

WHAT DOES IT TAKE...



...TO BE A PROFESSIONAL?



The Institute of
Internal Auditors

Professionalism does not occur overnight. Rather, it is a process that evolves out of focused commitment and dedication, ongoing study and professional growth, high-road ethics, unwavering determination, and plain, old-fashioned hard work.



BEING A PROFESSIONAL REQUIRES **ETHICS**

In addition to fulfilling the duties described in the definition of *internal auditing*, professional internal auditors have several other characteristics in common. These characteristics, inherent in professionalism at its best, define the level to which all internal auditors should aspire, the degree of respect to which management and the board pay the internal audit activity, and the extent of the value internal auditors can bring to the ethical operations of an organization.

Much is written about ethics and ethical behavior these days. From a global perspective, there appear to be discrepancies from country to country on what is considered ethical. Discrepancies on what is accepted as ethical behavior also can be found within the same country, from organization to organization. But this liberal view has no place in the world of internal auditing. Internal auditors are tasked with standing for what is right and doing the right thing, for adhering to the highest ethical code, and for never yielding to pressures to bend the rules and alter the path.

Charged with monitoring organizational ethics, professional internal auditors adhere to The IIA's Code of Ethics. They possess a high level of trust and integrity within an organization, the skill to be strong advocates of ethical conduct, and the competence and capacity to encourage an organization's personnel to comply with ethical standards.

The professional internal auditor's role includes monitoring whether an organization's policies and procedures support ethical operations and whether processes are in place to mitigate any threats and risks to the organization's integrity and ethical reputation. This ties in closely, of course, with the internal auditor's responsibility to analyze the organization's entire system of internal control and governance processes to ensure they are effective and strong. The bottom line is that an ethical environment — from the mailroom to the boardroom — is one of the smartest and strongest internal controls management can implement.

Internal Auditing Is...

An independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.



BEING A PROFESSIONAL IS DEMONSTRATED THROUGH **CERTIFICATION**

Certification sets professional internal auditors apart from the rest by documenting their mastery of the field and practice of internal auditing. Becoming certified requires extensive preparation, study, knowledge, and experience; and indicates a commitment to professionalism.

Few achievements demonstrate professionalism as vividly as professional certification. In the field of internal auditing, more than 67,000 professionals to date who have earned the Certified Internal Auditor® (CIA®) designation have demonstrated this fact. The CIA is the international designation for the profession, and is offered via computer-based testing (CBT) on a year-round basis at more than 400 sites around the world in multiple languages.

The comprehensive global CIA examination tests candidates' grasp of internal auditing's role in governance, risk, and control; conducting an audit engagement; business analysis and information technology; and business management skills. Because passing the four-part CIA examination requires extensive preparation, study, and knowledge, earning the CIA is an important educational component of becoming a professional internal auditor.

In addition, continuing professional education (CPE) is required to maintain the CIA designation. A CIA who is working in the field must complete a total of 80 hours of acceptable CPE every two years, and non-practicing CIAs must complete a total of 40 hours of acceptable CPE every two years.

The IIA also offers several designations that demonstrate competency in specialty areas. The Certified Government Auditing Professional® (CGAP®) distinguishes leaders in public-sector auditing, showcases their commitment, and acknowledges their unique challenges. The Certified Financial Services Auditor® (CFSA®) demonstrates competency in financial-services audit practices and methodologies. And the Certification in Control Self-Assessment® (CCSA®) identifies the skill sets needed by successful practitioners of CSA, measures understanding of CSA, and provides guidance for CSA initiatives.

BEING A PROFESSIONAL MEANS EMBRACING **Q U A L I T Y**

One element essential to internal audit professionalism is its important role in governance — the procedures established by an entity's stakeholders to provide oversight of the risk and control processes administered by management. The necessity for effective organizational governance has no geographical boundaries. Enhancing governance is a critical issue for organizations the world over, and The IIA and other thought-leading organizations actively promote and provide guidance for strengthening governance.

Quality is...

Integral to professionalism, effective management, and efficient administration, and critical to corporate performance, customer satisfaction, and investor confidence. It is essential to professionalism in the business environment, and transforms and evolves with changing business cultures and environments.

The four cornerstones of effective organizational governance are: the audit committee of the board of directors, executive management, the internal auditors, and the external auditors. When these entities work together well with healthy interdependence, internal controls are strong, reporting is accurate, ethics are maintained, oversight is effective, risks are mitigated, and investments are protected.

Professional internal auditors place great emphasis on quality. The *Standards* provide significant guidance in this area. A quality assessment (QA) evaluates compliance with the *Standards*, the internal audit and audit committee charters, the organization's risk and control assessment, and the use of best practices. The internal audit activity should have in place a Quality Assurance and Improvement Program, which enhances effectiveness and efficiency, provides guidance for improvements, assesses compliance with the *Standards* and policies, and helps internal auditors add value to their organization. The Quality Assurance and Improvement Program should include ongoing and periodic internal QAs and periodic external QAs. To maintain compliance with the *Standards*, an internal audit activity must obtain an external QA at least once every five years.





BEING A PROFESSIONAL MEANS CONFORMING TO THE **STANDARDS**

It is, indeed, a new world in internal auditing — not so much because the profession itself has dramatically changed, but because the demand for corporate accountability is at an all-time high. For those high-road internal audit professionals who have always practiced in accordance with the *Standards* and Code of Ethics, today's practice is not far from business as usual.

These practitioners have consistently monitored and reported on the organization's ethical climate and system of internal control, and have systematically assessed risks and made recommendations for improving risk-mitigating processes. They also have provided to management and the audit committee clear communication, guidance, and assurance regarding compliance with rules and regulations, threats to the effectiveness of the organization's operations and reputation, and steps toward enhanced organizational governance.

The *Standards* set the bar for professionalism by delineating basic principles that represent the practice of internal auditing as it should be, providing a framework for performing and promoting a broad range of value-added internal audit activities, establishing the basis for the evaluation of internal audit performance, and fostering improved organizational processes and operations.

The *Standards* and Code of Ethics are mandatory guidance components of the International Professional Practices Framework (IPPF). The IPPF also comprises three categories of non-mandatory, but strongly recommended guidance: (1) Practice Advisories (PAs) provide a methodology and approach for implementing the *Standards*, (2) Position Papers are IIA statements that help a wide range of interested parties (including those not in the internal audit profession) to understand significant governance, risk, and control issues, as well as internal auditing's related roles and responsibilities, (3) Practice Guides provide detailed guidance for conducting internal audit activities, including detailed processes and procedures, tools and techniques, programs, and step-by-step approaches and examples of deliverables.

The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) describe the nature of internal audit activities, key components of a charter and an annual plan of activities, ways of conducting an engagement and communicating results, and criteria for evaluating the performance of the services.



PROFESSIONALISM TODAY & TOMORROW

True professionalism requires ongoing growth. For this reason, in addition to the guidance provided by the IPPF, The IIA's professional development resources consist of various online and on-location training opportunities, a broad range of online and print publications, specialty programs and services, periodicals, benchmarking, and other unique IIA services and programs; and educational products and research reports through The IIA Research Foundation. To learn about specific offerings, become familiar with The IIA's Web site, www.theiia.org.

IIA AFFILIATION

Certainly, one of the most critically important aspects of professionalism in any career is affiliation with a key professional association. In internal auditing, the top association is The IIA. Not only does being a part of the global association that guides the profession lend its members credibility, but also it puts the power of thought-leaders and best internal audit practice behind those members. The global community of tens of thousands of professionals from all around the world positions IIA members to stay informed about trends, best practices, and challenges to the profession. To learn more about The Institute, its mission and objectives, and IIA membership, visit www.theiia.org.

The IIA's specialty programs in the areas of gaming, financial services, chief audit executive services, and government, provide focused attention to the challenges of practitioners in these specialties.

The Institute's Web site is populated with internal audit resources on key issues such as enterprise risk management, internal control, fraud, ethics, audit management, audit skills, and organizational governance. Use our search engine for finding topical resources.

Internal Auditor is the world's leading publication covering the internal audit profession. Around the globe, the magazine's readership includes internal auditors; executives and managers in private industry, nonprofit organizations and government; and professionals in other fields, such as public accounting, education, information systems, and security.

Tone at the Top, The IIA's organizational governance newsletter, provides guidance to boards and management on fully utilizing internal auditing, maintaining an ethical culture, and meeting goals and objectives while effectively complying with rules, regulations, and best practices.

Global Audit Information Network® (GAIN®) provides an annual benchmarking survey and Flash Surveys that serve as tools for enhanced services, informed decision-making, and strategic planning. With them you can determine how your audit department stands in relation to others and exactly where it might fall short of exemplary practice and professionalism.

The IIA Research Foundation provides valuable research on issues that profoundly affect the profession. The Foundation publishes research reports and other educational materials for distribution to practitioners, schools, libraries, organizations, and the general public; administers grants to increase and improve internal audit education in colleges and universities; sponsors educational forums and public discussions that educate practitioners, scholars, and the general public on specific areas of internal auditing; and provides grants to individuals or organizations undertaking worthwhile projects in research or educational areas that will further the profession.

The Internal Auditing Education Partnership (IAEP) program responds to the growing interest in internal audit education at institutions of higher learning by partnering to develop meaningful internal audit curricula, and assisting other colleges and universities in establishing similar programs.

Code of Ethics

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Institute of Internal Auditor's Code of Ethics extends beyond the definition of *internal auditing* to include two essential components:

Principles (integrity, objectivity, confidentiality, and competency) that are relevant to the profession and practice of internal auditing.

Rules of Conduct that describe behavior norms expected of internal auditors. These rules help interpret the principles, provide practical applications, and are intended to guide the ethical conduct of internal auditors.

The Code of Ethics, together with The Institute's International Professional Practices Framework and other relevant Institute pronouncements provide guidance to internal auditors. *Internal auditors* refers to Institute members, recipients of, or candidates for, IIA professional certifications, and those who provide internal audit services within the definition of *internal auditing*.

This applies to both individuals and entities that provide internal audit services. For Institute members and recipients of, or candidates for, IIA professional certifications, breaches of the Code of Ethics will be evaluated and administered according to The Institute's Bylaws and Administrative Guidelines. The fact that a particular conduct is not mentioned in the *Rules of Conduct* does not prevent it from being unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

For the comprehensive Code of Ethics, visit "Professional Guidance" at www.theiia.org.



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