GLOBAL ASSEMBLY

Washington, DC

SUMMARY REPORT 2022

The Institute of
Internal Auditors
Elevating Impact

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Letter From the CEO and Global Chair

Dear Affiliate Leaders,

Our recent 2022 Global Assembly in Washington, DC, was a great demonstration of enthusiasm, camaraderie, and our shared commitment to our One IIA approach, which leverages our global IIA network for greater collaboration and success.

Not only did we return to an in-person gathering after three years of virtual meetings, we did so with record-breaking attendance, which was incredibly exciting to see! Over the course of our three days together, we shared best practices, discussed examples of the positive impact that our global strategic plan is already having, collaborated on innovative ideas, and networked with new peers from around the world, building relationships that will serve us well as we look to the future.

The attached executive summary serves as a high-level report on the conversations we had about our historic IPPF Evolution, the future of the CIA, and the Collaboration Labs. We're also pleased to share the updated results of our global public policy survey.

As we continue to evolve and implement our collaborative Global Operating Model, we encourage you to share this report with your board members and provide feedback, input, and ideas.

Your voice matters and your participation is essential.

Thank you for joining us in Washington, DC, and we look forward to seeing you 7–8 July 2023 in Amsterdam!

Together, we are One IIA!

Benito Ybarra, CIA, CISA, CCEP, CFE

Chairman of the Global Board of Directors The Institute of Internal Auditors

Anthony J. Pugliese, CIA, CPA, CGMA, CITP

President and Chief Executive Officer The Institute of Internal Auditors

Breakout Discussions

During Global Assembly, delegates had the opportunity to provide their feedback on key projects and upcoming activities. Below is a summary of the breakout discussions held during the gathering.
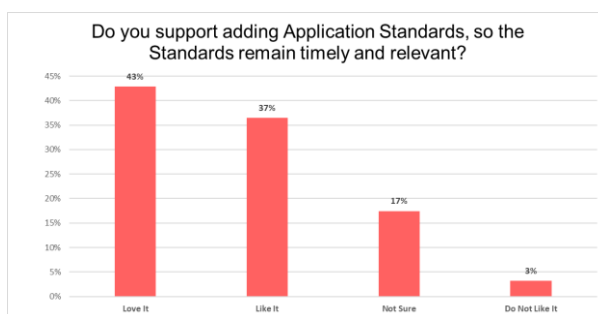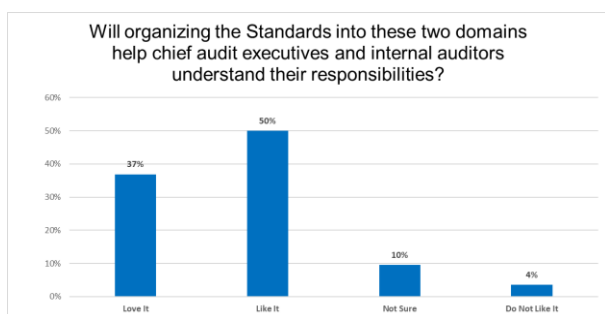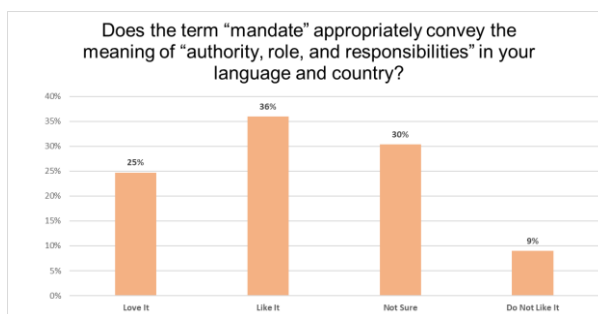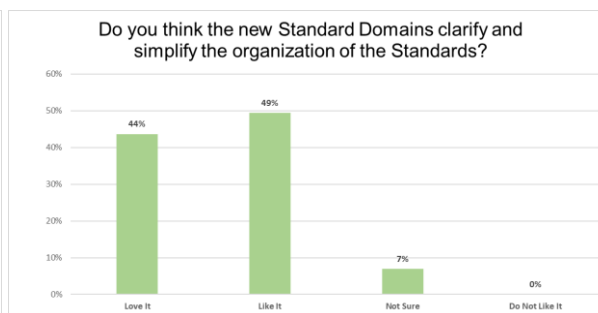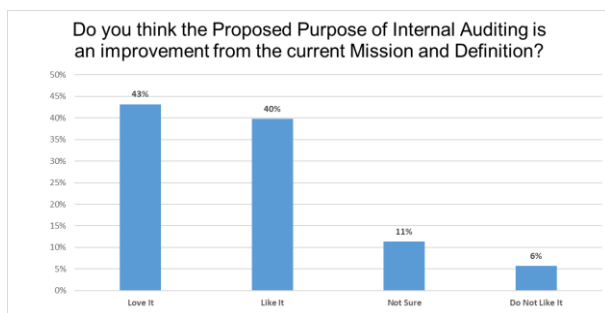
The IPPF Evolution Project

Two years ago, The IIA and its International Internal Audit Standards Board (IIASB) embarked on a project to review the International Professional Practices Framework (IPPF) and ensure it continues to guide the current practice of internal auditing. Following input from Affiliates, stakeholders, and surveys, the Standards Board concluded that the current IPPF no longer meets expectations to drive internal audit performance for the future. As a result, The IIA has undertaken an unprecedented initiative – the IPPF Evolution.

Our goals are to:

- Simplify the structure of the IPPF.
- Clarify and align all elements.
- Ensure that the *Standards* and Guidance are timely, practical, and applicable and address emerging topics.
- Communicate and advocate the *Standards* to not only internal auditors, but also stakeholders and regulators.
- Enhance internal audit performance and quality and preserve and enhance organizational value.

During the Global Assembly meetings, delegates had the opportunity to provide feedback on IPPF Evolution proposals. Below are the polling results:

Do you think the Proposed Purpose of Internal Auditing is an improvement from the current Mission and Definition?
- Love It: 43%
- Like It: 40%
- Not Sure: 11%
- Do Not Like It: 6%

Do you think the new Standard Domains clarify and simplify the organization of the Standards?
- Love It: 44%
- Like It: 49%
- Not Sure: 7%
- Do Not Like It: 0%

Do you think incorporating "recommended practices" and "demonstrating conformance" will help internal auditors in implementing the Standards?
- Love It: 26%
- Like It: 53%
- Not Sure: 20%
- Do Not Like It: 1%

Does the term "mandate" appropriately convey the meaning of "authority, role, and responsibilities" in your language and country?
- Love It: 25%
- Like It: 36%
- Not Sure: 30%
- Do Not Like It: 9%

Will organizing the Standards into these two domains help chief audit executives and internal auditors understand their responsibilities?
- Love It: 37%
- Like It: 50%
- Not Sure: 10%
- Do Not Like It: 4%

Do you support adding Application Standards, so the Standards remain timely and relevant?
- Love It: 43%
- Like It: 37%
- Not Sure: 17%
- Do Not Like It: 3%

Summary of Breakout Group Discussions

Question 1.1: What are your thoughts on the Governing domain focusing on board responsibilities related to the internal audit function?

Participants liked the idea of grouping the standards related to Governing the Internal Audit Function, such as emphasizing the role of board oversight in helping establish and protect the internal audit function's independence. However, participants wanted the standards in this

section also to describe the chief audit executive's responsibilities, such as taking the initiative to educate and communicate with the board. Affiliates agreed that The IIA should provide resources and training that Affiliates can use to promote messaging on governance and to help educate board members – resources that can be delivered both through chief audit executives and directly to boards.

Question 1.2: *If the term "mandate" doesn't work in your language or country, what alternatives do you recommend?*

Participants wanted to be sure that the internal audit charter was still included, even with the addition of the word "mandate." Various Affiliates commented about the usage of the word "mandate" in their countries; because the term can mean different things, they agreed that an extensive glossary of well-defined terms must be included.

Question 2.1: *In the "Managing the Internal Audit Function" domain, what other topics do you expect to see regarding CAEs' responsibilities in an internal audit function?*

While participants agreed that all essential components seemed to be in the Managing domain, discussion included a desire to see (1) a mention of the role of the public as a stakeholder, (2) the Internal Audit Charter standard precede the one on Internal Audit Strategy, (3) the Coordination and Reliance standard be included in Internal Audit Planning, (4) a mention of the Three Lines Model. The high-level words used to summarize each principle and standard seemed a bit vague to some; for example, whether the term "managing performance" related to the quality of the performance of engagements or human resources and (5) for the 1300 series (Quality Assurance and Improvement Program) to retain its prominence and importance.

Question 2.2: In the "Performing Internal Audit Services," what other topics do you expect to see regarding internal auditors' work in audit engagements?

This domain appeared to clearly list the steps for performing internal audit services in general. Participants noted missing standards showing the difference between assurance and advisory engagements. Some wanted to see the standards that more clearly emphasize internal audit recommendations and follow-up. Some thought the performing standards should be more general and linked to competencies, while others wanted specifics that would enable post-engagement reviews of engagement performance.

Question 3.1: What are your thoughts on the Application Standards (to keep the Standards timely, relevant and to enhance the consistency and quality of internal audit services)?

Participants struggled with the concept of "required considerations" or "must consider" and the names "Application Standard" or "standard." If the concept is supposed to mean "understand whether these are applicable or not," then the concern is that these seem neither mandatory nor measurable. Additionally, participants expressed concern because many countries already have laws or regulations governing how these topics should be audited. These participants felt that the approach should be to emphasize providing topical information to be applied as needed but not to be mandatory. Suggestions included replacing "standards" with "guidance" or "topical requirements" or "items for consideration."

Participants also wondered how these would be kept timely and relevant since they will change rapidly and the required consultation period for standards will add time to the process. They also had questions about the process of deciding when to develop a new standard. To ensure timeliness, using a task force and a process of collaborating with Affiliates was suggested. Certifying more internal auditors was proposed as the best way to ensure consistent and quality performance of internal audit services. Others like Practice Guides

because they contain specific, in-depth information about many topics, including internal audit process, planning, and reporting.

Those in support of the idea wanted to see very specific and practical details, including the relevant details of governance, risk, and control processes in each standard. They expressed a sense of urgency about the need for something like these standards to provide guidance for internal auditors.

Question 3.2: Any comments on the proposed topics?

Suggested additional topics: internal controls, risk assessment, blockchain, metaverse, ethics of digital and artificial intelligence, agile auditing, and money laundering.

» Next Steps

Based on the research and input gathered over the past two years, the International Internal Audit Standards Board is currently drafting the content for the new *Standards*. The Standards Board hopes to approve a draft ready for translation and public comment by the end of 2022. While translations are underway, staff at IIA Global Headquarters will prepare a survey, which will accompany the public comment draft. Also behind the scenes, staff will promote the public comment period to ensure as many people as possible know about the opportunity to comment. The current timeline aims to begin the 90-day public comment period in late Q1 2023.

Once the public comment period closes, the IIASB will spend a few months analyzing the results of the survey and making changes based on the feedback. Before the end of 2023, the Standards Board plans to issue the new *Standards* with supporting information about the changes. The new *Standards* will become effective 12 months after the official release.

Visit The IPPF Evolution page on The IIA's website for the latest information.

Future of CIA Certification

Last year, IIA Global began work on a transformative strategic plan to elevate global recognition of the Certified Internal Auditor (CIA) designation. The plan includes:
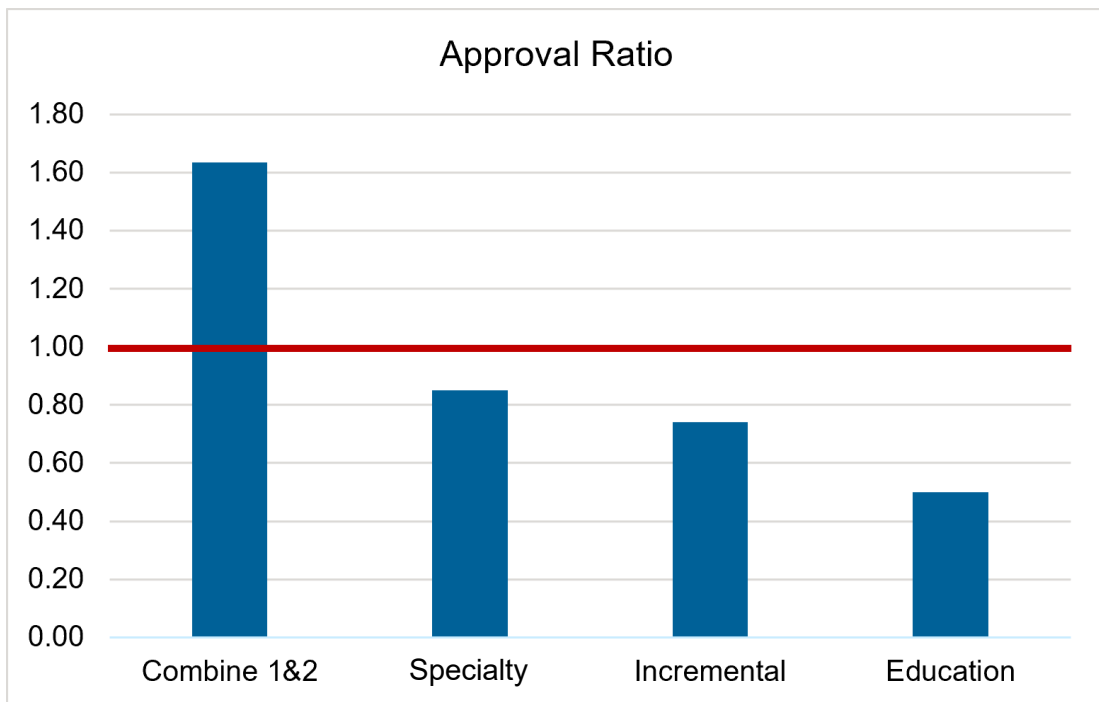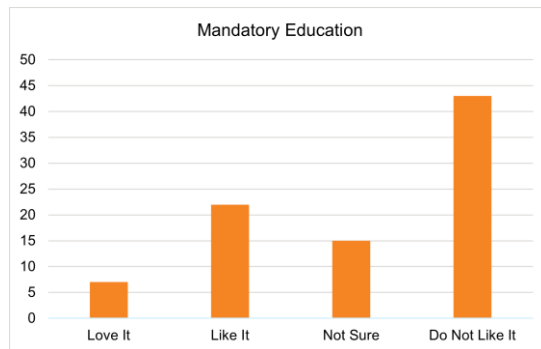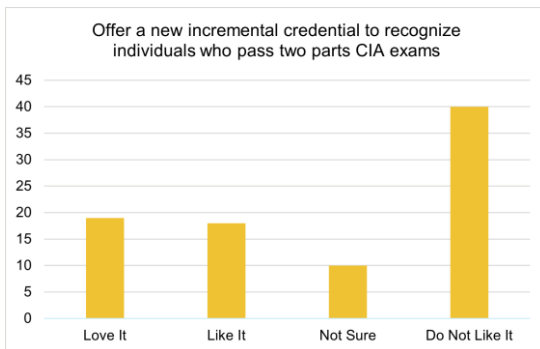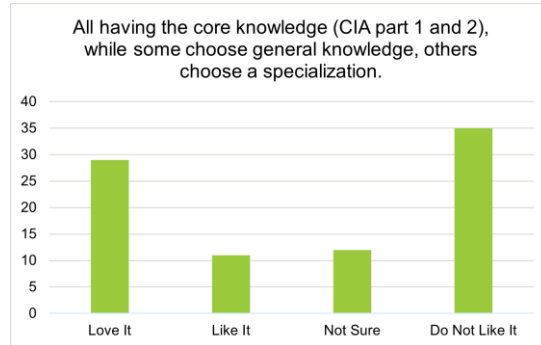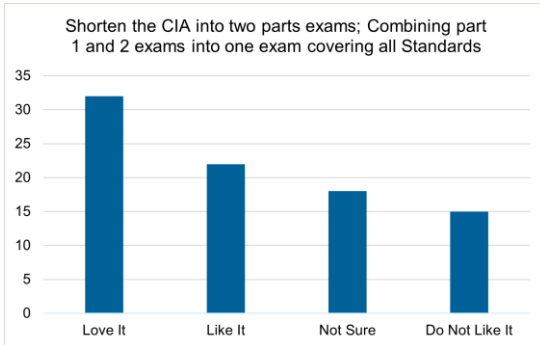
- Developing a credentialing strategy centered on the CIA that considers the needs and concerns of the next generation of internal auditors.
- Creating an agile approach and framework to refresh and maintain the CIA designation to ensure the program remains relevant and up to date.
- Communicating a clear certification pathway to support internal auditors throughout their careers.
- Simplifying and streamlining processes for internal auditors to stay current with developments in the profession and maintain their credentials.
- Addressing the need for internal auditors to possess industry-specific knowledge in certain sectors such as financial services, healthcare, and the public sector.

Providing an opportunity for internal auditors to showcase specialized expertise in desired areas of focus, such as cybersecurity or environmental, social, and governance (ESG).

Market Study

Earlier this year, The IIA began a global market study to identify the needs and concerns of internal auditors in various stages of their careers. The IIA wanted to gain greater insight into the current market and demand for its CIA credential and evaluate whether the design and features of the certification program are aligned with the needs and preferences of today's (and tomorrow's) market.

Based on findings from the market study, the following ideas were proposed during Global Assembly. Delegates had the opportunity to share their feedback.

Shorten the CIA into two parts exams; Combining part 1 and 2 exams into one exam covering all Standards

All having the core knowledge (CIA part 1 and 2), while some choose general knowledge, others choose a specialization.

Offer a new incremental credential to recognize individuals who pass two parts CIA exams

Mandatory Education

Approval Ratio

— Over 1.00 represents popular ideas.

≫ *Next Steps*

The IIA's CIA market study is making great progress. During the summer and fall of 2022, The IIA has been actively reaching out to the global internal audit community, collecting comments and feedback on the current CIA certification and examinations. This has included interviews with internal auditors and internal audit students around the world, informal listening sessions at conferences, and a structured discussion among Affiliate leaders during Global Assembly.

The information gathered was then used to develop a comprehensive survey sent to IIA members globally beginning on 18 October 2022. The information collected from the meetings and from the global survey will be used to develop a new approach to The IIA's certification programs to keep them current and relevant. IIA staff will use the information collected from the market study to prepare options for the Global Board to consider a new certification plan expected to be developed by the middle of 2023.

Collaboration Labs

The Collaboration Labs provided delegates with an opportunity to select a topic of interest and meet in smaller groups to share best practices, develop solutions, and elevate impact.

Unlocking Your Membership Potential

Smaller Affiliates need support in areas of member acquisition and retention. COVID impacted in-person events connecting members to the organization. Some Affiliates are considering expanding services to professions related to internal audit. Membership is not a strong source of revenue. Other sources are required for sustainability. Many Affiliates are struggling to attract younger generations.

Best in Class Quality Assessments

Affiliates need a greater pool of assessors. Many suggested expanding opportunities to identify and train assessors. Smaller Affiliates are looking for partnerships with larger Affiliates. Others are looking to IIA Global to help them begin a local program and gain the resources needed to grow revenue from QAs.

Global Executive Membership

There is interest in designing a program that meets the need of audit leaders. Benchmarking and networking are two areas that would benefit from a global, collaborative program.

Mapping Global Research Strategy

Many Affiliates expressed an interest in developing a joint research strategy. There is a need to assess topics of interest and identify the best ways to collect and share data.

» *Next Steps*

Launch of Catalyst Groups

Based on the feedback collected during Global Assembly, regional workshops, and one-on-one engagement calls, IIA Global will launch six Catalyst Groups. The goal of these groups is to propose a collaborative working strategy that will enhance the member experience and meet the needs of the profession.

The six groups are:

Quality Assessments

This group will explore partnerships with IIA Global and propose a viable working model to raise the quality of the internal audit function and generate a stronger culture of governance.
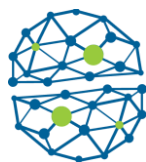
Certificates

This group will assess the current certificate landscape and envision a strategy for development and accessibility.

Global Executive Membership

This group will empower CAEs by proposing member benefits, assessing resources, and designing an attractive program.

Knowledge Sharing

This group will identify benchmarking needs and possible vehicles.

Global Research

This group will leverage Affiliate research to gain global insights and avoid duplication of efforts.

Benchmarking

This group will explore vehicles for members to obtain performance metrics and best practices to enhance the internal audit function.

Affiliate leadership from different regions will be invited to join a Catalyst Group. The goal is to have a working proposal for each topic by February 2023 and begin implementing the program and activities by March 2023.

2022 Global Advocacy Survey

In September 2022, The IIA Global Advocacy team invited IIA Affiliates to participate in a public policy advocacy survey. For the survey, public policy was defined as: "Engaging government officials, public policymakers, and other stakeholders to protect and advance laws, regulations, and other public policies which are in the best interests of the public, the internal audit profession, The IIA, its Affiliates, and its members."

Here are some key takeaways from the survey:

- 41% of our IIA Affiliates responded to the 2022 Global Advocacy Survey as of 9 October 2022.
- Nearly two-thirds of respondents reported that they rarely or occasionally meet with policymakers.
- Overall, it seems as if there is a general trend toward recognizing the importance of public policy advocacy and remaining aware of any developments in this sphere.
- Approximately 14% of respondents attributed a lack of available resources as a reason for being unable to stay apprised of public policy advocacy developments.
- Around 70% or more of respondents claimed that their top three issues are:
  - Data privacy and security
  - Cybersecurity policy
  - Fraud, corruption, and retaliation

» *Next Steps*

The responses from IIA Affiliates will help inform how The IIA Global Advocacy Team will collaborate with Affiliates to advance the public policy agenda and promote the internal audit profession. Through the survey responses, we've learned that our members value resources to help shape their advocacy strategies and implementation. While every jurisdiction will require different tailored resources or tactics, The IIA Global Advocacy team would like to create widely applicable materials that help advance the One IIA message.

Our goal is also to increase engagement between members of the internal audit profession and policymakers. We are developing a library of resources to help IIA Affiliates educate policymakers and build meaningful relationships through several targeted activities.

Here are the forthcoming resources we aim to create:

- Talking points regarding major issues affecting the profession
- Updates on public policy activities occurring in other countries
- Educational packets for meetings with government officials
- Policy research reports
- Advice on how to run advocacy campaigns
- Legislative drafting assistance

 Please stay tuned to Global leaders Link as these resources become available. For questions about the IIA Global Advocacy Survey, please contact Roberto Rosas at Roberto.Rosas@theiia.org.

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Global Assembly Delegates and IIA Global HQ Staff during the 2022 Global Assembly in Washington, DC
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