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IIA CULTURE TOPICAL REQUIREMENT

# People Risk and Behavior

Meeting the IIA Culture Topical Requirement


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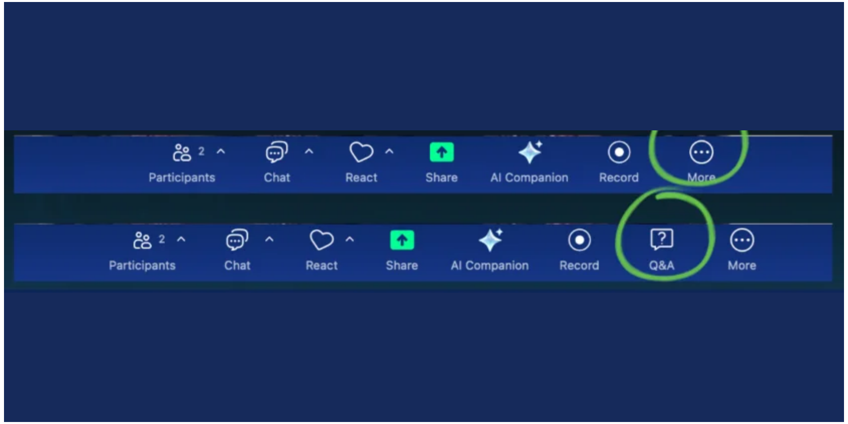
SEPTEMBER 16, 2026

1.0 CPE · BEHAVIORAL ETHICS

# Question and Answer (Q&A)




- The Q&A icon sits in the meeting toolbar.

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You have the option to ask your question anonymously through the Q&A panel.

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Chat is open throughout, and four on-screen prompts invite responses. Four polls run in Zoom during the hour.

> Slides and the resource links on the closing card are posted to cherryhilladvisory.com after the session. Nothing on screen needs to be copied down.

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# Harold Silverman

CPA | CIA | CRMA | QIAL | MBA

## Chief Audit Executive, Cherry Hill Advisory

25+ years in internal audit and risk advisory; former CAE, The Wendy's Company and Houghton Mifflin Harcourt

Former Senior Director, CAE and Corporate Governance Engagement, The IIA

Former IIA Standards Board member; former Vice Chairman, IIA North American Board

Former Chair, IIA Global Professional Development and Academic Relations Committees

# NASBA CPE Requirements

## PER CPE HOUR

### 01

50 minutes of attendance.

- 50 of the 60 minutes on screen

### 02

3 poll questions answered.

- Three of the four polls count toward credit

Certificates will be sent by mid next week.

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# Learning Objectives

THREE OBJECTIVES

## 01

Use real indicators to assess culture.

## 02

Identify misconduct signals and pressure points.

## 03

Challenge management when tone and evidence do not match.

# Today's Agenda

**01**

## The Requirement

*The baseline the IIA now expects when culture is in scope.*

**02**

## Reading Real Indicators

*Use real indicators to assess culture.*

**03**

## Signals and Pressure Points

*Identify misconduct signals and pressure points.*

**04**

## When Tone and Evidence Diverge

*Challenge management when tone and evidence do not match.*

EVERYTHING IN ONE DOWNLOAD

# Resources for Today

01 SCAN TO OPEN

**Focus 2026**

02 SCAN TO OPEN

**Practitioner's Workbook: Organizational Behavior Topical Requirement**

03 SCAN TO OPEN

**IIA Organizational Behavior Topical Requirement and User Guide**

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# 01

# Culture Became Auditable

The IIA stopped asking auditors to assess culture in the abstract. Culture is testable.

# What Changed and Why It Matters

TWELVE MONTHS

**December 15, 2025**
Requirement released

**Takes effect**
Under IIA Topical Requirements policy

Cultural deficiencies often underlie major control failures, yet culture never gained traction in audit practice.

Topical Requirements take effect twelve months after issuance under IIA policy.

Culture is the broad concept. Organizational behavior is the observable, auditable subset.

The definition is plain language: organizational behavior is “the way we do things.”

Source: IIA, Organizational Behavior Topical Requirement (2025); IIA, Topical Requirements Application Guidance.

# What the Requirement Asks For

**15** mandatory requirements across three sections

### GOVERNANCE 4

Board oversight, accountability for behavioral expectations, monitoring and challenge, and policies.

### RISK MANAGEMENT 4

A defined behavioral risk approach, timely monitoring, gap communication with root cause, tracked resolution.

### CONTROLS 7

Pattern reviews, tone and channels, protected reporting, incentives and consequences, escalation, training, hiring.

Applicability must be documented for every requirement, including a rationale for anything excluded.

Source: IIA, Organizational Behavior Topical Requirement (2025).

POLL 1 OF 4

# Start Where You Actually Are

When organizational behavior comes up in your work, where do you sit today?

- **A** I could scope and test it today.
- **B** I could review the work but not build it
- **C** I would need guidance to start
- **D** It has not reached my work yet

## 02

# The Records Already Talk

You do not need a behavioral science team. You need the data your organization already generates and a method for reading it.

> ***Behavior leaves evidence before it leaves damage.***

# Where Behavior Becomes Evidence

**EXIT INTERVIEWS**

Name pressures people would not say out loud while employed.

**HOTLINE VOLUME AND CASE TYPE**

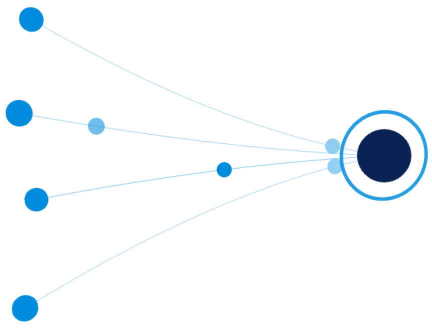
Show what people are willing to report.

**DISCIPLINARY RECORDS**

Show whether standards apply consistently across levels.

**TURNOVER PATTERNS BY MANAGER**

Isolate behavior to a person, not a policy.



The workbook maps nine data sources. These four are where most functions start.

Source: Cherry Hill Advisory, Organizational Behavior Practitioner's Workbook (2026).

# The Evidence Gap

Fourth on the risk list. Ninth on the audit plan.


**Human capital named a top-five risk.**

Fourth highest worldwide.


**Human capital as a top-five audit priority.**

Ninth for where audit time goes.


**The gap in points.**

One of three areas the IIA flags as high risk, low audit priority.

Source: Cherry Hill Advisory, Focus 2026. Internal Audit Foundation, Risk in Focus 2026 Global Summary, 4,073 responses across 131 countries, April to June 2025.

# A Four-Step Indicator Method

01

## Establish the expectation

Pull the stated standard from policy, the code of conduct, or documented objectives.

02

## Gather what already exists

Surveys, exit data, hotline cases, disciplinary records, and turnover by unit.

03

## Map the gap

Compare the stated expectation against what the records actually show.

04

## Trace the driver

Ask why the gap exists before you write the finding. Usually incentives, capacity, or escalation.

Source: Cherry Hill Advisory, Organizational Behavior Practitioner's Workbook (2026). IIA, Organizational Behavior Topical Requirement (2025), Risk Management Requirement C.

# Practical Audit Work: Culture Indicators

| | |
|---|---|
| **RISK** | Stated behavioral expectations are not reflected in daily practice, and nobody is measuring the gap. |
| **AUDIT OBJECTIVE** | Determine whether management identifies, monitors, and acts on behavioral risk indicators. |
| **AUDIT PROCEDURE** | Obtain 24 months of hotline, exit, and disciplinary data. Test for pattern concentration by unit and by manager. Confirm each identified pattern was escalated and resolved. |

## HOW THE TEST RUNS

01 **24 months of data**
Hotline, exit, and disciplinary records

02 **Pattern concentration**
Tested by unit and by manager

03 **Escalated and resolved**
Confirmed for every pattern found

Source: IIA, Organizational Behavior Topical Requirement (2025), Risk Management Requirements B and C.

POLL 2 OF 4

# What Have You Actually Used

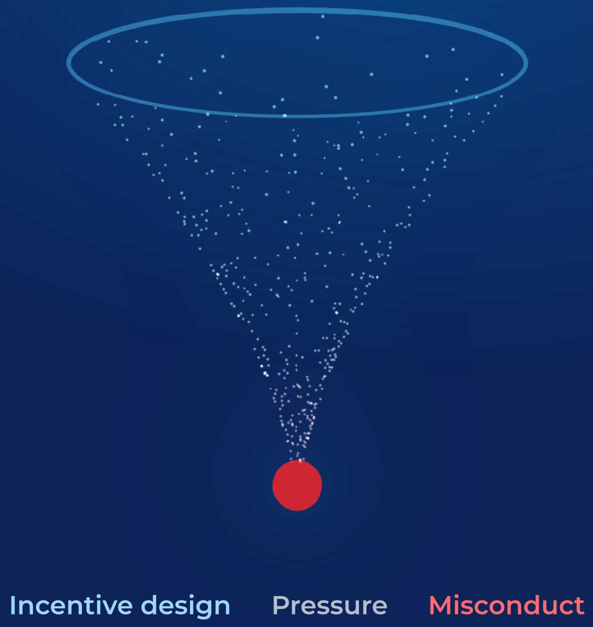
Which of these have you personally used as audit evidence in an engagement?

- **A** Exit interview data
- **B** Ethics hotline case data
- **C** Turnover or disciplinary records
- **D** None of these yet

03

# Nobody Wakes Up Corrupt

Misconduct is preceded by pressure, and pressure is preceded by incentive design. The signals appear long before the loss does.



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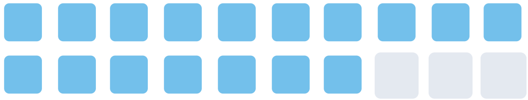
# The Signals Were Visible

## 84%

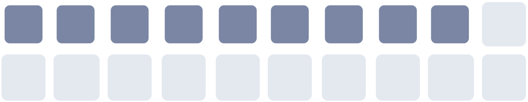
### Displayed a red flag



Share of fraud perpetrators who displayed at least one behavioral red flag before detection.

## 43%

### Found by a tip



Share of frauds first detected by a tip, more than any other detection method.

## 15%

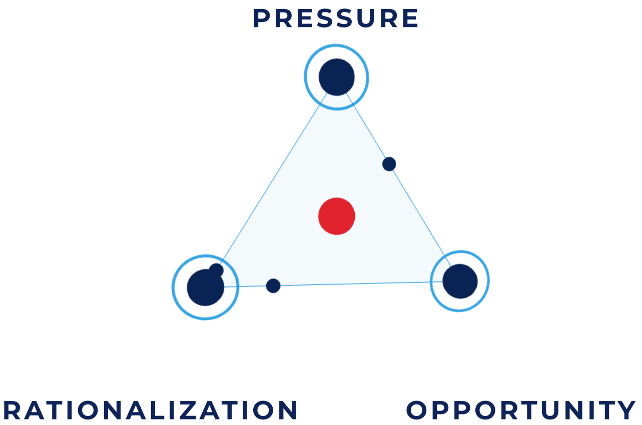
### Found by internal audit

Share of frauds first detected by internal audit. The signals are visible. We are not reading them.

each square is 5 percent of cases   remainder

Source: ACFE, Occupational Fraud 2026: A Report to the Nations. 2,402 cases across 143 countries.

# The Fraud Triangle: Three Conditions That Remove the Barrier




### PRESSURE

Unrealistic targets, personal financial stress, or expectations that push people toward options they would reject.

### RATIONALIZATION

The internal logic that makes it feel justified. I will pay it back. Everyone does this here.

### OPPORTUNITY

Weak controls, overridden approvals, and cultures where nobody asks the hard questions.

Mixed incentives are how pressure gets manufactured. Opportunity is the condition audit can close.

Source: ACFE, Occupational Fraud 2026: A Report to the Nations. Framework established in Cressey, D. R. (1953).

CASE STUDY

# The Target That Moved

A regional service unit raised quarterly volume targets for two consecutive years without adding staff. Incentive pay was tied entirely to volume. Over the same period, voluntary turnover in that unit ran at roughly twice the company average, and three hotline reports named the same supervisor. Each report was closed as unsubstantiated. Eighteen months later, a billing accuracy review found systematic shortcuts in customer verification.

VOLUNTARY TURNOVER OVER THE SAME PERIOD


## AUDIT QUESTIONS

Who reviewed turnover, hotline, and incentive data together rather than separately?

What evidence supported closing three related reports as unsubstantiated?

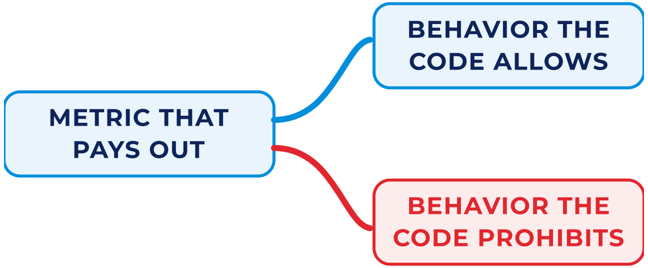
Did anyone test whether the target was achievable with the staffing provided?

Source: Composite scenario constructed from patterns described in the IIA Organizational Behavior Topical Requirement User Guide (2025). Not based on any single organization.

# Control Testing Example: Incentive Alignment

**CONTROL**

Incentive programs are reviewed for alignment with organizational objectives, and consequences for improper behavior are defined and applied.




Step 03 tests whether the second path still pays.

**TEST PROCEDURE**

**01** Obtain the current incentive plan and the stated behavioral expectations.

**02** Identify every metric that pays out and what behavior it rewards.

**03** Test whether any metric can be met through behavior the code prohibits.

**04** Confirm performance evaluations include behavioral criteria with meaningful weight.

**05** Review employee survey data for trust in the reporting mechanism.

Source: Cherry Hill Advisory, Organizational Behavior Practitioner's Workbook (2026). IIA, Organizational Behavior Topical Requirement (2025), Controls Requirement D.

POLL 3 OF 4

# The One Nobody Checks

In your experience, which pressure point gets examined least often during an audit?

- **A** Whether targets are achievable with the resources given
- **B** What behavior the incentive metric actually rewards
- **C** Why reports get closed as unsubstantiated
- **D** Whether consequences apply the same at every level

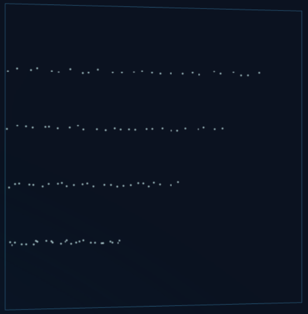
04

# Say It With Records

Challenging management on culture fails when it sounds like opinion. It works when every sentence points to a document.

**SOUNDS LIKE OPINION**

**POINTS TO A DOCUMENT**



# What Weak Tone Actually Looks Like in Practice

**01** Approval overrides are documented as exceptions but never questioned or escalated.

**02** High performers who violate policy face lighter consequences than lower performers.

**03** Whistleblower reports are received but never produce a visible outcome.

**04** Management sets financial targets and leaves the how undefined.

**05** Culture findings are rated low risk and closed without follow up.


***Every item above is a documented comparison, not a judgment call.***

Source: Cherry Hill Advisory, Organizational Behavior Practitioner's Workbook (2026).

CASE STUDY

# A Documented Failure

**1999**
First prosecutions

**2015**
Prosecutions end

**July 2025**
Final report, volume 1

**900+**
subpostmasters prosecuted

**16**
years, 1999 to 2015

**19**
urgent recommendations

Between 1999 and 2015, more than 900 subpostmasters in the United Kingdom were wrongfully prosecuted based on data from an accounting system known to have faults. A statutory public inquiry concluded that the organization knew, or should have known, about the defects. The inquiry published the first volume of its final report in July 2025, setting out the human cost and issuing 19 urgent recommendations.

Source: Post Office Horizon IT Inquiry, Final Report Volume 1, 8 July 2025.

## AUDIT QUESTIONS

What behavioral evidence existed before the first prosecution?

Who was accountable for challenging a system that produced impossible results?

What would have had to be true for one auditor to stop this?

POLL 4 OF 4

# What Stops the Conversation

When you have seen a mismatch between tone and evidence, what most often stopped it being raised?

- **A** The evidence felt too subjective to defend
- **B** It sat outside the approved engagement scope
- **C** Concern about the relationship with management
- **D** I have not encountered this situation

# Writing the Finding That Holds

**01 Criteria**

Quote the organization's own stated expectation, not an external ideal.

**02 Condition**

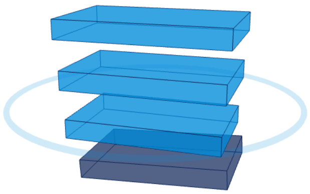
Cite the record. Name the data set, the period covered, and the count.

**03 Cause**

Identify the driver. Usually incentive design, capacity, or a broken escalation path.

**04 Effect**

Connect the behavior to an objective the organization has already agreed to.



Source: IIA, Global Internal Audit Standards (2024), Standard 14.3 Evaluation of Findings.

# What You Can Do Monday

- Pull 24 months of exit, hotline, disciplinary, and turnover data into one view.
- Compare your code of conduct against your incentive plan, line by line.
- Document your applicability assessment, including anything excluded and why.
- Write one finding where every sentence points to a record.

**THE FINDING IT PRODUCES**

CRITERIA

CONDITION

CAUSE

EFFECT

Four records in, one finding out.

**Behavior leaves evidence before it leaves damage.**

TAKE THIS WITH YOU

# Your Toolkit

**01** SCAN TO OPEN

**AI Resource Pack**

**02** SCAN TO OPEN

**Practitioner's Workbook: Organizational Behavior Topical Requirement**

**03** SCAN TO OPEN

**IIA Organizational Behavior Topical Requirement and User Guide**

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# Continue the Conversation

Three upcoming live sessions on AI, audit, and risk, from September through November.

• NEXT UP

## From Death Threats to Data

September 23, 2026

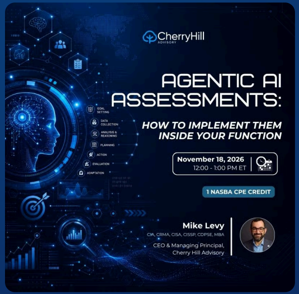
• Scan for dates, details, and registration.


### From Death Threats to Data

• September 23, 2026


### The Rise of Agentic Audits

• October 13, 2026




### Agentic AI Assessments

• November 18, 2026

# Q&A

## Harold Silverman, CPA, CIA, CRMA, QIAL, MBA

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