

Value Proposition of Internal Auditing for Stakeholders

Options for using Value Proposition

As part of The IIA's strategic plan whose overarching objective is that "internal auditing be seen universally as a profession" by 2014, a special IIA task force was commissioned in April 2008 to develop a value proposition that articulates what internal auditing's various stakeholders should expect from an effective internal audit department or activity. Members from eight countries participated on the task force, but input was sought worldwide at the Global Council in 2009, and through communications with all IIA institute leaders and international committee members in October and November of 2009.

The intent was to look at internal auditing from the stakeholders' perspective. Primary stakeholders were defined as governing bodies (audit committees, oversight bodies, government entities, etc.) and senior management (CEO and CFO).

Materials have been developed for internal auditors to use as a basis for discussion on the role internal auditing can and should play within an organization. They are on The IIA's web site and can be downloaded for your use.

The Task Force recognized that countries, organizations, and even audit activities were at different levels of maturity, that management in different organizations had different expectations for the role expected from their internal auditors, and that services offered by internal auditing varied greatly. While the flyer on the web site is considered the standard for stakeholders' expectations of internal auditing, it was recognized that criteria for effective internal auditing could differ and still effectively convey the many facets of internal auditing.

The next page provides flexibility for adapting the key elements to specific cultures or circumstances, as the values can be further defined by alternate modifiers which may vary depending on the role internal auditing plays. As an example, the value of *Objectivity* could be changed from *Integrity-Accountability-Independence* to *Integrity-Credibility-Competence*. While the goal should be for stakeholders to recognize internal auditing for its breadth and depth of services, some internal audit departments may need interim steps. The ultimate goal is to raise internal auditing to the level where it provides recognized and increasing value to its stakeholders.

The IIA will be developing additional materials to promote the value of internal auditing for stakeholders. We hope you will promote the value proposition to both internal audit practitioners and internal audit stakeholders. We welcome your comments and feedback.

VALUE OF INTERNAL AUDITING FOR STAKEHOLDERS - FLEXIBILITY

The following graphics convey the core elements of value that can and should be delivered by Internal Auditing to stakeholders. However, it is recognized that the practice of Internal Auditing varies and stakeholders may view differently the value of Internal Auditing.

Internal Auditing: Assurance ▪ Insight ▪ Objectivity



Value of Internal Auditing: Assurance, Insight, Objectivity

Governing bodies and senior management rely on Internal Auditing for objective assurance and insight on the effectiveness and efficiency of governance, risk management and internal control processes.

There is flexibility in adapting the value of Internal Auditing for stakeholders by using alternate modifiers which may vary depending on the maturity of the organization's local culture and expectations of management. Examples are given below; any of the words listed could be substituted into the circles around Assurance, Insight, and Objectivity. If you select an alternate word, you will need to change the descriptive wording in the boxes.

Alternate modifiers interchangeable with Assurance, Insight, Objectivity



ASSURANCE

Governance
Risk
Control
Compliance

BEST PRACTICE

Assurance: Governance, Risk, Control

Internal auditing provides assurance on the organization's governance, risk management and control processes to help the organization achieve its strategic, operational, financial, and compliance objectives.



INSIGHT

Analysis
Assessments
Catalyst
Counsel
Consultation
Value-Add
Recommendations
Support
Constructive
Efficiency

BEST PRACTICE

Insight: Catalyst, Analyses, Assessments

Internal Auditing is a catalyst for improving an organization's effectiveness and efficiency by providing insight and recommendations based on analyses and assessments of data and business processes.



OBJECTIVITY

Independence
Integrity
Accountability
Credibility
Quality
Competence

BEST PRACTICE

Objectivity: Integrity, Accountability, Independence

With commitment to integrity and accountability, Internal Auditing provides value to governing bodies and senior management as an independent source of objective advice.

