



Global Initiatives Updates



 GLOBAL COUNCIL 2017
19-22 FEBRUARY / ROME, ITALY

IIA Global Governance

Paul J. Sobel, CIA, QIAL, CRMA
Chairman, Governance Task Force

2016/17 Governance Study

- Approved by Board of Directors, December 2015
- Purpose: To review the governance structure of The IIA and make recommendations for alternative structures or improvements for effectiveness and efficiency.

2016/17 Governance Study

- Scope:
 - Examine size, composition, and responsibilities of Board and Executive Committee
 - Consider purpose, processes and relationships of other IIA entities, e.g., Global Council, GELT, Associated (Regional) Organizations, Committees

Governance Task Force Members

Appointed in January 2016

Paul Sobel, Chairman

USA

Sarah Blackburn

United Kingdom

Anton van Wyk

South Africa

Mike Joyce

USA

Rob Kuling

Canada

Stephen Horne

Australia

Christine Ong

Malaysia

Jorge Badillo Ayala

Chile/FLAI

Richard Chambers

IIA Global HQ



IIA Global Entities

- Governance
 - Board of Directors
 - Executive Committee
 - North American Board (limited)
- Non-governance
 - Global Council
 - Global Executive Leadership Team (CEOs)
 - Associated (Regional) Organizations
(ACIIA, AFIIA, ECIIA, FLAI, UFAI)
 - IIA Committees



IIA Governance Evolution

□ 2002-2007

- Reduced global Board size from 72 to 38
- Established the North American Board
- Formalized Global Council

□ 2011

- Reorganized committees
- Established the Global Executive Leadership Team (GELT – Institute CEOs)



IIA Governance Evolution

□ 2011-2014

- Agreed IIA Global would operate as a hybrid model
- Defined 12 core principles for affiliate operations
- Defined purpose and responsibilities of each entity, including AOs and Institutes
- Issued new MRA for institutes



□ 2015-2016

- Exposed and signed a new MoU with each of the existing Associated Organizations

Governance Study Activities

- April 2016 – Tecker International selected as outside consultant
- June 2016 – Interviews conducted by Tecker with diverse set of IIA leaders from around the world
- July 2016 – Polling questions conducted at Global Council
- August 2016 – Survey conducted of Board members and global Committee chairs
- September 2016 – Governance Summit held in Orlando – 30 participants from 14 countries

Governance Study Activities

- December 2016 – Tecker completed work and submitted final report/recommendations to the Governance Task Force (GTF).
- December 2016 – GTF agreed unanimously that further refinements should be made.
- January 2017 – GTF Subgroup met at Global HQ to refine Tecker recommendations.
 - January 2017 – GTF endorsed general direction and recommendations to EC.
 - February 2017 – GTF recommendations reviewed with EC.



Overview of GTF Recommendations

- ✓ Smaller Board will enhance governance
 - Competency-based vs. representation-based
 - Focus on governing The IIA, while also influencing and setting the direction of the profession
- ✓ Smaller Supervisory Committee, with reduced responsibilities, can replace Executive Committee
- ✓ Global Council can be the primary representation-based body, with expanded responsibilities

Overview of GTF Recommendations

- ✓ Nomination process must be enhanced
- ✓ Further consideration needed regarding committee structure and operations
- ✓ Minor enhancements to GELT should be considered



Timeline of Next Steps

March '17-
May '17

- Board update - March 2 call
- Concept paper to Board & others
- Recommendations refined based on input

July '17 –
Nov '17

- Board approves exposure
- Exposure to affiliates and members
- Final updates made

Dec '17-
May '18

- Board approval of Bylaws/BPM changes
- Notification to members
- Approval of IIA members at May Annual Meeting



Timeline of Next Steps

May '18 –
July '19

- New structure implemented through nomination process

July '19

- New structure fully in place



Licensing of the Profession

Patty Miller, CIA, CRMA, QIAL
Task Force Chair

What is a License?



- Formal permission from a governmental or other constituted authority to do something, as to carry on some business or profession
 - Dictionary.com
- Typical licensed professions include: lawyers, doctors, chartered accountants

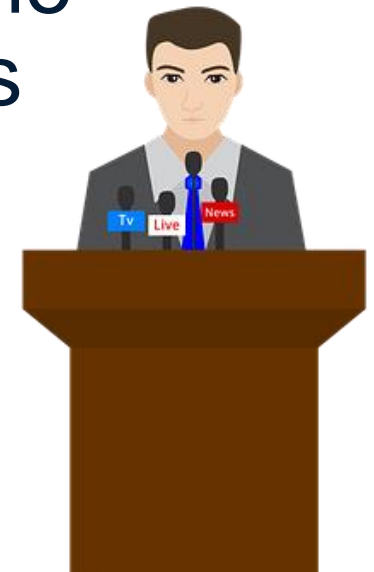
Current State

- You can regulate a profession without establishing a license
- But, you cannot establish a formal and enforceable licensing system without legislation
- Today, internal audit is not a licensed profession anywhere



What is The IIA's Position on Licensing?

- The IIA last addressed this topic in 2011
- After global consultation, The IIA took the position that we do NOT support the establishment of licensing systems due to potentially undesirable outcomes
- While this position was communicated to Institutes in 2011, we have not reinforced the position and rationale behind it since



Why Talk About it Now?

- Our collective advocacy efforts are working
- Internal audit is gaining more and more attention among legislators and regulators
- There are a few places around the world where some form of a licensing system is recently being contemplated
- It seems that it is time to revisit our position



Why Might Licensing be Beneficial?

- ✓ Create a way to keep unqualified people out of the profession
- ✓ Raise the profile, stature and visibility of the profession
- ✓ Clarify the difference between accounting, external auditing and internal auditing as separate and distinct professions
- ✓ Create a possible mandatory IIA membership requirement
- ✓ Require conformance with the *Standards*
- ✓ Enforce need for quality assurance reviews

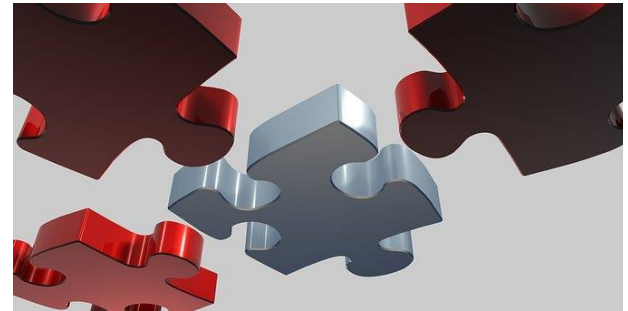


What are Challenges/Risks of Licensing?

- Licensing may have unintended consequences
 - May change how internal audit is defined around the world
 - May change how internal audit practiced and the associated standards in different countries
- A common global license is unlikely
 - Different licensing requirements
 - Transferability/reciprocity across countries

What are Challenges/Risks of Licensing?

- Puts Affiliates at risk of non-conformance with their MRA
 - Relationship with IIA Global vs. local government
- Who manages the licensing once established?
 - If the Affiliate, it is a significant administrative burden
 - If not the Affiliate, there is loss of control over managing the licensing activity
 - Process for ethics complaints handling significantly elevated
 - May create legal liability for the license issuer



What are our Plans/Next Steps?

- Small international task force to be established to study the issue
- To be chaired by Patty Miller
- To be launched in July
- Goal: Preliminary global position on licensing to be discussed with the Board at Midyear



What do we Need you to do?

- Let IIA Global HQ know if:
 - A legislator or regulator is contemplating legislation affecting internal audit in your country
 - Your Affiliate had conversations that might initiate licensing of internal audit





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Global Advocacy

Anton van Wyk
Past Chairman of the Board

Topics covered

- Global Advocacy
- Global Advocacy Platform
- Global Advocacy Toolkit



Global Advocacy

- Twofold mission

Influence global organizations

Support affiliates and other advocates

- Supported by

IIA HQ staff

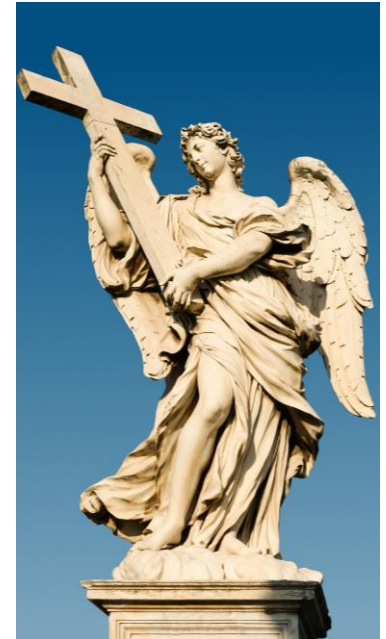
Global Advocacy Committee

Chapter leaders and staff

Affiliate leaders and staff

Members and volunteers

Others



Mission: Influence global organizations

- e.g., ACCA, Basel, IFAC, INTOSAI, IOSCO, OECD, World Bank
- Goal:
 - Change their thinking
 - Change their actions
 - Make them advocates of internal auditing
- By:
 - Direct engagement
 - Presenting at conferences
 - Serving on relevant committees
 - Responding to exposures
 - Joint activities (e.g., research, training, producing a paper)



Mission: Support affiliates and other advocates

- Global Advocacy Platform
- Position Papers
- Global Advocacy Toolkit



Global Advocacy Platform

- First version launched 2011
- Fully revised and refreshed in 2016 to reflect
 - Changes in the Standards
 - Changes in the profession
 - Clearer structure
 - Expanded content (from four planks to six pillars)
 - Bolder style
- Designed to
 - Support advocacy communications
 - Allow for topical and local customization
 - Promote consistency globally



Global Advocacy Platform: Pillars

Pillars of good governance

1. Governance is essential to organizational success...
2. Internal audit is essential to governance...
3. Internal audit contributes to success, positive change, and innovation...
4. Internal audit is most effective when...
5. Internal audit contributes most value when...
6. Internal audit must be free from undue influence...

Advocacy toolkit – how it used to be



Advocacy Toolkit

Advocacy is defined by The IIA as instilling pride in the internal audit profession, encouraging change, and building relationships with organizations and stakeholders that impact the profession globally.

Over the years, The IIA has intensified our focus on what we terms "advocacy" — so much so, that advocacy is one of the three main objectives of The IIA's *strategic plan*.

These tools for Institute leaders will help you promote, support, and further the internal audit profession.

All documents related to this topic are displayed below.

Resources	Expand All
<input type="checkbox"/> Advocacy Maturity Model	
<input type="checkbox"/> Presentations	
<input type="checkbox"/> Flyers	
<input type="checkbox"/> Brochures	
<input type="checkbox"/> Videos	



IIA Global Advocacy Partners

Defined

Function

- Advocacy defined
- Processes established
- Targets identified
- Plans/objectives finalized
- Advocacy efforts have begun. May include presentations at professional association meetings, seminars, conferences; student visits; promotion through website

Audience

- Friends, family, neighbors, casual acquaintances
- At work - business colleagues, clients
- IIA members, other internal auditors

Locations

- Members of other professional associations
- Civic organizations
- Conference/seminar attendees
- Students
- Internet users

Activities

- Explaining what internal auditors do
- Developing relationships with colleagues and clients.
- Provide value-added internal audit services
- Embracing professionalism by following The Standards, acquiring CIA certification, implement quality assurance and improvement programs, pursue continuing education

Outcomes

- Meeting people outside the profession of internal auditing and providing knowledge about internal auditing and The IIA.
- Networking
- Writing articles for newsletters, website etc.

MOUs and Support Letters



MOU: IIA/ACCA (2015)
Support letter from ACCA



MOU: IIA/IFAC (2016)
Support letter from IFAC

MOUs



MOU: IIA/INTOSAI (2014)



MOU: IIA/ISACA (2010)

- boards, government officials, regulators, legislators, professional associations, membership associations, and public accountants
- Begin formation of alliances, define opportunities to work together, and provide mutual support
- Provide feedback and guidance to legislators and regulators on laws and regulations
- Provide guidance and comment on exposure drafts
- Participate in multi-disciplinary advisory groups, task forces, and working groups that impact the internal auditing profession, etc.

Advanced

regularly with targets

- the profession and its contributions acknowledged
- regulators, legislators, and other professional organizations
- develops professional guidance.
- participates with regulators, legislators, and other bodies for change
- working groups that issue positions on governance (e.g. Report)
- alliances with organizations (memos of understanding)
- monitoring (metrics, key performance indicators) and

neighbors, casual acquaintances

- business colleagues, clients
- other internal auditors
- other professional associations, civic organizations
- in-person attendees

executives, oversight boards

- officials (state, provincial, national, regional, global)

associations

- international organizations (UN, World Bank)
- students

internal auditors do

- relationships with colleagues and clients.
- provide value-added internal audit services
- Embracing professionalism by following The Standards, acquiring CIA certification and improvement programs, pursuing continuing education outside the profession of internal auditing and providing knowledge about IIA.

or newsletters, website etc

- advocacy and education on the profession of internal auditing

ing meetings, developing contacts, and building relationships

- with government officials, regulators, legislators, professional associations, and public accountants

- Begin formation of alliances, defining opportunities to work together
- Providing feedback and guidance to legislators and regulators on laws and regulations
- Providing guidance and comment on exposure drafts from other organizations
- Participation in multi-disciplinary advisory groups, task forces, and working groups that impact the internal auditing profession, etc.
- Testifying as an expert to legislative or regulatory groups
- Responding to frequent requests for expertise, comments, opinions
- Helping others advocate; becoming a mentor because of position



Coming soon

- Video tutorial
- Monthly communications
- Advocacy exchange
- More templates, letters, slide decks etc.
- Partners for advocacy
- New videos
- How to engage members in advocacy