

Global Strategy of the Institute of Internal Auditors and the changes in the International Professional Practices Framework

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Thomas Schwalb



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- Data analysis expert since 2002d
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Agenda

- Update on the Strategic plan of the Global IIA
 - Global Operating Model
 - The six Catalyst Groups for quick wins
- The IPPF Evolution Project
 - Why do we need the evolution of the IPPF?
 - Goals of the project
 - New Structure – new Architecture
 - High level project plan

Update on the Strategic plan of the Global IIA

Global Operating Model

The six Catalyst Groups for quick wins





Reimagine and Transform Our Organization

A. Reimagine the global operating model to ensure services are delivered globally, collaboratively, equitably and sustainably for members and potential members around the world

E. Embrace sophisticated marketing tools and strategies to drive membership and product revenue

B. Build and continuously evolve agile, secure and scalable technologies

F. Cultivate a data-driven culture

C. Reconfigure our organizational structure to support the strategic plan and enhance our culture

G. Protect our intellectual property

D. Establish best in class portfolio strategy process to enhance member value and drive sustainable revenue growth

H. Cultivate partnerships with like-minded organizations



Promote Competency and Learning

A. Reimagine professional development and credentialing

B. Expand and deploy new global go-to market strategies for education products



Grow Membership and Models

A. Grow Student Membership

B. Expand membership reach to include professionals industries adjacent to internal audit

C. Elevate and enhance the member experience



Advocate for Public Interests of the Profession

A. Elevate global recognition of and respect for internal audit profession, the Standards and the CIA designation

B. Mobilize IIA Staff and volunteers to advance advocacy efforts with consistent priorities and messaging



Evolve and Heighten Brand Awareness

A. Build awareness of the IIA and enhance services to board and management stakeholders

B. Reimagine and launch a new brand to elevate the impact of the IIA and reputation of the internal audit profession

C. Embrace our role as the preeminent provider of competency, learning and assessment for the internal audit profession



Enable the Profession for the Future

A. Reimagine the IPPF to advance the profession globally

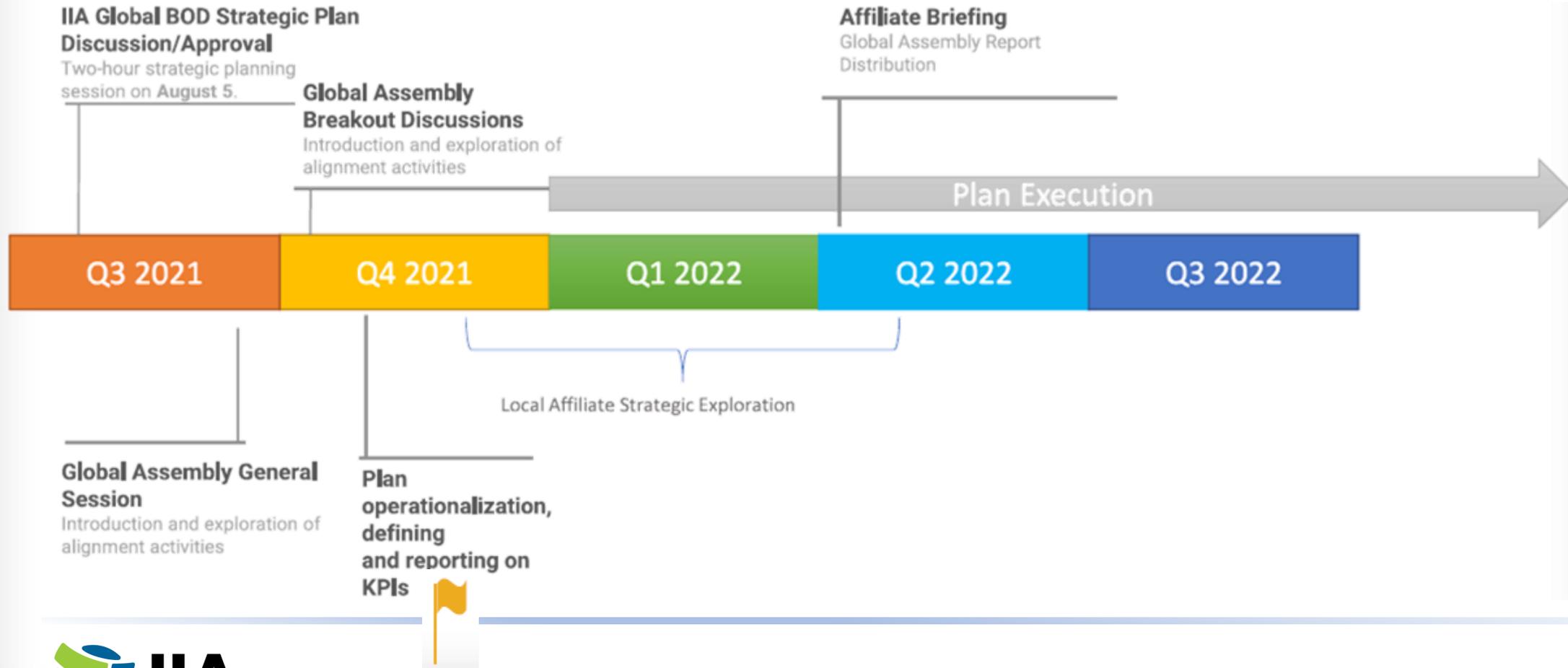
B. Establish internal audit as a required governance component for all organizations

C. Establish internal audit as a tech-savvy profession and desirable career choice

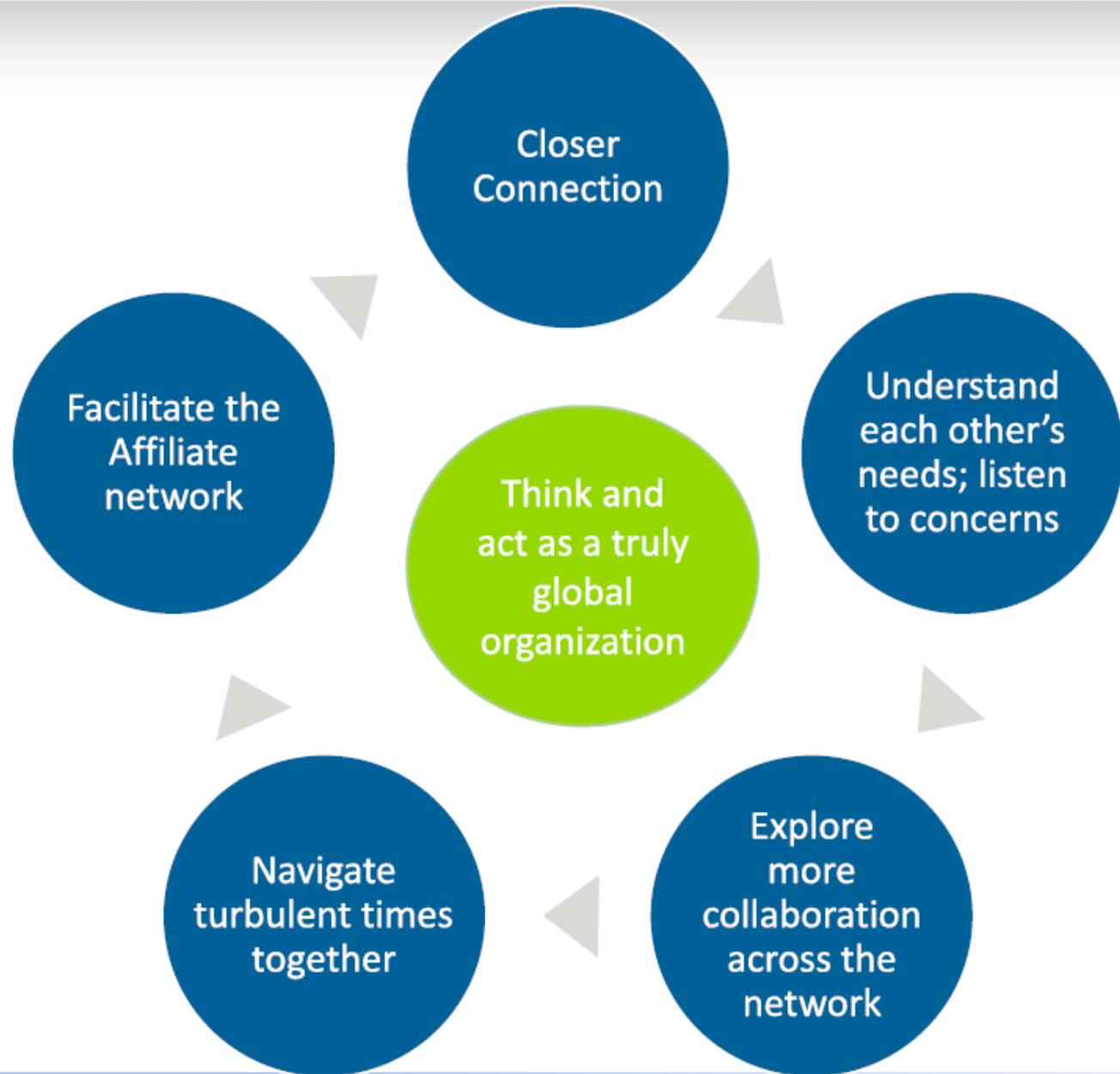
D. Embrace the principles of diversity, equity and inclusion as an organization and a profession

Strategic Plan Goals and Objectives

Journey to Strategic Success



Our 2022 Goals

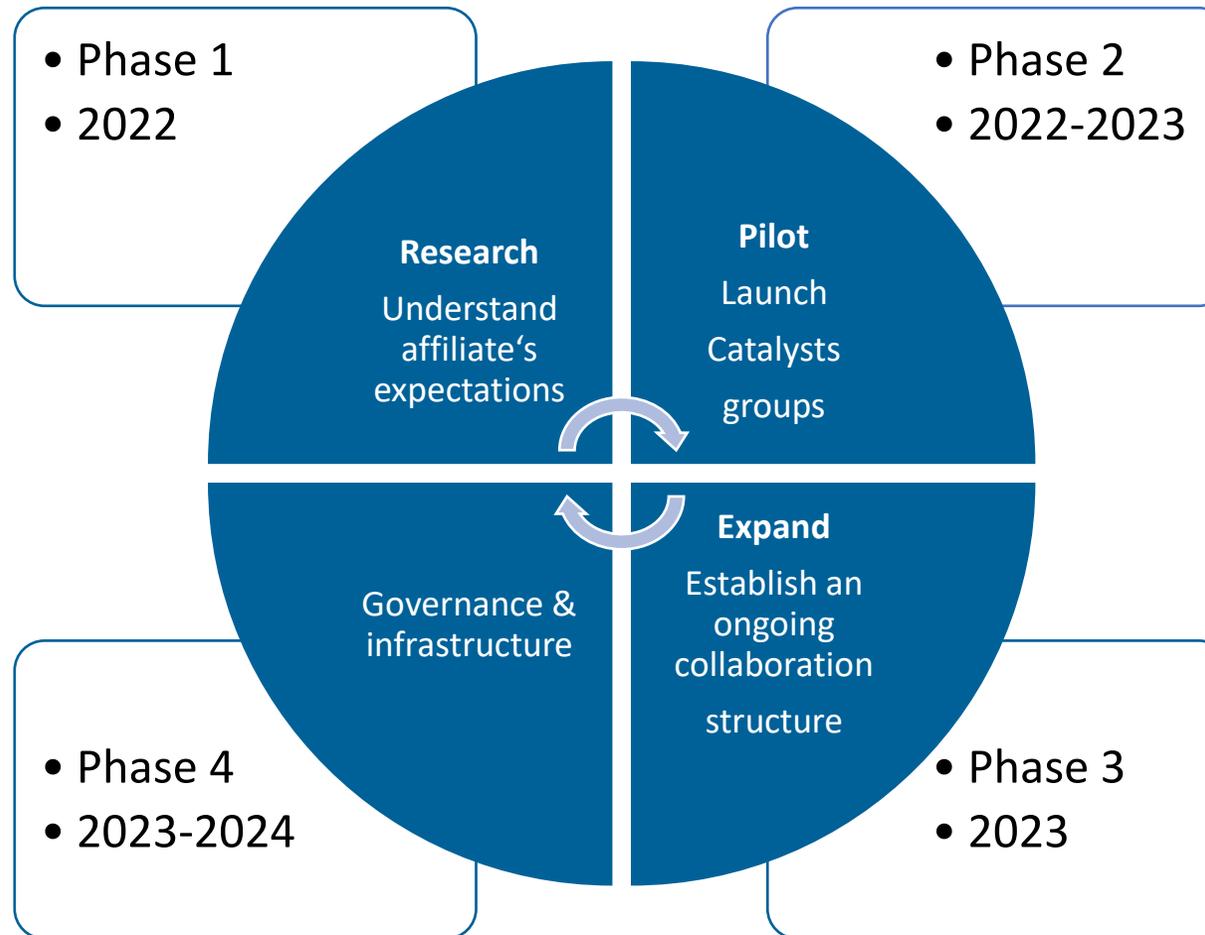


Why should we act as a global organization?

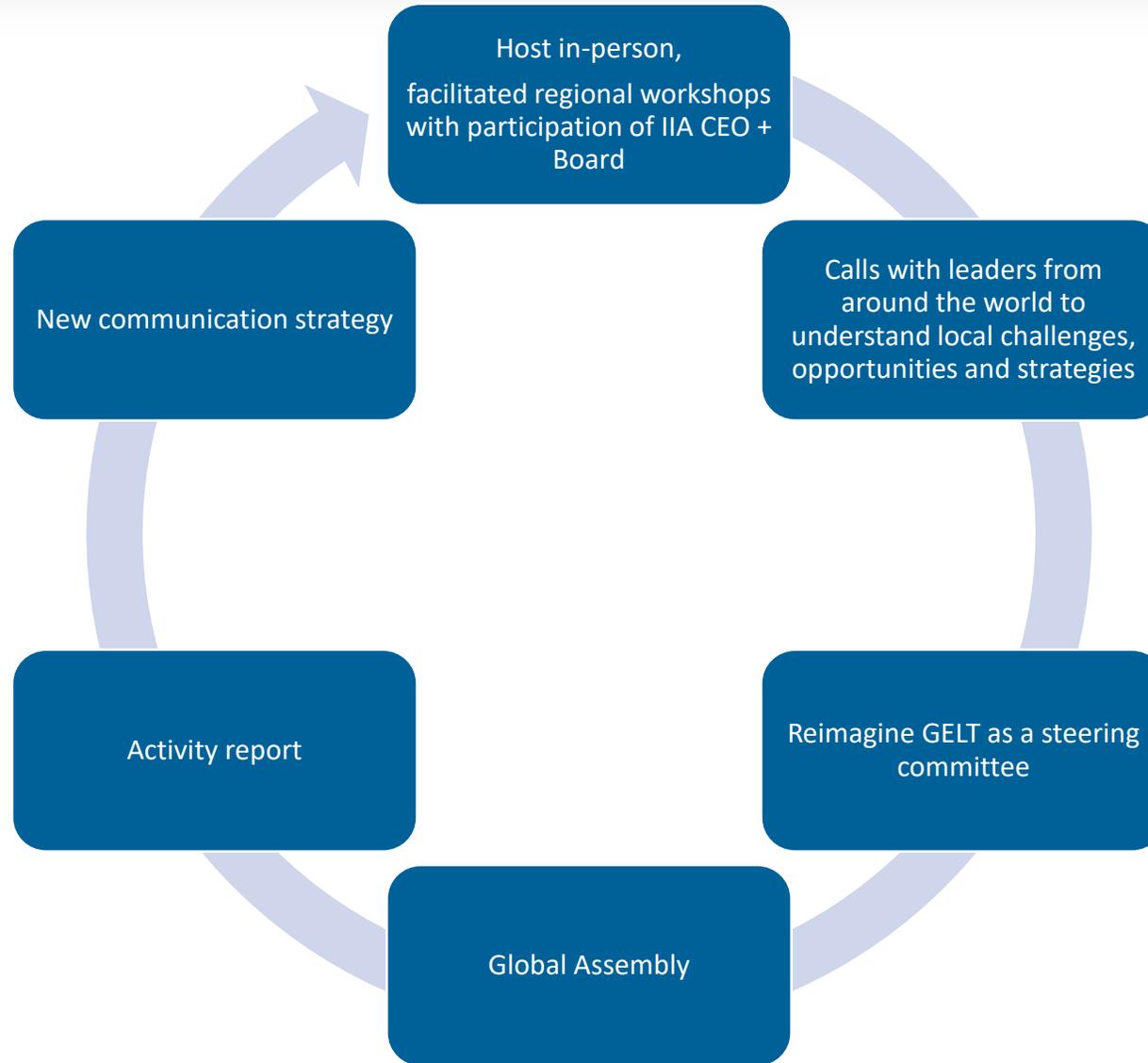
Elevate
Impact

- Advance the profession
- Meet member expectations
- Improve services to members both locally and globally
- Efficiency and better utilization of Affiliate and IIA HQ resources
- Get inspired by each other

Global Operating Model



Research



Pilot

Through the research phase we will identify which projects are most appealing to Affiliates, then:

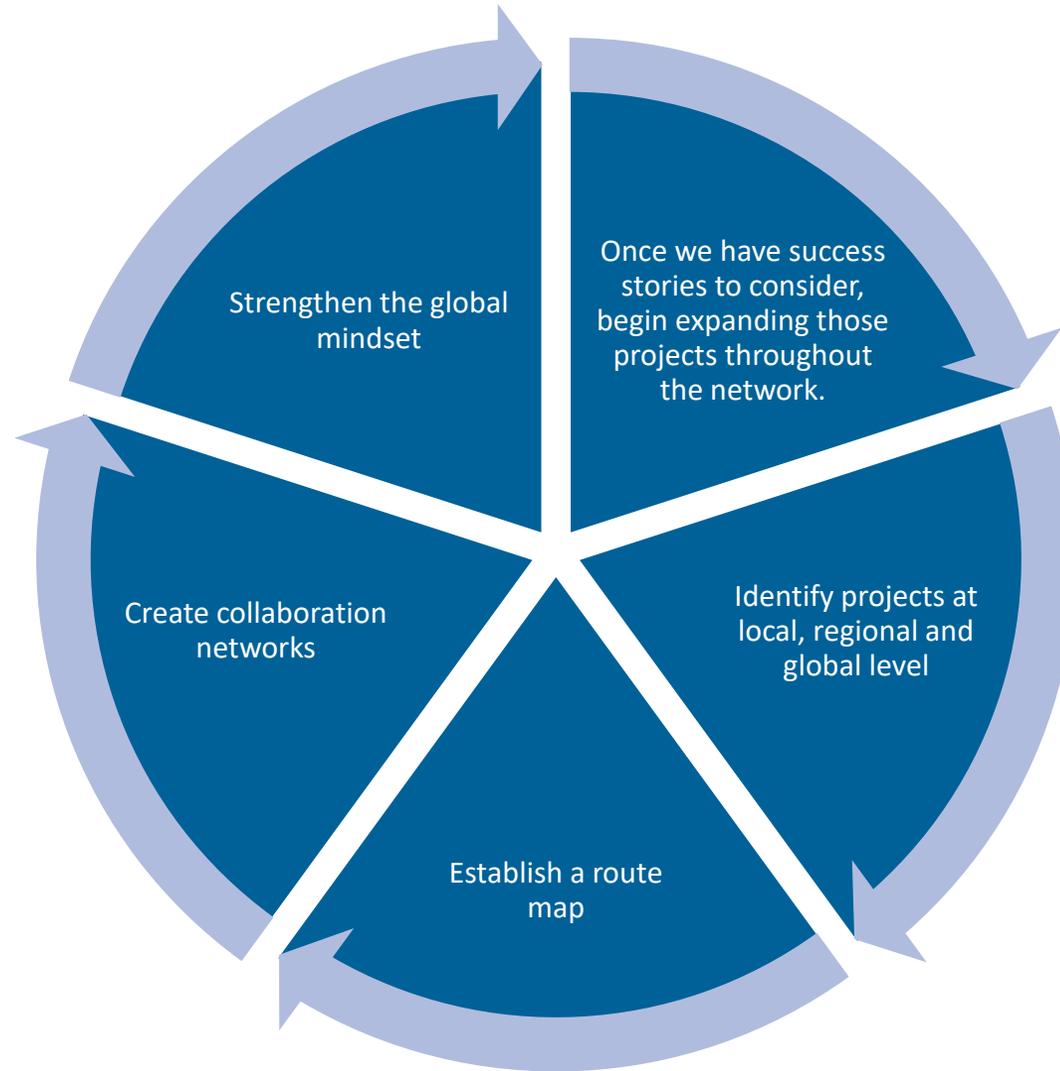
- Prioritize the projects to identify quick wins that meet local membership needs.
- Initiate the projects through the catalyst groups (already defined).
- Affiliates must be involved in the development from the very beginning.

While we need success stories, we must be mindful that not all projects will be successful.

Potential Projects

CAE Services	On-Demand training	Institute Operations	Knowledge Sharing	Magazine
QAs	Research	Advocacy	Students/Universities	Benchmarking
Webinars Archive	Networking/Online Communities	Mentoring Program	Services to Audit Committees	Internal Audit Intelligence

Expand



The IPPF Evolution Project

Why do we need the evolution of the IPPF?

Goals of the project

New Structure – new Architecture

High level project plan



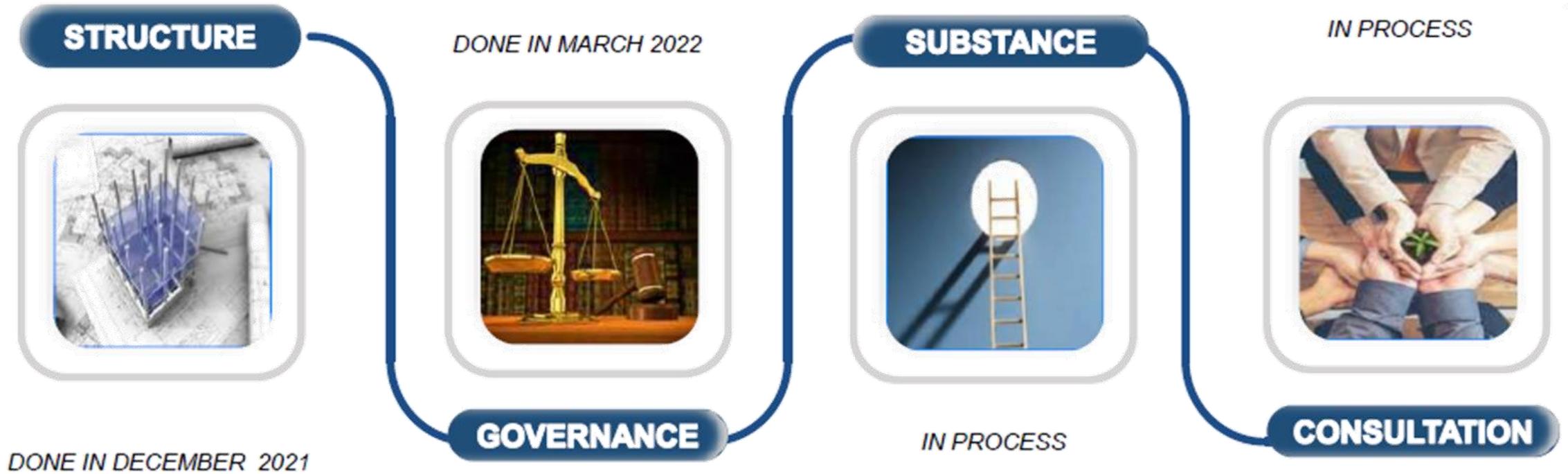
Feedback – IPPF is no longer meeting expectations

- Simplify the structure of the IPPF (too many subsections; not clear how they fit together).
- Clarify and align elements (duplication and inconsistencies).
- Standards do not include timely and/or emerging topical areas.
- Ensure practical and applicable (regardless of size, location, industry, maturity).
- Communicate and advocate (with internal audit, stakeholders, regulators, etc.)

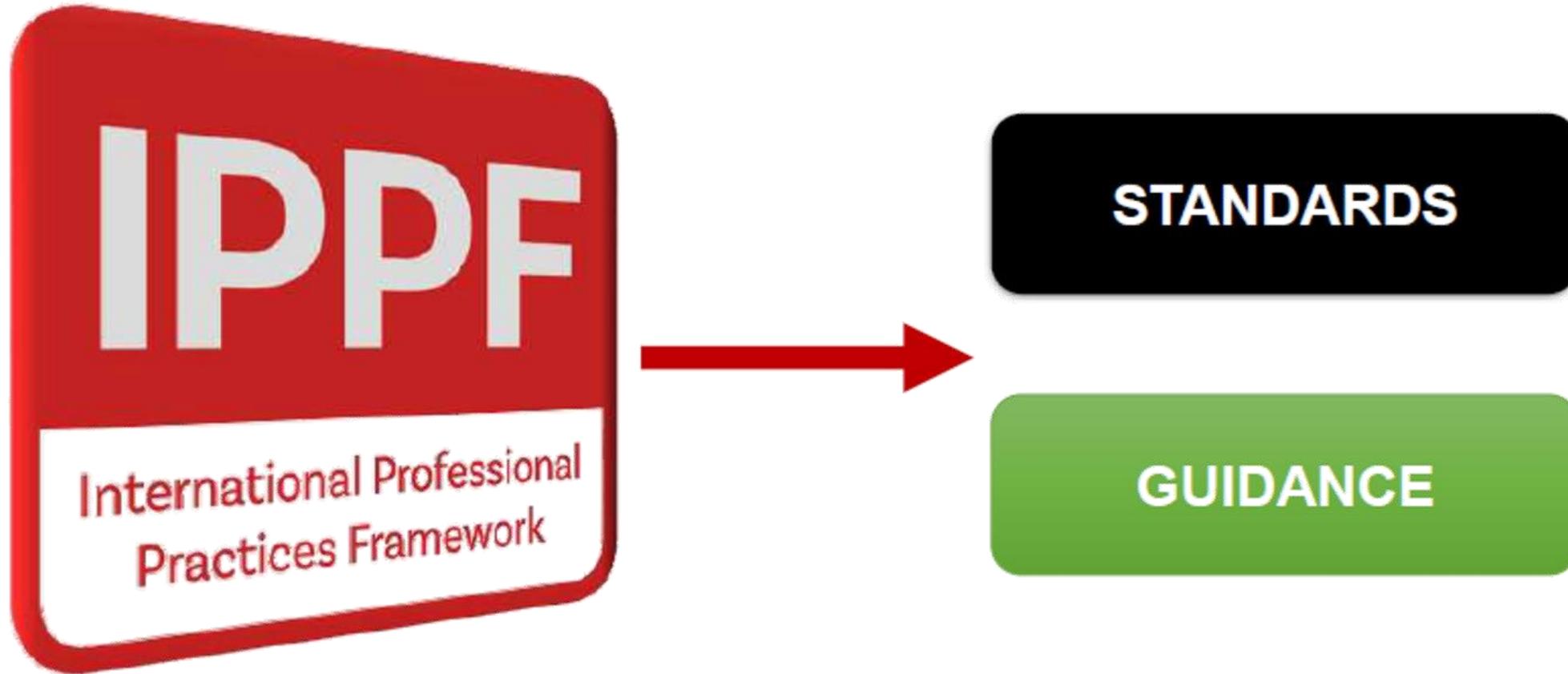
Our Goals – The IPPF should:



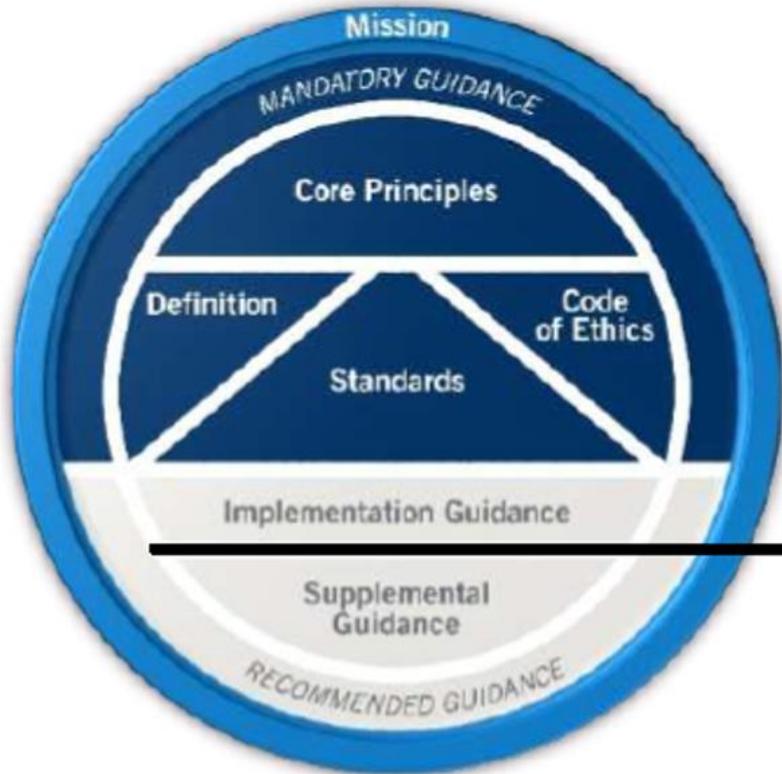
IPPF Evolution Project



The NEW IPPF Structure



Current IPPF



NEW IPPF

STANDARDS

MANDATORY

Principles

General Standards

Application Standards

GUIDANCE

RECOMMENDED

The Standards



Standards with Principles (June 2022)

ETHICS AND PROFESSIONALISM

- 1. Integrity:**
Internal auditors demonstrate integrity in their work and behavior.
- 2. Objectivity:**
Internal auditors exhibit objectivity and freedom from bias or undue influence from others.
- 3. Confidentiality:**
Internal auditors use information appropriately and maintain it confidentially.
- 4. Competency:**
Internal auditors demonstrate competence.
- 5. Due Professional Care:**
Internal auditors demonstrate due professional care.

GOVERNING THE INTERNAL AUDIT FUNCTION

- 6. Authorization:**
The board authorizes the internal audit activity's purpose and responsibilities and provides the resources and conditions necessary for their achievement.
- 7. Independence:**
The board ensures the establishment and maintenance of the internal audit activity's independence.
- 8. Oversight:**
The board oversees and serves as the direct reporting line for the internal audit activity.

MANAGING THE INTERNAL AUDIT FUNCTION

- 9. Achievement of Purpose and Responsibilities:**
The chief audit executive (CAE) ensures the internal audit activity achieves its purpose and responsibilities as agreed with senior management and the board and adds value.
- 10. Performance and Quality:**
The CAE leads the internal audit activity's performance, quality, and development.

PERFORMING INTERNAL AUDITING

- 11. Planning**
Internal auditors use a systematic, disciplined approach to plan and perform each engagement and to communicate the results.
- 12. Performing**
Internal auditors apply appropriate methodologies and tools to identify, analyze, evaluate, and document sufficient information and achieve the engagement's objectives.
- 13. Communicating and Monitoring**
The internal audit activity communicates the engagement results to the appropriate parties and monitors the disposition of those results.

Principles of Ethics and Professionalism

- Integrity
- Objectivity
- Confidentiality
- Competency
- **Due Professional Care (NEW)**

The following contents will be incorporated into this domain will:

- Principles and Rules of Conduct from the current Code of Ethics
- Standard 1100 related to Objectivity
- Standards 1200 related to competency and proficiency
- Standards 1220 related to Due Professional Care
- Implementation Guides for Code of Ethics Principles

NEW Standards Architecture

General Standards	Application Standards		
	Audit Practice	Audit Subject	Sector
<ul style="list-style-type: none">• Principles• Requirements and recommended practices• Universally applicable	<ul style="list-style-type: none">• Requirements, clarifications & considerations• Applicable to a specific audit practice and methodology	<ul style="list-style-type: none">• Requirements, clarifications & considerations• Applicable to a specific topic and broad risk area	<ul style="list-style-type: none">• Requirements, clarifications & considerations• Applicable to a specific sector

NEW Standards Architecture

General Standards



Application Standards

Audit Practice	Audit Subject	Sector
<ul style="list-style-type: none"> Strategic Planning for IA Function Developing Risk-based Audit Plan IA Governance (Reporting Lines under Various Governance Models) Three Lines Model in Risk Management Quality Assurance and Improvement Program Standards Conformance in Small IA Functions Using Data and Technology to Perform IA Services 	<ul style="list-style-type: none"> Assessing Organizational Governance Sustainability (ESG) Fraud Risk Management Third Party Risk Management Privacy Risk Management IT Governance and Risk management Cybersecurity 	<ul style="list-style-type: none"> Public Sector: Unique Aspects of Internal Auditing in the Public Sector Public Sector: Performance Auditing Public Sector: Dissemination of Engagement Results Financial Services: Regulatory Considerations

High Level Project Plan

- Approve the new IPPF Structure ✓
- Define how the IIA sets Standards in Public Interest (Q1 2022) ✓
- Approve the Revised IPPF Governance/Process (Q1 2022) ✓
- Refresh and Develop Standards including Application Standards (2022-2023)
- Review and develop the Standards
- Translate (Q4 2021 and Q1 2022)
- Public exposure (Q1 to Q2 2023)
- Release new Standards (2023)
- Effective date 12 (TBD) months from the Standards releasing date
- Refresh Guidance (Practice Guides) (2023)

