Overview

• The IIA at 75!
• Global Initiatives to Serve Institutes
• 5 Global Trends in Internal Auditing
• 5 Strategic Risks that Could Derail Our Progress
• Parting Thoughts

Sources of data: Global Membership Data (May 2016), Global Certification Data (June 2016), Annual Institute Activity Reports (2016), CBOK Practitioner Study (2015), CBOK Stakeholder Study (2016), Global Pulse of Internal Audit (2016)
The IIA at 75!
The Global IIA in 2016

185,000+ MEMBERS

170+ COUNTRIES & TERRITORIES

109 INTERNATIONAL AFFILIATES

162 NA CHAPTERS
Members By Region

May 2016

North America*
Members: 73,696
YOY Change: +1%

International Affiliates: 17
Members: 13,567
YOY Change: +4%

International Affiliates: 39
Members: 47,568
YOY Change: -3%

International Affiliates: 9
Members: 7,623
YOY Change: +27%

International Affiliates: 26
Members: 14,249
YOY Change: +2%

International Affiliates: 18
Members: 32,004
YOY Change: +7%

International Members: 2,192

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

June 2016

CIA: 139,769
CRMA: 14,578
CCSA: 7,094
CFSA: 6,548
CGAP: 4,600
QIAL: 276
Top Revenue Sources Worldwide

- **Education**: 41%
- **Membership**: 35%
- **Quality**: 11%
- **Certification**: 7%
- **Advertising**: 5%
- **Other**: 2%

Total: 100%
Serving Global Members and Affiliates
Serving Our Institutes and Members Worldwide

• In the past year:
  – Launched the International Chapter Program
  – Deployed the African Development Initiative
  – Launched Global *SmartBriefs*
  – Launched *Global Perspectives and Insights* Series
  – Offered CIA Challenge Exam to ACCA members
  – Transitioned certification candidates in China to CBT
Serving Our Institutes and Members Worldwide

• In the past year:
  – Expanded service to EHS auditors globally through BEAC exams
  – Launched the Institute risk assessment tool
  – Completed exposure of revised Standards
  – Launched CBOK Institute data access tool to leverage local content
Serving Our Institutes and Members Worldwide

• Upcoming Initiatives:
  – Launch COSO Certificate Program globally (English, Spanish, French, Japanese)
  – Launch Global Training Marketplace with global self-directed learning offerings
  – Publish consultation paper on integrated thinking
  – Release enhanced Global Advocacy Platform
  – Launch additional CIA practice exams in translated languages
Five Global Trends in Internal Auditing
Global Trends in Internal Auditing: Enhanced Stature Is Driving Growth

- Approaching half (45%) now administratively report to the CEO*
- Nearly three-quarters (73%) now functionally report to the Board/Audit Committee*
- And, 64% of board members indicated that regular presence in board meetings was the best way to address competing demands on CAEs

*Or equivalent
Global Trends in Internal Auditing: Enhanced Stature Is Driving Growth

A decade-long wave of progress …

- 35% expect budgets to increase over the next 12 months
  (Only 9% expect a decrease)
- 26% expect staffing to increase over the next 12 months
  (Only 6% expect a decrease)
Global Trends in Internal Auditing: Stakeholders Want Us to “Raise the Bar”

- Know your organization’s mission, strategy, objectives and risks.
- Assurance work:
  - comes first
  - is highly valued
  - Is most valued when aligned with strategic risks
- Conformance with the IPPF is expected
Global Trends in Internal Auditing: Stakeholders Want Us to “Raise the Bar”

• Advisory work:
  – Is highly desired
  – Should align with areas related to risks

• Coordinate with second line of defense and rely on objective and reliable assurance work

• Build relationships with management and board members

globaliia.org
Global Trends in Internal Auditing: Stakeholders Want Us to “Raise the Bar”

• Internal audit must be structured properly in the organization
• Communicate observations and opinions frequently – do not rely solely on written communications
Global Trends in Internal Auditing: Imperative to Audit at the Speed of Risk

We’ve seen extraordinary volatility already in 2016

– Collapse and partial recovery of oil prices
– Violent and tragic terrorist attacks
– Political uncertainty in America
– Brexit
– And so on …
Consequently, the profession is having to adapt to a world where risks emerge at light speed!

However …

– Only 15% of CAEs say their audit plan is highly flexible … following the changing risk profile
– 43% of CAEs say their audit plan is not well-aligned with the organization’s strategy

“If the rate of change on the outside exceeds the rate of change on the inside, the end is near.”

- Jack Welsh
Global Trends in Internal Auditing: At the Epicenter of Corporate Scandals

– Historically, the profession has avoided the limelight
– In 2015 alone, we had Toshiba, Volkswagen, FIFA, and others …
– 2016 is proving no different
– “Where was internal audit?” is more frequently asked. (That’s both good and bad news.)
Only 19% considered themselves experts at applying their organization's risk framework in audits.

Internal audit functions outsourced or co-sourced due to lack of:
- personnel ➔ 52%
- skill set required ➔ 38%
Five Strategic Risks That Could Derail Our Progress
5 Strategic Risks

1. Not being viewed as a profession
2. Not meeting stakeholders’ needs
3. “Where were the internal auditors”
4. Blurred lines of defense
5. Becoming tools of the regulators
Parting Thoughts
Parting Thoughts

• We have come a long way in 75 years
• There is ample opportunity for us to serve the profession in the years to come
• Internal Audit IS RISING
• We need to seize the opportunity ….
Parting Thoughts

• We will seize the opportunity by:
  ➢ Staying ahead of the curve
  ➢ Understanding the needs of the profession
  ➢ Putting our members first
  ➢ Delivering the needed tools, training, and services
  ➢ Collaborating with each other
  ➢ Advocating on behalf of the profession
Thank You!

The Institute of Internal Auditors

Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA
President and Chief Executive Officer
richard.chambers@theiia.org

twitter @RFChambers