Agenda

- Common Understanding of Visibility & Why
- Relevance and Role of Internal Audit
- How IA Visibility Impacts the Interaction with Stakeholders
- Summary of Survey Results
- General Recommendations
A. - Why Increase Visibility

- Improve stakeholders perception of audit’s role
- Improve stakeholders awareness of Internal audit’s services
- Ensure stakeholders understand the value of internal auditing
- Reduce false expectations and frustrations
- Facilitate increased communication
- Build stakeholders trust and confidence

WHAT DOES IT TAKE...

Building Awareness
- Communications
- Media Relations
- Meetings
- Publications
- Presentations

...TO BUILD AWARENESS?
B.- Role of Internal Audit

- Critical step before defining a visibility strategy
- This role cannot be one size fits all, and should be customized based on each organization needs and expectations
- Differentiate the role of internal audit from other internal bodies that provide control & risk-management services e.g. ERM, compliance groups, ORM); define the relationship to these groups
## IIA - Capability Model

### Five Capability Levels

### Six Elements of Internal Audit

<table>
<thead>
<tr>
<th>Level</th>
<th>Services &amp; Role of IA</th>
<th>People Management</th>
<th>Professional Practices</th>
<th>Performance Management &amp; Accountability</th>
<th>Organizational Relationships &amp; Culture</th>
<th>Governance Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEVEL 5</strong> Optimizing</td>
<td>IA Recognized as Key Agent of Change</td>
<td>Leadership Involvement w/ Professional Bodies</td>
<td>Continuous Improvement in Professional Practices</td>
<td>Reporting of IA Effectiveness</td>
<td>Effective and Ongoing Relationships</td>
<td>Independence, Power, and Authority of the IA Activity</td>
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<tr>
<td><strong>LEVEL 4</strong> Managed</td>
<td>Overall Assurance on GRMC</td>
<td>IA Contributes to Management Development</td>
<td>Audit Strategy Leverages Organization’s Performance</td>
<td>Integration of Qualitative and Quantitative Performance</td>
<td>CAE Advises and Influences Top-level Management</td>
<td>Independent Oversight of the IA Activity</td>
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<tr>
<td><strong>LEVEL 3</strong> Integrated</td>
<td>Advisory Services</td>
<td>Team Building and Competency</td>
<td>Quality Management Framework</td>
<td>Performance Measures</td>
<td>Coordination w/ Other Review Groups</td>
<td>Management Oversight of the IA Activity</td>
</tr>
<tr>
<td><strong>LEVEL 2</strong> Infrastructure</td>
<td>Compliance Auditing</td>
<td>Individual Professional Development</td>
<td>Professional Practices &amp; Framework</td>
<td>IA Operating Budget</td>
<td>Managing within the IA Activity</td>
<td>Full Access to the Organization</td>
</tr>
<tr>
<td><strong>LEVEL 1</strong> Initial</td>
<td>Ad hoc and unstructured; isolated single audits or reviews of documents and transactions for accuracy and compliance; outputs dependent upon the skills of specific individuals holding the position; no specific professional practices established other than those provided by professional associations; funding approved by management, as needed; absence of infrastructure; auditors likely part of a larger organizational unit; no established capabilities; therefore, no specific key process areas.</td>
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PwC - Global Opinion

Stakeholders expectations

Audit services provided

This PwC survey showed that when stakeholders indicated that they viewed IA as providing significant value, there was a different level of service being provided.

Source: PwC 2013 state of the internal audit profession study
C.- Brand Internal Audit To Increase Visibility

- Define Brand
  
  *The "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers."*  
  
  Source: American Marketing Association Dictionary.

- Develop Concepts & strategies to market the IA brand
  - Brand Equity - setting value of internal to customers
  - Brand Identity - model used to manage brand
  - Brand Leadership – positioning, and brand-building programs
  - Brand Portfolio Strategy – prioritization & balance
C.- Brand Internal Audit To Increase Visibility

- Brand Relevance (3 key questions from Senior Mgt.)
  - Who are you?
  - What do you do?
  - Why should I care?
How IA Add Value

- Identifying Improvement Opportunities
- Mitigating Risks
- Increase Efficiency
- Stronger Corporate Governance
- Stronger Financial Reporting & Compliance
D. - Survey Feedback

- Among all 18 members of CBIA
- 100% participation
- Four main sections: Services/Exposure; Stakeholders; Communication; Outreach
Section A: Services/Exposure

Type of services

- Assurance: 100%
- Consulting: 72%
- Other: 28%
Section B: Stakeholders

- Audit Committee: 13
- Board of Directors: 15
- Bank President: 8
- Governor: 16
- Management: 18
- State Auditors: 4
- External Auditors: 14
- Other Central Banks: 8
- Other: 7
Only 78% of CBIA members measure stakeholders’ satisfaction.
What do you include in your internal web site?

- Audit follow-up information
- Audit reports
- Audit Committee information
- Performance Standards
- Audit Manual
- Staff qualifications
- Organizational chart
- Independence and objectivity
- Roles and mission of IA
- Audit Charter
Do you have any collaboration program with other Central Banks?
General Recommendations

- Look at the changing profile of the company & change the profile of the audit function
- Establish appropriate metrics to measure the current visibility of IA to evaluate the progress of future strategies
- There is room for enlarging rotational & collaboration programs: between business areas and Internal audit departments and also across Central Banks. Develop pilot workgroup to report results to CBIA
- Brand internal audit & develop marketable approach. Good communication channels
Questions & Comments