

A wide-angle photograph of the Panama City skyline, featuring numerous high-rise buildings and skyscrapers. The city is situated along a body of water, with a rocky breakwater in the foreground. The sky is blue with some light clouds.

2018 Global Council

*4-6 February
Panama City, Panama*

Jenitha John, CIA, QIAL
Vice Chair, Professional Practices

CONFORMANCE WITH THE *STANDARDS*

Guiding Principles

1. Recognition is a key goal.
2. Conformance will include the *Standards*, Code of Ethics, and alignment with the Core Principles.
3. The IIA will consider adopting a maturity-based approach to enhancing conformance.
4. Conformance reporting may allow for a “conform and explain” model.
5. Rigor and consistency will be key to enhancing the value of quality assessments.

Conformance is a Journey

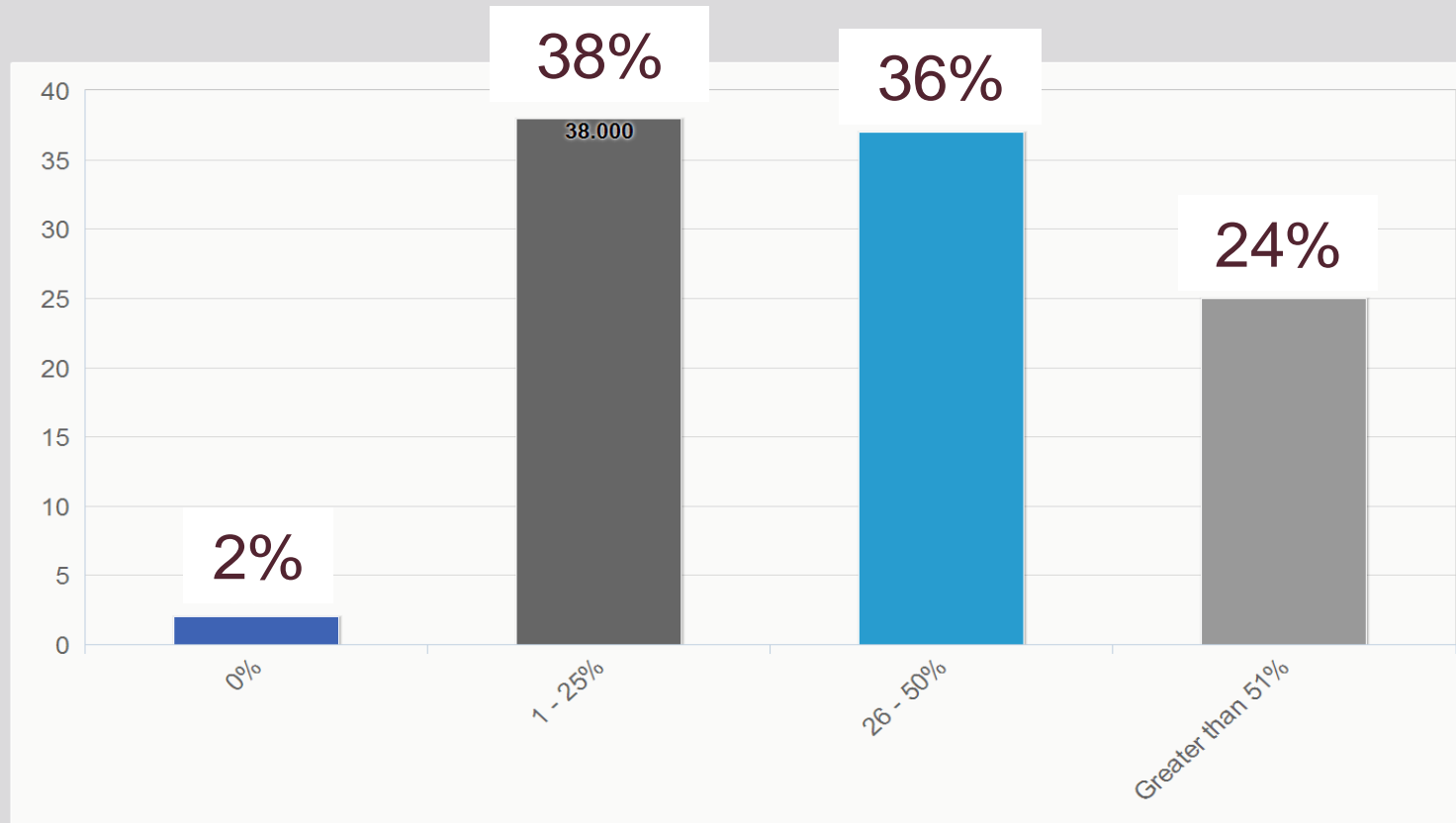
Conformance Principles	Discussed with EC	Discussed with GELT	Global Council Discussion
Recognition / Advocacy	2016 - Ongoing	2016 - Ongoing	2017 - Ongoing
Alignment of the Core Principles	2017 - Ongoing		
Maturity model approach	Rome 2017 & Midyear 2017	Sydney 2017 & Midyear 2017	Panama 2018
Conform and explain	Rome 2017 & Midyear 2017	Sydney 2017 & Midyear 2017	Panama 2018
Rigor and consistency of quality assessments			

Polling Question #1

What percentage of your advocacy efforts are focused on promoting the value of **conformance**?

- A. 0%
- B. 1–25%
- C. 26%–50%
- D. Greater than 51%

% of advocacy efforts focused on promoting the value of conformance



Polling Question #2

Do your advocacy efforts include promoting the value of conformance with **your members?**

	Response
A. Yes	70%
B. Somewhat	29%
C. No	1%

Polling Question #3

Do your advocacy efforts include promoting the value of conformance with the **C-suite (i.e., CEO, CFO)**?

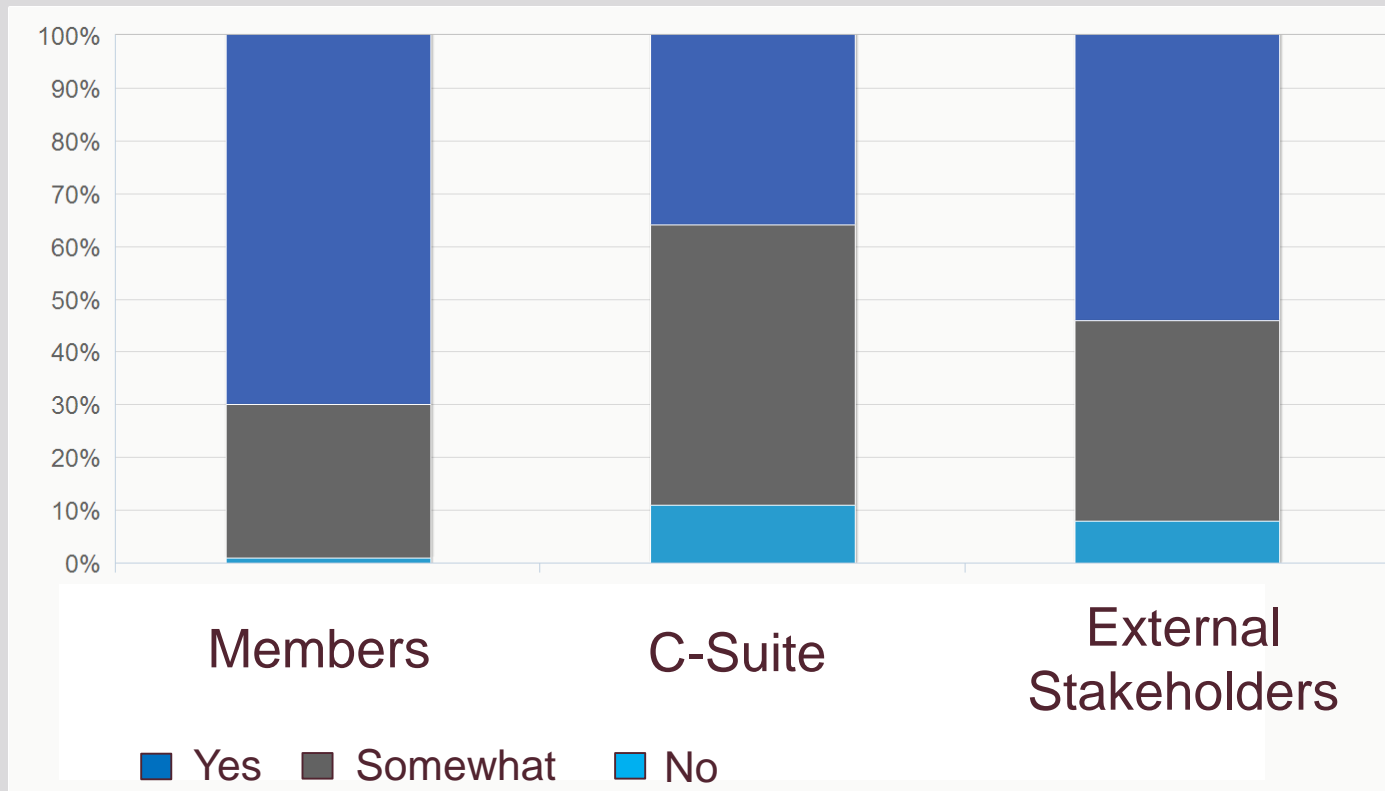
	Response
A. Yes	36%
B. Somewhat	53%
C. No	11%

Polling Question #4

Do your advocacy efforts include promoting the value of conformance with **external stakeholders such as audit committee members?**

	Response
A. Yes	54%
B. Somewhat	38%
C. No	8%

Summary of efforts promoting the value of conformance



Maturity Model Approach

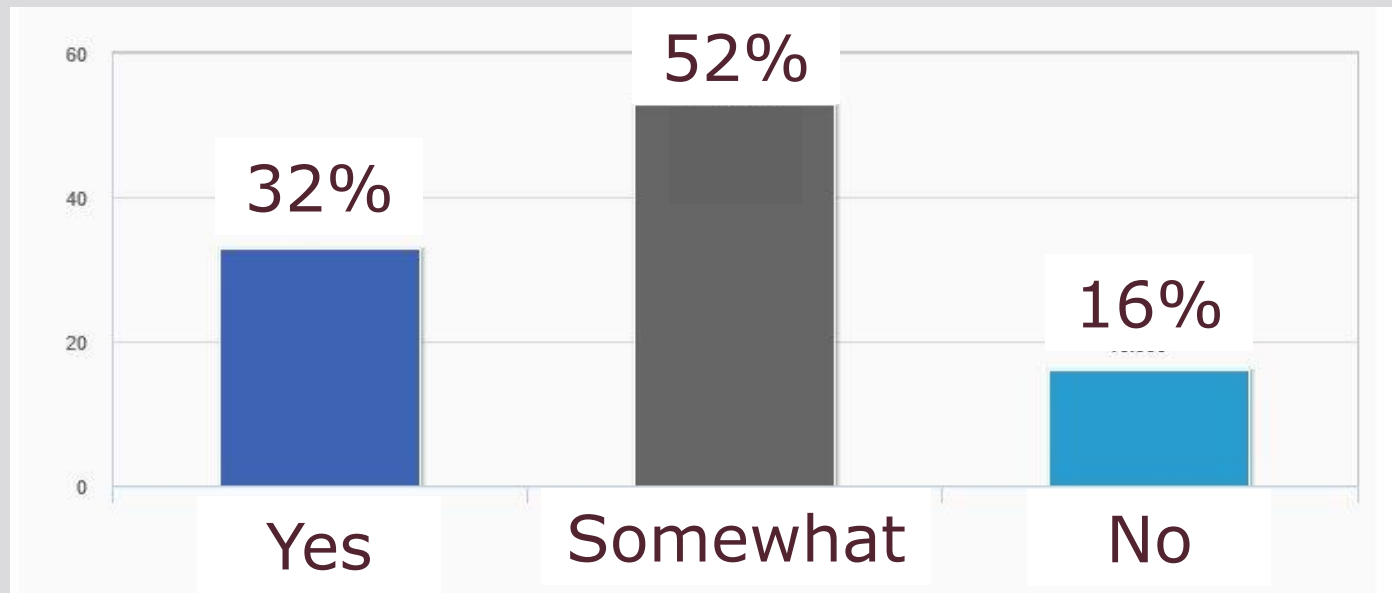
- Requires additional guidance for each *Standard* to describe ways to conform in a smaller or a less mature internal audit activity (IAA).
- Removes the size of the IAA as an obstacle to conformance
- Enables more detail related to the options available to meet or exceed conformance requirements.

Conform and Explain

Can we maintain our credibility as a trusted partner in good governance if we allow exceptions to conformance?

Polling Question #5

Is “conform and explain” a concept that is understood in your local market (even if related to a different field)?

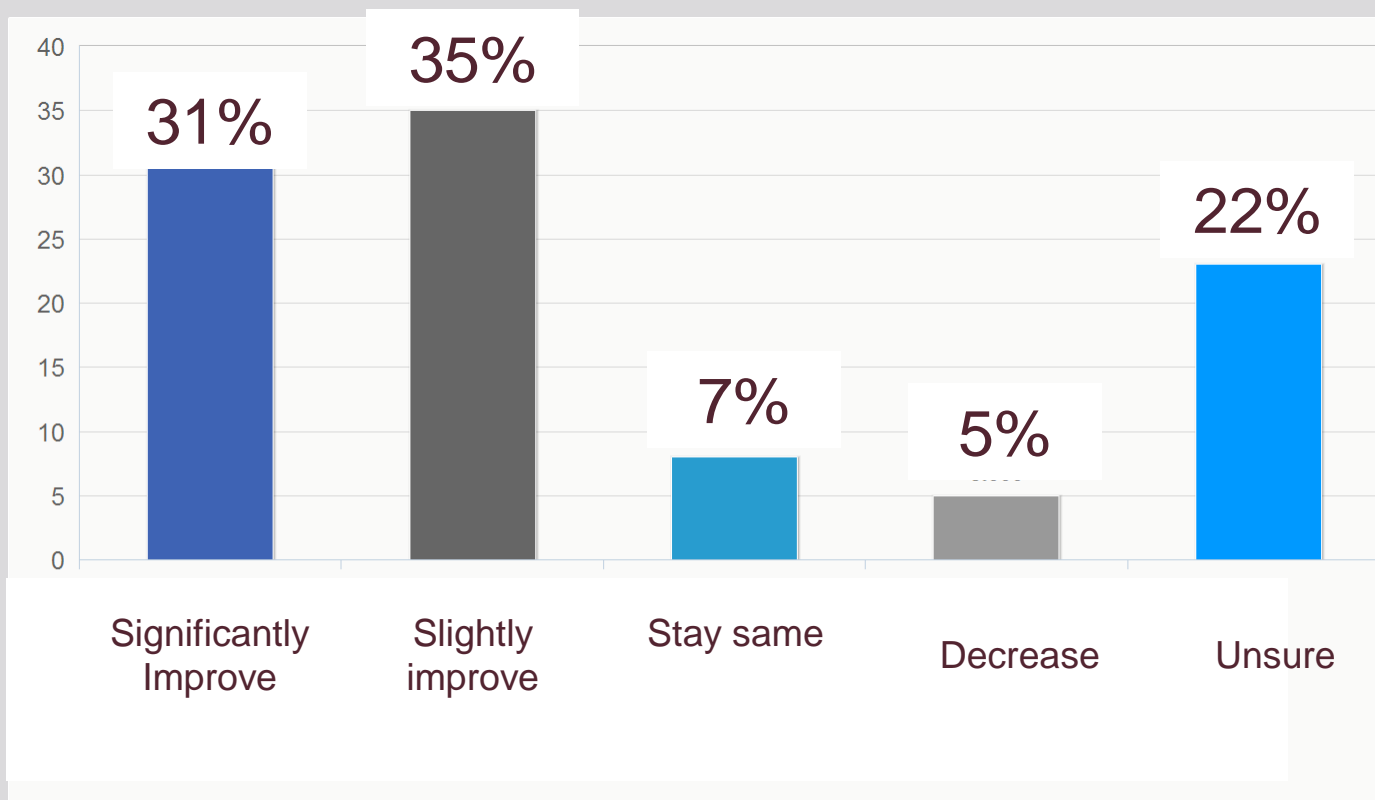


POLLING QUESTION #6

If a “conform and explain” model was in place, what do you believe would be the impact on conformance rates in your local market?

- A. Conformance rates would significantly improve.
- B. Conformance rates would slightly improve.
- C. Conformance rates would stay the same.
- D. Conformance rates would decrease.
- E. I am unsure / do not know what the impact would be on conformance.

Comply and explain: Impact on conformance rates



Conform and Explain

Should 'conform and explain' be interpreted as: A, B, or both?

Option A: How is IAA making efforts to move toward conformance and how is IAA mitigating the associated risks of not being in conformance

Option B: Why a *Standard* is not applicable and why it is not possible for the IAA to comply

Continuing the Conversation

- Advocacy (3 questions)
- Maturity Model (1 question)
- Conform and Explain (3 questions)