Global Trends and Outlook: Overview

- The Global IIA
- The profession in 2017
- Five strategies for the future
  - Following the Voice of the Customer
  - Striving for agility
  - Transforming our talent
  - Revolutionizing our processes
  - Elevating our image
The Global IIA in 2017

185,000+ Members

170+ Countries & Territories

109 International Affiliates
Members by Region
Sept. 2016

North America*
Members: 73,064
YOY Change: +1%

International Affiliates: 17
Members: 14,058
YOY Change: +2%

International Affiliates: 39
Members: 48,280
YOY Change: +1%

International Affiliates: 26
Members: 14,984
YOY Change: +30%

International Affiliates: 9
Members: 8,189
YOY Change: +21%

International Affiliates: 18
Members: 32,290
YOY Change: +6%

International Members: 1,595

*North America includes US, Canada and chapters in Caribbean
YOY Growth from Sep 2015 – Sep 2016
Global Certifications & Qualifications

CIA: 142,283
CRMA: 14,691
CCSA: 7,174
CFSA: 6,632
CGAP: 4,758
QIAL: 530

CIA growing globally almost 40% since 2011
Internal Audit:
The Profession in 2017
Our Global Pulse of Internal Audit survey collected data from 2,254 survey respondents from 111 countries or territories.

- 17% of survey respondents were from the Asia-Pacific region
- The report is available now from your Institute or at www.theiia.org/gpi
Enhanced stature and growth:

- Approaching half (45%) report administratively to the CEO*
- Nearly three-quarters (73%) report functionally to the board/audit committee*
- 35% expect budgets to increase (only 9% expect a decrease)
- 26% expect staffing to increase (only 6% expect a decrease)

*or equivalent
Where We Are Today: 2017 Emerging Trends
Powered by Global Pulse of Internal Audit

Increased time devoted to critical areas:

- Risk management assurance (43%)*
- Strategic business risks (42%)*
- Corporate governance (31%)*

*Percent of respondents who indicated they will increase efforts over the next twelve months
Where We Are Today: 2017 Emerging Trends
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The need to focus on auditing culture:

- 86% agree that their internal audit departments understand risks associated with organizational culture, yet…
  - Only 53% indicate that their internal audit departments understand how to audit culture, and
  - Only 28% say they actually are auditing culture
Where We Are Today: 2017 Emerging Trends
Powered by Global Pulse of Internal Audit

The need to focus on cybersecurity:

- 93% agree that their internal audit departments understand risks associated with cybersecurity, yet...
  - Only 61% indicate that their internal audit departments understand *how* to audit cybersecurity, and
  - Disappointingly, 25% say they *have not* audited cybersecurity
Where We Are Today:
2017 Emerging Trends
Powered by Global Pulse of Internal Audit

The need to focus on big data:

- 92% agree that their internal audit departments understand risks associated with big data, yet...
  - Only 71% indicate that their internal audit departments understand how to audit big data, and
  - 26% say they have not audited big data*

*In organizations that have made or plan to make an investment in big data
Achieving trusted advisor status:

- Stakeholders want us to raise the bar, but…
  - 28% say they *rarely or never* participate in major organizational change initiatives,
  - 31% are *never* invited to join a full board meeting, and
  - Only 26% of CAEs view themselves as members of executive management
The Outlook for Internal Audit: Five Strategies for the Future
Voice of the Customer: Stakeholders’ Messages for Internal Audit

- The Internal Audit Foundation and Protiviti
- The CBOK Stakeholder Study:
  - 1,124 survey participants
  - 112 interview participants
  - 23 countries
  - 13 languages
- The Participants:
  - 34% - Board members
  - 15% - CEO’s
  - 18% - CFO’s
  - 34% - Others in the C-suite
Poised for the Future: Respond to the Voice of the Customer

• Know your organization’s mission, strategy, objectives and risks.
• Assurance work:
  ▪ comes first
  ▪ is highly valued
  ▪ is most valued when aligned with strategic risks
• Advisory work:
  ▪ is highly desired
  ▪ should align with areas related to risks
• Build relationships with management and board members
Poised for the Future: Respond to the Voice of the Customer

- Conformance with the IPPF is expected
- When it comes to communications:
  - communicate observations and opinions frequently
  - do not rely solely on written communications
- Coordinate with second line of defense and rely on objective and reliable assurance work
- Internal audit must be structured properly in the organization
Poised for the Future: Respond to the Voice of the Customer

- Key “action items” for internal auditors:
  - Become masters in knowing the mission, strategy, objectives and risks of your organization.
  - Explicitly consider both current and future risks when planning assurance work.
  - Take advantage of internal audit’s unique role to bring increased understanding of risk and risk management to the entire organization.
Poised for the Future: Striving for Agility

- The winds of risk shift rapidly
- Emerging risks:
  - Cybersecurity
  - Business continuity
  - Unhealthy culture
  - Geopolitical instability
  - 21st century technology risks
    - Cloud computing
    - Mobile technology
    - Social Media
Poised for the Future: Striving for Agility

• The good news:
  ▪ 91% assess risks
  ▪ 85% develop risk-based plans

• Yet CBOK revealed we are not “auditing at the speed of risk”
  ▪ 63% update audit plans no more than twice a year
  ▪ 15% have “highly flexible plans”
  ▪ 31% don’t update risk assessments
  ▪ Only 21% deploy continuous risk assessment methodologies

Sources: The Pulse of Internal Audit survey; © 2015 The IIA Audit Executive Center conducted in collaboration with the 2015 Common Body of Knowledge Study; © 2015 The IIA and The IIA Research Foundation. All rights reserved. No part of this data may be copied, reproduced or otherwise disseminated without explicit permission from The IIA. Note: Q42: How frequently does internal audit conduct a risk assessment? Q48: What resources do you use to establish your audit plan?
Poised for the Future: Transforming our Talent

• Emerging risks demand different skills

• Transformation necessitates an effective talent management strategy

• We must transform talent by:
  ▪ Development
  ▪ Acquisition
  ▪ Sourcing
Poised for the Future: Transforming our Talent

Top 5 Skills Being Recruited by Internal Audit Departments

1. Analytical/Critical thinking
2. Risk Management Assurance
3. Forensics and Investigations
4. Information Technology
5. Communication Skills
Poised for the Future: Revolutionizing Our Processes

- Our processes limit our capacity, our efficiency, and ultimately our value
- Streamline processes to multiply our capacity and impact
  - Risk assessment
  - Audit planning
  - Audit fieldwork
  - Audit reporting
- Leveraging technology
  - Data mining and analytics
  - Internal audit management systems
  - Mobile tools
Poised for the Future: Elevating our Image

- Professions serve the public interest
- Advocacy is critical to elevating our image – but “it begins at home”
  - Well crafted strategic plans
  - Alignment with the business
  - Dynamic risk-centric audit plans
  - Quality assurance and improvement
  - Continuous feedback and realignment
- The IIA advocates to:
  - Legislators
  - Regulators
  - Standard setters
  - The media and public
Thank You!

The Institute of Internal Auditors

Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA
President & CEO, The Institute of Internal Auditors

@RFChambers