

Areas of Focus for IA Profession



The Institute of
Internal Auditors

Mike Varney

October 25th 2022

2022 Illinois Government Auditing Conference

Agenda

- Setting the Scene
 - The IIA Strategic Focus
- IPPF Evolution
- Diversity, Equity, & Inclusion
 - Student Strategy
- Questions/Discussions





Today's Landscape



A Year of Risk-Induced Disruption

No End in Sight

- Cyber attacks on infrastructure
- Supply chain disruption
- Covid-19 pandemic
- The Great Resignation/Regret/Boomerang
- Surge in inflation
- Expansion of remote work
- War in Europe
- Fuel crisis
- Travel challenges
- Monkeypox
- Recession
- Climate change
- Political & social unrest
- Volatility of NFT market
- Technology advancements

Strategic Risks for the Decade Ahead

- Inability to identify and address critical risks
- Missing emerging risks
- Inability to attract and retain talent
- Stakeholder audit/oversight fatigue
- Impact of technology on internal audit

The IIA's Strategic Plan



Re-Imagine &
Transform Our
Organization



Promote
Competency &
Learning



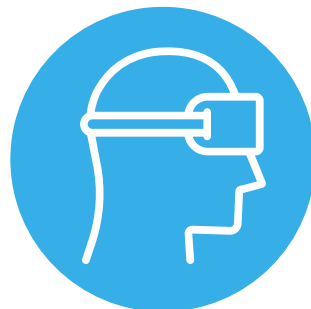
Grow
Membership &
Models



Advocate for
Public Policy
Interest of the
Profession



Evolve Image
& Heighten Brand
Awareness



Enable
Profession for
the Future

The IIA's Strategic Plan

Reimagine and Transform Our Organization

A. Reimagine the global operating model to ensure services are delivered globally, collaboratively, equitably and sustainably for members and potential members around the world

E. Embrace sophisticated marketing tools and strategies to drive membership and product revenue

B. Build and continuously evolve agile, secure, and scalable technologies

F. Cultivate a data-driven culture

C. Reconfigure our organizational structure to support the strategic plan and enhance our culture

G. Protect our intellectual property

D. Establish best in class portfolio strategy process to enhance member value and drive sustainable revenue growth

H. Cultivate partnerships with like-minded organizations

Promote Competency and Learning

A. Reimagine professional development and credentialing

B. Expand and deploy new global go-to market strategies for education products

Grow Membership and Models

A. Grow Student Membership

B. Expand membership reach to include professionals industries adjacent to internal audit

D. Elevate and enhance the member experience

Advocate for Public Interests of the Profession

A. Elevate global recognition of and respect for internal audit profession, the Standards and the CIA designation

B. Mobilize IIA Staff and volunteers to advance advocacy efforts with consistent priorities and messaging

Evolve and Heighten Brand Awareness

A. Build awareness of the IIA and enhance services to board and management stakeholders

B. Reimagine and launch a new brand to elevate the impact of the IIA and reputation of the internal audit profession

C. Embrace our role as the preeminent provider of competency, learning and assessment for the internal audit profession

Enable the Profession for the Future

A. Reimagine the IPPF to advance the profession globally

B. Establish internal audit as a required governance component for all organizations

C. Establish internal audit as a tech-savvy profession and desirable career choice

E. Embrace principles of diversity, equity and inclusion as an organization and a profession

IPPF EVOLUTION

Framework for Setting Internal Audit
Standards in the Public Interest

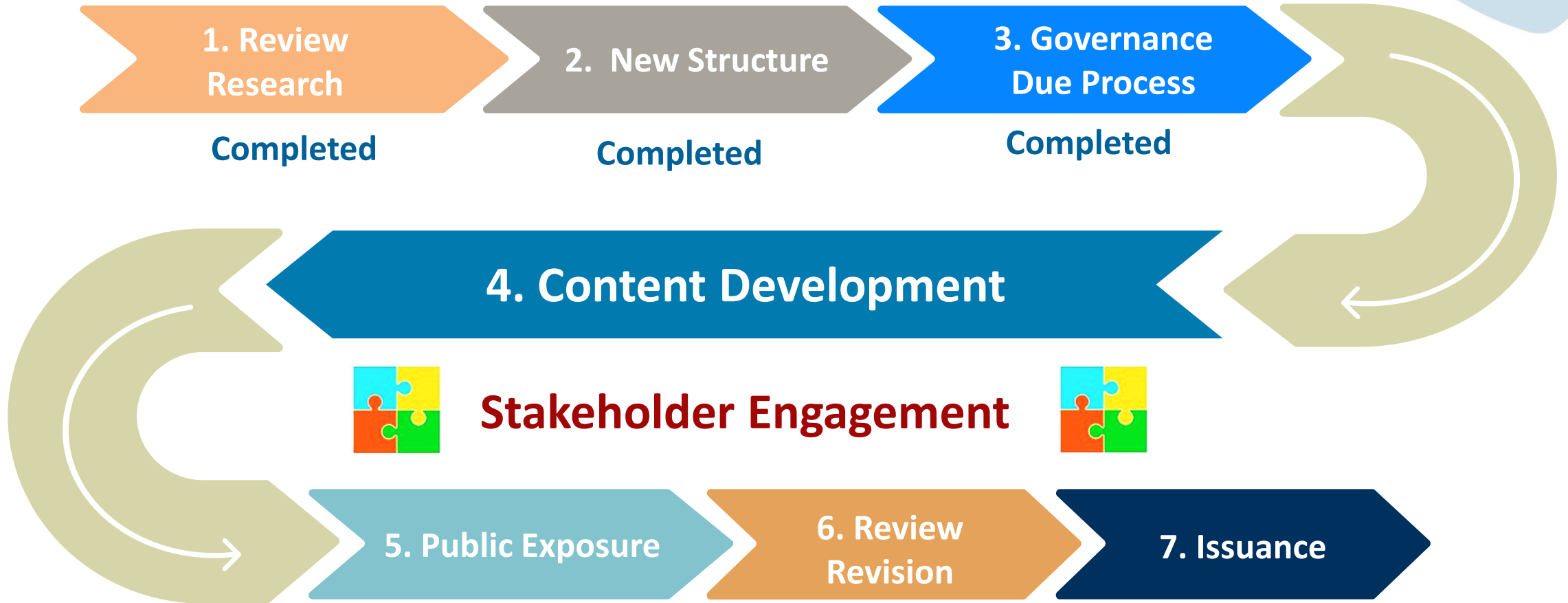
Feedback - IPPF is no longer meeting expectations

- Simplify the structure of the IPPF
- Clarify and align elements
- Standards do not include timely and/or emerging topical areas.
- Ensure practical and applicable (regardless of size, industry, maturity).
- Communicate and advocate (with internal audit, stakeholders, regulators, etc.).

The IPPF Evolution Project - Goals



The IPPF Evolution Project - Progress



Review and Research

Direct Input from Affiliates

- Global Assembly (2021)
- Global Mandate Survey (2021-2022)
- Terminology & Ethics Survey (2022)
- Five Regional Affiliate Roundtables (2022)

Other Surveys and Studies

- Global Practitioner Survey (2021)
- Quality Assessors Interviews and Focus Groups (2021)
- Benchmark with Other Standards & Framework (2021)
- Principal Partners Roundtable (2022)

Standard-Setting Governance / Due Process

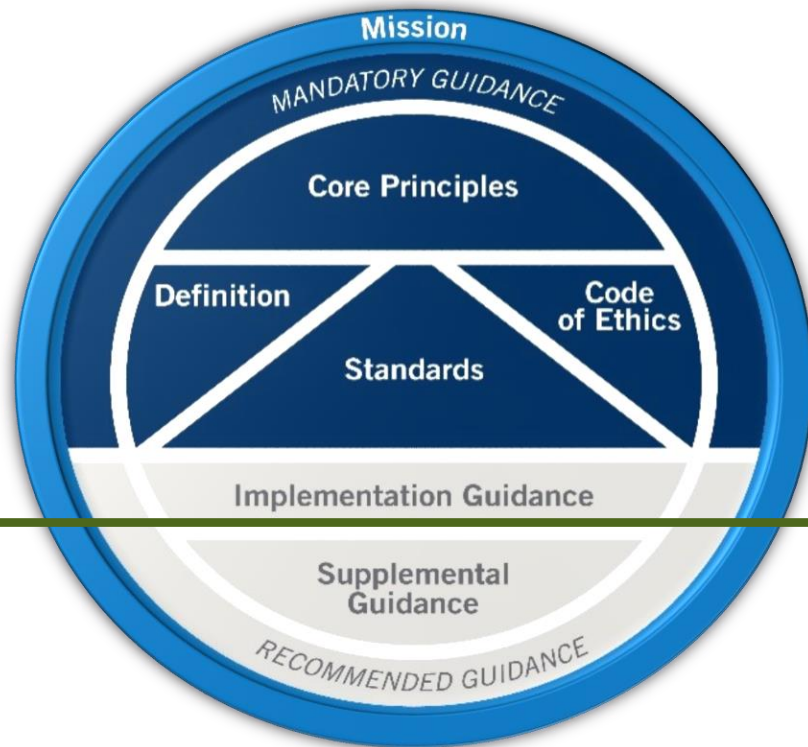
The IIA sets the Standards in the public interest!



Framework for Setting Internal Audit Standards in the Public Interest, March 2022, available at www.theiia.org

New IPPF Structure

Current IPPF



New IPPF

STANDARDS

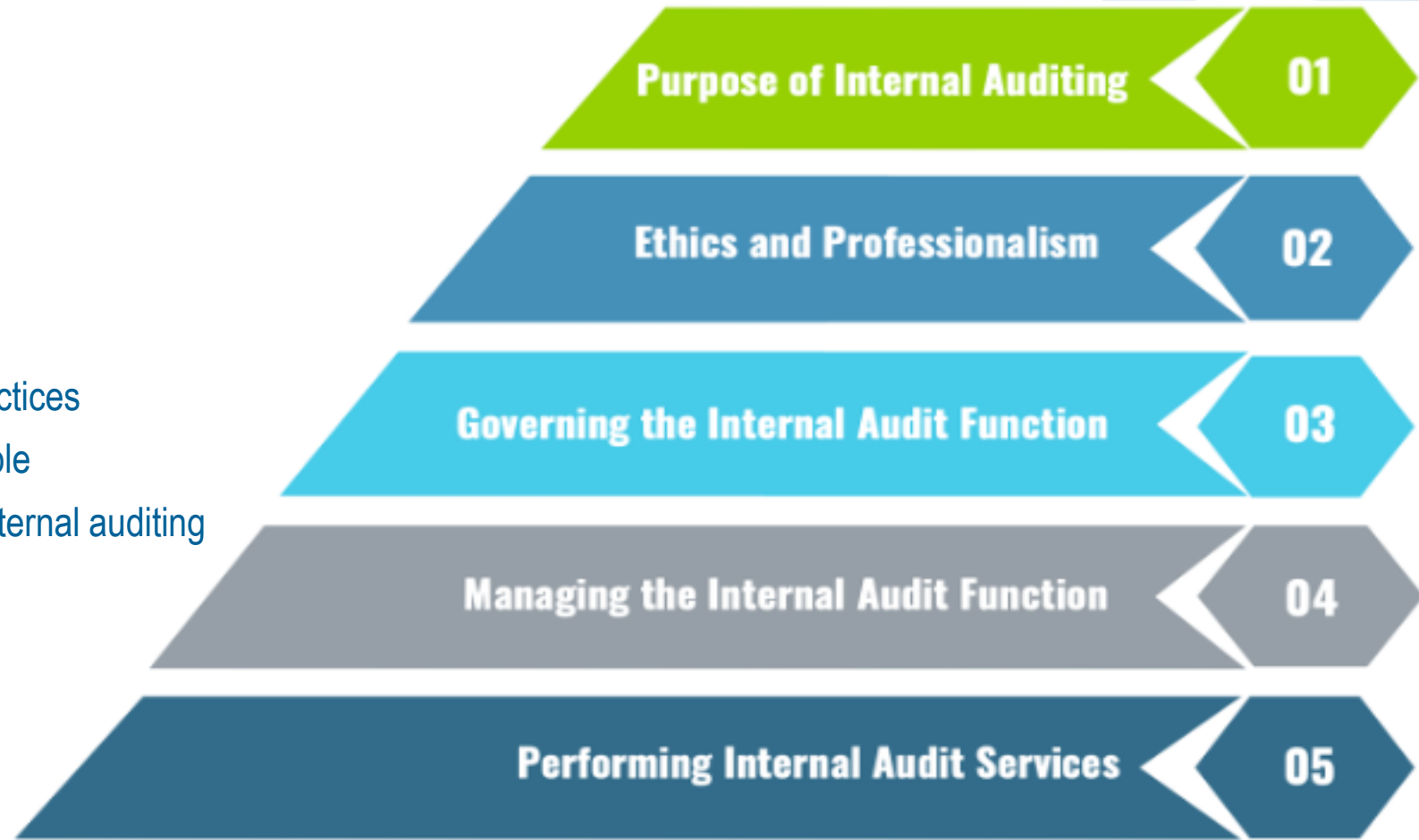
- **General Standards** (being drafted)
- **Application Standards** (being considered)

GUIDANCE

The Standards



- Principles
- Requirements
- Recommended Practices
- Universally applicable
- Core elements of internal auditing



5 Standard Domains and 15 Principles

I. Purpose of Internal Auditing

II. Ethics and Professionalism

Demonstrate Integrity

Maintain Objectivity

Demonstrate Competency

Exercise Due Professional Care

Maintain Confidentiality

III. Governing Internal Audit Function

Authorized by the Board

Positioned Independently

Overseen by the Board

IV. Managing Internal Audit Function

Strategically Plan

Manage Resources

Communicate Effectively

Enhance Performance

V. Performing Internal Audit Services

Plan Engagements

Conduct Engagement Work

Communicate and Monitor Progress

Domain I - Purpose of Internal Auditing

Internal auditing provides the board and management with objective assurance and advice to enhance the organization's success.

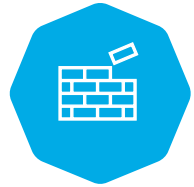
Internal auditing strengthens the organization's:

- Governance, risk management, and control processes.
- Decision-making and oversight.
- Sustainable value creation and protection.
- Reputation and credibility with its stakeholders.

Internal auditing is most effective when:

- It is performed by qualified internal auditors in conformance with the International Standards for the Professional Practice of Internal Auditing, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are objective, free from bias and undue influence, and committed to making evidence-based assessments.

Next Steps



Development

General Standards – 2022
Application Standards – 2023



Exposure

Starting Q1 2023
General Standards (90 days)
Application Standards follow



Issuance

General Standards – Q4 2023
Application Standards follow



Effective Date

12 months after the
Standards issuance date.

For most current information, visit <https://www.theiia.org/ippfevolution>

Keep up with the latest developments!

**For the most current information, visit
<https://www.theiia.org/ippfevolution>**



Diversity, Equity, and Inclusion

Internal Audit: Leading the Way on DEI

- Signed CEO Action Pledge to advance DEI
- *Internal Auditor* magazine thought leadership articles
- Tone at the Top focus area
- Developed DEI Learning Course, Global Knowledge Brief, and other resources
- Joint research report with Deloitte:
 - *“Diversity, Equity, and Inclusion (DEI) 101: Internal Audit’s Invaluable Role in Creating a Sense of Belonging at Work.”*

CEO **ACT!ON FOR
DIVERSITY & INCLUSION**

Internal Audit: Leading the Way on DEI

- “*DEI 101*” report reveals Internal Audit is uniquely positioned to advance DEI within the org
- Internal auditors can drive DEI by playing three roles:

Trusted Advisor

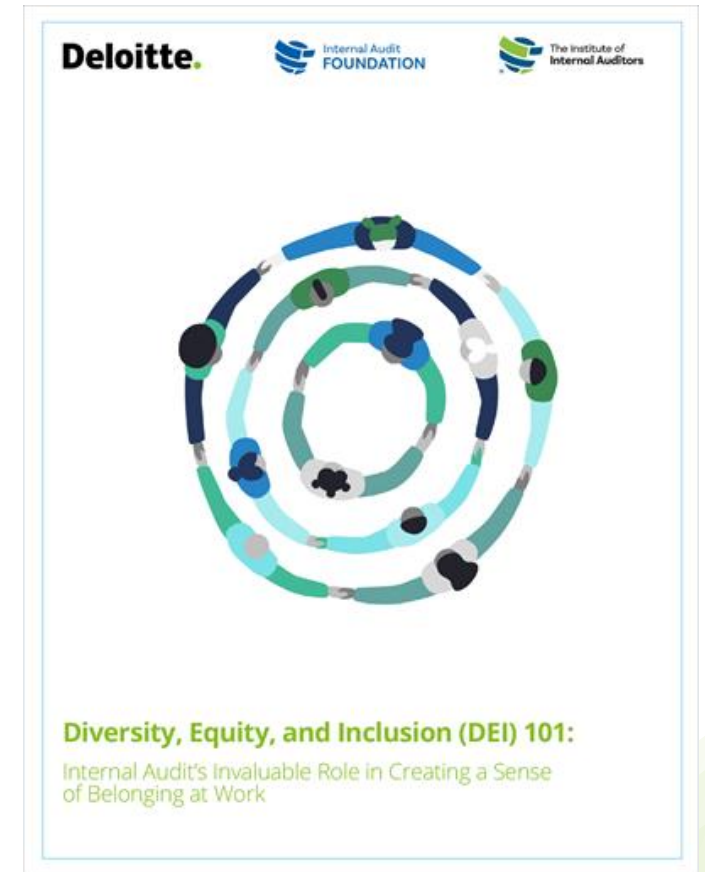
- Incorporate DEI risks into audit programs
- Analyze talent processes
- Provide perspective on DEI progress to management & board

Assurance Provider

- Assess organization’s current DEI state
- Effective DEI hiring/retention processes
- Audit organization’s DEI statistics

Agent in Charge

- Identify and remediate causes of inequitable programs or processes
- Initiate partnerships and external alliances through the CAE
- Model DEI best practices in internal audit department



SUPPLY

Student Recruitment Initiatives

- Targeted campaigns to raise awareness
- On-campus events
- Campus Ambassadors

Academic & Curriculum Development

- Internal Audit Degree Program
- Enhance Existing IAEP



Student Strategy In Development

DEMAND

- Employment opportunities for students
- IA internship programs
- IA awareness programs
- Partnerships with other associations/orgs
 - Public sector and financial services as initial participants





Free Student Membership

- Effective August 1 for North America; will work to expand globally
- Timing aligns with academic and chapter years
- Eligibility expanded to include part-time students
- IIA will start outreach to academic associations

Internal Audit: A Global View

- Helps CAEs benchmark their functions
- Topics include:
 - Internal audit's focus
 - How internal audit meets expectations
 - Influence and funding
 - Profession's demographics
- Contains **12 action items** to help internal audit functions grow and improve





Thank you!

Mike Varney CIA

Vice Chairman Membership North American Board

