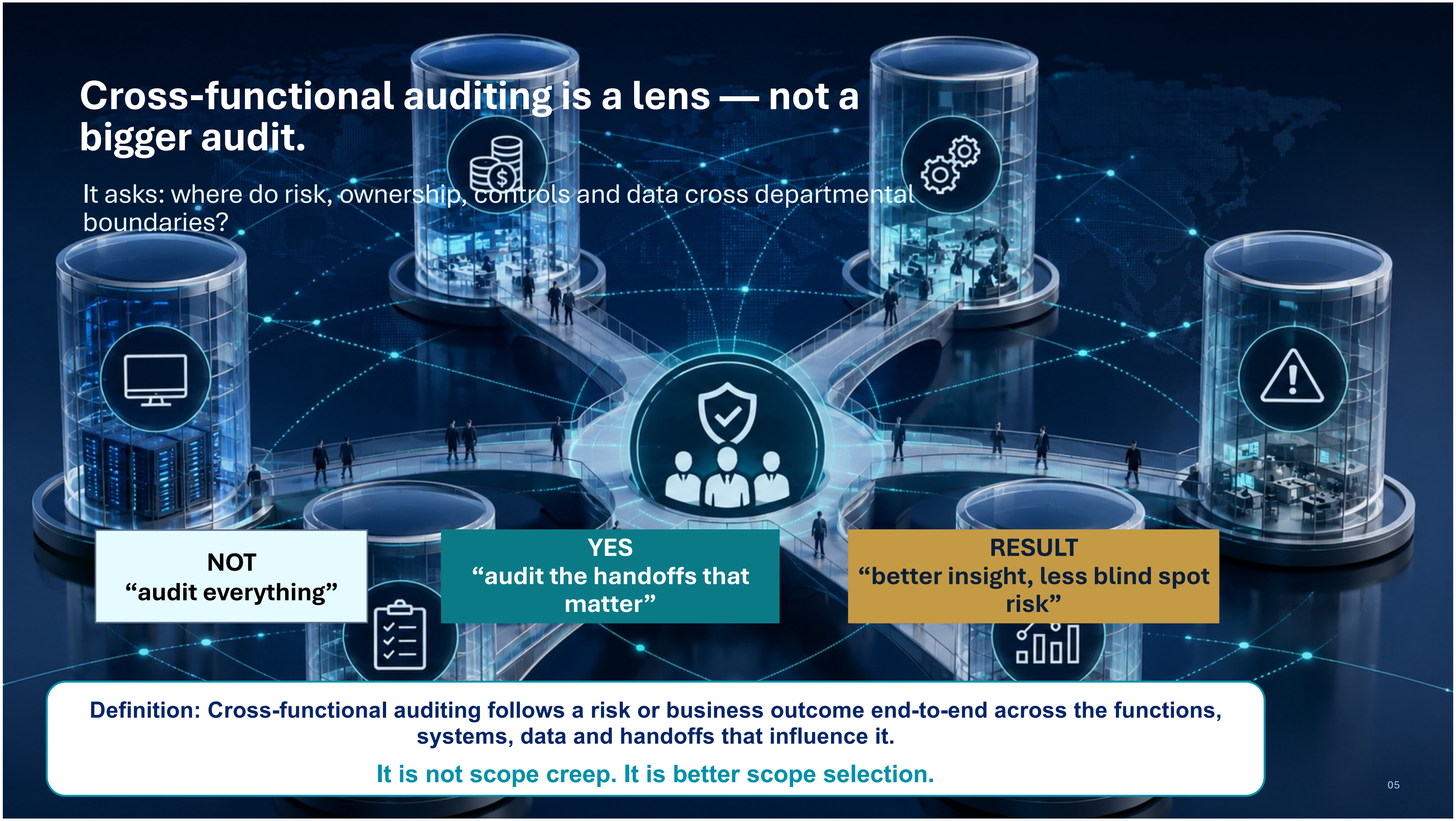
The implication

- The top risks do not sit inside one department.
- They touch systems, data, people, vendors, controls, business continuity and executive decision-making.

The audit response

- Coverage has to connect enterprise risks to end-to-end processes, not just repeat last year's department-level audit plan.

Source: IIA Internal Audit Foundation, Risk in Focus 2026 North America Board Briefing.


Cross-functional auditing is a lens — not a bigger audit.
It asks: where do risk, ownership, controls and data cross departmental boundaries?
NOT
“audit everything”
YES
“audit the handoffs that matter”
RESULT
“better insight, less blind spot risk”
Definition: Cross-functional auditing follows a risk or business outcome end-to-end across the functions, systems, data and handoffs that influence it.
It is not scope creep. It is better scope selection.
05

Where Risk

Really Lives

Move from department-based thinking to risk-based thinking.

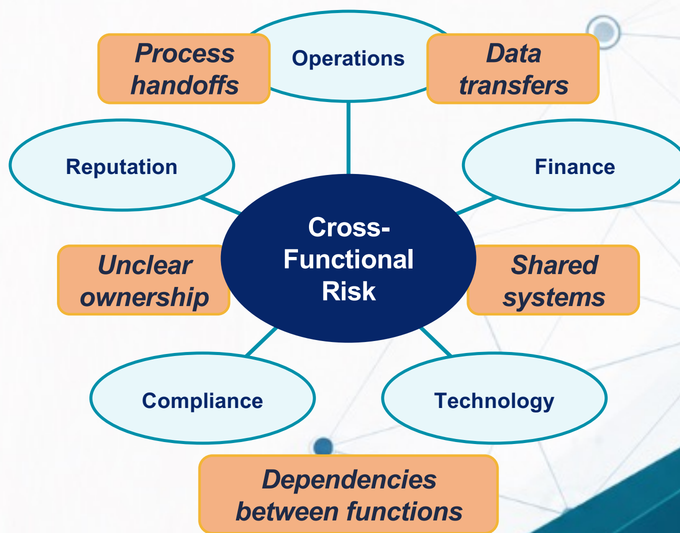
- Risks rarely remain within a single department
- Operational, financial, technology, compliance and reputational risks increasingly overlap
- Significant risk often exists in:
  - Process handoffs
  - Data transfers
  - Shared systems
  - Unclear ownership
  - Dependencies between functions
- What keeps leaders up at night is rarely confined to one organizational box.

Audience prompt: Think of your last major finding — did the root cause live in one department?

Risk Often Lives Between Functions

— not inside just one of them

Leaders care about what happens across handoffs, dependencies and shared information flows.



Key message: Some of the greatest risks are not inside functions — they are between them.

Shift the Audit Lens

From Departments to Business Flows

The core concept

- Move beyond auditing individual organizational silos
- Follow transactions, decisions, data and risk end-to-end
- Use an Internal Audit Connector Map to visualize the complete process

Ask during every audit:

1. Who else touches this process?
2. What systems support it?
3. Where does the data come from and where does it go?
4. What happens before and after this activity?
5. Where are the critical handoffs?

Change the starting point

Not the org chart. The business flow.

Department view

Sales
Ops
IT
Finance

silos

SHIFT THE LENS →

Business flow view

Trigger
Process
System
Data

Outcome: Critical handoffs become **visible**

Connector Map **= end-to-end process view**

Illustrative business flows: Order-to-Cash • Procure-to-Pay • Hire-to-Retire
Contract-to-Revenue • Customer Data • Third-Party Lifecycle

Key message: Stop starting with the organizational chart. Start with how the business actually works.

The practical reality: audit departments are cross-functional by necessity

Many teams own or coordinate assurance and advisory work across multiple domains.

2 THINK How to think differently

ERM
Enterprise risk themes and risk appetite

SOX / Controls
ICFR, process controls and deficiency themes

IT Audit
Technology, access, change and security controls

Analytics
Population testing, indicators and anomaly detection

Operational Audit
Process performance, handoffs and root causes

Compliance / ESG / Safety
Regulatory, reputational and resilience expectations

“The modern audit function has to connect these dots before the business expects assurance.”

3
DO
How to do it
How to do it
Move from auditing departments to following risk, process flows and handoffs across the enterprise.
PROCESSES
End-to-end flows and activities
FUNCTIONS
Finance, HR, IT, Operations, Sales and beyond
SYSTEMS
Applications and technology landscape
INTERNAL AUDIT RISK INSIGHT
DATA
Data sources, ownership and quality
HANDOFFS
Transitions, interfaces and decision points
FROM
department-by-department thinking
TO
business-flow and handoff thinking
RESULT
better insight, stronger connection and more relevant assurance
Cross-functional auditors ask different questions: Where does risk travel? Who touches the process?
What systems and data support it? Where are the critical handoffs?
Think in systems, flows and connections — not just organizational boxes.
06

Three shifts for the cross-functional auditor

These shifts turn siloed assurance into business-relevant coverage.

From departments to flows

Audit business outcomes such as revenue capture, customer experience, data integrity and cash conversion.

From findings to patterns

Look for root cause themes: handoff breakdowns, unclear ownership, manual workarounds and inconsistent data.

From fixed plans to portfolios

Maintain core assurance while monitoring risk movement and reserving capacity for meaningful change.

Internal Audit

as the Connector

Internal audit's unique organizational advantage.

- It is one of the few functions that regularly sees across the enterprise.
- Connect information from executive meetings, ERM, SOX, IT and operational audits
- Identify patterns appearing across different areas
- Bring together stakeholders who may not normally interact
- Share risk intelligence across the audit team
- Help management understand how seemingly separate issues may be connected
- Promote shared ownership of cross-functional risks

Practical examples

What We're Hearing	Risk Huddles	Shared Intelligence	Cross-Training

Internal audit connects information, stakeholders and insight.

How Internal Audit Connects the Enterprise

Sees across functions and brings the right people together

Key message: Internal audit does not need to own the risk to connect the people who do.

3 DO How to do it

A 7-step playbook attendees can reuse

A PRACTICAL TOOL

1. **Start with the leader question**
   What decision, objective or pain point is at risk?
2. **Map the end-to-end flow**
   Process, system, data and handoff points.
3. **Identify owners and assurance providers**
   Business, SOX, ERM, IT, compliance, external parties.
4. **Define common risk language**
   One risk taxonomy; one problem statement.
5. **Embed analytics early**
   Use data to find leakage, exceptions and trends.
6. **Facilitate before concluding**
   Validate handoffs with multiple functions in the room.
7. **Report one story**
   Root causes, impacts and actions across the whole chain.

"At a particular client, one of the things that became clear very quickly is that a process like Order-to-Cash does not belong to one department. Sales may own the customer relationship. Operations may perform the service. IT may move the data. Billing may create the invoice. Collections may chase the cash. Accounting may record the revenue. But the risk lives in the handoffs. That is where cross-functional auditing becomes powerful."

Interactive prompt

- Pick one current audit on your plan. Which two functions must be in the room earlier than usual?
- What data source would change the audit from subjective discussion to evidence-based insight?

Tool 1: Creating an Internal Audit Connector Map

A one-page picture of who touches a business flow and where risk concentrates.

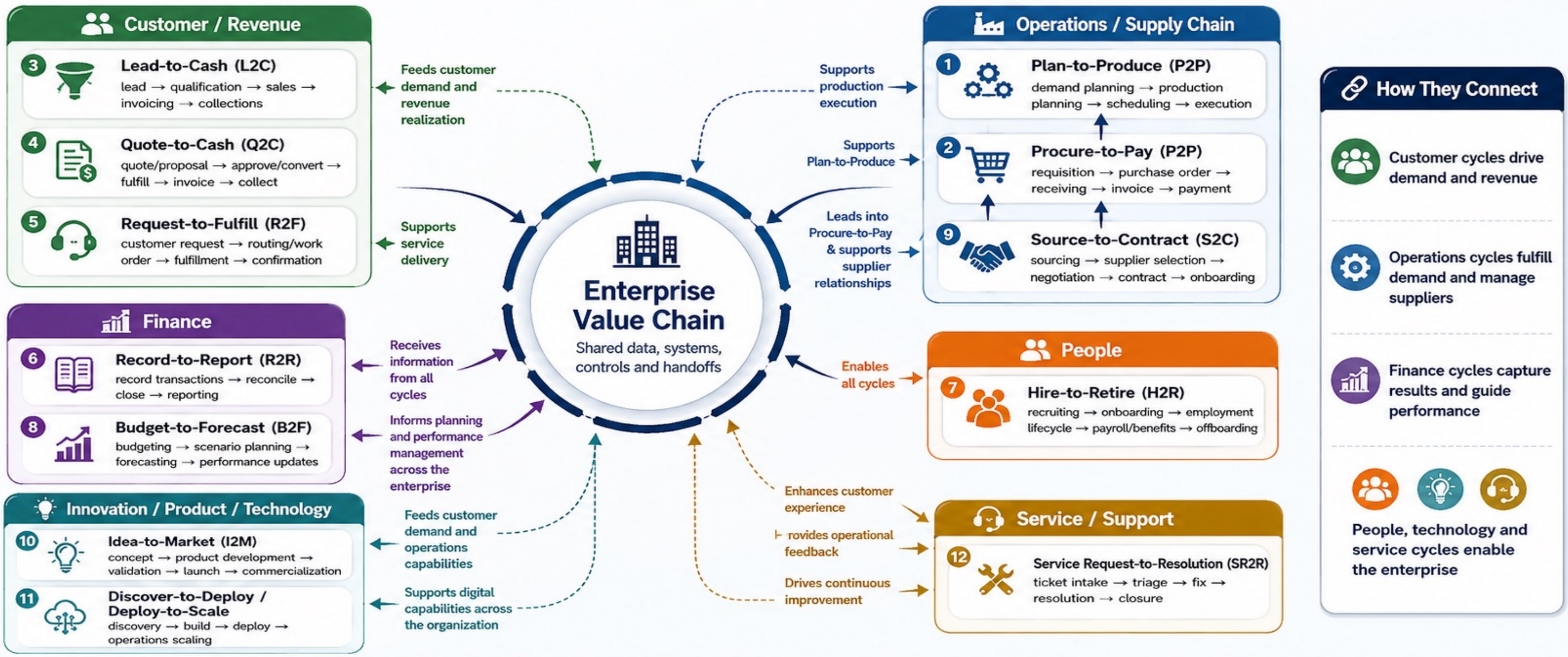
3 DO How to do it

- Start with the business outcome: revenue, cash, payroll accuracy, vendor performance or customer trust.
- Map the end-to-end flow: major process steps, systems, data touchpoints and owners.
- Identify high-risk handoffs: where information, responsibility, approvals or data move across boundaries.
- Use the map to scope audits, select stakeholders and find meaningful analytics.

Why it works
People tend to defend their department. They are more willing to improve a shared business flow.

Common Business Cycles and How They Connect

Cross-functional process flows across the enterprise



Cross-functional auditing follows these end-to-end cycles across functions, systems, data and handoffs.

Internal Audit Connector Map: AnyCo Order-to-Cash (O2C)

Temperature-Controlled Warehousing & Logistics Business

1 MAIN CONNECTOR MAP

1. Customer Onboarding / Master Data Setup
2. Contracting & Pricing
3. Order Receipt / Customer Request Intake
4. Inventory Receipt & Storage Activity
5. Warehouse Handling & Value-Added Services
6. Transportation / Shipment Execution
7. Service Completion / Revenue Trigger
8. Billing & Invoice Generation
9. Customer Dispute Management
10. Accounts Receivable & Collections
11. Cash Application
12. Revenue Recognition & Financial Reporting
13. Performance Monitoring & Analytics

KEY DATA & SYSTEM TOUCHPOINTS (END-TO-END)

rates | EDI | WMS | TMS | ERP | tax | credit terms | accessorials | proof of delivery | billing triggers | aging | GL

2 WHO TOUCHES ORDER-TO-CASH

- **Sales / Commercial** negotiates pricing
- **Legal** reviews contracts
- **Credit** approves credit
- **Customer Service** coordinates customer requests
- **Warehouse Operations** performs storage and handling
- **Inventory Control** tracks inventory
- **Transportation** executes shipment
- **Food Safety / Quality** monitors compliance
- **Billing** creates invoices
- **Revenue Accounting** records revenue
- **Accounts Receivable / Collections** collects cash
- **Treasury / Cash Application** applies payments
- **Tax** ensures tax setup
- **FP&A** analyzes performance
- **IT** moves data
- **SOX / Controls** tests controls
- **ERM** manages enterprise risks
- **Executive Leadership** uses O2C insights

IT INTERFACES & DATA GOVERNANCE | Data Quality & Integrity | Master Data Governance | Interface Monitoring | Access Controls & Security | Change Management | Data Retention & Privacy

3 WHERE CROSS-FUNCTIONAL AUDIT RISK LIVES

Risk concentrates in the handoffs between functions.

1. Sales → Billing: contract terms translated into billing rules
2. Operations → Billing: complete capture of billable services
3. WMS / TMS → ERP: interface completeness and accuracy
4. Billing → Collections: disputes affecting cash flow
5. Customer Service → Operations: customer request communication
6. Operations → Revenue Accounting: correct cut-off and unbilled revenue
7. Credit → Sales: balancing growth and credit risk
8. Tax → Billing: correct tax treatment
9. IT → Business Owners: controlled system changes
10. Disputes → Process Improvement: recurring errors and root cause analysis

Audience prompt: Where would you circle the greatest handoff risk?

doffs — connecting people, processes, systems, data, and risks across the full Order-to-Cash cycle.

How to read the map: who touches Order-to-Cash?

Each function owns a piece. No one owns the whole risk picture unless internal audit connects it.

3 DO How to do it

Commercial pricing, terms, commitments	**Legal / Credit** contracts, limits, terms	**Operations** receiving, storage, handling	**Transportation** shipment execution, carrier charges
Billing invoice logic, adjustments	**Collections / Treasury** cash conversion, unapplied cash	**Revenue Accounting** cutoff, accruals, reporting	**IT / Data** WMS, TMS, ERP, interfaces

"A connector map helps audit move from department-based auditing to risk-based, process-based auditing."

Using the Connector Map

to Create a Cross-Functional Audit

3 DO How to do it

3 WHERE CROSS-FUNCTIONAL AUDIT RISK LIVES

Risk concentrates in the handoffs between functions.

1. **Function A → Function B** — Are inputs complete and authorized?
2. **Process → System** — Does the data transfer accurately?
3. **System → Reporting** — Are outputs reconciled and reviewed?
4. **Exceptions → Owners** — Are issues escalated and resolved?

How to use this section of the Connector Map

Treat each handoff as a potential audit unit. For each one, ask: what moved, who owned it, what system carried it, what control should have happened and what evidence proves it worked?

Work | Data | Decision | Control | Evidence

From Connector Map to Audit Execution

A repeatable method for any cross-functional process

1. **Find the handoffs** — Where do work, data and decisions move?
2. **Name the risk** — Incomplete, inaccurate, unauthorized or untimely?
3. **Set scope** — Which functions, systems, locations and period?
4. **Test end-to-end** — Trace samples, reconcile data and examine exceptions.
5. **Report themes** — Root cause, shared ownership, quick wins and action plan.

Deliverables that make the audit actionable

Connector map • risk/control matrix • data request list • end-to-end test plan • issue themes • action roadmap

Key message: Do not audit the boxes; audit what moves between them and the controls that should protect the handoffs.

3 DO How to do it

O2C Handoff Audit Steps

Using the Connector Map to test cross-functional risk points from contract through cash and revenue

Section 3: Handoffs to Evaluate

Use the "risk lives here" strip as your audit scoping guide.

1. **Sales → Billing**
2. **Operations → Billing**
3. **WMS/TMS → ERP**
4. **Billing → Collections**
5. **Customer Service → Ops**
6. **Ops → Revenue Accounting**
7. **Credit → Sales**
8. **Tax → Billing**
9. **IT → Business Owners**
10. **Disputes → Process Improvement**

Each handoff becomes a testable audit point

Nine SAMPLE audit steps that turn a map into fieldwork

1 Trace contract terms
Sales → Billing
Rates, fees, discounts, accessorials

2 Reconcile activity to invoices
Ops → Billing
Completed billable activity invoiced

3 Validate interfaces & rejects
WMS/TMS → ERP
Complete, accurate, timely feeds

4 Analyze disputes & cash impact
Billing → Collections
Disputes, credits, aging and root cause

5 Walk requests to execution
Customer Service → Ops
Authorized and communicated work requests

6 Test cutoff & unbilled revenue
Ops → Revenue Accounting
Services recorded in the right period

7 Review credit holds & overrides
Credit → Sales
Approvals balance growth and exposure

8 Verify tax setup & treatment
Tax → Billing
Tax codes, exemptions, invoice logic

9 Test change & learning loops
IT → Owners; Disputes → Fixes
Controlled changes and recurring issue fixes

Objective → Handoff → Evidence → Exception → Root cause → Business action

Key message: Audit the handoffs, not just the boxes — that is where cross-functional risk becomes visible.

Audit idea: Revenue Leakage / Billing Completeness

Are we billing for everything we are doing?

3 DO How to do it

- Trace WMS/TMS activity codes to invoice line items by customer, facility and service type.
- Focus on accessorial services, special handling, rework, blast freezing, labeling, repacking and pass-through charges.
- Look for manual customer requests that never became billable activity.

Where are we performing valuable services — incurring labor or other costs and creating customer value — but not capturing, billing or collecting the revenue?

Audit idea: Billing Dispute Root Cause Review

Disputes are not just collections issues. They are clues about upstream breakdowns.

3 DO How to do it

Look at the pattern

Top dispute reasons, aging, recurring customers, facilities and service types.

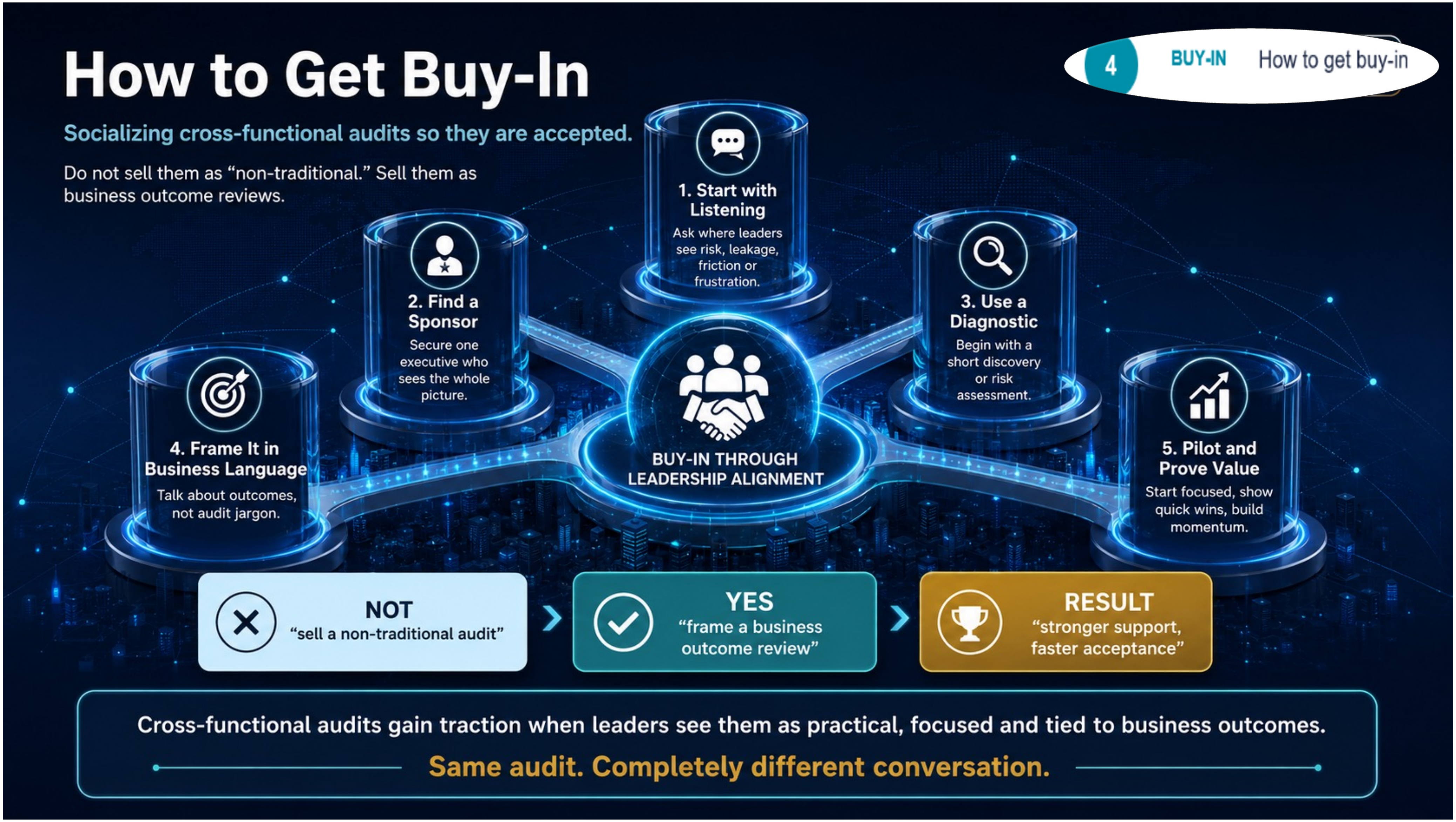
Trace the root cause

Pricing setup, operations documentation, customer service communication, invoice logic or contract ambiguity.

Turn it into improvement

Standardize reason codes, close process loops and use dispute themes to improve handoffs.

“A billing dispute may be the first visible symptom of a broken cross-functional process.”


4
BUY-IN
How to get buy-in
How to Get Buy-In
Socializing cross-functional audits so they are accepted.
Do not sell them as "non-traditional." Sell them as business outcome reviews.
1. Start with Listening
Ask where leaders see risk, leakage, friction or frustration.
2. Find a Sponsor
Secure one executive who sees the whole picture.
3. Use a Diagnostic
Begin with a short discovery or risk assessment.
4. Frame It in Business Language
Talk about outcomes, not audit jargon.
5. Pilot and Prove Value
Start focused, show quick wins, build momentum.
BUY-IN THROUGH LEADERSHIP ALIGNMENT
NOT
"sell a non-traditional audit"
YES
"frame a business outcome review"
RESULT
"stronger support, faster acceptance"
Cross-functional audits gain traction when leaders see them as practical, focused and tied to business outcomes.
Same audit. Completely different conversation.


How to socialize cross-functional audits so they are accept
04 | BUY-IN
Do not sell them as "non-traditional." Sell them as business outcome reviews.
4 BUY-IN | How to get buy-in
01
Start with listening
Ask leaders where they see risk, leakage, friction or frustration before drafting the audit objective.
02
Find a sponsor
Cross-functional audits need one executive who sees the whole picture and can clear resistance.
03
Use a diagnostic
Begin with a short risk assessment or discovery phase before launching a full audit.
"Same audit. Completely different conversation."

Reframe the audit in executive language

Translate audit terminology into business outcomes leaders already care about.

Revenue Leakage Audit	Are we billing for everything we are doing?
Billing Dispute Audit	Why are customers disputing invoices?
O2C Data Integrity Audit	Can leadership trust the data?
Transportation Billing Audit	Are pass-throughs and surcharges billed accurately?
Contract-to-Cash Audit	Do approved terms make it to invoice and cash?

Start with a diagnostic, then pilot the highest-value audit

This prevents scope panic and builds credibility quickly.

4 BUY-IN How to get buy-in

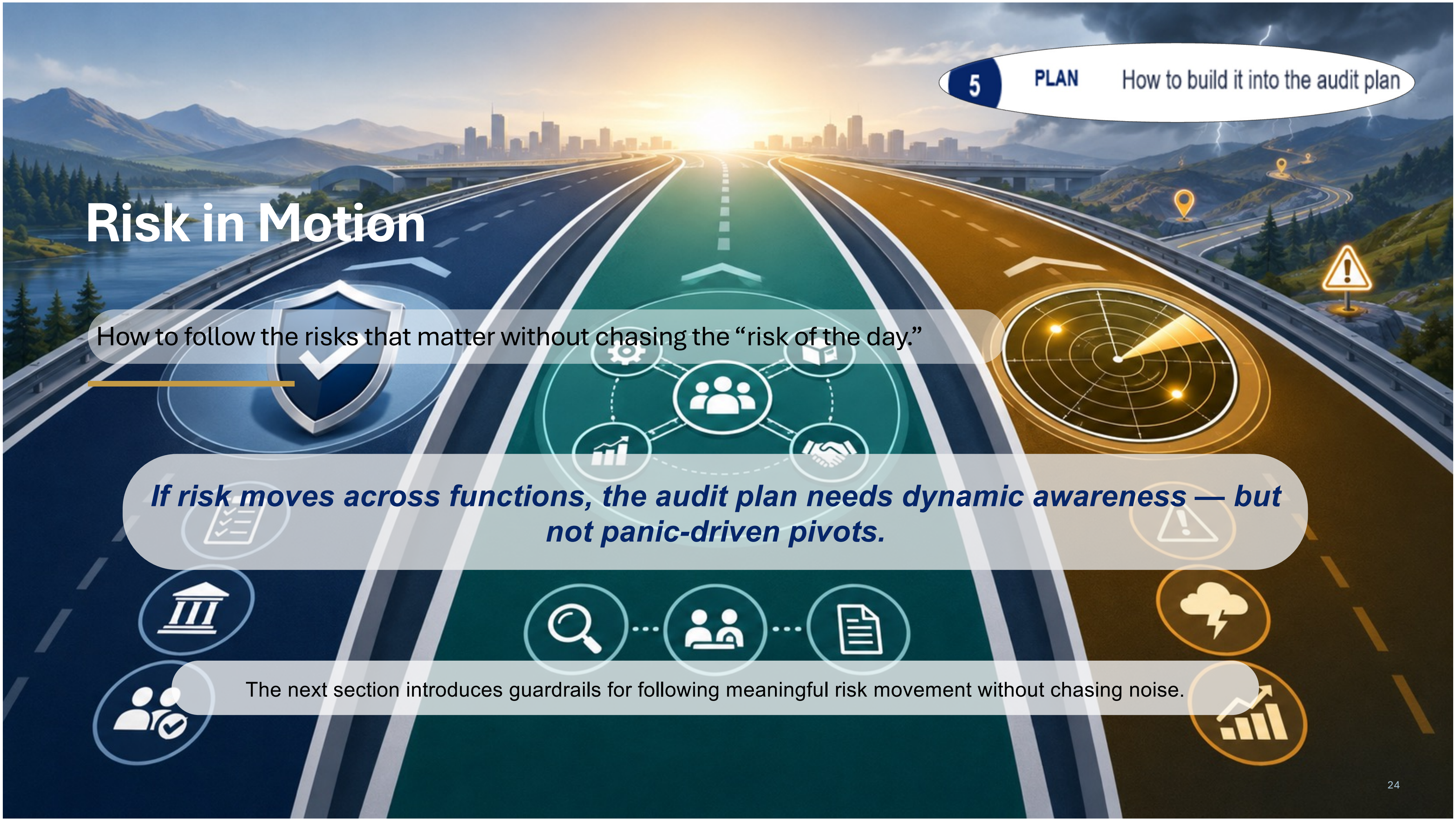
1 Build the connector map	2 Meet with key leaders	3 Gather basic data indicators
4 Select a limited diagnostic	5 Run one pilot audit	6 Report themes and quick wins

Pilot candidates:

- Accessorial revenue leakage
- Billing dispute root causes
- Contract rate setup

Clarification: A diagnostic is not a watered-down audit — it is a disciplined way to decide where a full audit will create the most value.

- Transportation pass-through billing



5 PLAN How to build it into the audit plan

Risk in Motion

How to follow the risks that matter without chasing the "risk of the day."

If risk moves across functions, the audit plan needs dynamic awareness — but not panic-driven pivots.

The next section introduces guardrails for following meaningful risk movement without chasing noise.

Risk in Motion: The Organization’s Vital Signs

A medical analogy for dynamic, disciplined audit planning.

5 **PLAN** How to build it into the audit plan


How to Follow Risk Without Chasing Noise
A practical model for risk-based, cross-functional audit planning
1
1. Stable Foundation
Core assurance on risks that always matter
~70% of plan
Financial reporting
Cybersecurity
Compliance
Revenue
Inventory
Safety
2
2. Cross-Functional Risk Coverage
Audit the business flows where risks intersect
~20% of plan
Order-to-Cash
Procure-to-Pay
Third-party lifecycle
Customer data
System implementations
3
3. Risk in Motion
Monitor emerging changes without constantly reshuffling the plan
~10% flexible capacity
Leadership changes
Project delays
Incident spikes
New regulations
Customer complaints
Turnover
Monitor
Watch indicators, trends, and changes
Assess
Apply the decision filter
Act
Monitor only / Run a diagnostic / Adjust the plan
Decision Filter
Before changing the audit plan, ask:
Magnitude
Could it materially affect the business?
Velocity
Is the risk increasing quickly?
Persistence
Is it recurring or lasting?
Cross-functional impact
Does it affect multiple areas?
Assurance gap
Is anyone already covering it?
Goal:
Separate signal from noise
Risk-based auditing does not mean reactive auditing. It means disciplined coverage of what matters most, with flexibility for meaningful change.

Risk in Motion Dashboard: Order-to-Cash Early-Warning System

5 **PLAN** How to build it into the audit plan

The dashboard informs the plan. It does not control the plan.

O2C Risk Area	Indicator	Trend / Trigger	Coverage Needed	Internal Audit Action
Pricing / Contract Terms	Discount overrides, rate mismatches	Rising or recurring exceptions	Targeted cross-functional review	Test contract-to-bill controls
Customer Master / Order Entry	Master data changes, incomplete setup	Spike in errors or rework	Diagnostic + control walkthrough	Review approvals and data governance
Service Capture / Billing Completeness	Unbilled shipments, missed accessorials	Upward trend in leakage	Focused O2C audit	Reconcile activity to invoices
Billing Accuracy	Credit memos, invoice corrections	Increase over baseline	Cross-functional review	Trace root causes to source
Customer Disputes	Dispute volume and aging	Sharp rise or persistent backlog	Diagnostic / operational review	Analyze dispute drivers
Collections / DSO	Past-due balances, DSO	Deteriorating collections trend	Targeted collections review	Assess escalation and follow-up
Cash Application	Unapplied cash, write-offs	Growing unresolved items	Process and data review	Test cash application workflow
Revenue Recognition / Close	Manual entries, cutoff exceptions	Recurring month-end issues	Integrated finance review	Test cutoff and reporting controls
IT Interfaces / Data Integrity	Interface failures, rejected transactions	Frequent breaks or data mismatches	IT + business process review	Validate completeness and accuracy
Customer Experience / Complaints	Service complaints linked to billing	Increase in linked complaints	Cross-functional diagnostic	Follow issue from service to invoice

O2C Risk Trend (Composite Index)

Composite view of leading O2C risk indicators

Current O2C Risk Heat Map

ELEVATED

Score: 68 / 100

- **High** (75+) Immediate attention
- **Elevated** (50–74) Monitor closely
- **Low** (<50) Within normal range

Dashboard Purpose

- Surface meaningful O2C **signals early**
- Link signals to existing **coverage**
- Trigger action only when risk is **significant**

Typical IA Responses

- Monitor
- Discuss with management
- Run diagnostic
- Launch focused audit
- Adjust future plan

Guardrail: Change the plan only when the signal is significant, cross-functional and not otherwise covered.

Source: Internal Audit O2C Risk Framework

Signal vs. noise: five questions before changing the plan

Not every new risk indicator deserves a new audit.

5 **PLAN** How to build it into the audit plan

1. Magnitude
Could it materially affect revenue, cash, operations, compliance, reputation, safety or strategy?

2. Velocity
Is the risk increasing quickly?

3. Persistence
Is this a one-time issue or a recurring trend?

4. Cross-functional impact
Does it affect more than one department, system or process?

5. Assurance gap
Is anyone already monitoring or testing this effectively?

10 Practices of a Connected Internal Audit Function

Practical moves audit teams can use immediately — without redesigning the entire department.

Cross-functional auditing becomes exciting when teams can see risk earlier, connect people faster and turn findings into enterprise insight.

1 Knowledge Hub
Capture "what we're hearing" from executive, ERM, SOX, IT and operational meetings.

2 Risk Radar
Map major risks across the functions, systems and owners they impact.

3 Planning Question
Ask: what departments, data, controls or risks intersect with this process?

4 Risk Huddles
Bring IA, IT, SOX, ERM, compliance, analytics and the business together before scoping.

5 Multiple Lenses
Look at one process through operational, financial, IT, SOX, compliance and ERM views.

6 Connector Map
Visualize the process, who touches it, and where handoffs create risk.

7 Enterprise Lessons
Turn findings into root-cause themes that may apply elsewhere.

8 Cross-Training
Build audit fluency across SOX, ITGCs, analytics, ERM, cyber and operations.

9 Risk in Motion
Track change indicators and use the dashboard to refresh risk coverage.

10 Leader-Centric Ideas
Frame audits around what keeps leaders up at night.

Audience takeaway: Start small — ask better planning questions, map handoffs and use data to connect the dots.

Start small: 30 / 60 / 90 day action plan

Every audit department can put this into practice without redesigning the entire function.

5 **PLAN** How to build it into the audit plan

30 days	60 days	90 days
Make risk visible	Build the map	Pilot and prove value
Create a "What We're Hearing" hub; add one cross-functional planning question to every audit; identify one process to map.	Run a risk huddle; build a connector map; collect basic indicators; identify one executive sponsor.	Run one diagnostic or pilot; report themes and quick wins; use the result to shape the next audit plan refresh.

"Risk-based auditing does not mean reactive auditing. It means disciplined coverage of the risks that matter most, with enough flexibility to respond when the risk profile truly changes."

Follow the Risk.

Connect the Business.

The cross-functional auditor does not start with:

"What department are we auditing?"

The better question is:

"What risk are we trying to understand — and where does it travel?"

- Connect the risks
- Connect the processes
- Connect the data
- Connect the people

Cross-functional auditing is disciplined assurance over the risks and handoffs that matter most.

Appendix

Reusable Examples and References

Additional detail you can use as handouts, speaker backup or examples if the audience asks for more.

1. Standards and research context
2. Doctor vs. auditor comparison table
3. Detailed O2C audit idea slides
4. H2R, P2P, Monthly Close and Request-to-Fulfill audit steps
5. Selected sources and acknowledgements

3 DO How to do it

Audit idea: O2C Data Integrity and Interface Review

Can leadership trust the data moving from operations to billing to financial reporting?

- Key data: customer master, contract rates, service codes, tax codes, shipment status, billing triggers and payment terms.
- Test interfaces: rejected transactions, duplicate records, manual reprocessing, change management and user access.
- Use analytics to identify exceptions before they become invoice, revenue or cash issues.

Cross-functional by design
IT owns the pipeline. Business owns the rules. Finance relies on the output.

Audit idea: Contract-to-Cash Review

A focused review of whether approved customer terms make it to the invoice and cash collection process.

3 DO How to do it

Objective

Determine whether customer contract terms are accurately translated into billing, revenue recognition, collections and reporting.

Functions

Sales, Legal, Pricing, Billing, Revenue Accounting, Customer Service, IT, Tax and Collections.

Analytics

Compare approved rates and accessorial terms to billing rules, invoices, credit memos and dispute reasons.

- Are approved contract rates configured correctly in the system?
- Are accessorial charges billed completely?
- Are discounts and special pricing authorized?
- Are credit memos tied to valid disputes or billing errors?

Doctor Evaluating a Patient vs. IA Evaluating an Organization

Different Settings, same diagnostic mindset.

Doctor	vs.	Internal Auditor
Starts with symptoms and concerns	1	Starts with leadership concerns, objectives, and risk indicators
Takes medical history	2	Reviews business history, prior audits, incidents, and known issues
Asks questions about symptoms and lifestyle	3	Interviews executives, process owners, and employees
Checks vital signs	4	Reviews KPIs, KRIs, dashboards, and trend data
Orders bloodwork and diagnostic tests	5	Performs analytics, walkthroughs, control testing, and substantive testing
Evaluates multiple body systems	6	Evaluates financial, operational, technology, and compliance processes
Looks for relationships among symptoms	7	Looks for relationships among risks, issues, and process breakdowns
Determines root cause	8	Identifies root cause and control or process weaknesses
Prescribes treatment and continues monitoring	9	Recommends remediation, monitoring, and plan refreshes

**The body does not organize problems by medical specialty.
Organizations do not organize risks by the audit universe.**

What standards and research are pointing toward

The direction is integrated assurance, stakeholder communication and technology-enabled risk sensing.

1 **WHY** Why this matters

IIA 2024 Standards
Emphasize strategy, stakeholder communication, engagement planning, collaboration with management and clear action plans.

Risk in Focus 2026
Top risks such as cybersecurity, digital disruption / AI and regulatory change demand coverage across functions and systems.

Academic / practice research
AI and analytics are pushing audit toward broader coverage, anomaly detection, continuous monitoring and earlier risk signals.

- New capability requirement: process mapping + data fluency + business acumen.
- New risk requirement: AI governance, explainability, bias, privacy, cybersecurity and operational resilience.
- New planning requirement: dynamic monitoring without undisciplined risk-chasing.

Sources include The IIA 2024 Global Internal Audit Standards, IIA Risk in Focus 2026 and recent peer-reviewed audit/AI literature.

Internal Audit Connector Map: AnyCo Hire-to-Retire (H2R)

Enterprise / Corporate Services Business

1 MAIN CONNECTOR MAP

1. Workforce Planning / Requisition Approval
2. Recruiting & Candidate Sourcing
3. Interviewing / Candidate Selection
4. Offer, Background Check & Pre-Hire
5. Hiring / Employee Master Data Setup
6. Onboarding & Orientation
7. Timekeeping / Attendance Capture
6. Payroll & Benefits Administration
8. Learning, Performance & Development
10. Compensation, Promotions & Job Changes
11. Leave, Employee Relations & Compliance
11. Offboarding / Termination Processing
12.
13. Retirement, Final Pay & Workforce Analytics

KEY DATA & SYSTEM TOUCHPOINTS (END-TO-END)

requisitions | candidate data | ATS | HRIS | timekeeping | payroll | benefits | LMS | performance data | compensation | leave records | acccss rights | final pay | headcount reporting

2 WHO TOUCHES HIRE-TO-RETIRE

- HR / People Team
- Talent Acquisition
- Hiring Managers / Operations
- HRIS / IT
- Payroll
- Benefits Administration
- Learning & Development
- Finance / FP&A
- Legal / Compliance
- Employee Relations
- Information Security
- Facilities / Asset Management
- Tax
- Executive Leadership
- Internal Controls / SOX

IT INTERFACES & DATA GOVERNANCE | Data Quality & Integrity | Master Data Governance | Interface Monitoring | Access Controls & Security | Change Management | Privacy & Retention

3 WHERE CROSS-FUNCTIONAL AUDIT RISK LIVES

Risk concentrates in the handoffs between functions.

1. Requisition → Recruiting: approved headcount and role profile
2. Recruiting → Hiring Managers: candidate evaluation and selection documentation
3. Offer / Pre-Hire → HRIS / Payroll: complete and accurate employee setup
4. HR → IT / Security: timely access provisioning
5. Timekeeping → Payroll: complete and accurate pay inputs
6. Benefits → Payroll: correct deductions and enrollments
7. Job Changes → Compensation / Payroll: approved salary and title changes
8. Leave → Operations / Payroll: accurate leave tracking and pay treatment
9. Employee Relations → Legal / HR: compliant investigations and actions
10. Termination → IT / Payroll / Facilities: access removal, final pay, and asset recovery

Internal Audit adds value by auditing the handoffs — connecting people, processes, systems, data, and risks across the full Hire-to-Retire cycle.

H2R (Hire-to-Retire): 9 Handoff Audit Steps

Use the Connector Map to follow people, pay, access and compliance risk from one owner to the next.

1 Workforce Need → 2 Recruiting → 3 Offer / Comp → 4 Master Data → 5 IT & Facilities → 6 Timekeeping → 7 Payroll / Benefits → 8 Performance / Compliance → 9 Status Changes → 10 Termination / Final Pay

Section 3 lens: audit the handoffs

For each handoff: select samples → trace evidence → test completeness/accuracy/timeliness → identify root cause.

1 Need → Recruiting

Trace approved requisitions to job postings and candidate criteria. Test business need, approval, role clarity and recruiting intake completeness.

2 Recruiting → Offer

Trace selected candidates to offer packages. Test background checks, compensation approvals, job level and exception handling.

3 Offer → Master Data

Trace accepted offers into the employee record. Test start date, pay rate, manager, location, tax status and required documents.

4 Master Data → Access

Test whether employee data drives timely and appropriate system, facility and equipment provisioning, including segregation of duties.

5 Access → Time Capture

Confirm employees are correctly enabled for scheduling, timekeeping and supervisor approval before hours can be worked and paid.

6 Timekeeping → Pay/Benefits

Reconcile time/status data to payroll, benefits and deductions. Review interface errors, manual adjustments and exception resolution.

7 Pay/Benefits → Compliance

Verify required training, certifications, policy acknowledgments and compliance obligations are triggered and monitored for active employees.

8 Status Changes → Downstream

Trace transfers, leaves, promotions and pay changes across HR, payroll, access, reporting and compliance systems for completeness and timing.

9 Termination → Closeout

Test final pay, benefits notice, equipment return, records retention and timely access removal across HR, IT, payroll and legal requirements.

Key message: In H2R, audit risk lives where people, pay, access and compliance information moves from one owner to the next.


Internal Audit Connector Map: AnyCo Purchase-to-Pay (P2P)
Temperature-Controlled Warehousing & Logistics Business
1 MAIN CONNECTOR MAP
1 Demand Identification / Requisition Need
2 Purchase Requisition Creation
3 Approval Workflow
4 Sourcing / Vendor Selection
5 Contracting & Vendor Setup
6 Purchase Order Creation
7 PO Dispatch / Vendor Acknowledgment
8 Receipt of Goods / Services
9 Invoice Receipt & 3-Way Match
10 Invoice Processing
11 Invoice Processing
11 Payment Approval
12 Payment Execution
13 AP Recording / Reporting & Analytics
AnyCo
1
2
3
2
4
AnyCo
RECEIVING
-18°C
KEY DATA & SYSTEM TOUCHPOINTS (END-TO-END)
requisitions
vendor master
contracts
ERP
procurement platform
receiving records
invoice
3-way match
approval workflow
payment file
bank
GL
IT INTERFACES & DATA GOVERNANCE
Data Quality & Integrity
Master Data Governance
Workflow Automation
Interface Monitoring
Access Controls & Security
Change Management
Data Retention & Privacy
2 WHO TOUCHES PURCHASE-TO-PAY
Operations / Requisitioners identify need
Procurement manages sourcing
Vendor Management maintains vendor relationships
Legal reviews contracts
Approvers authorize spend
Receiving / Warehouse confirms receipt
Accounts Payable processes invoices
Treasury executes payments
Tax supports tax treatment
FP&A monitors spend
IT supports systems
SOX / Controls tests controls
Executive Leadership uses P2P insights
3 WHERE CROSS-FUNCTIONAL AUDIT RISK LIVES
Risk concentrates in the handoffs between functions.
1 Requisitioner → Procurement
valid business need and proper request initiation
2 Procurement → Vendor Setup
approved vendors and clean master data
3 Vendor Setup → PO
correct vendor terms and purchasing controls
4 PO → Receiving
goods/services received match ordered items
5 Receiving → AP
complete receipt data supports invoice processing
6 Invoice → 3-Way Match
invoice accuracy and exception handling
7 AP → Treasury
approved payments and cash disbursement controls
8 Tax → AP
correct tax treatment and documentation
9 IT → Business Owners
system workflows, access, and change controls
10 Exceptions → Process Improvement
recurring issues and root-cause analysis
Internal Audit adds value by auditing the handoffs — connecting people, processes, systems, data, and risks across the full Purchase-to-Pay cycle.

Purchase-to-Pay:
9 Example Audit Steps for Evaluating Handoffs

Use the Section 3 “handoff lens” to audit the points where requests, approvals, goods/services, invoices and cash move between functions.

9 example audit steps

1 Request → Requisition
Trace a sample need into the requisition. Verify completeness, requester identity, coding and business purpose.

2 Requisition → Approval
Confirm approval thresholds, delegation rules and evidence that requests were approved before commitment.

3 Approval → Sourcing
Test whether approved requests followed the right sourcing path: preferred vendors, quotes, bids or exceptions.

4 Sourcing → PO
Verify negotiated prices, terms and quantities flowed accurately from sourcing/contracting into the purchase order.

5 PO → Receipt / Service Entry
Match the PO to receipt or service confirmation. Check timing, quantities and evidence goods/services were actually received.

6 Receipt → AP Intake
Confirm receiving or service-entry data reached Accounts Payable timely and completely for invoice processing.

7 Invoice Intake → Match / Exception
Test duplicate checks, invoice validation, 2-/3-way match logic and how mismatches are routed and resolved.

8 Match / Exception → Payment
Verify only resolved, approved invoices are paid. Review discounts captured, bank controls and payment authorization.

9 Payment → GL / Closeout
Reconcile disbursements to ledger posting, accrual reversal, vendor statement resolution and management reporting.

Simplified P2P handoff map (10 cross-functional are

Each arrow is a potential audit step.

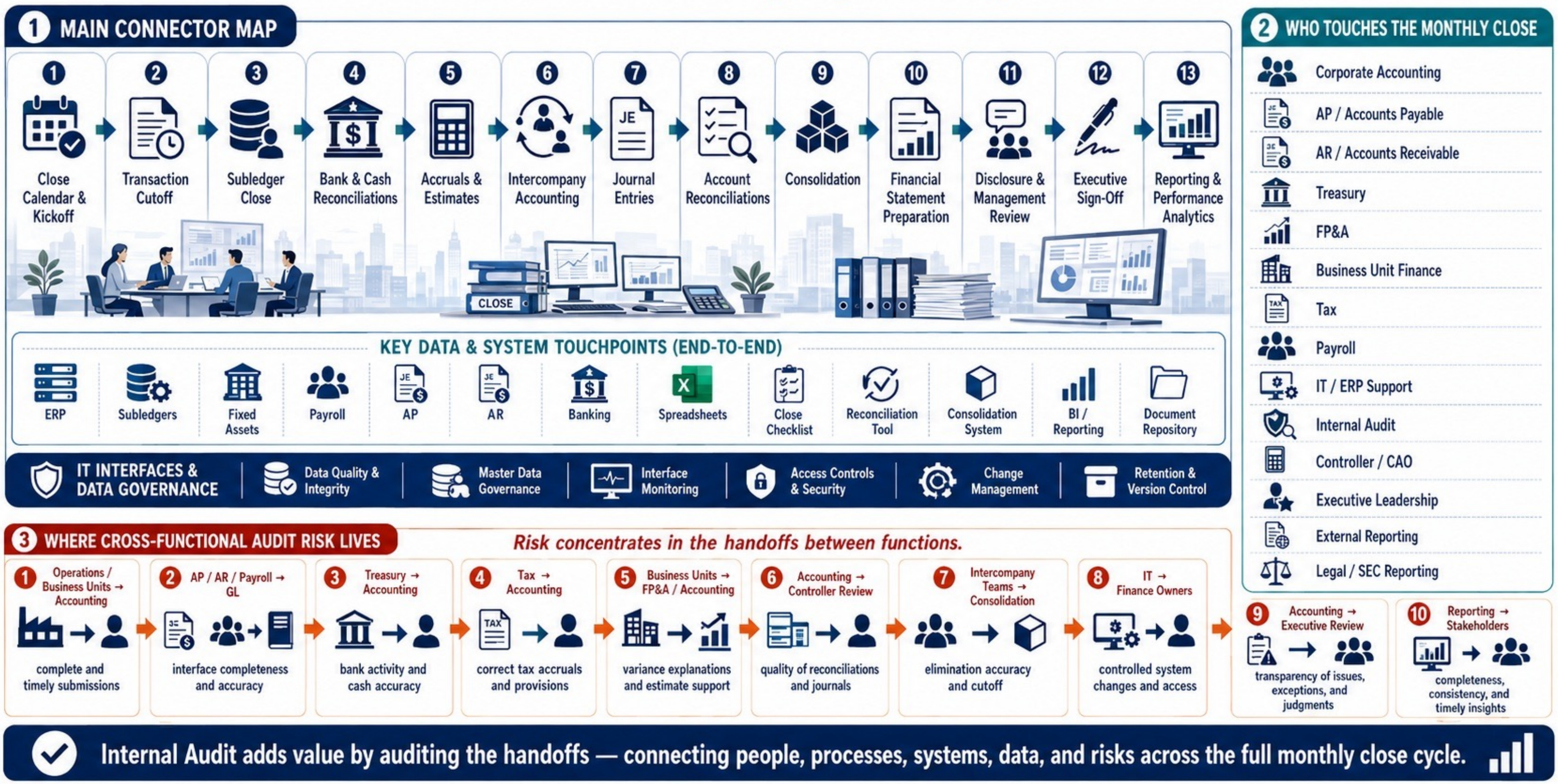
1 Business Need	2 Requisition	3 Approval	4 Sourcing / Vendor	5 PO Issuance
10 GL / Closeout	9 Payment	8 Match / Exception	7 Invoice Intake / AP	6 Receipt / Service

How to use this:
Define the handoff objective and risk
Select a sample and trace it across both functions
Test completeness, accuracy, timing, approval and ownership

Key message: Audit the handoffs, not just the boxes — that is where cross-functional process risk usually shows up first.

Internal Audit Connector Map: AnyCo Monthly Close Cycle

Cross-Functional Financial Reporting & Accounting Process



Monthly Close: 9 Cross-Functional Example Audit Steps

Use the connector-map concept to audit the handoffs — not just the accounting tasks.

1 Business / Source Data ⟩ 2 Subledgers ⟩ 3 Reconciliations ⟩ 4 Accruals & Estimates ⟩ 5 Journal Entries ⟩ 6 General Ledger ⟩ 7 Consolidation ⟩ 8 FP&A / Flux Review ⟩ 9 Financial Reporting ⟩ 10 Executive Review

WHERE CROSS-FUNCTIONAL AUDIT RISK LIVES — Evaluate the nine handoffs

1 Source Data → Subledgers

Trace key source-system data into AP, AR, payroll, inventory or other subledgers. Test completeness, timing, interface exceptions and manual uploads.

2 Subledgers → Reconciliations

Verify subledgers are closed on time and reconciled to the GL. Inspect unresolved differences, aged reconciling items and ownership of exceptions.

3 Reconciliations → Accruals & Estimates

Assess how reconciling items and missing activity feed accruals, reserves and estimates. Challenge assumptions, cut-off and evidence supporting estimates.

4 Accruals & Estimates → Journal Entries

Test whether approved accruals and estimates are translated accurately into journal entries, with appropriate support, review and segregation of duties.

5 Journal Entries → General Ledger

Evaluate posting completeness, duplicate or late entries, privileged access and post-close adjustments. Use analytics to identify unusual journals.

6 General Ledger → Consolidation

Test entity mapping, intercompany eliminations, foreign currency translation and consolidation adjustments. Follow exceptions through resolution.

7 Consolidation → FP&A / Flux Review

Determine whether management analytics identify unexpected movements, explanations are evidence-based and anomalies are escalated back to accounting.

8 FP&A / Flux Review → Financial Reporting

Confirm significant trends, estimates and known issues are reflected consistently in financial statements, disclosures and management reporting.

9 Financial Reporting → Executive Review

Assess final review and certification: open issues, late adjustments, disclosure changes and unresolved risks should reach the right executives before release.

Key message: Audit the transfer of information, responsibility and judgment at each handoff — that is where close errors often originate or go undetected.

Internal Audit Connector Map: AnyCo Request-to-Fulfill (R2F)

Temperature-Controlled Warehousing & Logistics Business

1 MAIN CONNECTOR MAP

1. Customer Request Intake →
2. Request Review & Validation →
3. Routing / Work Order Creation →
4. Capacity & Inventory Check →
5. Scheduling / Dispatch →
6. Fulfillment / Service Execution →
7. Exception Handling / Issue Resolution →
8. Completion Confirmation →
9. Customer Notification / Closeout →
10. Performance Monitoring & Analytics

KEY DATA & SYSTEM TOUCHPOINTS (END-TO-END)

Customer portal | CRM | OMS | Routing engine | Work order system | WMS | TMS | Mobile scanning | Proof of service | Exception logs | KPI dashboard

IT INTERFACES & DATA GOVERNANCE

Data quality & integrity | Master data governance | Interface monitoring | Access controls & security | Change management | Data retention & privacy

2 WHO TOUCHES REQUEST-TO-FULFILL

- Sales / Customer Service
- Order Management
- Operations Planning
- Warehouse Operations
- Transportation / Dispatch
- Inventory Control
- Quality / Food Safety
- IT
- Finance / Billing
- FP&A
- SOX / Controls
- Executive Leadership

3 WHERE CROSS-FUNCTIONAL AUDIT RISK LIVES

Risk concentrates in the handoffs between functions.

1. **Customer Service → Routing** — request accuracy and completeness
2. **Routing → Work Order** — correct instructions and prioritization
3. **Inventory / Capacity → Fulfillment** — availability and resource readiness
4. **Dispatch → Fulfillment** — schedule alignment and execution readiness
5. **Fulfillment → Confirmation** — proof of service and completion accuracy
6. **Exceptions → Customer Communication** — timely issue escalation and resolution
7. **IT → Business Owners** — controlled system changes and reliable interfaces
8. **Confirmation → Billing / Closeout** — correct completion status and downstream handoff

Internal Audit adds value by auditing the handoffs — connecting people, processes, systems, data, and risks across the full Request-to-Fulfill cycle.

9 Example Audit Steps
for the Request-to-Fulfill Cycle

A practical way to audit the handoffs across a cross-functional Request-to-Fulfill process

1 Define the scope
Pick the R2F flow, locations, service lines and the handoffs you want to cover.

2 Map the 10 handoffs
Document owners, upstream inputs, downstream outputs, systems, data and service levels.

3 Walk through one live request
Trace a request from intake through closeout to see where delays or breakdowns occur.

4 Test intake and routing controls
Review request completeness, approval rules, prioritization logic and work-order creation.

5 Evaluate scheduling and dispatch
Confirm capacity, inventory, resource assignment and timing align with customer commitments.

6 Test fulfillment execution
Sample work orders to verify service delivery, proof of service, scanning and completion evidence.

7 Review exceptions and communication
Examine issue escalation, customer updates, rework, and exception-resolution timeliness.

8 Validate downstream handoffs
Confirm completion status flows correctly to confirmation, billing, closeout, KPI and reporting processes.

9 Summarize root causes
Aggregate handoff failures, quantify impact, assign ownership and recommend practical fixes.

10 R2F handoff zones

- Customer request → validation
- Validation → routing
- Routing → work order
- Capacity / inventory → scheduling
- Scheduling / dispatch → fulfillment
- Fulfillment → confirmation
- Exceptions → customer communication
- IT → business owners
- Confirmation → billing / closeout
- Performance feedback → process improvement

Audit the handoffs — not just the silos

Key message: Use the connector map to select the riskiest handoffs, test them end-to-end and translate the results into clear business actions.

Selected sources and acknowledgements

Content designed for TAC Conference discussion and adapted from Brian's presentation planning notes.

- The Institute of Internal Auditors, 2024 Global Internal Audit Standards — guidance on the worldwide professional practice of internal auditing and the 2024 IPPF domains.
- IIA Internal Audit Foundation, Risk in Focus 2026 Global / North America — current risk environment and audit priorities, including cybersecurity, digital disruption / AI, regulatory change and resilience.
- The IIA, Artificial Intelligence Auditing Framework, 2024 update — AI literacy, governance, management, assurance and advisory considerations for internal auditors.
- Recent academic literature on AI, analytics and auditing, including Kokina (2025), Shivram (2024) and other peer-reviewed studies on AI-enabled audit planning, risk assessment and continuous monitoring.
- TAC planning document: the IIA team requested a practical, interactive session focused on cross-functional auditing, breaking down silos, integrated audit examples and tangible takeaways.