



The Institute of
**Internal
Auditors**

GLOBAL ADVOCACY PLATFORM



INTRODUCTION

The Global Advocacy Platform supports the advocacy efforts of IIA institutes, chapters, volunteers, members, and other practitioners and stakeholders of the profession. Advocacy is important and necessary to ensure a clear and consistent understanding of the value internal auditing provides around the world, enabling internal auditors to maximize their contribution to governance and organizational success.

Internal audit is indispensable to governance, as **The IIA's Three Lines Model** confirms. The focus of advocacy and The IIA's 2030 vision for the profession is that internal audit be recognized as such by the year 2030. To that end, this document comprises core messages, to be used by advocates, highlighting the nature and value of internal audit, and how it is objective, competent, independent, and trusted. The messages are complemented by more expansive statements describing the contribution of internal audit to governance and risk management which address these questions:

- What is governance and why is it needed?
- How is internal audit indispensable to governance?
- How does internal audit contribute to organizational success?
- What is needed for internal audit to be successful?
- What does it mean for internal audit to be independent and objective?

Collectively, these aim to capture in plain terms the central role internal auditors play in helping organizations achieve their goals.

The statements are intended to be bold and impactful without being highly technical. The content can be used to help communicate fundamental principles about the profession to stakeholders in presentations, training programs, conferences, magazine articles, letters, emails, face-to-face conversations, campaigns, press releases, and adverts, and on webpages. Since the content is not part of the International Professional Practices Framework (IPPF), the wording may be adapted accordingly to suit the circumstances and audience. Such communications are likely to benefit from context and examples to strengthen the message by addressing topics of relevance to the recipient.

Stakeholders of Internal Auditing

Those charged with governance

e.g., governing bodies and audit committees

Those who may be advocates for the profession of internal auditing

e.g., thought leaders, members of other related professions

Those who rely on the work of internal auditors

e.g., investors, consumers, and the general public

Those who support the profession of internal auditing

e.g., human resource officers, career advisors, and academics

Those who work alongside internal audit

e.g., accountants, external auditors, risk managers, and management

Those who influence an organization's operating environment

e.g., policy makers, standard setters, regulators, and legislators

CORE MESSAGES

Effective governance requires independent internal audit.

Internal Audit: Internal audit speaks truth to organizations through rigorous inquiry and insightful communication. It provides advice and assurance from within organizations to help them:

- Understand the internal and external environments in which they operate.
- Make better-informed, risk-based decisions.
- Achieve their goals effectively, efficiently, ethically, and sustainably.

Governance: Effective governance informs, directs, manages, and monitors the activities of an organization to achieve its objectives. Governance requires:

- A governing body — for accountability, oversight, and leadership.
- Executive management — with responsibility for direction, decision-making, and resources.
- Internal audit — for independent assurance, insight, and advice.

Internal audit must be objective, competent, independent, and trusted.

Objective: Objectivity establishes internal audit's credibility and authority, and is secured through:

- Organizational independence.
- Disciplined and systematic processes.
- An unbiased, impartial mindset.

Competent: Internal audit is competent when:

- Its activities are aligned with organizational priorities.
- It is committed to continuous professional development.
- It is committed to the highest standards afforded by the Certified Internal Auditor (CIA) designation.
- It adheres to The IIA's *Standards (International Standards for the Professional Practice of Internal Auditing)*.

Independent: Independence demands freedom from interference, and requires that internal audit has direct and unrestricted access to:

- The governing body, to which it is accountable.
- Senior management.
- All aspects of the organization and its activities.

Trusted: Internal audit is trusted when it:

- Provides informed assurance on the adequacy and effectiveness of governance, risk management, and control.
- Provides relevant and reliable insights and advice that foster innovation and improvement.
- Demonstrates integrity.
- Promotes ethics, values, and transparency within the organization.

BUILDING THE CASE FOR INTERNAL AUDIT

1. What is governance and why is it needed?

Governance is essential to organizational success and requires an open, trusting relationship among the governing body, management, and internal audit.

- Governance enables organizations to serve the prioritized interests of stakeholders, to remain viable, and to continue meeting their objectives.
- The governing body is accountable to stakeholders for oversight of the organization, and for ensuring effective governance structures and processes are in place to nurture transparency, accountability, fairness, and an ethical culture.
- Management is responsible for actions to achieve organizational objectives and for managing risk.
- Internal audit provides independent assurance and advice on all aspects of the organization and its activities.

2. How is internal audit indispensable to governance?

Internal audit is essential to governance, fostering trust, transparency, and accountability, and prompting continuous improvement.

- Internal audit is responsible for evaluating the adequacy and effectiveness of governance and risk management across all activities and resources.
- All organizations benefit from internal audit's independent and objective assurance and advice, contributing to transparency, confidence, and continuous improvement.
- Internal audit is increasingly important as organizations grow and develop, become more complex and mature, strive for improvement, and seek positive change.
- Internal audit is essential for organizations seeking to contribute to economic and social wellbeing. This includes but is not limited to:
 - » Government departments.
 - » Financial institutions.
 - » Publicly traded companies and those seeking legitimacy in the capital markets.
 - » Public utilities (water, electricity, education, healthcare, etc.)

3. How does internal audit contribute to organizational success?

Internal audit contributes to success, positive change, and innovation by delivering credible independent and objective assurance and advice.

- Internal audit builds confidence and trust through frequent and meaningful interactions with the governing body and management.
- Through robust inquiry and insightful communications on governance and risk management, internal audit provides challenge to organizational practices and prompts positive change and innovation.
- Internal audit delivers valuable insight and advice through a deep understanding of the organization, its governance, and its operating environment, and by drawing on the power of data.
- Internal audit empowers management and enables competent decision-making through concise communication of risk-based assessments of current and future conditions that test an organization's preparedness for enablers and inhibitors of success.

4. What is needed for internal audit to be successful?

Internal audit is most effective when its resource level, competence, and structure are sufficient, aligned with organizational strategy, and consistent with IIA Standards.

- Internal audit's resourcing and its efficient and effective deployment must be aligned with organizational strategy to maximize the positive impact on organizational success.
- The chief audit executive should possess a thorough understanding of IIA *Standards*, which are universally recognized as the standard for internal auditing, and ensure their adoption in internal auditing.
- To be relevant, internal audit must support long-term viability and value protection and creation through an appropriate balance of assurance and advisory services that are aligned with organizational strategy and reflective of the operating environment.
- Internal auditors enhance the credibility and trust of internal audit and improve their proficiency and the effectiveness and quality of their services continually through education and development, maintaining an active awareness of developments in the profession and adopting leading-edge practices.

5. What does it mean for internal audit to be independent and objective?

As articulated by its charter, internal audit must be free from undue influence from management and accountable to the governing body, enjoying unrestricted access to any function or activity.

- Objectivity of internal auditors is ensured through a systematic and disciplined approach free from bias and undue influence.
- The chief audit executive's primary (i.e., functional) reporting line must be to the governing body to allow internal audit to fulfill its responsibilities independently and for it to be recognized as an authoritative voice.

- The chief audit executive may also have a secondary (i.e., administrative) reporting line to an appropriately senior level within management, ideally the CEO, with appropriate authority and status to enable internal audit to perform its responsibilities.
- Internal audit makes a positive contribution to organizational value when its assurance, insight, and advice are credible, trustworthy, well communicated, and readily accepted by management.

GOVERNANCE

| Key governance roles | Leader | Requirements |
|---|---|--|
| Accountability to stakeholders for organizational oversight | Governing body | Transparency, integrity, and leadership |
| Actions undertaken to achieve goals effectively, efficiently, ethically, and sustainably | Management, including any specialist risk functions | Resources and direction, and actions taken to manage risk |
| Objective assurance and advice on the adequacy and effectiveness of governance and risk management | Internal audit and any other closely related functions (such as oversight, evaluations, investigations, inspections, and remediation) Note: external audit provides further assurance on the accuracy of financial reporting | Independence from the responsibilities and decisions of management, and accountability to the governing body |

INTERNAL AUDIT INDEPENDENCE AND OBJECTIVITY

| Requirements for organizational independence | Requirements for individual objectivity |
|---|--|
| <ul style="list-style-type: none">• An internal audit charter.• Accountability and functional reporting line to the governing body (directly or via an independent audit committee).• Administrative reporting line to senior management at an appropriately senior level necessary to fulfill responsibilities.• Freedom from interference.• Necessary resources.• Unfettered access to the people, data and resources needed to complete its work unimpeded.• Annual confirmation to the governing body of organizational independence and disclosure of any interference.• Application of safeguards when required. | <ul style="list-style-type: none">• Organizational independence.• An objective mindset.• Absence of conflicts and the appearance of conflicts of interest.• Adherence to professional standards.• Application of disciplined and systematic procedures.• An unyielding commitment to a code of ethics.• Possession of a specific set of competencies.• Supervision, monitoring, and quality assurance.• Application of safeguards when required. |

POSITION PAPERS

From time to time, The IIA formalizes its position on key issues of importance to the profession and its stakeholders. Like the Global Advocacy Platform, these are designed to offer a clear and consistent message while taking a principled position on certain topics. The positions described rest upon the same fundamental positions that are captured in this document. The most foundational Position Paper is **The Three Lines Model**, defining internal audit's position in the context of organizational governance and risk management. Other Position Papers provide further detailed commentary.

- Fraud and Internal Audit: Assurance Over Fraud Controls Fundamental to Success
- Internal Auditing's Role in Corporate Governance
- Internal Auditing's Role in Governing Body/Executive Committees
- Relationships of Trust — Building Better Connections Between the Audit Committee and Internal Audit
- Staffing Considerations for Internal Audit Activity
- The Internal Audit Charter: A Blueprint to Assurance Success
- The Role of Internal Auditing in Enterprise-wide Risk Management
- Why Conformance Matters

These will be reviewed and updated periodically, and new Position Papers may be added.

INFORMATION ABOUT OTHER ADVOCACY RESOURCES

Advocacy resources for affiliates, including an advocacy toolkit, can be found in The IIA's affiliate leaders' portal. These are expanded and updated on a regular basis. Inquiries can be directed to advocacy@theiia.org.



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ABOUT THE IIA

The Institute of Internal Auditors (IIA) is the internal audit profession's most widely recognized advocate, educator, and provider of global standards, guidance, and certifications. Established in 1941, The IIA today serves more than 200,000 members from more than 170 countries and territories. The IIA's global headquarters are located in Lake Mary, Florida.

For more information,
visit www.theiia.org