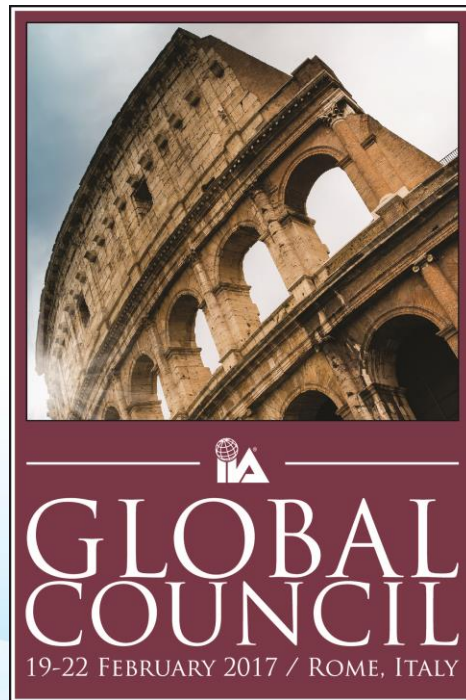


2017 Global Council Background Papers





GLOBAL COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



A. Agenda.....	Page 3
B. Global Council Overview.....	Pages 4–6
C. Background Paper #1: <i>Strategic Planning</i>	Pages 7–10
D. Background Paper #2: <i>Stakeholder Expectations</i>	Pages 11–18
E. Background Paper #3: <i>Global Advocacy</i>	Pages 19–21
F. APPENDIX	Page 22
G. Appendix A: Supplemental Document for Background Paper #1 Strategic Planning (The IIA's 2015-2020 Global Strategic Plan).....	Pages 23–28
H. Appendix B: Supplemental Document for Background Paper #2 Stakeholder Expectations (Voice of the Customer: Stakeholders' Messages for Internal Audit).....	Pages 29–40



GLOBAL COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



Sunday, 19 February

12:00–17:00	Registration
13:00–17:00	Institute Management Workshop <i>Optional; separate registration required</i>
14:30–17:00	Break Welcome Reception hosted by IIA Global

Monday, 20 February

07:00–08:00	Facilitator & Scribe orientation (by invitation only)
07:00–08:00	Registration
07:30–08:30	Breakfast
08:30–11:00	Opening Session (Introductions and Roll Call, Welcome to Rome, From New York to Rome)
10:00–10:30	General Session 1: Strategic Planning
10:30–11:00	Break
11:00–12:30	Breakout Discussion Session 1: Strategic Planning
12:30–13:30	Lunch
13:30–15:30	General Session 2: <i>Global Projects and Initiatives</i>
15:00–15:30	Break
15:30–17:00	Knowledge Exchange Session 1 Transportation to Gala Dinner and Cultural Evening and Dinner hosted by IIA–Italy

Tuesday, 21 February

07:30–08:30	Breakfast
08:30–09:30	The State of the Global Profession in 2017
09:30–10:00	General Session 3: Responding to the Voice of Stakeholders
10:00–10:30	Break
10:30–12:00	Breakout Discussion Session 3: Responding to the Voice of Stakeholders
12:00–13:00	Lunch
13:00–14:30	Breakout Discussion Session 3: (continued) Responding to the Voice of Stakeholders
14:30–15:00	Break
15:00–16:30	Knowledge Exchange Session 2
16:30–17:00	Closing Session

Wednesday, 22 February

	Optional City Tour
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OVERVIEW

The structure of the three-day Global Council program includes informative sessions on key strategic initiatives, interactive sessions that give International Affiliate leaders a chance to contribute their input and feedback through group discussions and networking sessions that facilitate the exchange of ideas and leading practices among participants.

OPENING SESSION

The IIA's 2015–2020 Global Strategic Plan aims to have internal audit professionals universally recognized as indispensable to effective governance, risk management, and control. Seeking the valuable insight and perspective of International Affiliates, discussions during the 2016 Global Council in New York City, NY, U.S. centered on two primary topics — Operating as a Global Profession and Organization and Key Trends Affecting the Future of Professional Associations. A brief update of the progress made from those discussions will be presented during this session.

GENERAL SESSIONS

With the implementation of the current strategic plan fully underway, The IIA now seeks to identify opportunities to enhance how the organization develops its global strategic plans. It is especially vital that Affiliates are given an opportunity to provide input on the future goals of the organization. With this in mind, the first general session will outline changes to The IIA's strategic planning process and kick off the new process to gather input from Affiliates.

The second general session will be devoted to review progress and next steps on major strategic initiatives that impact all globally such as Advocacy and Governance.

As the future strategic priorities for our profession and organization are considered, the voice of internal audit stakeholders should be at the forefront of our discussions. Collectively, how do we position internal auditors to meet the evolving expectations of our stakeholders? The third general session inspired by the CBOK report, *Voice of the Customer: Stakeholders' Messages for Internal Audit*, will focus on assessing the current needs of stakeholders and explore how we can position ourselves to assist our members and internal auditors address those needs.



DISCUSSION SESSIONS

The Discussion Sessions are conducted in roundtables of seven to eight participants, supported by a facilitator and note-taker from the IIA Executive Committee and staff.

During these Discussion Sessions, participants are grouped in several rooms either randomly, or by Affiliates size/maturity. Table participants change for each session, and where there are two representatives from the same Affiliates, they will be seated at different tables.

Participants will have 90 minutes to debate and share their views on the discussion questions included in the Background Papers below. These facilitated discussions are intended to seek input and ideas from all participants, generate debate, and ultimately provide collective, agreed-upon suggestions, recommendations, and direction to the discussion questions. So while each participant will come to the Global Council prepared with their Affiliate's views and ideas, it is expected that additional, unique insights will be gained from the collective sharing and exchange that occurs during the Discussion Sessions.

KNOWLEDGE EXCHANGE SESSION

Following positive reviews from Global Council 2016 where these sessions were first introduced, Global Council 2017 will include two Knowledge Exchange sessions. These roundtable discussions will be dedicated to best practice sharing among the participants and will be supported by a facilitator. There will be many topics to serve all needs including managing members and volunteers, organizing and administering local training, and advocacy strategies to increase awareness of the profession.

BACKGROUND PAPERS & ADVANCE POLLING

The key to successful Global Council participation is preparation. By providing background information about each of the general session topics and the discussion questions to be debated, each participant is expected to be fully engaged. Global Council participants must review the following Background Papers in advance, seeking input on the discussion questions from their board and, if applicable, staff, and come prepared to share their Affiliate's views on each topic.

To enhance the richness of the General Sessions and for more informed Discussion Sessions, a series of multiple choice polling questions will be provided in advance (rather than conducted onsite) in the form of a survey. Each Affiliate will be requested to provide a response by no later than 31 January to ensure their input is considered in the analysis of results that will be shared during Global Council. Further, the advance polling gives those Affiliates who are unable to attend Global Council the opportunity to contribute their input.



SOCIAL EVENTS

The Global Council event is also a unique opportunity for participants to network with each other socially, and discover new cultures together. The IIA and IIA–Italy will offer participants an opportunity to experience Rome and Italian culture through several social events.

Global Council will start with the Sunday Welcome Reception hosted by IIA Global at the Rome Cavalieri Hotel where delegates can reconnect with old friends and make new acquaintances. The Monday night Gala Dinner, which will feature an exquisite evening of music and incredible cuisine, will be hosted by IIA–Italy in a fabulous setting off site.

One of the unique aspects of Global Council is the opportunity for participants from around the world to discover the sights and sounds of the local city and culture together. Following two days of Global Council meetings, delegates and their guests are invited to join the optional tours scheduled for a half day on Wednesday. Pre-registration is required.

CLOSING SESSION

Recognizing the value in ending Global Council with some takeaways, the Closing Session will provide a high-level summary of what was shared by participants during the Global Council discussion sessions. This will replace the gift exchange that has traditionally taken place during this final session. Finally, the location of the 2018 Global Council will be revealed and then we will gather for a group photo to commemorate the event.

We look forward to seeing you in Rome! Any questions should be directed to Institute.Relations@theiia.org.



BACKGROUND PAPER: STRATEGIC PLANNING

INTRODUCTION

The IIA's Bylaws state that Global Council "shall provide input to the strategic direction of The (IIA)." Hence, Global Council plays a significant role in establishing The IIA's Global Strategic Plan and providing advice on The IIA's strategic initiatives, and helping the Global Board assess progress.

The IIA's Global Strategic Plan is thoroughly reviewed and revised approximately once every three years, which results in revisions, a refresh, or a complete rewrite. Given that the current Global Strategic Plan (for 2015-2020) was approved by the Global Board of Directors in December 2014, updates would be considered during 2017.

However, beyond updates to the plan itself, The IIA's Executive Committee and Global Board of Directors recently agreed with proposed enhancements to The IIA's strategic planning process. In particular, they recommended expanding opportunities for collecting input from constituents around the world to the creation of the next Global Strategic Plan, and using 2017 to do that. Since the next Global Strategic Plan (2019-2023) will be submitted for approval to the Global Board in May 2018, the 2017 Global Council will mark the official kick-off to this enhanced global input gathering process.

BACKGROUND

The IIA's 2015-2020 Global Strategic Plan (copy included with this background paper) established the following:

- The IIA's Core Purpose, or Mission (why The IIA exists):
 - To lead the global profession and advance its value.
- The IIA's Vision (what The IIA aspires to achieve):
 - Internal Audit Professionals will be universally recognized as indispensable to effective governance, risk management, and control.
- The IIA's Core Values (listed alphabetically):
 - Collaboration
 - Courage
 - Unity in Diversity
 - Global Mindset
 - Innovation
 - Integrity
 - Service Excellence
 - Respect
 - Professionalism



The 2015-2020 Global Strategic Plan also set forth five high-level goals:

1. **PROFESSIONALISM:** The IIA will lead the profession through the development of timely and relevant knowledge, global guidance, and career path guidelines.
2. **ADVOCACY:** The IIA will raise the profile of and demand for the profession to ensure it is recognized as an indispensable resource by key stakeholders.
3. **IIA AS LEADER:** The IIA will be recognized as the leading voice for internal auditing.
4. **CAPACITY:** The IIA will collaborate globally to expand the capacity of the profession.
5. **SUSTAINABLE VALUE:** The IIA will deploy both financial and business models that generate value for members.

The establishment of these five goals have driven the priorities of IIA Global and, to the extent applicable, the strategic priorities of many IIA affiliates.

Global Council discussions will seek feedback on the key elements of the current Strategic Plan, identify considerations for future planning efforts, and help inform future deliberations associated with ultimately establishing a 2019-2023 IIA Global Strategic Plan.

POLLING QUESTIONS: (These will be sent to Affiliates via a survey in early January)

1. Do you agree with The IIA's Core Purpose/Mission (why the IIA exists) as stated below?
 - To lead the global profession and advance its value.
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
2. Do you agree with The IIA's Vision (what The IIA aspires to achieve) as stated below?
 - Internal Audit Professionals will be universally recognized as indispensable to effective governance, risk management, and control.
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
3. Given your experience, do you feel The IIA operates in accordance with each of the following Core Values?
 - Collaboration
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
 - Courage
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
 - Unity in Diversity
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
 - Global Mindset
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree



GLOBAL COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



- Innovation
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
 - Integrity
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
 - Service Excellence
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
 - Respect
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
 - Professionalism
 - Strongly Agree/Somewhat Agree/Somewhat Disagree/Strongly Disagree
4. Do you believe the current strategic plan addresses the **needs of the profession?**
- Yes, to a large extent/Yes, to some extent/No, not sufficiently/No, not at all
5. Do you believe the current strategic plan addresses the **needs of your members?**
- Yes, to a large extent/Yes, to some extent/No, not sufficiently/No, not at all
6. Do you believe the current strategic plan addresses the **needs and expectations of internal audit stakeholders?**
- Yes, to a large extent/Yes, to some extent/No, not sufficiently/No, not at all
7. How relevant will each of the five strategic plan goals be over the next 5 to 7 years?
- PROFESSIONALISM: The IIA will lead the profession through the development of timely and relevant knowledge, global guidance, and career path guidelines.
 - Extremely relevant/Very relevant/Moderately relevant/ Somewhat relevant/Not at all relevant
 - ADVOCACY: The IIA will raise the profile of and demand for the profession to ensure it is recognized as an indispensable resource by key stakeholders.
 - Extremely relevant/Very relevant/Moderately relevant/ Somewhat relevant/Not at all relevant



GLOBAL COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



- IIA AS LEADER: The IIA will be recognized as the leading voice for internal auditing.
 - Extremely relevant/Very relevant/Moderately relevant/ Somewhat relevant/Not at all relevant
- CAPACITY: The IIA will collaborate globally to expand the capacity of the profession.
 - Extremely relevant/Very relevant/Moderately relevant/ Somewhat relevant/Not at all relevant
- i.
- SUSTAINABLE VALUE: The IIA will deploy both financial and business models that generate value for members.
 - Extremely relevant/Very relevant/Moderately relevant/ Somewhat relevant/Not at all relevant
 - Extremely relevant/Very relevant/Moderately relevant/ Somewhat relevant/Not at all relevant

DISCUSSION QUESTIONS: (These will be debated on site during the Discussion Sessions)

Primary Questions:

1. What should The IIA's top 3 strategic priorities be for the next 5 to 7 years? (Each participant would come prepared with their top 3, and the table would attempt to reach consensus on the top 3 for the entire table.)
2. What needs and expectations (of the profession, your members, stakeholders), if any, are not adequately addressed in the current Strategic Plan? Should these be a priority in the future plan?

As time permits, also discuss:

3. Do you have any suggestions on how The IIA's Global Strategic Plan could address the many differences in maturity of the profession across geographies (countries/regions)?
4. Do you have any suggestions on how The IIA's Global Strategic Plan could address the many differences in maturity of IIA affiliates around the world?
5. Are there any core values you propose adding? Any you propose deleting? Why?



BACKGROUND PAPER: STAKEHOLDER EXPECTATIONS

INTRODUCTION

The IIA's vision states *Internal Audit Professionals will be universally recognized as indispensable to effective governance, risk management, and control*. Consistent with this vision, The IIA's 2015-2020 Global Strategic Plan includes Goal B on Advocacy that states: *The IIA will raise the profile of and demand for the profession to ensure it is recognized as an indispensable resource by key stakeholders*.

BACKGROUND

The recognition desired by internal audit is largely from its stakeholders. Understanding the expectations of stakeholders, and taking action to address any gaps between their expectations and performance by internal audit, is key to gaining the recognition stated in The IIA's vision. The enclosed CBOK Stakeholder Study, *Voice of the Customer: Stakeholders' Messages for Internal Audit*, sought out perspectives from stakeholders about internal audit's performance, particularly from board members and those in C-suite positions of organizations. The study, conducted in about 20 countries, was not designed to validate that expectations gaps exist. The purpose was to seek recommendations from stakeholders on how internal auditors can better perform their role, bring value to organizations, and be recognized as indispensable.

Global Council discussions will seek input on the following topics related to stakeholders' expectations from internal auditors:

1. Focus on strategic risks.
2. Balancing assurance and advisory work.
3. Quality of audit work.
4. Non-assurance focus on risk.
5. Coordination with other assurance providers.
6. Internal audit's reporting structure and relationships.



**GLOBAL
COUNCIL 2017**

19-22 FEBRUARY 2017 / ROME, ITALY



A. Focus on Strategic Risks

Strategic risks can be broadly defined as those events or situations that create variability in an organization's ability to accomplish its objectives. For most organizations, primary attention is given to those risks that would prevent accomplishment of its strategic objectives (as opposed to exceeding objectives). Stakeholders expressed a strong desire to have internal audit become more involved in an organization's strategic risks. This is discussed in the CBOK report in Section 1. *Know the Business of Your Organization*. The primary approach suggested by stakeholders was through an increased focus on strategic risks during assurance projects.

POLLING QUESTIONS: (These will be sent to Affiliates via a survey in early January)

1. In general, within your area of the world, do stakeholders expect internal audit to be increasingly involved in auditing strategic risks?
 - a. Yes – much more involved
 - b. Yes – slightly more involved
 - c. No

2. In general, within your area of the world, are internal auditors giving sufficient attention to strategic risks?
 - a. No attention
 - b. Little attention
 - c. A moderate level of attention
 - d. A high level of attention

3. Conditional - If a. or b. above - What are some of the primary reasons that prevent internal auditors from focusing more on strategic risks? (Select all that apply.)
 - a. Inadequate quantity of resources.
 - b. Inadequate competencies of internal auditors related to strategic risks.
 - c. Lack of confidence of stakeholders in internal auditors' ability to address strategic risks.
 - d. Lack of interest by internal auditors to address strategic risks.
 - e. Other, please specify:

4. Do you believe that the scope of strategic risks is different than the scope of operating, reporting, or compliance risks?
 - a. Yes, the scope of strategic risks is substantially different than the scope of operating, reporting, or compliance risks.
 - b. Yes, but there is a lot of overlap between the scope of strategic risks and the scope of operating, reporting, or compliance risks.
 - c. No, the scope of strategic risks incorporates operating, reporting, or compliance risks.



GLOBAL COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



DISCUSSION QUESTIONS: (These will be debated on site during the Discussion Sessions)

1. In what ways is the work involved in addressing strategic risks different than the work involved in addressing the operating, reporting, or compliance risks on which internal audit has traditionally focused?
2. What could/should we do to assist IIA members to meet stakeholders' expectations for greater focus on strategic risks?

B. Balancing Assurance and Advisory Work

Internal auditors are often engaged in both assurance and advisory work. As discussed in Section 2 of the CBOK report, *Assurance is Assumed*, stakeholders stated they assumed assurance work is always done, but advisory work is also desired. Chief Audit Executives (CAEs) must balance the distribution of their work based on the expectations of stakeholders, but also the needs of the organization and the ability of the internal audit function to deliver. Different organizations require different services from internal audit, and different internal audit functions have differing abilities to deliver services. The key factors impacting this balance noted by stakeholders are: maturity of the organization, competence of internal audit, expectation of internal audit to be able to do both, and expectation that internal audit not lose its focus on assurance.

POLLING QUESTIONS: (These will be sent to Affiliates via a survey in early January)

1. How much difficulty do internal auditors experience in balancing the level of assurance versus advisory work?
 - a. No difficulty
 - b. Little difficulty
 - c. Moderate difficulty
 - d. Serious difficulty
2. Which of the following factors presents the **greatest** impact on the balance of assurance and advisory work? (Select one.)
 - a. Nature and severity of the risks of the organization
 - b. Maturity of organization governance
 - c. Maturity of the internal audit function
 - d. Other



GLOBAL
COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



DISCUSSION QUESTIONS: (These will be debated on site during the Discussion Sessions)

1. Do internal auditors balance assurance and advisory work properly, considering the needs of the organization and the impact on their resources?
2. What could/should we do to assist IIA members to meet stakeholders' expectations to balance assurance and advisory work?
 - a. What tools, guidance, maturity models, etc., would help internal audit perform this balancing better?

C. Quality of Audit Work

Section 3 of the CBOK report, *Best Practices When Providing Assurance*, indicates that one of the main factors stakeholders consider when evaluating the performance of internal audit is the quality of the audit work. Conformance with The IIA's International Professional Practices Framework (IPPF), which includes the *Standards* and other guidance, is expected as a sign of quality audit work. While only 53% of stakeholders are aware of the *Standards*, 94% of these stakeholders believe there is value for internal auditors to conform with the *Standards*. Studies continue to indicate that only half of internal auditors conform with all *Standards*. Increasing awareness about the *Standards* on the part of stakeholders might therefore increase the level of conformance by internal auditors.

POLLING QUESTION: (These will be sent to Affiliates via a survey in early January)

1. To what degree do you believe that conformance with the *Standards* can be impacted by communication with stakeholders?
 - a. Extremely impacted
 - b. Significantly impacted
 - c. Moderately impacted
 - d. Slightly impacted
 - e. Not impacted
2. In general, within your area of the world, how would you rate the level of communication to internal audit stakeholders on the importance of IIA *Standards*?
 - a. Communication is excessive
 - b. Communication is sufficient
 - c. Communication is lacking



GLOBAL
COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



DISCUSSION QUESTIONS: (These will be debated on site during the Discussion Sessions)

1. What type of communication is best suited to convince stakeholders that IIA *Standards* are an effective framework to ensure the quality of internal audit performance? Discuss the audience, communication type, and delivery methods.
2. What could/should we do to assist IIA members to better communicate with stakeholders regarding the *Standards*?

D. Nonassurance Focus on Risk

Beyond assurance, stakeholder responses to the CBOK survey discussed in Section 4 of the report, *Building on Assurance*, indicated that the primary area in which they want internal audit to be engaged is risk — identification, facilitation, and monitoring. Risk is a concept that underpins essentially all internal audit thinking. Stakeholders seem to want to better utilize this expertise outside of assurance engagements. There are various roles internal audit functions are taking regarding their involvement in risk management activities of their organizations. In some cases internal auditors restrict themselves to providing assurance over the ability of management to properly manage risk. In other cases internal audit has formal responsibility for the organization's risk management processes. The proper role of internal audit in risk management was outlined in an IIA position paper, The Role of Internal Auditing in Enterprise-wide Risk Management, January 2009, which includes the popular “fan diagram” outlining options for internal audit.

POLLING QUESTIONS: (These will be sent to Affiliates via a survey in early January)

1. In general, within your area of the world, how familiar are internal auditors with the IIA Position Paper on internal audit's role in risk management?
 - a. Most internal auditors are familiar with the paper
 - b. Many internal auditors are familiar with the paper
 - c. Few internal auditors are familiar with the paper
2. How useful is the current IIA Position Paper in helping define the role of internal auditors in risk management?
 - a. Very useful in its current form
 - b. Very useful but could be updated/revised
 - c. Somewhat useful and must be rewritten
 - d. A position paper is not needed in any form



GLOBAL
COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



3. In general, within your area of the world, how have stakeholder expectations of internal audit's responsibility for risk management changed?
 - a. Significant increase
 - b. Moderate increase
 - c. Slight increase
 - d. No increase

DISCUSSION QUESTIONS: (These will be debated on site during the Discussion Sessions)

1. What are the main ramifications of internal audit taking a more prominent role in risk identification and management?
2. What could/should we do to assist IIA members and stakeholder in determining what role internal audit should or should not assume for risk management?

E. Coordination with Other Assurance Providers

In many organizations, functions other than internal audit also provide some form of assurance to executive management and the board regarding the adequacy of the organization's management of risks (e.g., mitigating risk through implementation of internal controls). Some of these functions are in the second line of defense (e.g., compliance and risk management functions), and some even reside in the first line of defense (e.g., management self-assessment). How internal audit should work with these other functions is discussed in Section 5 of the CBOK report, *Coordinate with the Second Line of Defense*. The strengths and weaknesses of each function can vary tremendously, but according to the CBOK study, stakeholders consistently expect internal audit to coordinate with them, leverage them, and combine efforts to avoid "audit fatigue." In addition, some stakeholders expect assurance work to be integrated into a single report from all functions to simplify their understanding. According to the research, some stakeholders appreciate the differences in independence, work discipline, standards, etc., followed by internal audit compared to other functions. Other stakeholders have no clear understanding of these differences and expect internal auditors to integrate their work with that of other functions as if all were equivalent.



GLOBAL COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



POLLING QUESTIONS: (These will be sent to Affiliates via a survey in early January)

1. In general, within your area of the world, to what extent does internal audit leverage assurance work performed by other functions?
 - a. Never
 - b. To a very limited extent
 - c. Occasionally
 - d. Extensively

2. How effective are most internal auditors in your area of the world in explaining to stakeholders why internal audit is different from other parties that provide some form of assurance?
 - a. Extremely effective
 - b. Very effective
 - c. Moderately effective
 - d. Somewhat effective
 - e. Not effective

3. In general, within your area of the world, what is the primary reason why internal audit might inappropriately be integrating their assurance work with the work of other functions?
 - a. Stakeholders do not understand the differences among functions and force integration
 - b. Internal audit does not understand the impact of integration
 - c. Differences are understood but reduction of audit fatigue and/or streamlining of reporting is considered more important than independence
 - d. Auditors are not inappropriately integrating assurance work
 - e. Other, please specify:

DISCUSSION QUESTIONS: (These will be debated on site during the Discussion Sessions)

1. What are the main ramifications, positive and negative, of internal audit increasingly leveraging the assurance work of other functions? Categorize them by level of significance.
2. What could/should we do to assist IIA members in addressing the positive and negative ramifications?



**GLOBAL
COUNCIL 2017**

19-22 FEBRUARY 2017 / ROME, ITALY



F. Structure and Relationships

The factors identified in the CBOK report that contribute to internal audit being successful are discussed in Section 6, *Ingredients for Success*. When stakeholders were asked for the best strategies for internal audit to resolve competing demands among stakeholders, one clear message was to get the reporting structure of internal audit correct. Internal audit must have a regular presence in board meetings and have the right reporting structure to the board and within the organization. But reporting structure was not enough as evidenced by some comments from stakeholders. The reporting structure must not only be present in form, but it must also provide internal audit independence in substance. Establishing strong relationships was an equally important element, complementing a good structure. Stakeholders believe building strong relationships is key to resolving competing demands.

POLLING QUESTIONS: (These will be sent to Affiliates via a survey in early January)

1. In general, within your area of the world, how significant of an issue is poor reporting structures for internal audit?
 - a. A significant issue for many organizations
 - b. A modest issue, impacting only some organizations significantly
 - c. A small issue, isolated to a few organizations
 - d. Not an issue requiring attention

2. Conditional question if answered a. or b. above - In general, within your area of the world, what is the main obstacle for internal audit to have a proper reporting structure?
 - a. Regulatory or legal reasons
 - b. Lack of awareness by stakeholders of the importance of reporting structure
 - c. Lack of acceptance by stakeholders of the importance of reporting structure
 - d. Stakeholders' perception that internal audit isn't an important governance function
 - e. Other, please specify:

3. In general, within your area of the world, do internal auditors generally have a reputation for maintaining strong relationships with stakeholders?
 - a. Yes, for most organizations
 - b. Yes, for many organizations, but it is a struggle for some
 - c. No, but it is improving
 - d. No, strong relationships are an exception

DISCUSSION QUESTIONS: (These will be debated on site during the Discussion Sessions)

1. What could/should we do to assist IIA members in addressing the obstacles they face to have a proper reporting structure in their organizations?
2. What could/should we do to assist IIA members in building strong relationships with stakeholders in their organizations?



BACKGROUND PAPER: Global Advocacy

INTRODUCTION

Advocacy is a significant part of the 2015–2020 Global Strategic Plan, being the single focus of one of the five goals (goal B): “The IIA will raise the profile of and demand for the profession to ensure it is recognized as an indispensable resource by key stakeholders.” Our advocacy efforts must fall into the category of “think globally, act locally.” There is only so much that can be done from Global Headquarters, and it is essential to work in close partnership with national institutes. Our mission with respect to advocacy is twofold:

- To influence global organizations that impact the environment in which internal audit operates (including standard setters, regulators, legislators, policy makers, and thought leaders in governance, risk, and control).
- To enable others (especially affiliates and members) to be effective advocates.

This paper sets out our plans for the second part of this mission with the oversight and encouragement of the Global Advocacy Committee.

Background

Through discussions at previous Global Councils and from the feedback received via the institute activity reports and other studies, it is clear that advocacy is accepted as being a high priority, and many institutes are looking for further support from IIA Global for their advocacy efforts. Many institutes are not able to allocate as many resources to advocacy as they would wish. Desired resources include guidance on advocacy and a toolkit for planning and delivery with materials that can be customized and applied locally.

At the Global Council in Rome, in response to the express demands of institutes, we wish to share with you some of the key developments to support your advocacy efforts in future.

Global Advocacy Platform

The Global Advocacy Platform (GAP) was first developed and launched in 2011. It was designed around four key principles about the profession. Two-thirds of institutes in the 2015 activity report indicated that they made use of the principles in their advocacy, although in many cases this amounted simply to sharing the principles with stakeholders.



GLOBAL COUNCIL 2017

19-22 FEBRUARY 2017 / ROME, ITALY



As a first step in strengthening the array of resources available to support the advocacy work of International Affiliates, this has been extensively refreshed, updated, and extended (now available online). At the core of this document are the six Pillars of Good Governance, each underpinned by four sub-statements. Collectively these capture in plain terms the central role internal auditing plays in helping organizations achieve their goals. They are intended to be bold and impactful without being highly technical. Unlike the International Professional Practices Framework (IPPF) which is directed toward practitioners, the Pillars are addressed toward those with a stake in internal auditing.

The Pillars of Good Governance are as follows:

1. Governance is essential to organizational success and requires an open, trusting relationship among the board, management, and internal audit.
2. Internal audit is essential to governance and fosters trust, transparency, and accountability.
3. Internal audit contributes to success, positive change, and innovation by delivering assurance, insight, and advice.
4. Internal audit is most effective when its resource level, competence, and structure are aligned with organizational strategy, and it follows IIA standards.
5. Internal audit contributes most value when it is relevant, objective, attentive to risk and opportunity, and future focused.
6. Internal audit must be free from undue influence and demonstrate its independence by reporting to the board.

GLOBAL POSITION PAPERS

The IIA has three documents that are formally designated as Position Papers:

- The Three Lines of Defense in Effective Risk Management and Control (January 2013)
- The Role of Internal Auditing in Enterprise-wide Risk Management (January 2009)
- The Role of Internal Auditing in Resourcing the Internal Audit Activity (January 2009)

A position on integrated thinking is currently in development.

Following the restructuring of the IPPF in 2015, Position Papers were separated from nonmandatory guidance since the documents are oriented as much toward stakeholders of the profession as practitioners and do not constitute guidance on how to deliver internal audit services. At that point responsibility for them was assigned to the Global Advocacy Committee (GAC).

The IIA plans to refresh the existing Position Papers and create new ones that address topics (both complex and elementary) of importance to key stakeholders for use in advocacy work. Each will be linked to elements of the Pillars of Good Governance.



ADVOCACY TOOLKIT

To complement the Global Advocacy Platform and the Pillars of Good Governance, we have been developing the advocacy toolkit, which will be unveiled at Global Council. Over time we will continue to add and update materials included in the toolkit.

The main components are:

- A guide to the advocacy toolkit and advocacy FAQs.
- Global position papers.
- Advocacy maturity self-assessment tool.
- Advocacy planning tools, including templates, letters, slide decks, etc.
- Stakeholder analysis tools including details of global advocacy partners and MOUs where these exist.
- Advocacy videos from Audit Channel.
- Advocacy materials and resources from other institutes.

The advocacy toolkit will continue to grow and be developed as new materials are added.



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APPENDIX