

The Emerging Role of Internal Audit in Risk Governance

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 initial 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

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| Priority Topic Title | The Emerging Role of Internal Audit in Risk Governance |
| Topic Summary | How to divide/coordinate risk governance responsibilities between the chief audit executive (CAE) and other risk management functions. |
| Product Type | Choose one: <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 | As today’s volume and complexity of risks increase, the role of the CAE in risk management is evolving. However, the governance and communication of these risks at the board level is often not effectively coordinated. There is a need to define the role of CAEs and how they interact with the risk management functions to more effectively help boards meet their risk governance responsibilities. |
| Primary Audience | Board of directors, including committees overseeing risk management. CAE, chief risk officer (CRO), chief financial officer (CFO), chief executive officer (CEO), audit committee, risk committee. |
| Research Questions | <ul style="list-style-type: none"> • What are the key benefits and challenges for CAEs to consider when determining their role in risk management? • How are risk governance responsibilities divided/coordinated between the CAE and other risk management functions (e.g., CRO, chief compliance officer (CCO), etc.)? What factors drive the consolidation/separation of these functions and how does this decision affect the management of risks? • How is the increasing volume and complexity of risk information coordinated and communicated to the board? How do these responsibilities vary based on size, industry, maturity, etc. of the organization? • What tactics do successful CAEs use to support and coordinate with the risk management functions? |
| Benefits to the Audience | This research should: <ul style="list-style-type: none"> • Define the idea of risk governance. • Help CAEs establish a strategy for coordinating risk governance with the risk management functions and reporting to the board on joint efforts. • Provide practical advice for CAEs on how to interact with their organization’s risk management officers/directors to define responsibilities. • Document a maturity model that defines levels of development for risk management practices, including the interaction of CAE |

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| | <p>and risk management officers/directors, communication of risk to the board, and ERM processes.</p> <ul style="list-style-type: none"> Clarify for the board of directors its role in risk governance and identify the role of key players who should be providing assistance and support. |
| <p>Topics/Issues</p> <p>Proposals should include: <input type="checkbox"/> All of the topics listed. OR <input checked="" type="checkbox"/> The researcher’s selection of options and/or additional topics.</p> | <p>Topics should include:</p> <ol style="list-style-type: none"> The board’s expectations of assistance and support regarding risk management and the organization’s culture. Highlighting potentially contentious areas in the division of responsibility between risk management officers/directors and CAEs, such as identifying risk universe, identifying and reporting on emerging risks, assessment of risk movement, and ownership of reporting framework. Possibly creating a “maturity model” for risk governance organizational structures, taking size, industry, and culture into consideration. The relationships between performance management and risk management. Examples of successful models where the CAE is also responsible for risk management (e.g., ERM or GRC) and where the functions are separate, including key attributes and value derived from both models. Content development should consider related contributions included in <i>Enterprise Risk Management</i> by Paul Sobel and Kurt Reding (IIA), Chapter 2. A description of the state of the profession for risk governance activities (analyze existing data before considering a new survey). |
| Methodology | Combination of focus groups and case studies with CAEs, risk management officers/directors, and potentially board members. Surveys. |
| Sample Size and Description | <p>Board/committee members CAE/CRO/CCO/CFO/CEO. Public/private. Not too heavy focus on regulatory and financial services. Variety of industries. Global focus. 7–10 case studies of organizations with different levels of maturity.</p> |
| Researcher Qualifications | <p>International experience. Good writers. Industry experience preferred.</p> |
| Time Frame | 6–9 months |
| Length of Book or Report | 50–100 pages |
| Other Possible Content Uses | <p>Webinar Conference (national/regional)</p> |
| Resources to Consult | <ul style="list-style-type: none"> AICPA survey on ERM |

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| | <ul style="list-style-type: none"> • Paul J. Sobel and Kurt F. Reding, <i>Enterprise Risk Management: Achieving and Sustaining Success</i> (Altamonte Springs, FL: The Institute of Internal Auditors Research Foundation, 2012). • IIA 2004 position paper, “The Role of Internal Auditing in Enterprise-wide Risk Management” (PDF). • Gerrit Sarens et al., <i>Combined Assurance</i> (Altamonte Springs, FL: The Institute of Internal Auditors Research Foundation, 2012). • King III (pulling together all assurance providers). |
| Other Information | One option might be to collaborate with a risk institute, such as the Risk Management Society (RIMS). |

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