

DO THE *STANDARDS* MATTER?

INTRODUCTION AND INSTRUCTIONS

The Institute of Internal Auditors Research Foundation (IIARF) is the global leader in providing research and knowledge resources to enhance the internal audit profession.

The IIARF continually monitors the needs of the internal audit profession and its stakeholders to identify high priority topics for future projects. These high priority topics can either become Research Projects or Educational Products

Research Projects focus on discovering new information about the internal audit profession using academic research methods such as surveys, focus groups, interviews, case studies, literature review, and data analysis. Whenever possible, research projects should include implications or applications for practitioners.

Educational Products are designed to provide information that internal audit practitioners can use on the job. Educational products often include “how-to” information, tools, best practices, and so on. (A research component can support the educational product.)

The following request for proposal is for a **research project**, and a global scope is encouraged. Please note that submission guidelines were updated in 2012. Any proposal that does not follow the updated guidelines will be returned for revisions.

The review process normally lasts 4–6 weeks, but may take longer.

Return your proposal as a Microsoft Word document or PDF via email to research@theiia.org.

ALL RESPONSES TO THIS REQUEST FOR PROPOSAL ARE DUE NO LATER THAN MARCH 11, 2013.

If additional information is needed, please contact The IIA Research Foundation:

Tel: +1-407-937-1356

Email: research@theiia.org

Thank you for your interest in The Institute of Internal Auditors Research Foundation. We look forward to working with you.

TOPIC INFORMATION	
Priority Topic Title	Do the <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i> Matter?
Topic Summary	What are the gaps in <i>Standards</i> conformance? What are the effects of the gaps in <i>Standards</i> conformance?
Product Type	<input type="checkbox"/> Educational Product <input checked="" type="checkbox"/> Research Report (applied) <input type="checkbox"/> Research Report (add to knowledge base, theoretical)
Problem the Research Will Address	Only 46.3% of chief audit executives (CAEs) taking part in the 2010 Global Internal Audit Survey said their organizations were in full conformance with the <i>Standards</i> , compared with 59.9% in the comparable survey in 2006 four years earlier. Quality assurance reviews have the lowest level of conformance.
Primary Audience	IIA leadership, CAEs, audit committees, institutional investors, and possibly regulators.
Research Questions	<ul style="list-style-type: none"> • Which <i>Standards</i> predominately cause internal audit activities to be in nonconformance? • To what extent do those charged with governance and senior management promote conformance with the <i>Standards</i>? • To what extent do CAEs promote conformance with the <i>Standards</i>? • What are the characteristics of CAEs and internal audit activities that comply with the <i>Standards</i> versus those that do not (causes of the gaps)? • What is the effect of The IIA’s policy toward nonconformance with the <i>Standards</i>? Are any changes needed to increase conformance?
Benefits to the Audience	This study will provide insights as to why CAEs do not adopt The IIA’s professional <i>Standards</i> . Policymakers can then determine whether the <i>Standards</i> should be relaxed, revised, or maintained. Policymakers can also devise strategies to market the <i>Standards</i> to CAEs.

<p>Topics/Issues</p> <p>Proposals should include: <input type="checkbox"/> All of the topics listed. OR <input type="checkbox"/> The researcher’s selection of options and/or additional topics.</p>	<ol style="list-style-type: none"> 1. What <i>Standards</i> predominately cause internal audit activities to be in nonconformance? (Research will probably confirm that it is quality assessment reviews.) 2. What are the causes of the gaps in <i>Standards</i> conformance—especially quality assessment reviews (e.g., cost, do not see value, think that self-assessments are enough)? 3. Are some internal auditors complying with standards other than those of The IIA (for example, AICPA, alternate standards in the U.K. and other parts of the world)? 4. Do audit committees consider conformance with the <i>Standards</i> in their evaluation of the internal audit activity? 5. What are the reasons some audit committees do not require conformance with the <i>Standards</i>? How are the <i>Standards</i> referenced in audit committee charters? 6. What are some examples of problems caused by audit committees that do not require <i>Standards</i> conformance (e.g., Enron’s audit committee)? 7. Does nonconformance with <i>Standards</i> impact the evaluation of companies by institutional investors and their advisors (ISS, GMI, and S&P)? 8. Are all <i>Standards</i> equal, or can nonconformance with one be viewed as acceptable? 9. How does The IIA handle nonconformance with its <i>Standards</i>? 10. How does The IIA handle the reputational risk of nonconformance with its <i>Standards</i>? 11. What are potential options to address this situation? 12. What are some of the government requirements and regulatory practices that would support <i>Standards</i> conformance? 13. How do audit committees gain assurance that they have a quality audit department if they are not using the <i>Standards</i>? What other standards are used in place of the <i>Standards</i> (especially globally)? 14. How do CAEs communicate with audit committees about conformance or nonconformance with the <i>Standards</i>? 15. What is the legal exposure for the audit committee if its internal audit department is not compliant with the <i>Standards</i>? 16. How is conformance reported beyond the audit committee? What are the rewards and penalties? How do people respond to conformance reports? 17. Does <i>Standards</i> nonconformance affect decisions made by institutional investors and other investors? If so, what are the reasons nonconformance with <i>Standards</i> should be considered a material disclosure item (consider Moody’s)?
<p>Methodology</p>	<p>The research questions identified above will require a diverse mix of research methods to answer them, including:</p> <ol style="list-style-type: none"> 1. Using extant The IIA’s Global Audit Information Network

	<p>(GAIN) data to see the reaction (quality assurance review standard).</p> <ol style="list-style-type: none"> 2. Questionnaire/experiments involving institutional investors, audit committee chairs, and CAEs. 3. Qualitative interviews administered to institutional investors, audit committee chairs, CAEs, and key IIA leaders. 4. Experiments administered to groups of institutional investors, audit committee chairs, and CAEs. <p>An experimental approach could be used where stakeholders are surveyed and asked to respond to different scenarios.</p>
Sample Size and Description	A cross-section of CAEs both in North America and outside North America, and audit committee members. All industries and participation by approximately 1,000 respondents. Likewise, the principal researcher needs to have excellent project management skills.
Researcher Qualifications	Must be a qualified behavioral researcher who knows how to conduct field studies, questionnaires, and experimental research.
Time Frame	12 months
Length of Book or Report	Monograph
Other Possible Content Uses	Proposed <i>Internal Auditor</i> magazine article, article for publication in a journal read by institutional investors, Tone at the Top, an academic article, tool kits, interactive questionnaires, or enhancements to existing IIA seminars.
Resources to Consult	<ul style="list-style-type: none"> • Current IIA studies that examine the lack of conformance with the <i>Standards</i>. • Quality assurance and improvement study using CBOK 2010 data (KiZerbo, IFACI, IARF) (in progress). • 2012 Deloitte & Touche study analyzing CBOK 2010 data about <i>Standards</i> conformance. (Findings suggest that organization size is the strongest indicator of the likelihood of full conformance.) • IIA quality assurance reviews data. • Douglas Prawitt (BYU) research reports. • Data from Moody's.

INTERESTED RESEARCHERS AND AUTHORS, PLEASE PROCEED TO THE NEXT SECTION, PROPOSAL SUBMISSION GUIDELINES

PROPOSAL SUBMISSION GUIDELINES

The Institute of Internal Auditors Research Foundation (IIARF) is the global leader in providing research and knowledge resources to enhance the internal audit profession.

Proposals should outline how the requirements of the RFP will be met. Proposals should not exceed **five pages** exclusive of the summary page and appendices described below, and should be organized as follows:

1. Proposal Summary Page
 - a. Name of the priority topic being addressed.
 - b. Product type (education, applied research, or theoretical research).
 - c. Proposal title. (This title should be specific to the proposal, not the same as the name of the priority topic.)
 - d. Date proposal was submitted.
 - e. Primary researcher's name and contact information.
 - f. Proposal abstract. (This should be one to two paragraphs, including research need, primary audience, methodology, and a description of the primary deliverable.)
2. Project Description
 - a. Research questions.
 - b. Application/implications for internal auditors.
 - c. Topics/issues.
 - d. Methodology. (Explain how the proposed methodology will answer the research question. Include drafts of surveys or interview guides in appendices. An incomplete methodology will cause a research proposal to be returned.)
 - e. Sample size and description.
3. Research Team and Budget Description
 - a. Proposed research team members with a *brief description of their roles and qualifications*. (Describe research capabilities and/or academic qualifications related to the topic. Show that an experienced internal auditor is on the research team.)
 - b. Time frame.
 - c. Budget. (Give itemized budget and tell who receives funds.)
4. Deliverable Description
 - a. Length of book or report.
 - b. Other possible content uses.
5. Appendices
 - a. First draft of the interview guide, survey questions, and/or analysis methodology (if applicable).
 - b. Curriculum vitae (CV) for each researcher (three pages maximum).
 - c. Previous researcher affiliation with The IIA (previous research or educational products produced, volunteer participation, chapter officer, etc.).

Submit proposals by **MARCH 11, 2013**, via email to: research@theiia.org

Further information: research@theiia.org, Tel: +1-407-937-1356, Fax: +1-407-937-1101