

STAKEHOLDERS' EXPECTATIONS  
AND PERCEPTIONS SURVEY

# A Call to Action:

Stakeholders' Perspectives  
on Internal Auditing



**Stakeholders' Expectations and Perceptions Survey:  
A Component of the CBOK Study**

**A Call to Action:  
Stakeholders' Perspectives  
on Internal Auditing**

Dan Bolger, CIA, CA

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The Institute of Internal Auditors' (IIA's) International Professional Practices Framework (IPPF) comprises the full range of existing and developing practice guidance for the profession. The IPPF provides guidance to internal auditors globally and paves the way to world-class internal auditing.

The mission of The IIARF is to expand knowledge and understanding of internal auditing by providing relevant research and educational products to advance the profession globally.

The IIA and The IIARF work in partnership with researchers from around the globe who conduct valuable studies on critical issues affecting today's business world. Much of the content presented in their final reports is a result of IIARF-funded research and prepared as a service to The Foundation and the internal audit profession. Expressed opinions, interpretations, or points of view represent a consensus of the researchers and do not necessarily reflect or represent the official position or policies of The IIA or The IIARF.

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## Dedication

William G. Bishop III, CIA, served as president of The Institute of Internal Auditors from September 1992 until his untimely death in March 2004. With a motto of “I’m proud to be an internal auditor,” he strived to make internal auditing a truly global profession. Bill Bishop advocated quality research for the enhancement of the stature and practice of internal auditing. To help enhance the future of this profession, it is vital for the profession to document the evolution of the profession worldwide.



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# Foreword and Acknowledgments

The 21st century presents unprecedented growth opportunities for the internal audit profession. Advances in technology, the confluence of the Information and Internet Age, and the sheer speed and expansion of communications capabilities have significantly accelerated the pace of globalization. Governance, risk, controls, and compliance processes within organizations have undergone significant change to manage the increasing complexity and sophistication of global business operations. All of these developments offer a huge opportunity for internal audit functions, whether in-sourced, co-sourced, or outsourced, including the potential to add even greater value to their respective organizations.

To ensure that a common body of knowledge is systematically built up, developments in practice in a dynamically changing environment must be carefully monitored and continually analyzed to reveal critically important insights. Key lessons learned from the experience of the profession must constitute part of the historical record and be transmitted to current and future generations of internal audit professionals for optimal outcomes. Not only must we strive to secure a robust portrayal of the current state of the profession, but encourage practice-relevant research to inform and push the boundaries of practice.

The IIA's 2010 Global Internal Audit Survey captures the current perspectives and opinions from a large cross-section of practicing internal auditors, internal audit service providers, and academics about the nature and scope of assurance and consulting activities. It represents the “supply-side perspective” of the profession, having successfully elicited a rich array of skills and competencies possessed by a growing and diverse talent pool of committed internal audit professionals globally.

However, it is equally important for us to gain a sound understanding of what the key stakeholder constituencies expect and desire from the internal audit activity, however sourced. Indeed, their expectations and perceptions drive the demand for internal audit services — they are the ultimate customer, be they chairs of audit committees, CEOs, chief financial officers (CFOs), external auditors, general counsel, regulators, suppliers and customers, or even the public. Clearly, it behooves any profession doing a critical self-examination to ask those to whom it remains answerable and accountable — the stakeholders — what they think is going well and where there may be a need for improvement in the profession's offerings. To obtain this “demand-side perspective” of the internal audit profession, the Stakeholders' Expectations and Perceptions Survey was developed as an additional component of The IIA's 2010 Common Body of Knowledge (CBOK) study. As a pilot project, the stakeholder survey was deliberately limited to the United States only, with the intent to expand the project globally in future years.

We hope that this specific report offers helpful insights and actionable intelligence to internal audit professionals, especially chief audit executives (CAEs) and other internal audit leaders. We urge them to carefully read this report, understand the diverse expectations and perceptions of key stakeholder constituents, customize this understanding to their own organizational contexts, and strive to fulfill such expectations as well as confirm all the positive perceptions already held about them. Where there are questions about roles and responsibilities, or internal auditing is not being deployed optimally,

we suggest that CAEs make a serious effort to communicate their value to these key stakeholder constituencies and demonstrate how they can provide assurance, insight, and objectivity on matters of governance, risk, control, and compliance. This report also contains relevant information for boards of directors, CEOs, CFOs, general counsel, external auditors, suppliers and customers, regulators, and members of the investing public to get better educated about the promise and potential of the internal audit profession in advancing organizational governance. Through better communications and mutual engagement, superior corporate governance outcomes can be assured to the advantage of all stakeholder constituencies.

We are fortunate that under the auspices of the William G. Bishop III, CIA, Memorial Fund, administered by The IIA Research Foundation, it is possible to undertake large and smaller research projects related to the internal audit profession. We sincerely appreciate Mary Bishop's passion and commitment to further the internal audit profession while honoring Bill Bishop's legacy.

For a large study that includes different components such as the CBOK survey, the list of individuals to thank is quite extensive. First of all, our special thanks go to IIA Research Foundation Trustee Marjorie Maguire-Krupp who was involved at the inception of the CBOK study in the fall of 2008, and soon thereafter, retired former IIA President David Richards who, along with Michelle Scott, provided the initial leadership to this significant project.

In addition, we must acknowledge William Taylor and Leen Paape, both advisors to the CBOK 2010 study co-chairs, and the following international members of the CBOK 2010 Steering Committee, as well as the Stakeholders' Subcommittee and Review Committee, for their guidance and significant contributions to the survey design, data collection, interpretation, and final report: Abdullah Al-Rowais, AbdulQader Ali, Richard Anderson, Ellen Brataas, Jean Coroller, David Curry, Daniela Danescu, Joyce Drummond-Hill, Bob Foster, Eric Hespeneide, Greg Hill, Steve Jameson, Béatrice Ki-Zerbo, Eric Lavoie, Luc Lavoie, John McLaughlin, Fernando Mills, Michael Parkinson, Sakiko Sakai, Patricia Scipio, Paul Sobel, Muriel Uzan, Dominique Vincenti, and Maria Zacharczuk-Kakietek.

We are particularly grateful to Eric Hespeneide and his dedicated team, Dan Bolger and Lauryn Kessler, from Deloitte & Touche LLP. They spent many hours designing the Stakeholders' Expectations and Perceptions Survey, analyzing the response data, undertaking carefully orchestrated interviews of selected, willing survey participants, and compiling this report. Each of these individuals selflessly contributed their wealth of knowledge, experience, time, and effort to making this component of the CBOK study an extremely worthy endeavor. We remain indebted to them for their contributions.

We sincerely appreciate the stakeholders who took the time to participate in the survey and to whom this report owes its content. Some respondents graciously accepted our invitation to be interviewed, affording us the opportunity to document their verbally expressed input and insights that could not have been obtained any other way. Some of these remarkably candid insights are shared in this report. Among those interviewed were Debi A. Coleman (Managing Partner/SmartForest Ventures LLC and Chair, Audit Committee/Synopsys, Inc.), John Higbee (Audit Committee Member/Rex Energy Corp.), Jim Latta (President and CEO/Idaho Banking Company), Carol Morgan (Chief Executive Officer/World Vision International), Pradeep Narayan (Chief of Staff, Office of the Chief Legal Officer/Russell Investments), Michael Pocalyko (Managing Director and CEO/Monticello Capital and Chair, Audit

Committee/Herley Industries, Inc.), Taylor Simonton (Chair, Audit Committee, Red Robin Gourmet Burgers, Inc.), Terry Slattery (Executive Director/New Mexico PERA), and Mary Beth Vitale (Chair, Audit Committee/CoBiz Financial).

Last but not least, at The IIA's global headquarters in Altamonte Springs, Florida, United States, many staff members, especially Bonnie Ulmer and Selma Kuurstra, worked tirelessly and provided indispensable support and knowledge. Bonnie Ulmer, IIARF vice president, David Polansky, IIARF executive director, and Richard Chambers, IIA president and CEO (who simultaneously served as executive director for most of the project), provided the necessary direction for the successful completion of the project.

**CBOK 2010 Steering Committee Co-chairs**

Dr. Sridhar Ramamoorti, CIA, CFSA, CGAP  
Associate Professor of Accountancy  
Michael J. Coles College of Business  
Kennesaw State University

Susan Ulrey, CIA, FCA, CFE  
Managing Director, Risk Advisory Services  
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## About the Author

**Dan Bolger, CIA, CA**, is a senior manager at Deloitte & Touche LLP (Deloitte & Touche), serving a wide range of clients with a passion for the manufacturing industry. He focuses on providing internal audit services that include the development of the annual risk assessment and audit plan, execution of projects and communication of results, as well as executive management and audit committee reporting. He has also performed numerous quality assessment reviews and has experience in assessing the maturity of an internal audit department, leading executive interviews and workshops, and collaborating with his clients on strategizing for their future success. Bolger has facilitated a number of internal trainings at Deloitte & Touche and assisted on the development of internal audit methodologies and other strategic initiatives. Before joining Deloitte & Touche, he worked in the automotive industry in various internal audit and corporate finance leadership positions.



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# Chapter 1

## Introduction

As mentioned in the Foreword, it is important for any profession to ask those to whom it remains answerable and accountable — the stakeholders — what they think is going well and where there may be a need for improvement in the profession’s offerings. To obtain this “demand-side perspective” of the internal audit profession, the Stakeholders’ Expectations and Perceptions Survey was developed as an additional component of The IIA’s 2010 Global Internal Audit Survey, which represents the “global supply-side perspective” of the profession. As a pilot project, the stakeholder survey was deliberately limited to the United States only, with the intent to expand the project globally in future years.

The 2010 study focused on the following stakeholders:

- Audit committee chairperson
- Audit committee member
- Board chairperson
- Chief executive officer
- Chief financial officer or other person that the chief audit executive (CAE) reports to administratively

The first phase of the study consisted of an online survey sent to the target group from which nearly 200 responses were received. The second phase consisted of one-on-one interviews with survey respondents who indicated a willingness to discuss their responses. For the purpose of this paper, we have focused on survey results that either ran counter to prevailing perceptions or presented a strongly held, albeit minority, view.

Overall, survey respondents offered a favorable view of the internal audit profession in general and their organizations’ internal audit activities in particular. To the extent that negative perceptions are presented, we also offer potential remedies for CAEs to consider.

Although the survey attracted nearly 200 responses, the results contained herein should not be considered statistically valid or definitive. Rather, they are offered as an indication of broad themes and trends within the profession. While the results contain valuable information for CAEs, they should be cautioned not to assume that the results necessarily reflect the perceptions or expectations of their particular stakeholders. CAEs should consider the topics and results reflected in the survey results and use them as necessary to craft an agenda for discussions with their stakeholders to ensure they understand their specific expectations and have alignment with them.





# Chapter 2

## Skills and Competencies

The majority of respondents rate internal auditing highly in terms of knowledge, adaptability, and value.

Figure 2–1: Is Appropriately Knowledgeable of New Laws and Regulations

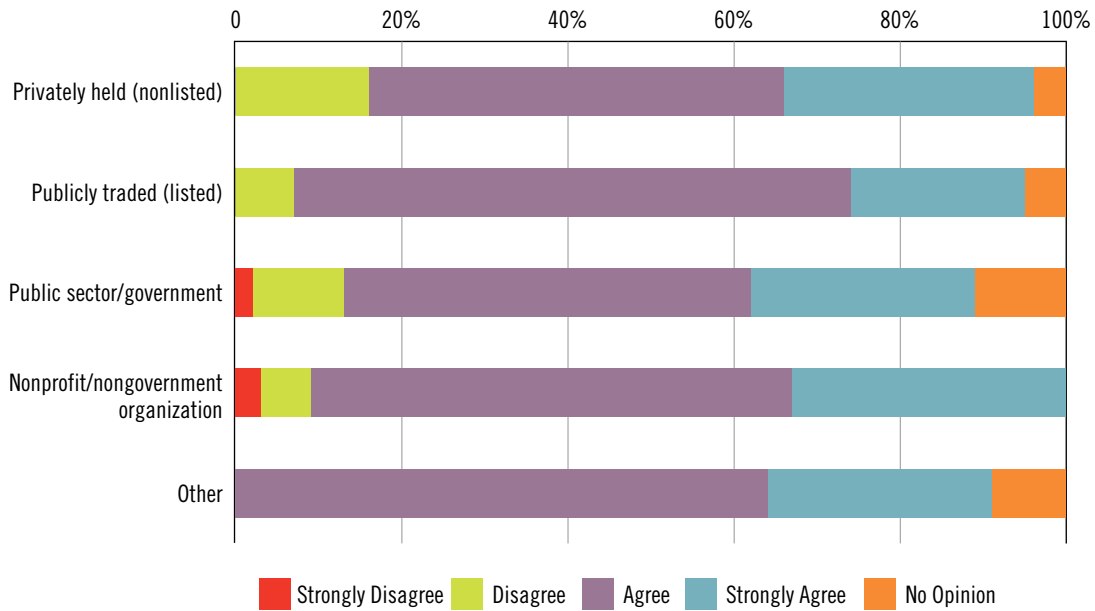
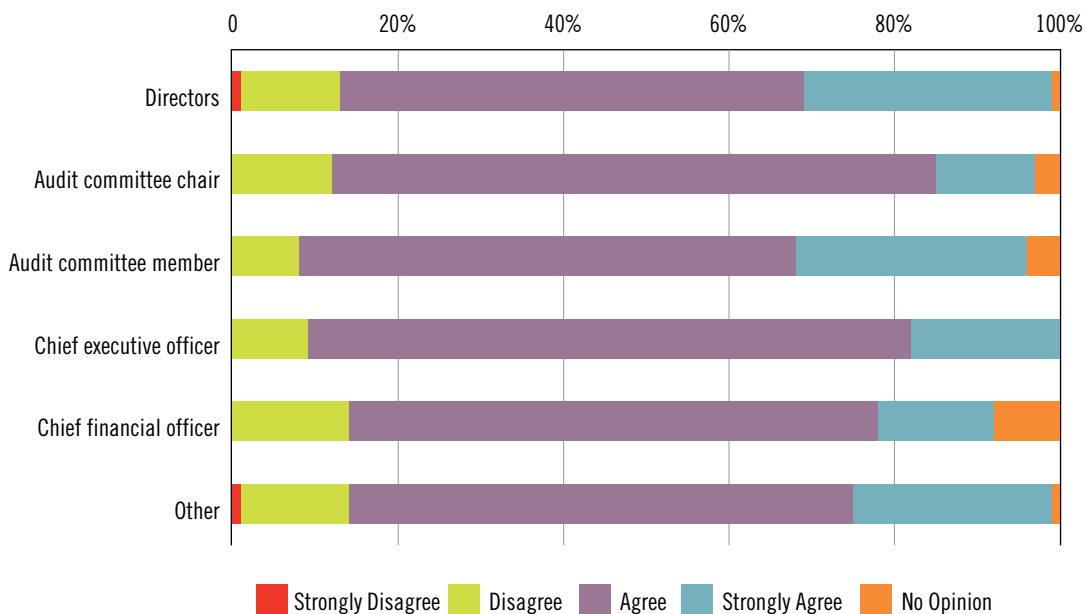


Figure 2–2: Is Adaptive to the Needs of Today's Business Environment



“Directors should attend as much training as possible; best practices are sprouting up all the time; it’s important to adopt as quickly as possible; auditing IT is complicated, so get training; try to focus on internal controls, but the most value to an organization is operational excellence.”

Knowledge, adaptability, and value are, of course, baseline attributes for any internal audit group, regardless of company type, size, sector, or other variables. Despite the majority of respondents awarding high ratings to internal auditing, a small but not insignificant number questioned its skills and competencies.

### Optimizing Internal Auditing: Leading Practices

- ❑ Ensuring that the CAE is well connected to the executive branch to keep abreast of the activities of the organization.
- ❑ Building relationships based on trust so that the internal audit team is seen as a collaborator rather than a watchdog.
- ❑ Engaging management throughout the audit process to enhance understanding of operations, strategy, and strategic initiatives.
- ❑ Staffing internal audit teams with people who have experience in other parts of the organization.
- ❑ Encouraging and/or mandating training and professional development activities.
- ❑ Pursuing opportunities to collaborate and knowledge share with industry peers.
- ❑ Inventorying the specific skills and expertise of staff and comparing those to the skills needed to cover the risk profile of the organization (develop plans to address any gaps identified).
- ❑ Interviewing members of management to get their specific views and feedback on the skills and knowledge of the audit staff and to identify topics that might need addressing.
- ❑ Engaging in a quality assessment review to identify causes and implement remedies.

# Chapter 3

## Funding Adequacy

Nearly one-third of respondents believe the internal audit group is insufficiently funded.

Figure 3–1: Internal Audit Functions Are Adequately Funded and Supported to Fulfill Their Responsibilities

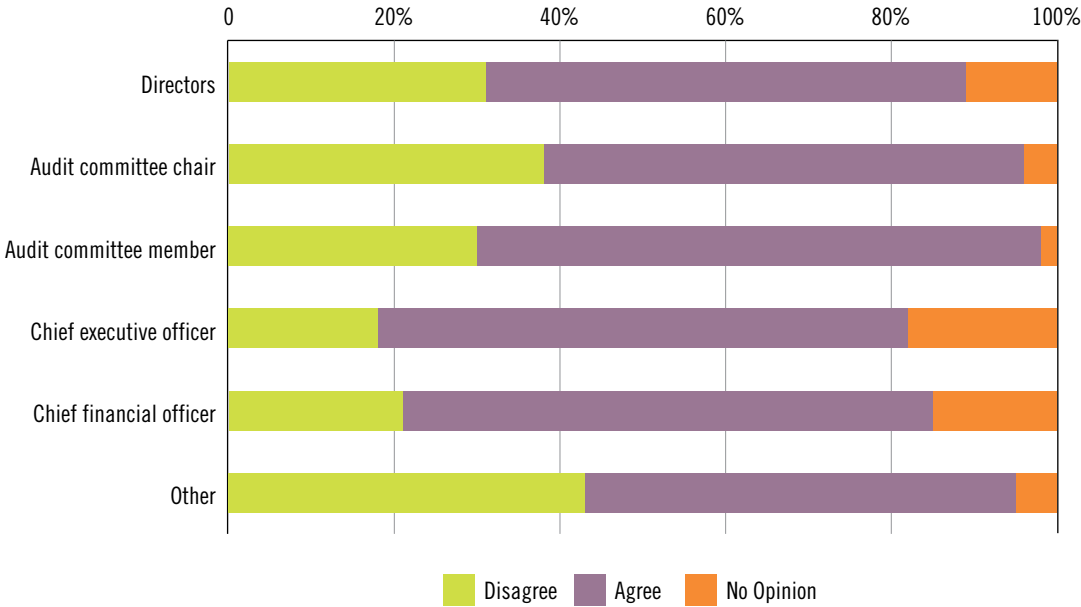
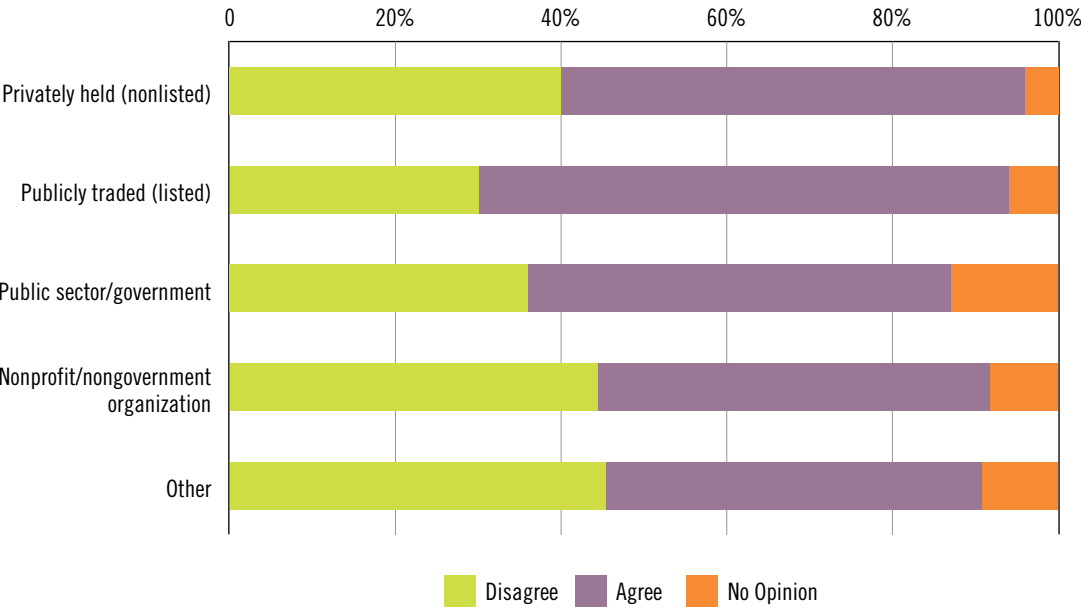


Figure 3-2: Internal Audit Functions Are Adequately Funded and Supported to Fulfill Their Responsibilities



On average, the majority of stakeholders believed that internal auditing was adequately funded and supported, which is, of course, good news for their organizations. However, there were a significant number of respondents who felt otherwise. The fact that so many respondents decried the lack of funding for internal auditing may come as a surprise to CAEs who continually struggle for adequate resources.

The insufficiency of internal audit funding weighed most heavily on those individuals with whom internal auditing maintains its closest ties. Because the head of internal auditing frequently reports to the audit committee chair, and internal auditing is often seen as a resource for the board and audit committee, the fact that these three groups most frequently cite funding inadequacy should be expected.

“Most companies don’t adequately fund internal audit. There are not enough internal auditors in most companies.”

The lack of support may become evident when audit plans are insufficient to cover the needs of the organization; when talent becomes difficult to attract; and when internal auditing is forced to limit itself to a traditional role of controls verification at the expense of providing counsel on efficiency, governance, risk, and strategy.

### Optimizing Internal Auditing: Funding Adequacy

Given the significance of this issue, CAEs should consider discussing this topic with the audit committee chairperson and their administrative report within management. Before that, however, CAEs should have a clear view of whether they believe their funding is adequate. It is important that the CAE, the audit committee chairperson, and management have a consistent view on funding and the level of audit coverage afforded. If the CAE or the other stakeholders believe that internal auditing does not have adequate funding, that view needs to be discussed with the board and senior management.

Various organizations have successfully tackled the problem of inadequate internal audit funding. Approaches include partial or full outsourcing of internal audit activities, which may provide more cost flexibility than hiring internal full-time staff. Some internal audit functions pursue more intensive collaboration with complementary internal groups, such as risk management and corporate counsel. Another tactic is to detail what areas of possible audit coverage or risks are not being covered at the current level of funding. And a less common but bluntly effective tactic is occasionally employed: the audit committee flexes its muscles and orders management to allocate additional funding to internal auditing.

# Chapter 4

## Talent Development

Almost half the respondents believe that internal auditing does not excel at developing talent for leadership positions throughout the organization.

Figure 4–1: Develops Top Talent for Leadership Positions Throughout the Organization

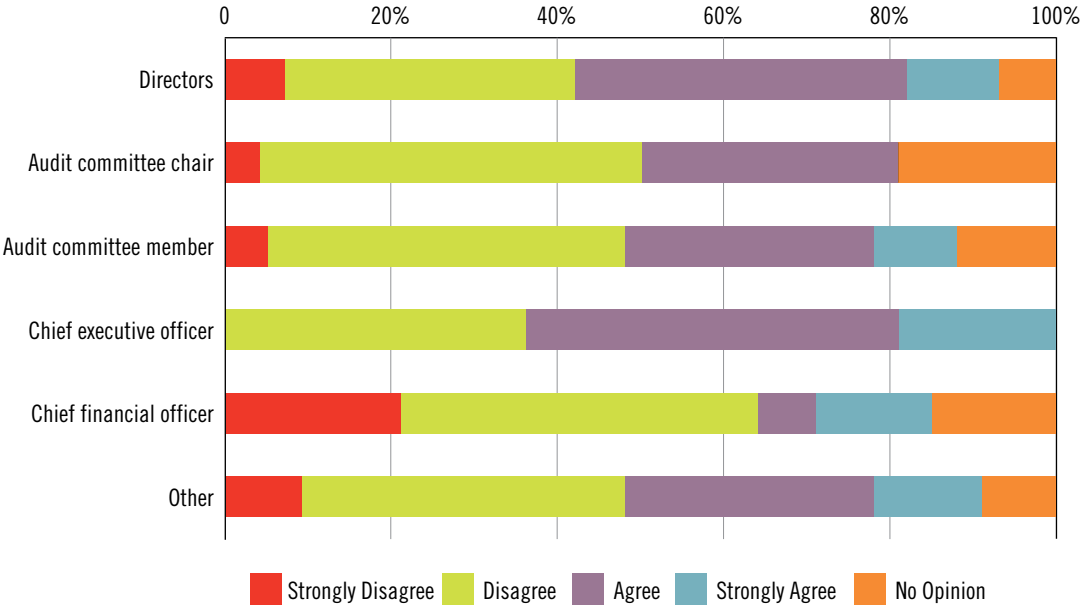
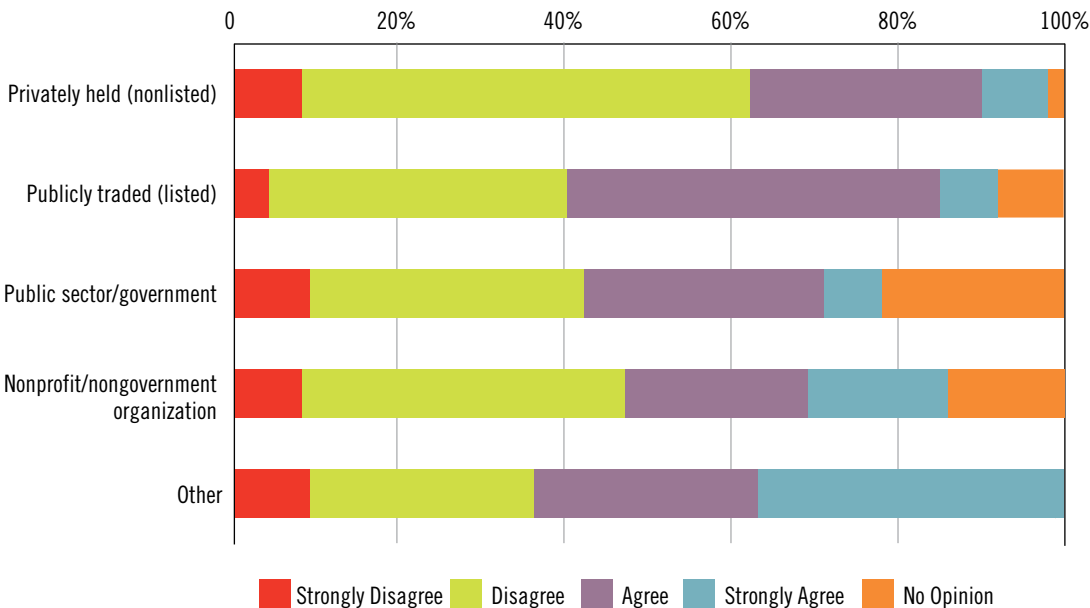


Figure 4–2: Develops Top Talent for Leadership Positions Throughout the Organization



CAEs frequently tout internal auditing as a gateway to professional advancement: a two-to-three year term with internal auditing helps forge a path to the senior ranks within the organization. The contention makes sense, since internal auditing can provide a view into the organization that is unmatched in value and comprehensiveness, which should benefit both the individual and the organization.

“Many companies see internal audit as the last stop for people close to retirement.”

Unfortunately, the claim does not square with reality. Almost half the survey respondents disagree with the statement “Internal auditing develops top talent for leadership positions throughout the organization.” In fact, oftentimes internal auditing is seen as a dead end, an undesirable career, or the last stop on the road to retirement. This perception can lead to top talent shunning internal auditing, feeding a downward spiral that affects both recruitment and effectiveness. These results held up across sectors, with 40 to 60 percent of nonprofit, publicly traded, private, and government entities all indicating that internal auditing does not develop leadership talent.

## Optimizing Internal Auditing: Talent Development

What is not clear from the survey results is whether internal auditing in the responding organizations was expected to be a source of talent. Accordingly, to probe this topic, CAEs should seek clarification and direction from their stakeholders. If stakeholders do not believe that developing talent is a valuable role for internal auditing, the CAE may want to highlight some of the benefits of leveraging internal auditing in this manner. If, on the other hand, internal auditing is expected to be a source of talent, then the CAE should explore how successful the stakeholders believe it has been in this regard. CAEs should consider developing separate key performance indicators that would reflect performance in this area, such as a target number of transfers to be accomplished in a certain time period.

Some organizations address the talent development issue by raising the profile of the internal audit group. One organization makes a point of including internal audit accomplishments in its annual summary of success stories. Others use newsletter articles, webcasts, or podcasts to highlight the value that it brings to the organization. Many organizations emphasize the importance of internal auditing through the strong words and visible actions of the board and executive management. Taking such steps can help move the idea of internal auditing as a talent development area from wishful thinking to reality.

# Chapter 5

## Quality of Internal Audit Reports and Other Communications

The majority find internal audit reports to be clear and informative, although a small number cite a lack of timeliness in issuance.

Figure 5-1: Communications Are Timely

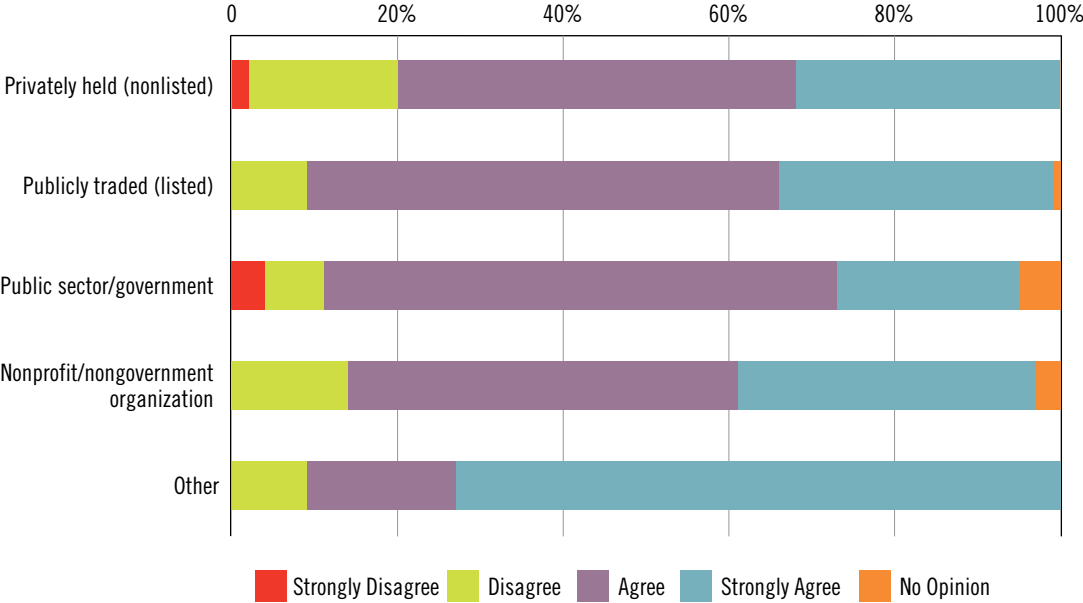
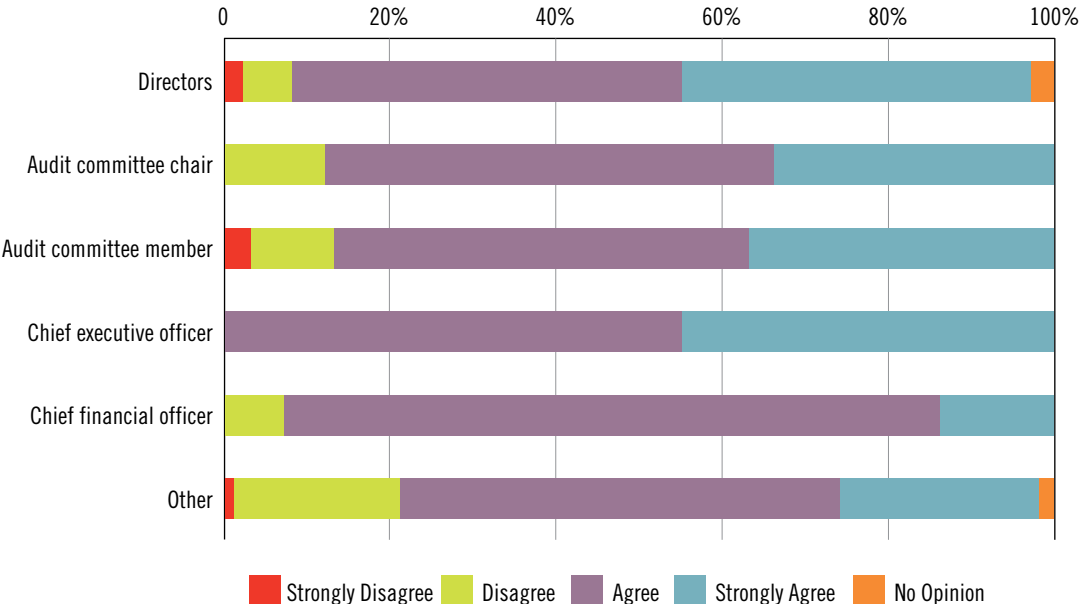


Figure 5-2: Communications Are Timely



If one assumes that most internal audit groups excel in “hard” skills (data crunching, investigation, and analysis) rather than “soft” skills (interpersonal relations, communications), these results should prove gratifying. Most stakeholders are pleased with audit reports and other communications being informative, clear and understandable, and targeted to the right audience.

“Nothing is worse than working hard, coming up with a good report, and having people ignore it.”

However, a slight uptick of dissatisfaction shows when it comes to timeliness of reports. This problem may defy easy solution, as oftentimes delays in issuing reports are due to an internal review process or waiting on input from the auditee regarding particular issues or plans.

### Optimizing Internal Auditing: Communications

To better meet the needs of stakeholders, internal audit groups should redouble their efforts to produce timely reports. Solutions to improve timeliness may include:

- ❑ Reaching an understanding with their stakeholders on a definition of “timely” and developing processes to meet that time frame. That same time frame should then become a key performance indicator for internal auditing.
- ❑ Determining the root causes of delayed reporting and then exploring ways to overcome the obstacles. For example, is it a resource issue? Is the internal audit group managing too many projects simultaneously? Is the quality of the early draft reports poor, forcing the team to spend too much time in the draft phase? (In the case of the latter problem, the solution could be to conduct report writing training for the team.) Are auditees anxious about receiving a negative report and thus delaying the reporting process?
- ❑ Exploring different reporting approaches and formats, such as PowerPoint reports or one-page summary reports, that could significantly speed up the reporting cycle.

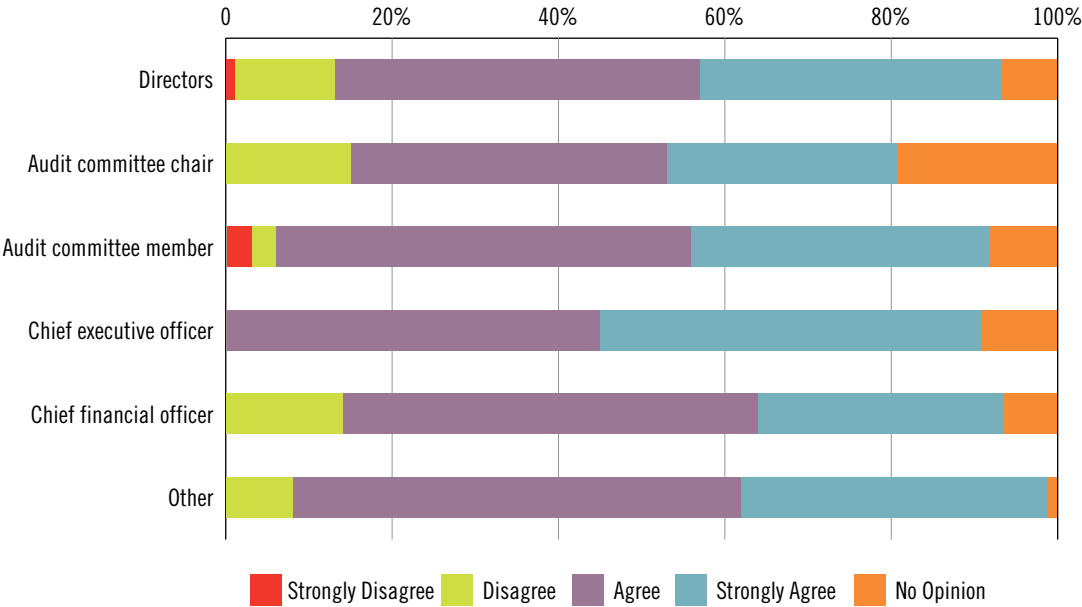


# Chapter 6

## Consulting Resource

Most respondents view internal auditing as more than simply an auditor or enforcer, but as a consulting resource.

Figure 6-1: Is a Consulting Resource



Before the advent of the U.S. Sarbanes-Oxley Act of 2002, internal audit groups had made significant progress in adding strategic and enterprise risks, operational and consultative auditing, and talent development to their agendas. However, the intense regulatory focus of Sarbanes-Oxley forced that initiative into the backseat for the past few years.

With Sarbanes-Oxley now well-integrated within most public companies, internal audit groups are again attempting to shed their traditional “policeman” image, a reputation that can inhibit communications, limit cooperation, and reduce effectiveness. In its stead is the role of a “trusted business advisor” who can help the company attain not only regulatory compliance, but its goals around efficiency, growth, and profitability.

## Optimizing Internal Auditing: Consulting Resource

The survey results indicated that significant inroads have been made in this area, with a large majority of constituents viewing internal auditing as advisors as well as auditors; as those who not only help avert problems, but who can help propel success.

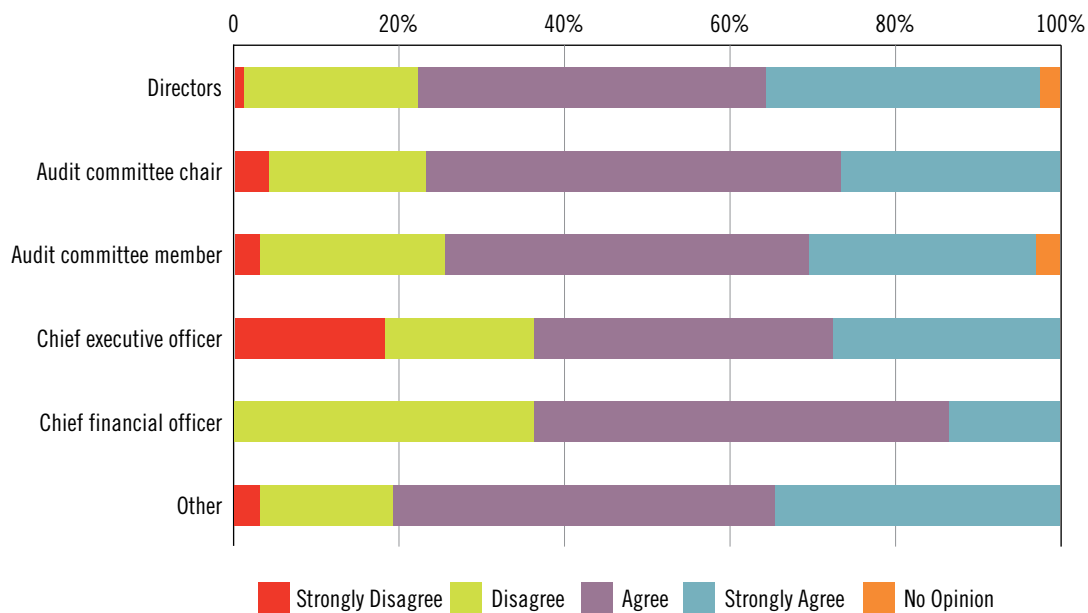
To be effective as a consulting resource, CAEs and their teams must develop their skills in relationship management and business knowledge to the same level as their analytical skills. They must understand how to build and maintain relationships throughout the organization, gaining the respect and trust of management by demonstrating their knowledge and skills. They must also understand and be able to communicate the boundaries between their consulting activities and their assurance activities.

## Strategic Risk and Corporate Governance

Many constituents are not sold on the idea of internal auditing having a role in strategic risk and corporate governance.

Despite the desire of many in the internal audit profession to take on a more strategic role, there are limits to the progress cited in the section above. A significant minority of respondents do not believe that internal auditing has a role to play in strategic risk and corporate governance.

Figure 6–2: Assess Strategic Risk

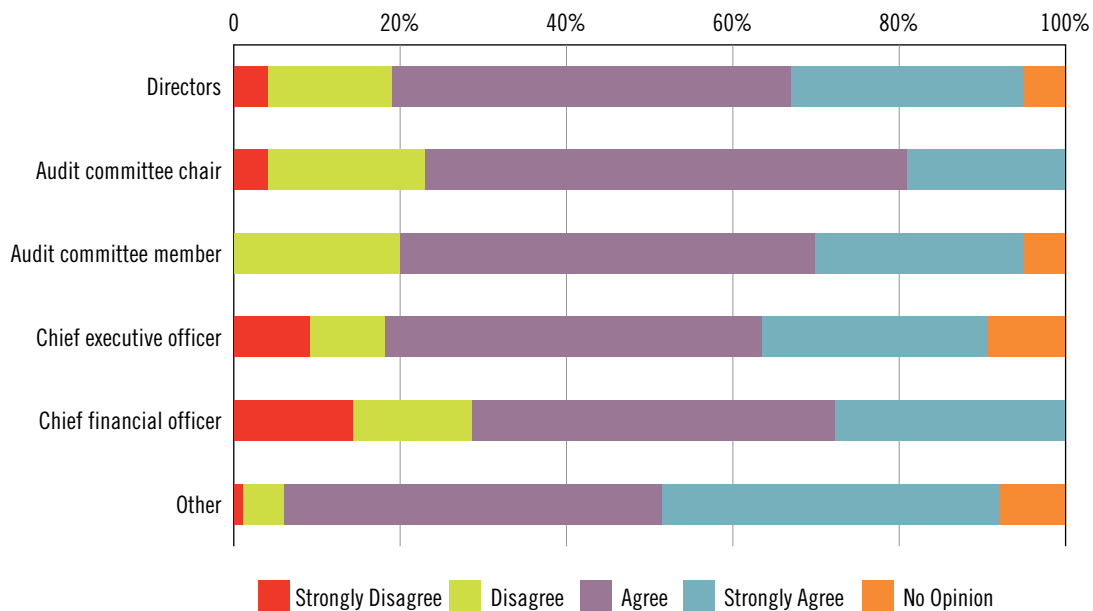


In some cases, this may simply be due to the fact that other groups within the organization — such as risk management, corporate strategy, or corporate counsel — already have these areas under their purview. In other instances, internal auditing is kept away from strategy and governance based on a desire to maintain the independence of the internal audit group.

“Internal audit doesn’t need to be as concerned with strategic risk, because there should be other groups — the Board of Directors, executive committee, the ERM function, and the strategic planning group — that should be paying attention to these issues.”

There may also be a lack of understanding on the part of the stakeholders on the role that internal auditing can or should play relative to the organization’s strategy and governance processes. In these cases, the CAE has an opportunity to educate the stakeholders on the role and benefits to the organization of internal auditing broadening its scope to include these processes.

**Figure 6–3: Perform Assurance Activities Related to Corporate Governance**



“Internal audit is, by its very nature, a schizophrenic, management function. On one hand, it needs to be completely integrated and knowledgeable. But it also needs a measure of independence required of all auditors. Therefore, internal audit has a built in cognitive disconnect.”

## Optimizing Internal Auditing: Strategic Risk and Corporate Governance

Regarding strategy risk, internal auditing may not be well connected with the strategic arm of the organization and therefore not invited to participate in discussions around strategy and governance. To overcome this, it can become involved via its risk assessment process. Internal auditing's risk assessment can be expanded to include assessing the strategic risks embedded in the organization's strategies and also assessing risks related to its governance processes. If the risk assessment is done properly, the internal audit team will work with management to identify and prioritize both strategic and governance-related risks and ensure that the audit plan incorporates coverage of these risks.

Another issue may be that internal auditing is intently focused on completing its audit plan to meet the timing requirements of the audit committee. As such, resources may be constrained, auditors may be busy managing multiple projects, etc., which may lead to the internal audit group simply sticking to its plan and not necessarily looking for other areas of risk that pose a threat to the organization. Keeping current with the organization's activities and aggressively networking within the rank and file, as well as the executive ranks, could help CAEs identify risks outside the audit plan that, if warranted, could be communicated appropriately to their internal audit team.

There are differing views regarding how internal auditing should be involved with governance activities; in some cases, it might not play a role at all. Here are some examples regarding internal auditing's involvement in governance. As a CAE, how would you answer these questions?

### What is Internal Auditing's Role in Governance?

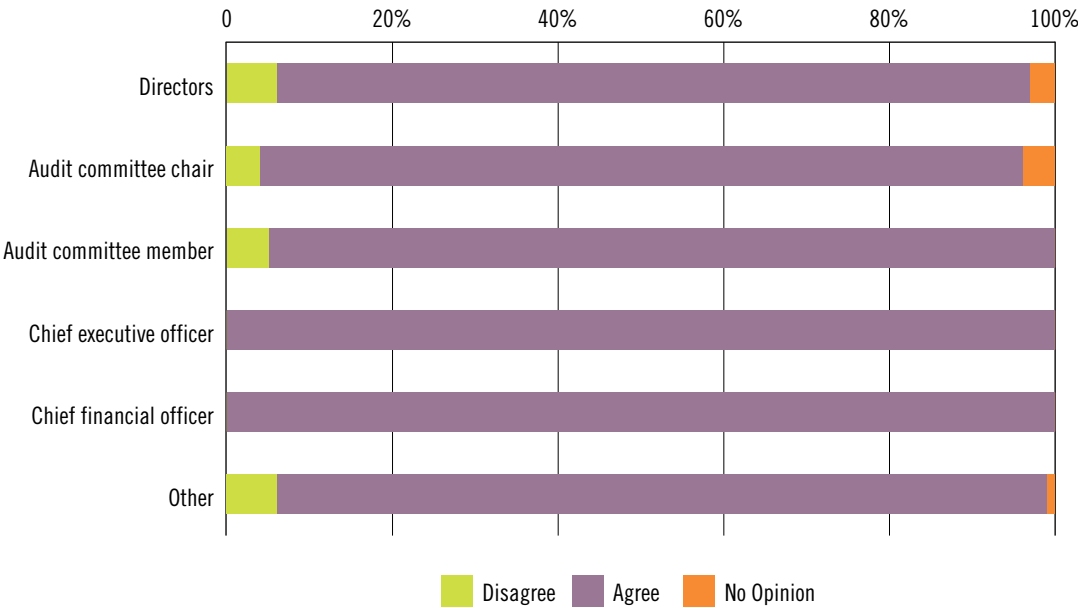
- Creating policy?
- Identifying outdated policy?
- Setting corporate strategy?
- Identifying corporate strategies/initiatives that are not working?

# Chapter 7

## Standards and Certification

Although most stakeholders are aware of professional standards and internal auditor certifications, many do not consider compliance or attainment to be critical.

**Figure 7–1: I Am Aware That There Are Professional Standards That Govern the Practice of Internal Auditing**

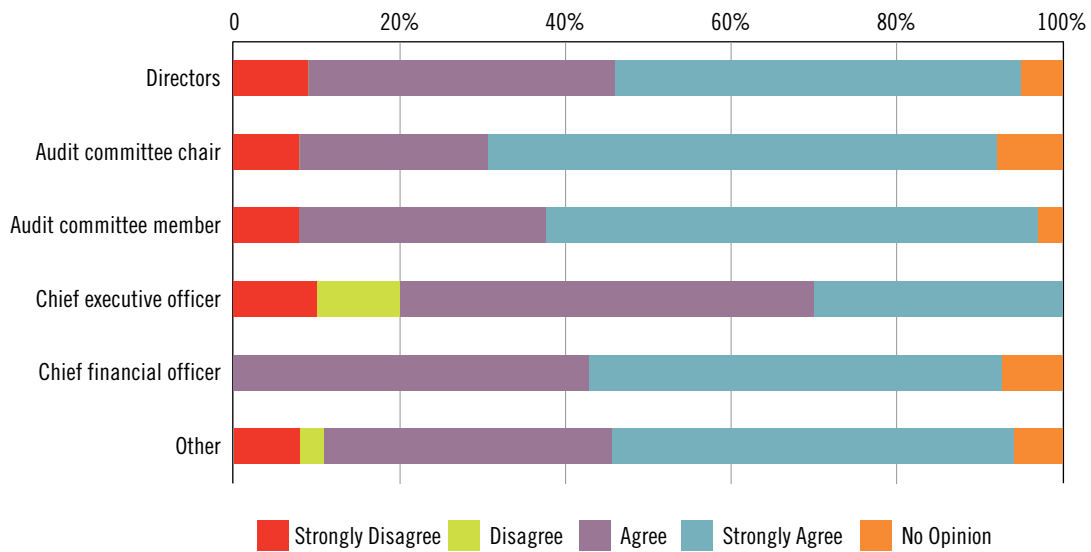


Awareness of internal audit standards among stakeholders is about as close to universal as one might reasonably hope, as shown above. Awareness, however, does not necessarily translate into confidence, as indicated in **Figure 7–2** on the following page.

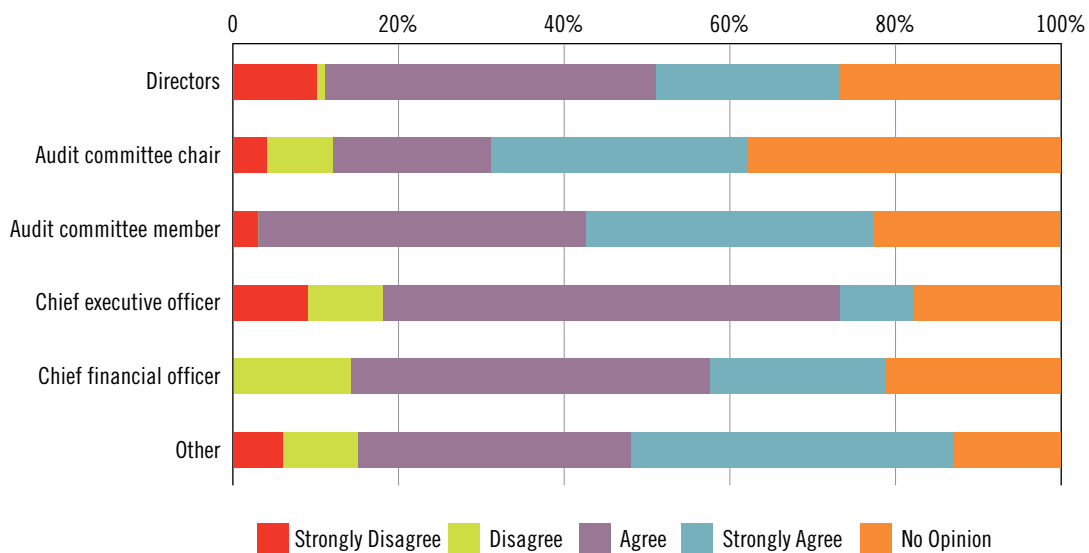
Some respondents felt that a certified public accountant (CPA) designation was more important and useful for internal auditors than a certified internal auditor (CIA) designation. One decried the tendency of “title creep” and “titular reward,” suggesting that an alphabet soup of acronyms listed after one’s name was making certification increasingly meaningless. Others suspected that the certification process for CIA was not as rigorous as it might be, thereby limiting its usefulness.

Prior surveys with CAEs and internal auditors have emphasized the value of the CIA designation; those who have earned it can attest to the rigor of the standard. However, this information is clearly not common knowledge among the constituents of internal auditing, which helps perpetuate the issue.

**Figure 7–2: Adherence to Internal Audit Standards Increases My Confidence in the Internal Audit Profession**



**Figure 7–3: It Is Important That Internal Auditors Obtain Their CIA Designation**



## Optimizing Internal Auditing: Certification

Review the listing of statements below and assess how these may apply to your specific situation. Compare your own assessment with the perceptions and expectations of your stakeholders:

- I am aware that there are professional standards that govern the practice of internal auditing.
- Adherence to internal audit standards increases my confidence in the internal audit profession.
- I am aware of the certified internal auditor (CIA) designation.
- It is important that internal auditors obtain their CIA designation.

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## Chapter 8

# Conclusion

While the stakeholders' survey results reflect overwhelming consensus on certain points, other results either ran counter to prevailing perceptions or presented a strongly held, albeit minority, view. The challenges facing internal audit groups in 2011 will be familiar to many CAEs.

- How to become more relevant and valuable to the organization.
- How to have the greatest beneficial impact in the face of resource constraints.
- How to gain the trust and confidence of the executive suite.
- How to have more influence over strategy and governance.
- How to elevate the standards of the profession; to keep staff well trained and abreast of best practices and emerging issues.

To successfully meet these challenges, CAEs will need to draw upon social as well as analytical skills. They will need to network, collaborate, and persuade. Many of the issues are based on reputation and expectations, which require executive intellect, presence, and diplomacy.

Using the results and recommendations in this report, CAEs can take steps to keep their internal audit groups on the path toward greater professionalism and increased value to their organizations.





# Stakeholders' Expectations and Perceptions Survey

This survey includes all questions that were asked of survey respondents. As indicated before, the questions were intended to gather information about respondents' perceptions and experiences of the internal audit profession as a whole, not necessarily perceptions and experiences with regard to an individual audit department.

- Please indicate your perspective on the following statements.  
In my experience, internal auditing:

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion
Is independent and objective.					
Provides assurance to management and the board.					
Is a consulting resource.					
Works to improve the organization's operations.					
Evaluates and improves the effectiveness of governance processes.					
Evaluates and improves the effectiveness of risk management processes.					
Evaluates and improves the effectiveness of control processes.					

- The chief audit executive — or functional equivalent — is seen as a member of the organization's senior management team.
  - Yes
  - No

3. Please indicate your perspective on the following statements.

It is important that internal auditing focus on:

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion
Efficiency and effectiveness of operations.					
Reliability of management information (including, but not limited to, financial reporting).					
Deterring and detecting fraud.					
Safeguarding of assets.					
Compliance with laws and regulations.					
Corporate governance.					
Enterprise risk management.					
Emerging issues.					
Acquisitions and divestures.					

3a. If not listed above, on what else should internal auditing focus?

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4. In my experience, internal audit functions are adequately funded and supported to fulfill their responsibilities.

- Disagree
- Agree
- No opinion

5. It is important that internal auditing:

	Not Important at All	Somewhat Important	Important	Highly Important	No Opinion
Perform assurance activities related to corporate governance.					
Perform assurance activities related to risk management.					
Perform assurance activities related to control processes.					
Assess strategic risk.					
Assess financial risk.					
Assess operational risk.					
Assess regulatory and compliance risk.					
Serve as a catalyst for change and action within the organization.					
Serve as an advisor to the audit committee.					
Serve as an advisor to management.					
Serve as the "eyes and ears" of the audit committee.					

6. With regard to the audit committee, the chief audit executive or functional equivalent should:

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion
Attend all audit committee meetings.					
Be actively involved in audit committee training.					
Be actively involved in audit committee agenda-setting.					
Meet privately with the audit committee.					
Work in conjunction with management and the external auditors to provide comprehensive assurance of risks.					

6a. If not listed above, what other involvement and interaction should internal auditing have with the audit committee?

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7. In my experience, internal auditing is knowledgeable about the organization's strategy, business, and initiatives.

- Strongly disagree
- Disagree
- Agree
- Strongly agree
- No opinion

7a. If not listed above, what other areas should internal auditing be knowledgeable of?

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8. In my experience, internal auditing demonstrates technical proficiency when performing its work.

- Strongly disagree
- Disagree
- Agree
- Strongly agree
- No opinion

9. Please indicate your perspective on the following statements.

In my experience, internal auditing:

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion
Is adaptive to the needs of today's business environment.					
Anticipates emerging risks.					
Provides valuable insights and knowledge to its stakeholders.					
Is appropriately knowledgeable of new laws and regulations.					
Is appropriately knowledgeable of new industry practices.					
Effectively interacts and coordinates with other assurance functions (i.e., legal, security, environmental health and safety, loss prevention, quality, risk management, and compliance).					
Develops top talent for leadership positions throughout the organization.					
Seeks feedback on its performance.					
Takes measures to improve its performance.					
Is viewed as objective and competent by the external auditors.					

10. In my experience, internal auditing has positive working relationships with:

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion
The audit committee.					
Executive or senior management.					
The external auditors.					
Internal management responsible for other assurance activities.					

11. Internal audit reports and other communications are:

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion
Targeted to the right audience.					
Clear and understandable.					
Timely.					
Informative.					
Actionable.					

12. Internal auditing seeks stakeholder input on its:

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion
Entitywide risk assessments.					
Annual audit plans.					
Plans for individual audit engagements.					
Audit performance.					
Communication of results.					

13. I am aware that there are professional standards that govern the practice of internal auditing.

- Agree
- Disagree

13a. Adherence to internal audit standards increases my confidence in the internal audit profession

- Strongly disagree
- Disagree
- Agree
- Strongly agree
- No opinion

14. I am aware of the certified internal auditor (CIA) designation.

- Agree
- Disagree

14a. It is important that internal auditors obtain their CIA designation.

- Strongly disagree
- Disagree
- Agree
- Strongly agree
- No opinion

15. Please indicate your position in the organization(s) you are a part of (Choose all that apply):

- Director
- Audit committee chair
- Audit committee member
- Chief executive officer
- Chief financial officer
- Other, please specify: \_\_\_\_\_

16. Please provide the following information to be entered in the drawing for the Kindle 3G wireless reading device. This will be used only for the purpose of the drawing:

Name: \_\_\_\_\_

Contact information (phone number, e-mail address):

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17. Can The IIA use the contact information you provided above to reach you for additional questions or follow-up discussion?

- Yes
- No

## Optional Information

*Note: If you are associated with more than one organization, you may select more than one choice, if applicable.*

18. Is your organization:

- Privately held (nonlisted)
- Publicly traded (listed)
- Public sector/government
- Nonprofit/nongovernment organization
- Other

19. Which category best describes your organization's primary industry?

- Aerospace and defense
- Agriculture/forestry/fisheries
- Communication/telecommunication services
- Construction/engineering/architecture
- Consulting services
- Consumer packaged goods
- Distribution
- Educational services
- Energy/oil and gas
- Financial services/banking/real estate
- Gaming/lotteries
- Health services
- Hospitality/entertainment/restaurant
- Insurance carriers/agents
- Local government
- National/federal government
- Manufacturing
- Mining
- Nonprofit sector
- Pharmaceuticals
- Public accounting/accounting services
- State/provincial government
- Technology
- Transportation
- Utilities
- Wholesale/retail
- Other, please specify: \_\_\_\_\_

20. Is your organization listed in the:

- Fortune 100
- Fortune 250
- Fortune 500
- Fortune 1000
- Global 2000
- None of the above

21. With regard to the presence of branch offices, is your organization:

- Local/regional
- National
- International



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STAKEHOLDERS' EXPECTATIONS  
AND PERCEPTIONS SURVEY

# A Call to Action: Stakeholders' Perspectives on Internal Auditing

It is important for any profession to ask those to whom it remains accountable — the stakeholders — what they think is going well and where there may be a need for improvement in the profession's offerings. To obtain this "demand-side perspective" of the internal audit profession, the Stakeholders' Expectations and Perceptions Survey was developed as an additional component of the 2010 Common Body of Knowledge (CBOK) study.

As a pilot project, the survey was deliberately limited to the United States only, with the intent to expand the project globally in future years. This resulting report, *A Call to Action: Stakeholders' Perspectives on Internal Auditing*, offers helpful insights and actionable intelligence to internal audit professionals, especially chief audit executives (CAEs) and other internal audit leaders. It also contains relevant information for boards of directors, CEOs, chief financial officers (CFOs), general counsel, external auditors, suppliers and customers, regulators, and members of the investing public to get better educated about the promise and potential of the internal audit profession in advancing organizational governance.

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