



BUILDING TRUST TOGETHER

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Global Board Chair The Institute of Internal Auditors, Global Headquarters



Agenda



Current Landscape

IIA Initiatives

Wins

The Path to Success



GLOBAL FOOTPRINT

Our global footprint offers an incredible opportunity to network, collaborate, and share best practices

Technology has made it easier than ever before to reach out across the globe on partnerships

We support and encourage networking within your region and beyond

IIA HQ is committed to supporting the exchange of best practices



230,000+
MEMBERS

170+
COUNTRIES &
TERRITORIES

185,000+
CIA's AWARDED

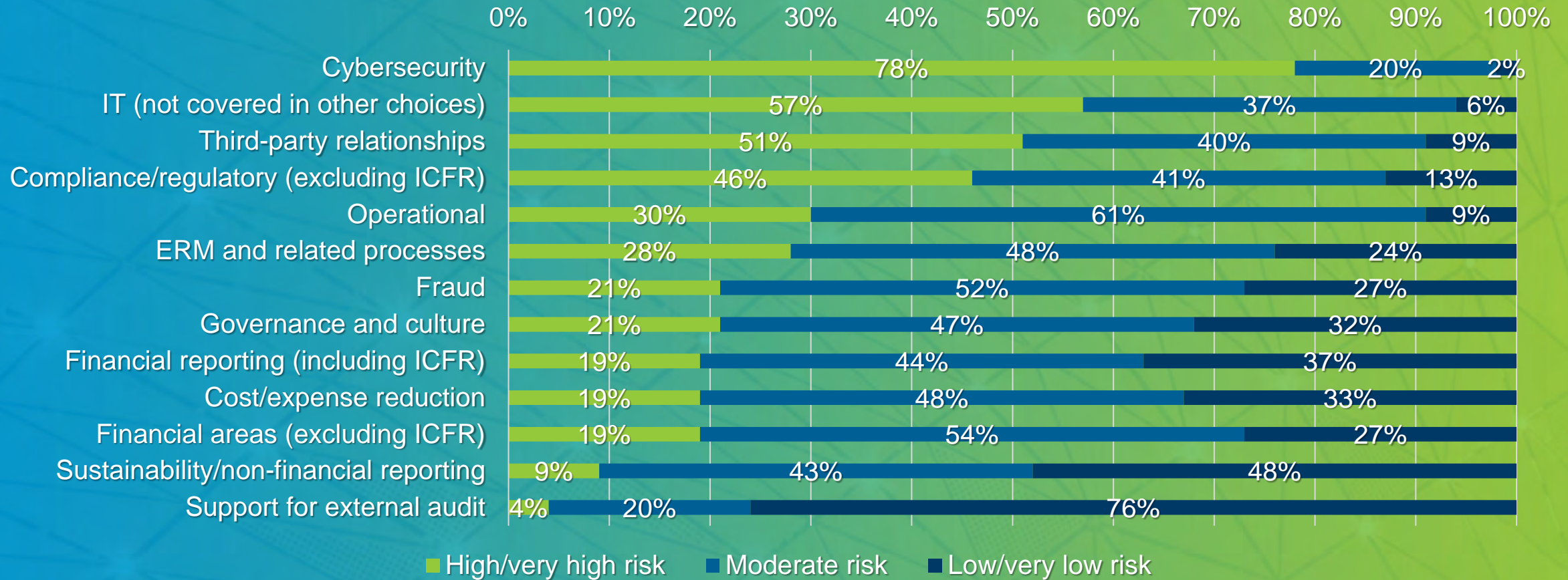
115
AFFILIATES



RESEARCH & BUSINESS ENVIRONMENT

Top Risks – 2023 Pulse Report

Risk Levels - North American CAEs & Directors



Note: The IIA's North American Pulse of Internal Audit Survey.



TOP ISSUES: TALENT SHORTAGE

43%

of CAEs and senior internal audit leaders are concerned with finding qualified candidates

36%

of CAEs and directors of auditing cited the rising costs of wages as a top concern

34%

of CAEs and senior internal audit leaders noted the challenges of building and maintaining a culture focused on delivering relevance and value amid hybrid and remote working models



TOP ISSUES: DIGITAL DISRUPTION

**OpenAI says 80% of workers could see their jobs impacted by AI.
These are the jobs most affected**

Humans identified **15
occupations as fully exposed**



- Mathematicians
- Tax Preparers
- Financial Quantitative Analysts
- Writers & Authors
- Web & Digital Interface Designers

AI identified **86 occupations
as fully exposed**



- Mathematicians
- **Accountants & Auditors**
- Reporters, and Journalists
- Legal Secretaries and Admin Assistants
- Climate Change Policy Analysts
- Clinical Data Managers



TOP ISSUES: BANKING CRISIS

**Friday
March 10th**

FDIC took over Silicon Valley Bank (SVB)

SVB took a multibillion-dollar loss cashing out US government bonds to raise money to pay depositors. This triggered panic and people withdrawing their money from the bank.

**Sunday
March 12**

FDIC shut down Signature Bank

After a run on its deposits by customers spooked by SVB implosion.

**Wednesday
March 15**

Credit Suisse (CS) shares collapse by 30%

Swiss authorities announced a backstop for the country's second-biggest bank.

**Thursday
March 16**

First Republic Bank secures \$30B from major banks

US Treasury Secretary Janet Yellen & Jamie Dimon, CEO of America's biggest bank drew up plans for a private sector rescue.

**Sunday
March 19th**

UBS Agrees to buy Credit Suisse

Switzerland's biggest bank, UBS, agreed to buy rival Credit Suisse in an emergency rescue deal aimed at stemming financial market panic



TOP ISSUES: BANKING CRISIS

IIA Response



***Wash, Rinse, Repeat:
Banking Crisis Again***

*What's Changed and What Can Internal
Auditors Learn Webinar*

The IIA held a webinar on April 4th with a panel of banking experts to discuss:

- Market risks
- Enterprise risk assessments
- Concentration risks
- Liquidity risk management
- Asset and liability management (ALM)
- Stress testing

Over 8,500 participants joined the webinar

CHALLENGING LANDSCAPE

Misunderstood



Stakeholders challenged to understand our role

Isolation



Internal auditors tend to be isolated (and isolate themselves)

Inconsistency



Roles and maturity of Internal Auditors vary

Competition



Three lines blurred and external audit in focus

On a bed of economic and political uncertainty

A hand holding a globe with a stylized hand graphic overlaid on it. The globe shows continents and oceans, with a red line representing the equator. The stylized hand is composed of several overlapping, semi-transparent shapes in shades of blue, purple, and red, positioned as if holding the globe.

Economy

- Growth and unemployment steady
- Supplies steady but still challenged
- Global inflation
- Increase in fiscal and monetary policies

Political Environment

- Global power dynamics (USA, China, Russia)
- Domestic tensions include immigration, climate change, and social justice
- International cooperation challenged
- Technology advancing more rapidly

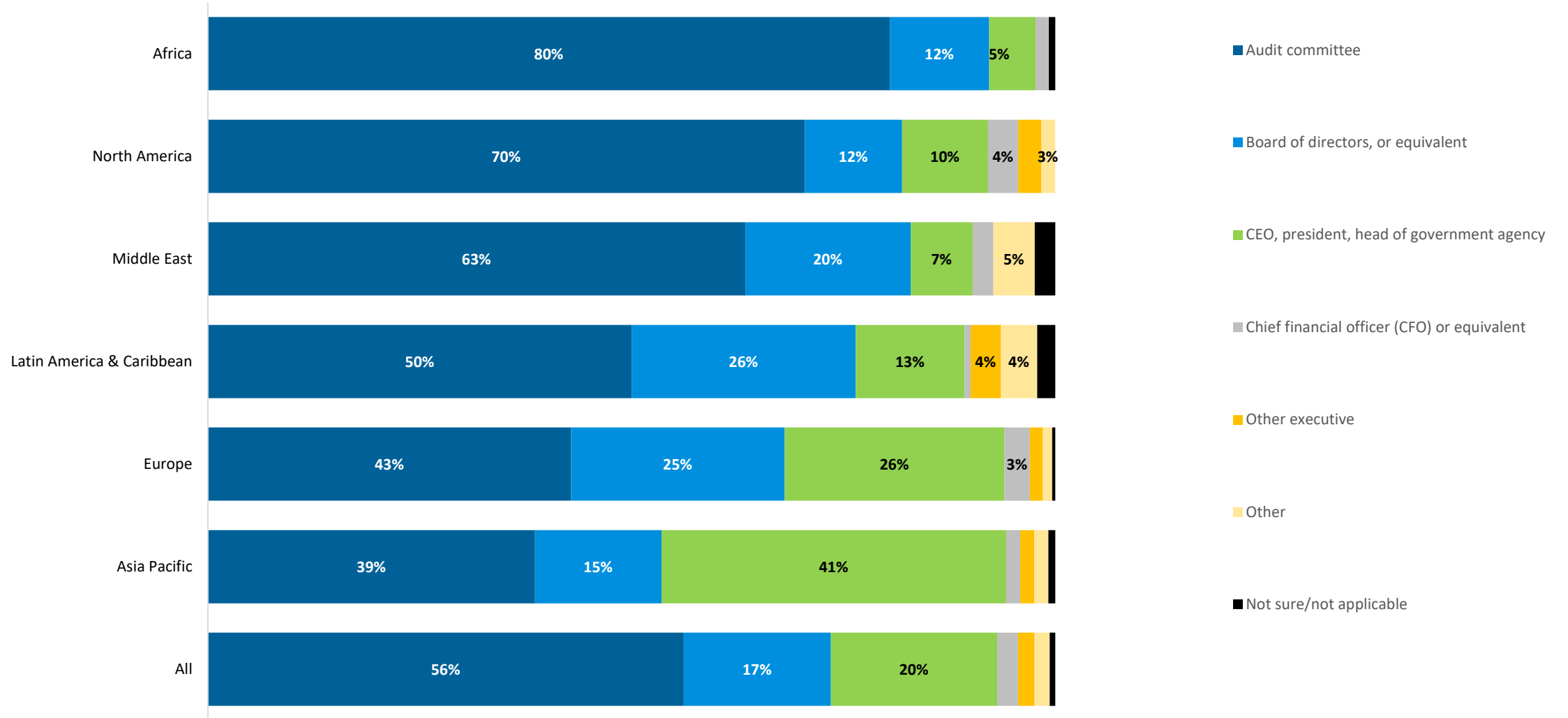
A hand holding a globe with a bandage over it. The globe is a vintage-style map of the world, showing continents and countries. A hand is holding the globe from the bottom left. A white bandage is wrapped diagonally across the globe, covering parts of Africa, Europe, and Asia. The background is a soft, out-of-focus green and yellow.

Internal auditors misunderstood

- Accountants
- Tax people
- Watch dogs
- Over your shoulder
- Enemy
- Scary

Inconsistent Governance

Functional Reporting Lines*



Inconsistency

- Chief Audit Executives reporting to various levels
- Boards and executives leveraging internal audit in different ways (or not at all)
- Sectors, size, and maturity create challenges

Isolation

- Independence practiced to extremes
- Focus on compliance vs. mission advancement
- Aversion to providing solutions or recommending risk-taking

Competition

- Three lines model challenges the profession
- Internal Audit “a niche profession”
- PCAOB insinuates that internal auditors manipulate results



BUILDING TRUST TOGETHER

The IIA's Critical Initiatives



Global Operating
Model



Global Public
Policy Program



IPPF Evolution

Global Operating Model

- Listen and understand
- Improve process
- Face challenges together
- Represent the profession together



IIA INITIATIVES: ADVOCACY

Advocacy Successes In Year 1

Established bipartisan U.S. PAC

Urged Congress for internal audit considerations in U.S. cryptocurrency exchanges

Developed Corporate Governance Engagement strategy

Launched global advocacy survey

Delivered corporate governance response letter to OECD

Strengthened IIA volunteer public policy committees

Engaged PCAOB Board members to discuss standard

Created Congressional Key Person Program

Educated elected officials on internal audit's role in ESG, cybersecurity, etc.

Global Public Policy Program

- Build educational resources about the profession
- Improve global regulator and stakeholder knowledge of internal auditors
- Strategies to deal with competitive landscape



IIA INITIATIVES: ADVOCACY

2023 Advocacy Priorities

Enhance Direct Advocacy Efforts in Canada

Create Global Public Policy White Paper

Conduct Global Advocacy Listening Tours

Create Key Person Program

Create Resource Library for Global Affiliates

Gather & Share Insights From Global Advocacy Survey

Launch Corporate Governance Engagement Program

Leverage Expertise of Public Policy Committees



THE PATH TO SUCCESS

A large, decorative graphic occupies the center of the slide. It features a blue wavy shape on the left that transitions into a green wavy shape on the right. The background of this graphic is a light blue-grey color with faint, abstract patterns. In the top left corner of the overall slide, there are two grey gear icons of different sizes.

IPPF EVOLUTION
Be Part of This Transformation



TRUST THROUGH THE STANDARDS

Honesty Commitment Consistency Competence Integrity

International Standards for the Professional Practice of Internal Auditing

Attribute Standards Characteristics of Organizations and Parties performing the work

Examples:

- Proficiency and Due Professional Care
- Continuing Professional Development
- Reporting on the QAIP

Performance Standards Nature of the internal audit activities

Examples:

- Coordination and reliance
- Engagement Objectives
- Communicating the Acceptance of Risks

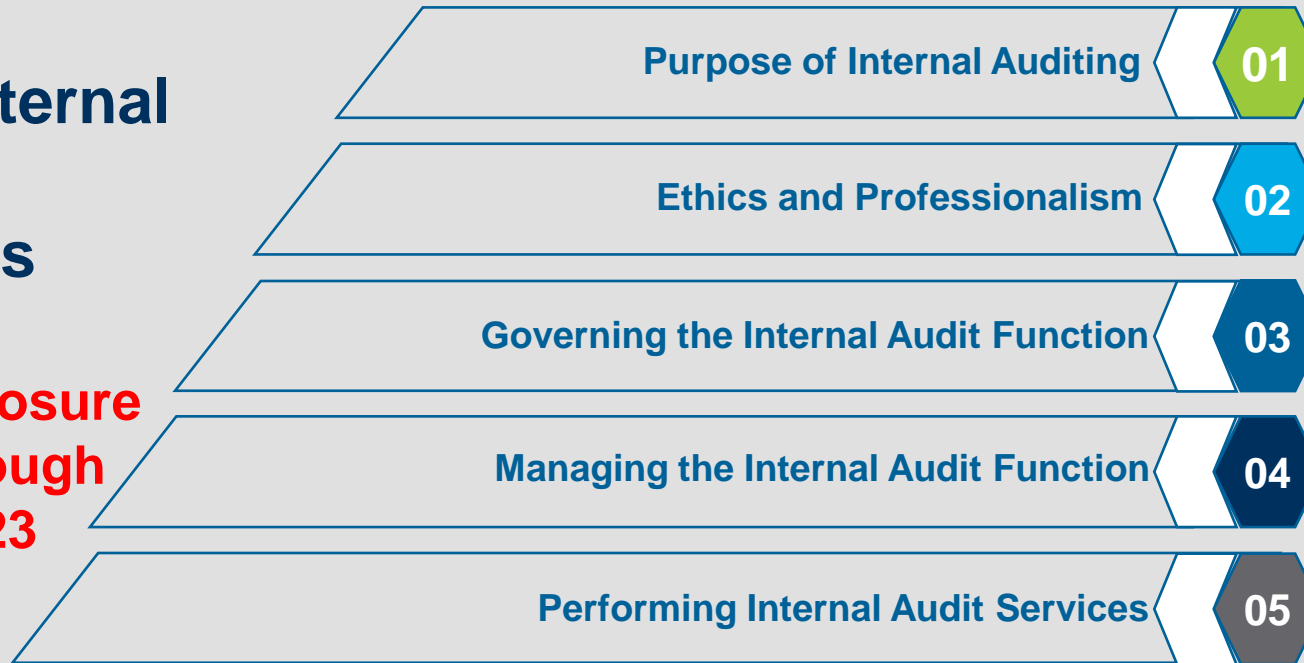


TRUST THROUGH THE STANDARDS

Honesty Commitment Consistency Competence Integrity

Global Internal Audit Standards

Public Exposure Period through 30-May 2023



- How auditing helps organizations succeed
- Incorporates Code of Ethics & Due Professional Care
- Clarifies Board's role and CAE's support of Board

PRACTICAL APPLICATION

The CAE

- Establish yourself as the authority
- Demonstrate independence; not isolation
- Demonstrate constant focus on improvement

The Staff

- Own your role in contributing to the success of the IA function
- Demonstrate your skills, but seek to learn
- Get certified

The Work

- Involve your stakeholders in setting scope
- Align on outcomes that will lead to improvement
- Call them as you see them

Managing Relationships

- Ensure positions and objectives are understood
- Respect diversity and seek to understand different points of view
- Take on challenges



Wins!

Wins!

Global Operating Model

Global Board Engagement

Engagement of Affiliates on Catalyst Groups

Regional Body Assessment and Service Models

Risk In Focus going global

Global Public Policy

Meetings with Global directors, ministers, associations

Opposition to PCAOB Standard Proposal

Response to ISSB climate and sustainability exposure draft

Identification and opposition to auditor elimination/retribution

IPPF Evolution

Global engagement in development of proposed Standards

Issuance of proposed Standards for public comment

Proposed Standards in the public interest



GLOBAL FOOTPRINT

MoU Signing with ARABCIIA

IIA Regional Bodies

- Europe
- Asia-Pacific
- Africa
- Latin America
- Francophone countries
- Middle East



September 2022: IIA Welcomed Four New Affiliates



Bolivia



Honduras



Senegal



Vietnam

Wins!

- *Risk in Focus* going global
- Education partnership with Association of Certified Fraud Examiners



The image shows a promotional graphic for a partnership between the Association of Certified Fraud Examiners (ACFE) and the Institute of Internal Auditors (IIA). The background is a gradient from teal to green. At the top center, there is a target icon and the text 'TOP ISSUES: FRAUD'. At the top right is the IIA logo. The main title is 'Solving for Fraud: IIA & ACFE Education & Research Partnership'. Below the title is a bulleted list of three items: 'Collaboratively-developed education', 'Joint research projects', and 'Impactful thought leadership'. At the bottom left is the ACFE logo, which includes a torch icon and the text 'ACFE Association of Certified Fraud Examiners'. At the bottom right is the IIA logo.

ne IIA

STUDENT INITIATIVES



FREE North American Student Memberships

Student memberships (U.S. and Canada) rose from 997 in 2022 to 2,153 as of March 2023.

Student Memberships Include:



Chapter
Affiliation



Global
Access



Mentorship
Program



Grants &
Awards



Free
Webinars



Discount on
CIA

and so much more...



Internal Audit:
VISION
2035

CREATING OUR FUTURE TOGETHER



Internal Audit
FOUNDATION

Purpose of a Visioning Project



Explore the profession's future, risks, and rewards



Identify an idealized future that's worth the effort to get there



Drive engagement with internal auditors and their stakeholders



Set a clear and cohesive direction for the IIA's relationship with internal auditors



THE PATH TO SUCCESS

It's time for Internal Auditors to...



Understand and influence ESG strategy beyond reporting and compliance.



Provide independent assurance over all aspects of cyber issues



Support the second line and understand IA's role in fraud detection and deterrence



Create resilient IA functions to support the organization's competitiveness and sustainability



Provide Boards and Audit committees with assurance on the management of key risks affecting the organization



THE PATH TO SUCCESS

theiia.org/IPPFEvolution

Be Part of This Transformation

Comment Period Open Through 30 May



THE PATH TO SUCCESS



SAVE THE DATE

10-12 July 2023
Amsterdam

Thank You!

Benito Ybarra, CIA, CISA, CFE, CCEP

Global Board Chair The Institute of Internal Auditors, Global Headquarters