

THE IIA'S GLOBAL INTERNAL AUDIT SURVEY

# Core Competencies for Today's Internal Auditor



**The IIA's Global Internal Audit Survey:  
A Component of the CBOK Study**

# Core Competencies for Today's Internal Auditor

Report II

James A. Bailey, PhD, CIA, CPA

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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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# Acknowledgments

The 21st century presents unprecedented growth opportunities for the internal audit profession. Advances in technology, the confluence of the Information and the 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 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.

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-scale studies of the global internal audit profession. We sincerely appreciate Mary Bishop's passion and commitment to further the internal audit profession while honoring Bill Bishop's legacy. The inaugural Common Body of Knowledge (CBOK) survey under William Taylor's leadership occurred in 2006; this is the second iteration. Based on the responses from The IIA's Global Internal Audit Survey from 2006 and now in 2010, it is possible to compare results and perform high-level trending.

Five reports cover the full spectrum of a wide range of the survey questions (carefully designed to allow for comparison between the 2006 and 2010 survey data). These reports cover topical content from characteristics of an internal audit activity to implications for charting the future trajectory of the profession. The cooperation and sharing among the five report-writing teams representing the Americas, Asia, Europe, and the Middle East have made this project a truly global and collaborative effort.

We hope that this collection of reports describing the expected influence of major themes about, and developments in, the profession as extracted from the survey will provide a comprehensive snapshot of the profession globally, offer helpful insights and actionable intelligence, and point the way forward to maintaining the profession's continued relevance and value-added contributions.

For a large global project such as The IIA's Global Internal Audit 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 Survey Design Subcommittee and the Deliverables Oversight Subcommittee, for their guidance and significant contributions to the survey design, administration, data collection, interpretation, and topic-specific reports: Abdullah Al-Rowais, AbdulQader Ali, Audley Bell, Sezer Bozkus, John Brackett, Ellen Brataas, Edouard Bucaille, Adil Buhariwalla, Jean Coroller, David Curry, Todd Davies, Joyce Drummond-Hill, Claudelle von Eck, Bob Foster, Michael Head, Eric Hespenheide, Greg Hill, Steve Jameson, Béatrice Ki-Zerbo, Eric Lavoie, Luc Lavoie, Marjorie Maguire-Krupp, John McLaughlin, Fernando Mills, Michael Parkinson, Jeff Perkins, Carolyn Saint, Sakiko Sakai, Patricia Scipio, Paul Sobel, Muriel Uzan, R. Venkataraman, Dominique Vincenti, and Linda Yanta.

Several members of these committees must be particularly thanked for their extended participation in what became a prolonged, three-year commitment for this large-scale undertaking. Each of these individuals contributed their leadership, wealth of knowledge and experience, time, and effort to the CBOK study and deserves our deepest gratitude.

Professor Mohammad Abdolmohammadi of Bentley University was key to the 2010 data analysis and preparation of summary tables of the survey responses, as he was for the CBOK study in 2006. Professor Sandra Shelton of DePaul University must be recognized for giving the reports a smooth flow and an overall consistency in style and substance.

The survey could not have succeeded without the unstinted and staunch support of the survey project champions at The IIA institutes worldwide. 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, IIA vice president, David Polansky, IIA 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.

Last but not least, The IIA's 2010 CBOK study component — The Global Internal Audit Survey — and the resulting five reports owe their contents to thousands of IIA members and nonmembers all over the world who took the time to participate in the survey. In a sense, these reports are a fitting tribute to the contributions made by internal audit professionals around the globe.

### **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  
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## About the Author

**James A. Bailey, PhD, CIA, CPA**, is professor of accounting at Utah Valley University (United States) where he teaches a three-course internal audit program. He teaches internal auditing, fraud examination, and auditing. He has extensive experience performing external audits for public companies and internal audits. He is author of a 2010 sponsored research report for the IBM Center for the Business of Government titled *Strengthening Control and Integrity: A Checklist for Government Managers*. The research report focuses on governance, risk, and control strategies for government managers and boards.

Bailey has published articles for the internal audit profession in *Internal Auditor* and *Internal Auditing* on audit committees and their relationships with the internal audit function. His research focuses on audit committee oversight of the internal audit function and best practices in this area. He also recently authored and taught continuing education programs in the areas of auditing, accounting, fraud, governance, risk, and control.

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# Foreword

## The IIA's Global Internal Audit Survey: A Component of the CBOK Study

The 2010 IIA Global Internal Audit Survey is the most comprehensive study ever to capture 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 on the profession's status worldwide. This initiative is part of an ongoing global research program funded by The Institute of Internal Auditors Research Foundation (IIARF) through the William G. Bishop III, CIA, Memorial Fund to broaden the understanding of how internal auditing is practiced throughout the world.

A comprehensive database was developed, including more than 13,500 useable responses from respondents in more than 107 countries. The five reports derived from analysis of the survey responses provide useful information to internal audit practitioners, chief audit executives (CAEs), academics, and others to enhance the decision-making process involving staffing, training, career development, compliance with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*, competencies, and the emerging roles of the internal audit activity.

- ***Characteristics of an Internal Audit Activity (Report I)*** examines the characteristics of the internal audit activity, including demographics, staffing levels, and reporting relationships.
- ***Core Competencies for Today's Internal Auditor (Report II)*** identifies and discusses the most important competencies for internal auditors. It also addresses the adequacy, use, and compliance with The IIA's *Standards*.
- ***Measuring Internal Auditing's Value (Report III)*** focuses on measuring the value of internal auditing to the organization.
- ***What's Next for Internal Auditing? (Report IV)*** provides forward-looking insight identifying perceived changes in the roles of the internal audit activity over the next five years.
- ***Imperatives for Change: The IIA's Global Internal Audit Survey in Action (Report V)*** contains conclusions, observations, and recommendations for the internal audit activity to anticipate and match organizations' fast-changing needs to strategically position the profession for the long term.

The 2010 survey builds upon the baseline established in prior Common Body of Knowledge (CBOK) studies (i.e., 2006), allowing for comparison, analysis, and trends as well as a baseline for comparison when The IIA's Global Internal Audit Survey is repeated in the future.

## PRIOR IIA CBOK Studies

The IIA has sponsored five prior CBOK studies. The table on the following page compares the number of participating countries and usable questionnaire responses used in each CBOK study. While CBOK studies I through IV were offered only in English, the 2006 and 2010 surveys were available in 17 and 22 languages, respectively.

## CBOK's Number of Respondents and Countries Over the Years

CBOK Number	Year	Number of Countries	Number of Usable Responses
I	1972	1	75
II	1985	2	340
III	1991	2	1,163
IV	1999	21	136
V	2006	91	9,366
VI	2010	107	13,582

### The 2010 IIA Global Internal Audit Survey — Benefits to the Profession

Maximizing the internal audit function is imperative to meet the challenges of today's business environment. Globalization and the rapid pace of change have in many ways altered the critical skill framework necessary for success at various levels of the internal audit function. Internal auditing's value will be measured by its ability to drive positive change and improvement. It is imperative for internal auditing to examine current trends within the profession and thus be able to make recommendations for changes within the internal audit activity. This should help internal auditing to:

- Deliver the greatest value to its organization.
- Anticipate and meet organizations' needs.
- Strategically position the profession for the long term.

### Research Teams

The following researchers, selected from the responses to the Request for Proposal, were involved in writing the reports and worked closely with Mohammad J. Abdolmohammadi (Bentley University, United States) who provided general data analysis from the 2006 and 2010 survey databases as well as additional analysis based on researchers' request.

#### Report I

Yass Alkafaji, Munir A. Majdalawieh, Ashraf Khallaf (American University of Sharjah, United Arab Emirates) and Shakir Hussain (University of Birmingham, United Kingdom).

#### Report II

James A. Bailey (Utah Valley University, United States).

#### Report III

Jiin-Feng Chen and Wan-Ying Lin (National Chengchi University, Taiwan, Republic of China).

**Report IV**

Georges M. Selim and Robert Melville (Cass Business School, United Kingdom), Gerrit Sarens (Université Catholique de Louvain, Belgium), and Marco Allegrini and Giuseppe D'Onza (University of Pisa, Italy).

**Report V**

Richard J. Anderson (De Paul University, United States) and J. Christopher Svare (Partners in Communication, United States).

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# Executive Summary

Report II provides insight on core competencies for today's internal auditors, including the use and effectiveness of The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)* and of audit tools and techniques during audit engagements. Additionally, this report provides insight regarding the importance of different types of behavioral and technical skills and certain competencies internal auditors should possess to successfully perform as practitioners. This analysis is based on 13,582 responses of IIA members and nonmembers in more than 107 countries. Salient responses from chief audit executives (CAEs), internal audit staff, and managers are presented in this document.

## Competence and Skills

1. *In the wake of the turbulent global economy and the impact on financial markets and corporate viability, CAEs, internal audit staff, and managers identified three of the top five competencies as:*

- Communication skills (including oral, written, report writing, and presentation).
- Problem identification and solution skills (including core, conceptual, and analytical thinking).
- Keeping up to date with industry and regulatory changes and professional standards.

2. *Understanding the business ranked as the most important overall technical skill in both the 2006 and 2010 surveys.*

It is the top technical skill for management and CAEs and the third most important technical skill for internal audit staff. This response is consistent with the 2006 and 2010 survey rank of risk analysis and control assessment techniques as important technical skills because a solid understanding of the business is essential for internal auditing to effectively identify emerging risk and control issues.

3. *CAEs indicate the ability to promote the value of the internal audit as the most important competency for them to perform their work.*

4. *The results indicate that keeping up to date is now considered very important at all three professional levels — not just at the CAE level.*

Keeping up to date was the third most important competency for CAEs in both the 2006 and 2010 surveys. For internal audit staff and management, keeping up to date moved from about the bottom one-third of competencies in 2006 to the fourth highest ranked competency in 2010.

5. *Communication skills ranked as the top overall general competency for both the 2006 and 2010 surveys.*

Based on the survey results, the general competency rankings for all industries are consistent with the overall general competency rankings.

## Knowledge Areas and Audit Tools

1. *In terms of core knowledge areas, survey results for 2006 and 2010 are similar, indicating the continuing importance of internal auditors possessing knowledge of auditing, internal audit standards, ethics, and fraud awareness.*
2. *In 2010, enterprise risk management (ERM) replaced technical knowledge by industry as the fifth ranked knowledge competency.*

The higher knowledge ranking for ERM is consistent with the technical skill common core competency of risk analysis and control assessment techniques. It also aligns with the most currently used (and predicted increase in usage in the next five years) audit tool or technique on an engagement — risk-based audit planning techniques — as indicated in the 2010 survey. Knowledge of ERM helps the internal auditor effectively apply risk analysis and control assessment techniques and risk-based audit planning techniques.

## International Standards

1. *According to CAEs, only 46.3 percent of their organizations are in full compliance with the Standards in 2010, compared to 59.9 percent in 2006.*

CAEs assessed the adequacy of the guidance provided by the *Standards* higher in the 2010 survey than in the 2006 survey. However, inferences from the 46.3 percent reported responses from CAEs are limited because only 37.2 percent of organizations are fully compliant with Standard 1300, which would be the upper percentage boundary for full compliance for all of the *Standards*. The *Standards* assessed as providing the least guidance and that also had the fewest organizations fully complying with them were Standard 1300: Quality Assurance and Improvement Program and Standard 2600: Resolution of Senior Management's Acceptance of Risks in both the 2006 and 2010 survey.

Internal auditors may improve their core competencies, benefit their organizations, and increase their opportunities for career advancement by identifying and prioritizing core competencies and by organizing continuing education development around them.

2. *The principle reasons for noncompliance include: small size of the organization or internal audit staff, cost of using the Standards, amount of time required for compliance, or lack of management/board support.*

It should be noted that the adequacy of guidance of Standard 2600: Resolution of Senior Management's Acceptance of Risks varies widely from a high of 91.3 percent in the Middle East and the United States and Canada regions to a low rating of 76.7 percent in the Western Europe region. The U.S. and Canada region has 72.2 percent of organizations complying with Standard 2600. The Middle East has the next highest Standard 2600 compliance at 53.6 percent. Similarly, a major reason for noncompliance in Eastern Europe-Central Asia and Latin America regions is that the *Standards* are superseded by local/government regulations or standards. The Asia-Pacific and

Western Europe regions state that the *Standards* or Practice Advisories are too complex as a reason for noncompliance. Similar to the regions, almost all the industries rate each standard approximately the same except for Standard 2600, which ranges from a high rating of 87.0 percent in the finance industry to a low rating of 76.8 percent in the wholesale and retail trade industry. The finance industry also has by far the highest industry compliance percentage with Standard 2600. Reasons for relatively high compliance with this standard in the finance industry might be attributed to the industry's focus on risk management in general and its strong regulatory environment.

3. *CAEs stated that only 31.3 percent of their organizations have internal audit quality assessment and improvement programs in place. They also stated that 34.5 percent of their organizations had an external quality review in accordance with Standard 1312, while 50.9 percent have never had an external quality assessment in accordance with the Standards.*

The principal reasons for noncompliance parallel the primary reasons for not following the *Standards* in general: small size of internal audit staff, cost, and lack of management/board support.

This report contains comprehensive responses from all participants and trend analysis that will help CAEs identify and prioritize core competencies and design continuing education programs to develop and attract talent to build a high quality staff that effectively demonstrates and communicates the value of internal auditing to their organizations.

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# Chapter 1

## Introduction

The Institute of Internal Auditors Research Foundation's (IIARF's) Global Internal Audit Survey provides internal audit practitioners and related stakeholders relevant information about internal auditing's current role and insights about its future direction. The five reports provide practical resources for internal auditing's strategic planning and decision-making processes.

This report identifies and discusses the most important competencies for internal auditors. It also addresses the adequacy, use, and compliance with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*.

### What Are Core Competencies and Why Are They Important?

Competencies are skills that are essential to perform certain tasks. While all competencies are considered by some auditors as important, core competencies consist of the most important essential skills. This report identifies core competencies as those rated most important by the survey respondents.

The IIA's Code of Ethics requires competency for the services internal auditors provide. Code of Ethics Rule 4.1 states "Internal auditors shall engage only in those services for which they have the necessary knowledge, skills, and experience." Code of Ethics Rule 4.3 states "Internal auditors shall continually improve their proficiency and the effectiveness and quality of their services." Internal auditors may spend a significant amount of time annually on continuing professional education to improve their internal audit competencies. By identifying and prioritizing their core competencies and organizing their competency development process around them, internal auditors may improve their core competencies, benefit their organizations, and increase their opportunities for career advancement.

#### 1. Identify Core Competencies

The survey identifies internal auditor core competencies in three major areas: general competencies, behavioral skills, and technical skills. It also identifies important knowledge areas and audit tools and techniques.

Chapters 2 through 6 cover each of these major areas. The bar charts in each chapter identify the most important core competencies, knowledge areas, and audit tools or techniques.

While all competencies are considered by some auditors as important, core competencies consist of the most important essential skills. The common core competencies consist of the most important shared skills required by internal auditors at all three professional ranks: internal audit staff, management, and CAE. Internal auditors should continuously improve these common core skills over the course of their careers. The incremental core competencies consist of the most important skills at each professional staff level that are not common core competencies. These proficiencies consist of specific skills internal auditors should develop as they progress through professional ranks from internal audit staff through management to CAE.

## 2. Prioritize Core Competencies

The general competencies, behavioral skills, and technical skills chapters provide charts that rank the importance of each competency for each professional level: internal audit staff, management, and chief audit executive (CAE). In addition to providing charts showing the relative ranking for each professional level, the analysis divides the most important rankings into two groups: common core competencies and incremental core competencies.

The common core competencies consist of the most important shared skills required by internal auditors at all three professional ranks: internal audit staff, management, and CAE. Internal auditors should continuously improve these common core skills over the course of their careers. Chapters 2 through 4 prioritize the most important common core competencies in the areas of general competencies, behavioral skills, and technical skills, respectively.

The incremental core competencies consist of the most important skills at each professional staff level that are not common core competencies. These proficiencies consist of specific skills internal auditors should develop as they progress through professional ranks from internal audit staff through management to CAE. Chapters 2 through 4 prioritize the most important incremental competencies for each professional rank in the areas of general competencies, behavioral skills, and technical skills.

## 3. Organize Core Competency Development Process

The organization's culture and work environment should promote the continuous development of audit staff. The organization should provide adequate resources to systematically develop the audit staff's core competencies. The organization should implement a monitoring system where it systematically evaluates competencies, identifies deficiencies, and implements training programs to alleviate the deficiencies.

Internal auditors may benefit by organizing their competency development around common and incremental core competencies. Internal audit departments may want to provide in-house training for common core competency development where all professional levels can benefit. The departments may also want to provide in-house training, seminar, conference, and custom continuing education opportunities to meet the incremental core competency needs of their internal auditors.

Local IIA chapters may want to prioritize training in the common core competencies that will benefit all professional ranks in their chapters. They may also want to provide incremental core competency training where sufficient numbers warrant it.

## References

This study uses the following IIA International Professional Practices Framework descriptions and acronyms:

### Mandatory Guidance:

- Definition of Internal Auditing
- Code of Ethics
- The *International Standards for the Professional Practice of Internal Auditing*
  - AS – Attribute Standards
  - PS – Performance Standards

### Strongly Recommended Guidance:

- PP – Position Papers
- PA – Practice Advisories
- PG – Practice Guides
- PG GTAG – Global Technology Audit Guides
- PG GAIT – Guide to the Assessment of IT Risk

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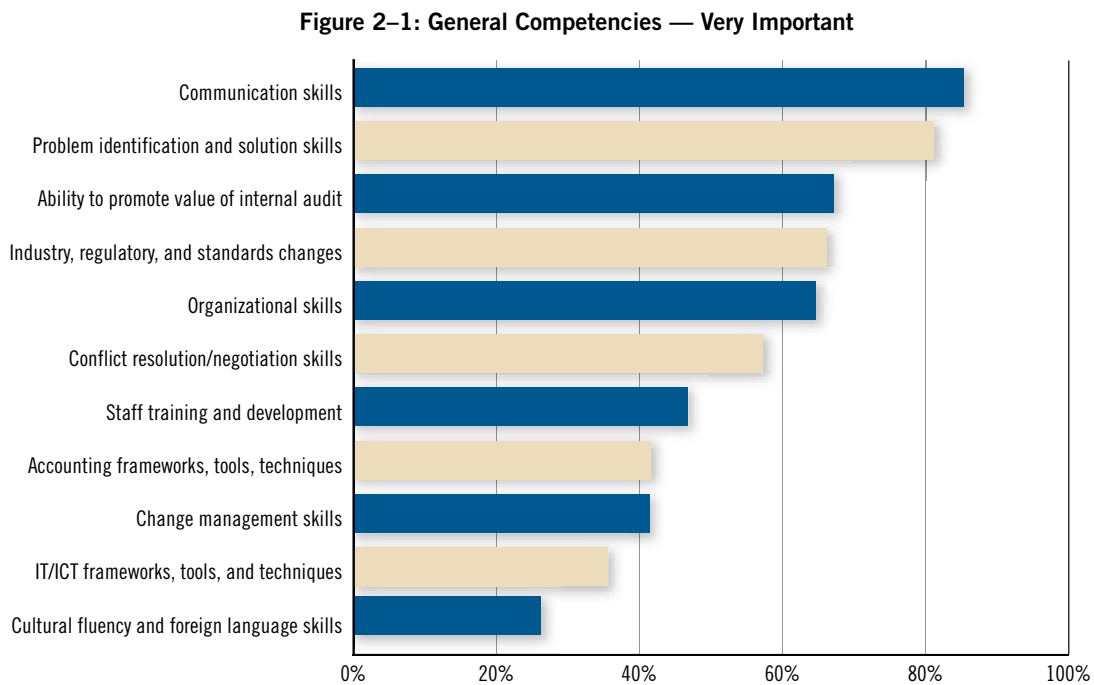
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## Chapter 2

# General Competencies

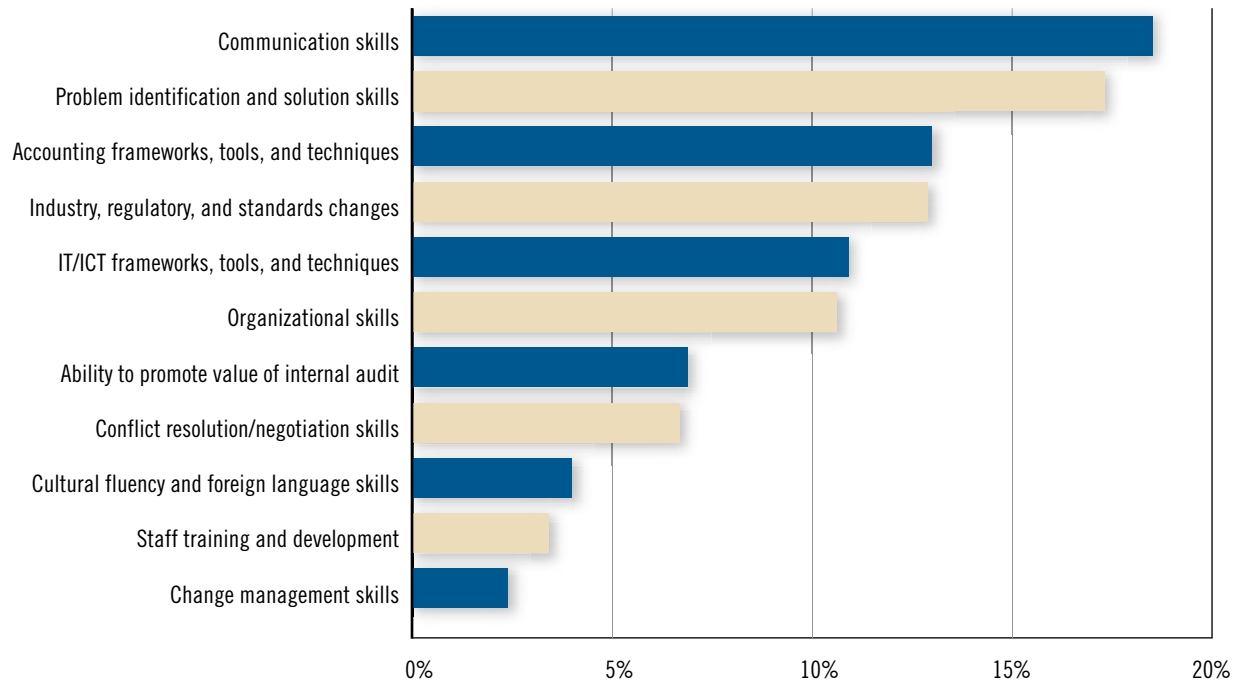
General competencies consist of skills that are essential to perform certain tasks. The survey asked internal auditor survey participants to evaluate the importance of general competencies.

**Figure 2–1** summarizes their responses to the following prompt: “Please indicate the importance of the following competencies for you to perform your work at your position in the organization.”

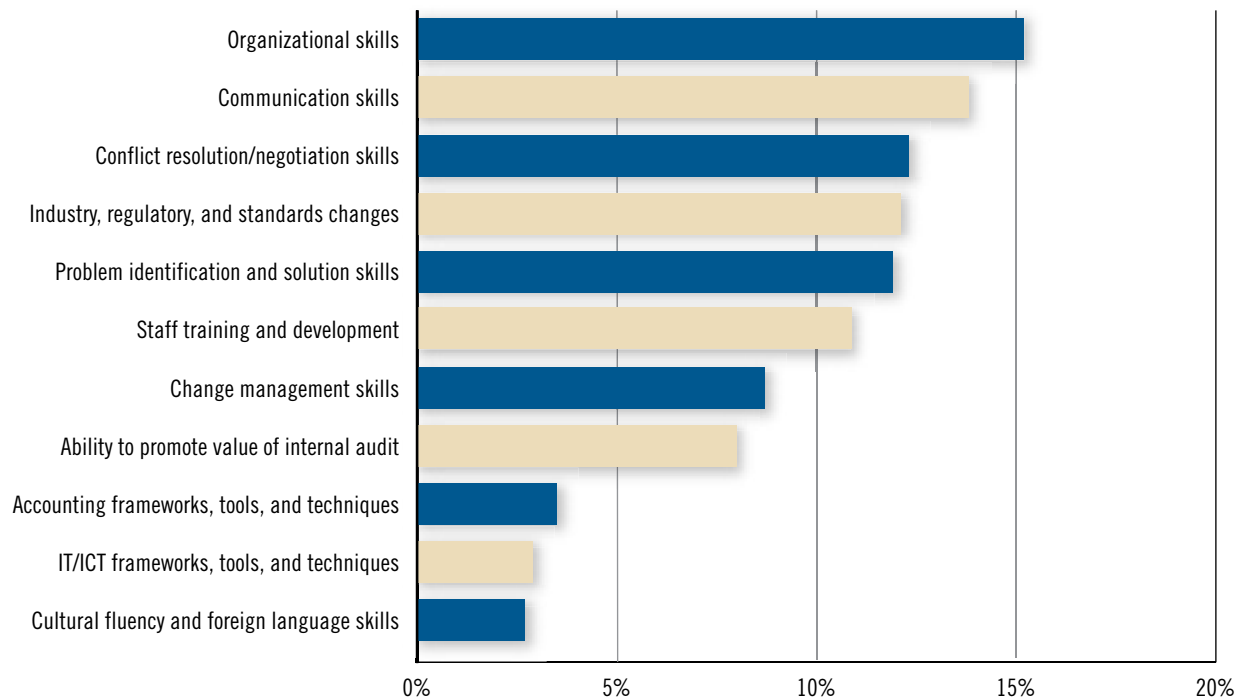


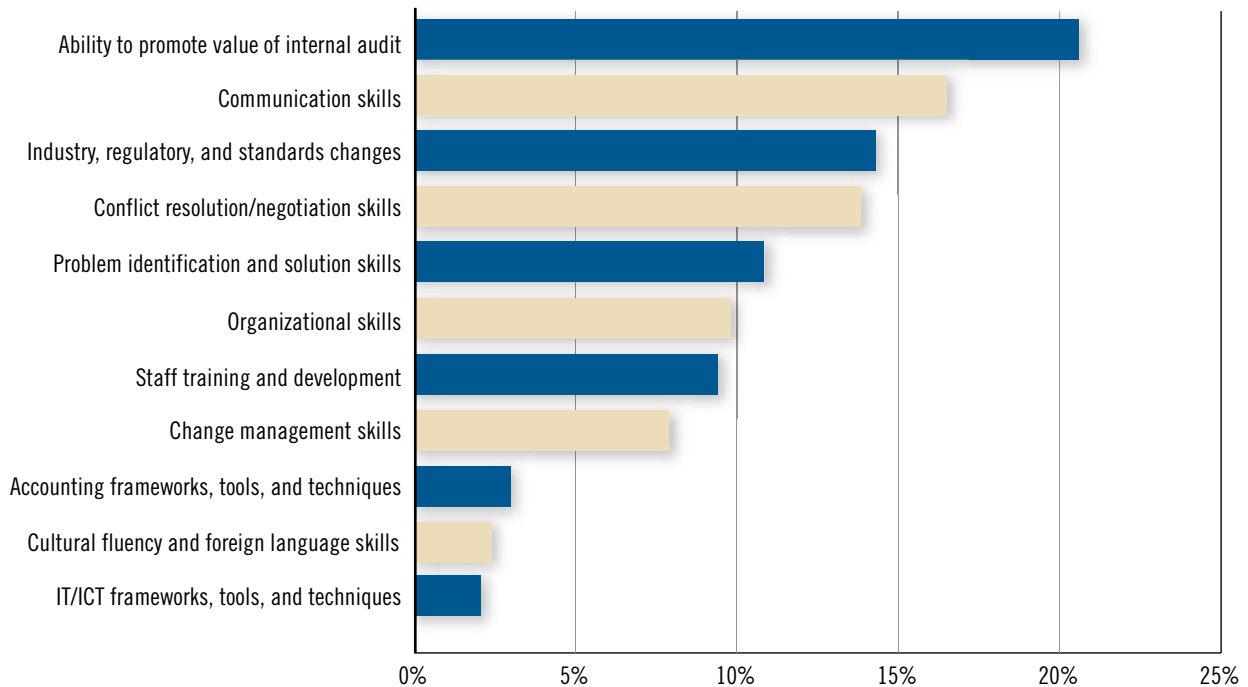
**Figures 2–2, 2–3, and 2–4** summarize their responses to the following prompt: “Please mark the five most important of the following competencies for each level of professional rank to perform their work.” The three charts summarize the responses for the levels of professional rank of internal audit (IA) staff, management, and CAE, respectively.

**Figure 2–2: General Competencies — IA Staff**



**Figure 2–3: General Competencies — Management**



**Figure 2–4: General Competencies — Head of Internal Audit Function**

## Common Core Competencies

Common core competencies are those ranked as one of the top five competencies for all three levels of professional rank. Survey results indicate the following three common core competencies:

- Communication skills (including oral, written, report writing, and presentation).
- Problem identification and solution skills (including core, conceptual, and analytical thinking).
- Keeping up to date with industry and regulatory changes and professional standards.

## Communication Skills

Communication skills ranked as the top overall general competency for both the 2006 and 2010 surveys. These skills ranked as the most important general competency for internal audit staff and as the second most important competency for management and CAEs. These high rankings through time and across professional ranks indicate the enduring importance of continually developing communication skills from university education through all levels of professional rank.

Practitioners may want to consider using structured evaluation guides such as rubrics to assess their communication skills, identify deficiencies, and plan improvements. Rubrics are matrix scoring guides used to evaluate levels of performance for complex and subjective competencies. They measure the degree to which participants meet stated objectives. Rubrics allow users to break down an overall competency into its component parts. For example, internal auditors may use written communication

rubrics to evaluate written work for appropriate context, audience, purpose, relevance, organization, format, style, syntax, and mechanics. Internal auditors also may use oral communication rubrics to evaluate presentations for appropriate message, organization, audience, language choices, posture, gestures, eye contact, and supporting materials. Rubrics provide an achievement metric for each of the above objectives using a scale. The scale's range could be from 0 to 4, with 0 representing no competency and 4 representing mastery. The rubrics allow users to rate competencies and identify deficiencies. Repeated use of the rubrics allows users to monitor competency development. Internal auditors may want to use The IIA's Internal Auditor Competency Framework to develop structured evaluation guide objectives.

## Problem Identification and Solution Skills

Problem identification and solution skills ranked as one of the top three general competencies for both the 2006 and 2010 surveys. These competencies ranked as the second most important skills for internal audit staff and the fifth most important skills for management and CAEs.

Practitioners may develop these skills through the skillful use of case studies and problem solving rubrics, which provide internal auditors a systematic process and evaluation tool for solving problems. Internal auditors may use problem solving rubrics to evaluate how well they define problems, identify potential solutions, propose, evaluate, and implement solutions, and evaluate outcomes. Managers may use case studies and problem-solving rubrics to provide their staff insights on how to effectively solve problems.

Rubrics are matrix scoring guides used to evaluate levels of performance for complex and subjective competencies. They measure the degree to which participants meet stated objectives. Rubrics allow users to break down an overall competency into its component parts, providing an achievement metric scale for each objective. Internal auditors can use rubrics to assess skills in the areas of written and oral communication, problem solving, critical thinking, teamwork, and ethical reasoning. Practitioners may want to consider using rubrics to assess their skills, identify deficiencies, and plan improvements.

## Keeping Up to Date with Industry and Regulatory Changes and Professional Standards

Keeping up to date was the third most important competency for CAES in both the 2006 and 2010 surveys. For internal audit staff and management, keeping up to date moved from about the bottom one-third of competencies in 2006 to the fourth highest ranked competency in 2010. The results indicate that keeping up to date is now considered very important at all three professional levels, not just at the CAE level. Practitioners should assess changes in professional standards and industry regulations often and update their knowledge accordingly. Practitioners can acquire industry knowledge through reading trade publications, participating in industry groups, and collaborating with other functions within their organizations.

## Incremental Core Competencies

In addition to the above three common core competencies that are important for all professional ranks, internal auditors identified additional core competencies distinctive to each rank. These incremental core competencies consist of the top five general competencies at each level of professional rank that are not already identified above as one of the three common competencies. Internal auditors need these incremental skills as they progress from staff through management to the CAE level. As internal auditors prepare for professional advancement, they should develop competencies for their next higher level of professional rank. Survey results indicate the following incremental core competencies:

### IA Staff

- Competency with accounting frameworks, tools, and techniques.
- Competency with IT/ICT frameworks, tools, and techniques.

### Management

- Organizational skills (including project and time management).
- Conflict resolution/negotiation skills.

### Chief Audit Executives

- Ability to promote the value of the internal audit function within the organization.
- Conflict resolution/negotiation skills.

Internal audit staff incremental core competencies focus on the accounting and IT frameworks, tools, and techniques staff need to perform internal audit tasks. Management incremental core competencies focus on managing the internal audit function. These skills include organizing projects and budgets and people-oriented competencies of conflict resolution and negotiation skills. The additional competency required by the CAE is the ability to promote the value of the internal audit function within the organization. The ability to promote the internal audit function was the top ranked competency for the CAE for both the 2006 and 2010 surveys, making it a critical ongoing competency for those leading the internal audit function.

To address the incremental core competency needs of internal audit staff, individuals should take university courses in accounting and IT. Continuing education for staff should include these areas as well. As staff prepare for management positions, their training programs should develop their organizational, conflict resolution, and negotiation skills. Managers and CAEs should continue to refine their conflict resolution and negotiation skills.

The ability to promote the value of the internal audit function within the organization may impact the resources allocated to the internal audit department. To promote this value, CAEs need to understand how their department can add value as perceived by management and the board. They should seek input from other managers on how the internal audit department can help them add value to their areas of responsibility and to the organization as a whole. CAEs should develop metrics that mirror the rest of the organization, so management and the board can easily understand their communications regarding

the value of the internal audit function. They should use the metrics to demonstrate how their efforts decrease costs and/or increase revenues for the organization. Managers should develop these value promotion skills to prepare for rank advancement, and CAEs should continually seek training in this area.

## Regions

**Appendix 2-1** summarizes the “very important” responses for general competencies by region. All regions ranked the three common core competencies as very important. All regions ranked communication skills as the most important general competency. Every region ranked problem identification and solution skills as the second most important competency, except for Latin America and the Middle East, which ranked them as the third most important competency. All regions except the Middle East ranked keeping up to date with industry and regulatory changes and professional standards as the fourth most important competency. The Middle East region ranked it second. Based on the survey results, the common core competencies are considered highly important for every region. Therefore, the recommendations stated in this chapter apply to internal auditors in all regions.

CAEs should develop metrics that mirror the rest of the organization, so management and the board can easily understand their communications regarding the value of the internal audit function. CAEs should use the metrics to demonstrate how their efforts decrease costs and/or increase revenues for the organization.

## Industries

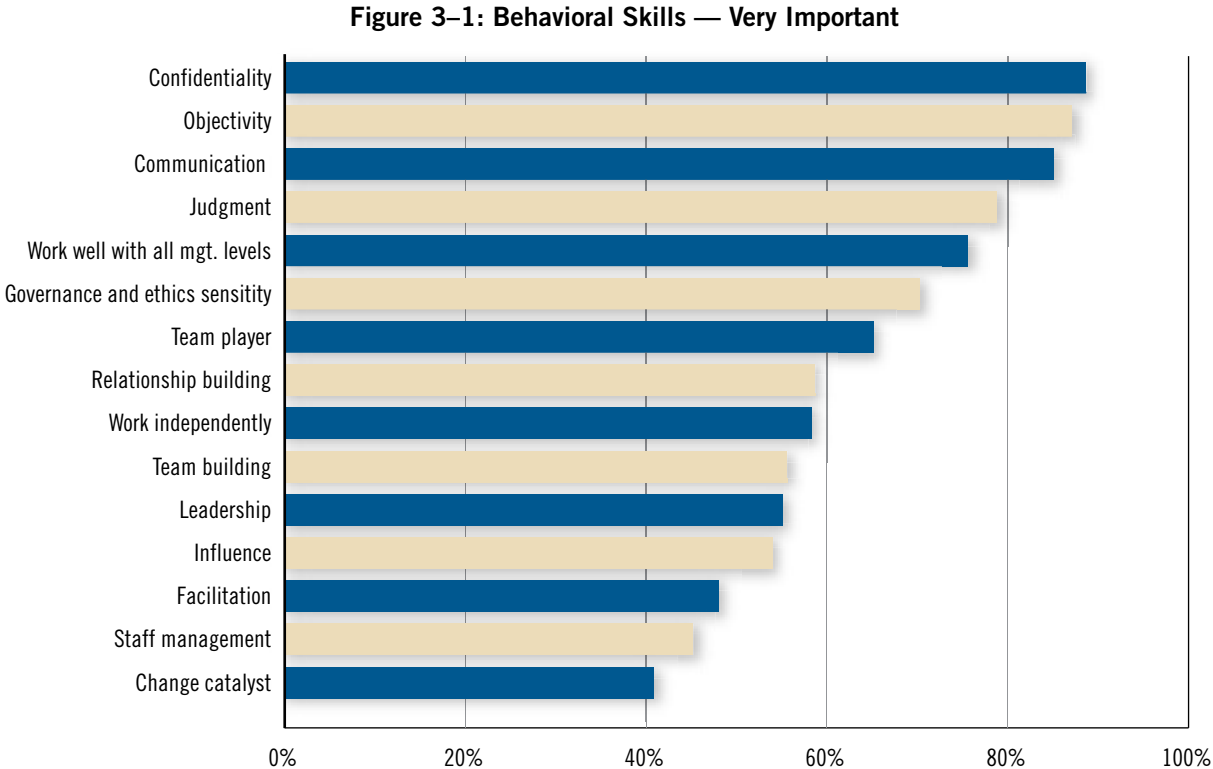
**Appendix 2-2** summarizes the “very important” responses for general competencies by industry. Every industry ranked communication skills and problem identification and solution skills as the most important and second most important competencies, respectively. All the industries ranked keeping up to date as the third, fourth, or fifth most important competency. Based on the survey results, the general competency rankings for all industries are consistent with the overall general competency rankings. Because of these similarities, internal auditors for all industries should consider the recommendations provided earlier in this chapter.

# Chapter 3

## Behavioral Skills

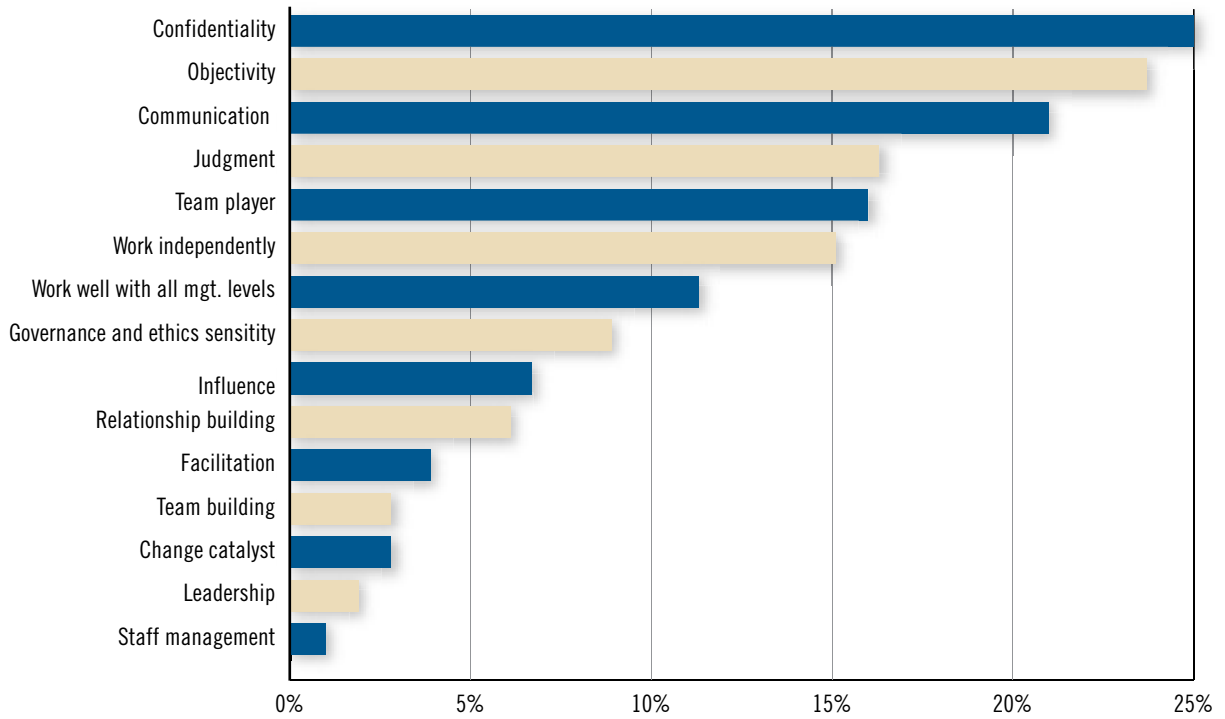
Behavioral skills consist of managing one’s own actions toward others assessed by commonly accepted standards. The survey asked internal auditor survey participants to evaluate the importance of behavioral skills.

**Figure 3–1** reflects their responses to the following prompt: “Please indicate the importance of the following behavioral skills for you to perform your work at your position in the organization.”

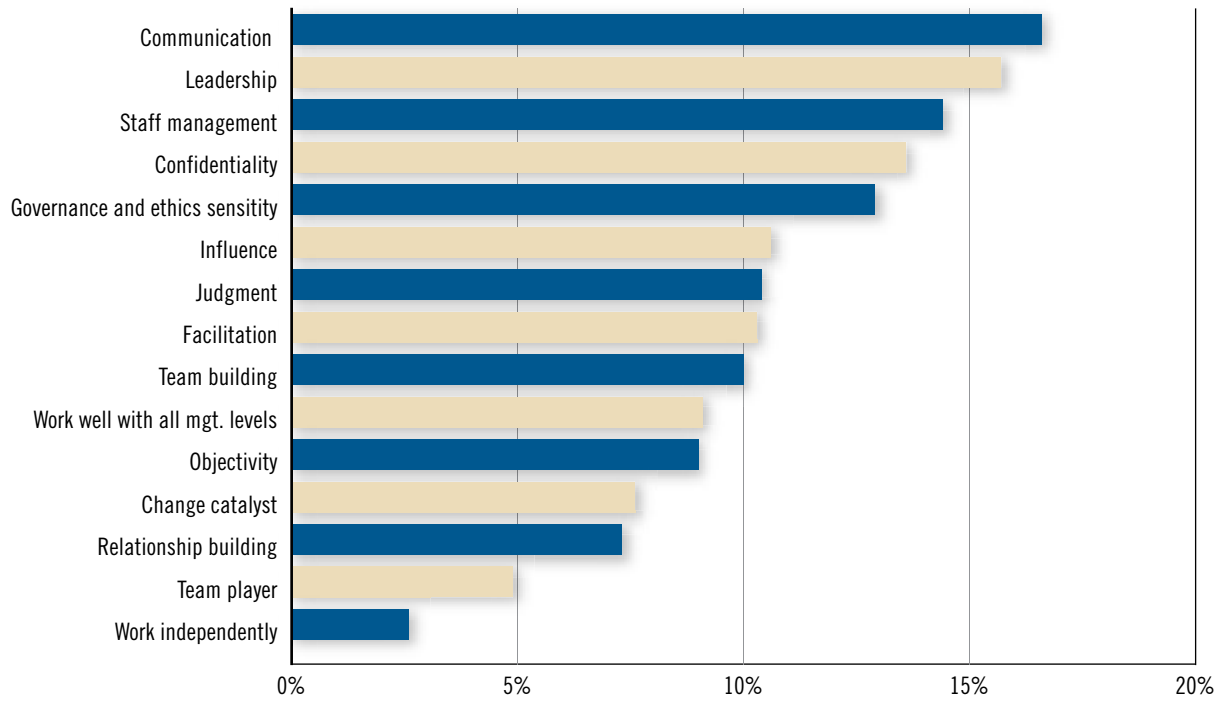


**Figures 3–2, 3–3, and 3–4** summarize their responses to the following prompt for internal audit staff, management, and CAE, respectively: “Please mark the five most important of the following behavioral skills for each professional staff level to perform their work.”

**Figure 3–2: Behavioral Skills — IA Staff**



**Figure 3–3: Behavioral Skills — Management**







## Common Core Competencies

Common core competencies are those ranked as one of the top five skills for all three levels of professional rank. Survey results indicate the following top two common core behavioral skills:

- Confidentiality.
- Communication — sending clear messages.

### Confidentiality

In the 2006 survey, practitioners ranked confidentiality and objectivity equally high as the most important behavioral skill. Confidentiality continued to rank as the top overall behavioral skill in the 2010 survey. It is the top behavioral skill for internal audit staff and CAE and the fourth most important skill for management. Internal auditors should review The IIA's Code of Ethics Principle 3 and Rules 3.1 and 3.2 on confidentiality at least annually. The internal audit department should also consider having all internal auditors sign an annual statement that they have recently reviewed and will abide by The IIA's Code of Ethics. It should also include this process as part of their internal audit quality assessment and improvement program.

### Communication — Sending Clear Messages

The high ranking for communication as a behavioral skill reinforces the importance of communication as the top general competency discussed in the previous chapter. In addition to the recommended actions for communication discussed in Chapter 2, internal auditors should review the *Standards*

on communication at least annually. **Appendix 1** provides a summary of the *Standards* related to this report's competencies. **Tables 1–1** and **1–2** provide references for the *Standards'* mandatory and strongly recommended guidance for communication.

### Incremental Core Competencies

As described in the previous chapter, incremental core competencies consist of the top five skills at each level of professional rank that are not common core competencies. The survey identifies the following incremental behavioral skills important to the professional ranks of staff, management, and CAE.

#### IA Staff

- Objectivity.
- Judgment.
- Team player — collaboration/cooperation.

#### Management

- Leadership.
- Staff management.
- Governance and ethics sensitivity.

#### Chief Audit Executives

- Leadership.
- Governance and ethics sensitivity.
- Influence — ability to persuade.

As mentioned previously, objectivity tied with confidentiality as the top behavioral skill in the 2006 survey. For the 2010 survey, objectivity continues to rank high for internal audit staff and CAEs as their second and sixth highest rated behavioral skills, respectively. Objectivity ranked relatively high for both internal audit staff and CAE. In contrast, confidentiality and objectivity ranked relatively lower for management. With all the additional behavioral skills required to advance from staff to management ranks, managers need to make certain that ethical conduct continues to be a high priority. Internal auditors should at least annually review The IIA's Code of Ethics objectivity principle and rules and the objectivity sections of the *Standards* in a process similar to the one recommended for confidentiality.

Team player collaboration/cooperation is rated as the fifth most important behavioral skill for internal audit staff, but as the least important skill for CAEs and the second least important skill for management. These results may reflect the need for staff auditors to promote cooperation with individuals in the departments they audit to receive timely and quality information for their audits. Collaboration may also be used at the staff level where auditors participate in group projects.

Chapter 2 discusses how case studies may improve internal auditors' problem-solving skills. Because judgment is needed in problem solving, case studies may also develop judgment skills. Internal auditors may use critical thinking rubrics to evaluate how well they define issues, analyze assumptions, evaluate evidence, and state conclusions.

Internal auditors may work on case studies in teams to improve their team player skills. They may use teamwork rubrics to evaluate team members' responses to conflict, contributions to teams both within and outside of team meetings, and promotion of positive team environments that facilitate contributions from all participants.

Leadership ranked as the top behavioral skill for CAEs in both 2006 and 2010. Leadership moved from the seventh ranked behavioral skill for management in 2006 to the second ranked skill in 2010. These results indicate that internal auditors should begin developing their leadership competencies early in their careers. Leadership development should begin at the staff level to prepare them for management positions. Staff should seek mentors to help them develop their leadership abilities.

The survey results indicate governance and ethics sensitivity becomes more important as internal auditors progress through the professional ranks. It is ranked as eighth most important behavioral skill for staff, fifth most important skill for management, and fourth most important skill for CAEs. Staff should begin the development of governance and ethics sensitivity skills as they prepare for management positions, and management needs to further refine these skills as they prepare for CAE positions. Case studies specifically oriented toward governance and ethics sensitivity issues can help internal auditors develop these skills. Internal auditors may use ethical reasoning rubrics to evaluate their recognition, understanding, and application of ethical issues.

Internal auditors consider ethical conduct as the most important behavioral skill. Confidentiality, objectivity, and governance and ethics sensitivity ranked as the first, second, and sixth most important behavioral skill. Internal auditors should regularly review The II's Code of Ethics and assess their personal and organizational compliance with it.

Influence — the ability to persuade — is an important skill for the CAE. This skill, along with negotiation skills and governance sensitivity, can help the CAE effectively promote the value of internal auditing, the most important general competency for the CAE. Management needs to begin developing influence skills, and the CAE should continue to improve them. Practitioners can develop these skills by taking continuing education seminars in negotiation skills, conflict management, and governance.

## Regions

**Appendix 3–1** summarizes the “very important” responses for behavioral skills by region. All regions rated the common core competencies of confidentiality and objectivity as important. Confidentiality ranked as the most important behavioral skill for all regions except for the Asia-Pacific region, where it was ranked second, and the Eastern Europe-Central Asia region, where it was ranked third. Both of these regions ranked confidentiality as the most important behavioral skill. The Africa, Latin America, and Western Europe regions ranked objectivity as the second most important behavioral skill. The U.S. and Canada ranked objectivity as the third most important skill, and the Middle East ranked it as the fourth most important skill. Based on these results, internal auditors from all regions could benefit from the strategies to develop confidentiality and objectivity skills stated earlier in this chapter.

## Industries

**Appendix 3–2** summarizes the “very important” responses for behavioral skills by industry. All of the industries except for government and agriculture ranked confidentiality as the top behavioral skill. Government and agriculture ranked confidentiality as the second most important behavioral skill and objectivity as the most important skill. All the remaining industries ranked objectivity as the second most important skill. The survey results indicate that confidentiality and objectivity are common core competencies for all industries.

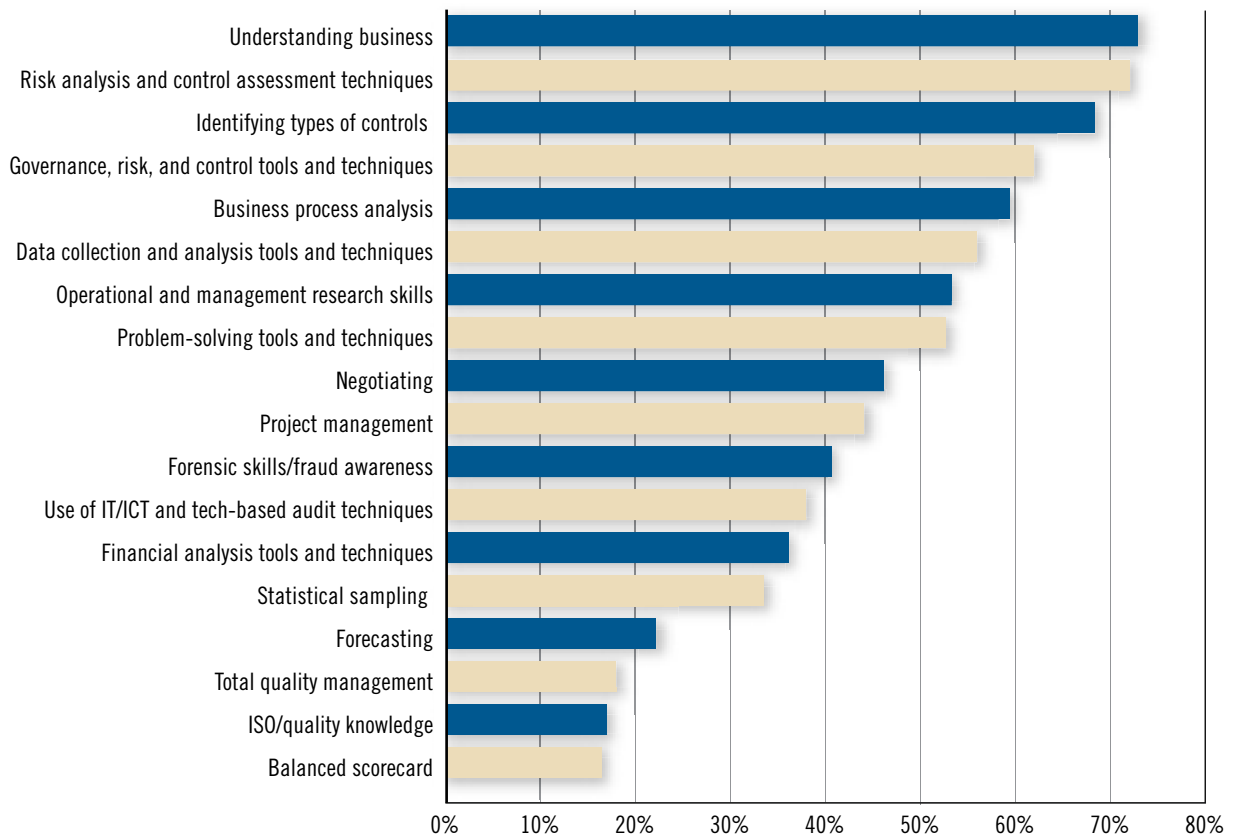
# Chapter 4

## Technical Skills

Technical skills consist of applying subject matter or terminology in a particular field. The survey asked internal auditor survey participants to evaluate the importance of technical skills.

**Figure 4-1** summarizes their responses to the following prompt: “Please indicate the importance of the following technical skills for you to perform your work at your position in the organization.”

**Figure 4-1: Technical Skills — Very Important**



**Figures 4-2, 4-3, and 4-4** summarize their responses to the following prompt: “Please mark the five most important of the following technical skills for each level of professional staff to perform their work.” The three charts summarize the responses for the levels of professional rank of staff, management, and CAE, respectively.

**Figure 4–2: Technical Skills — IA Staff**

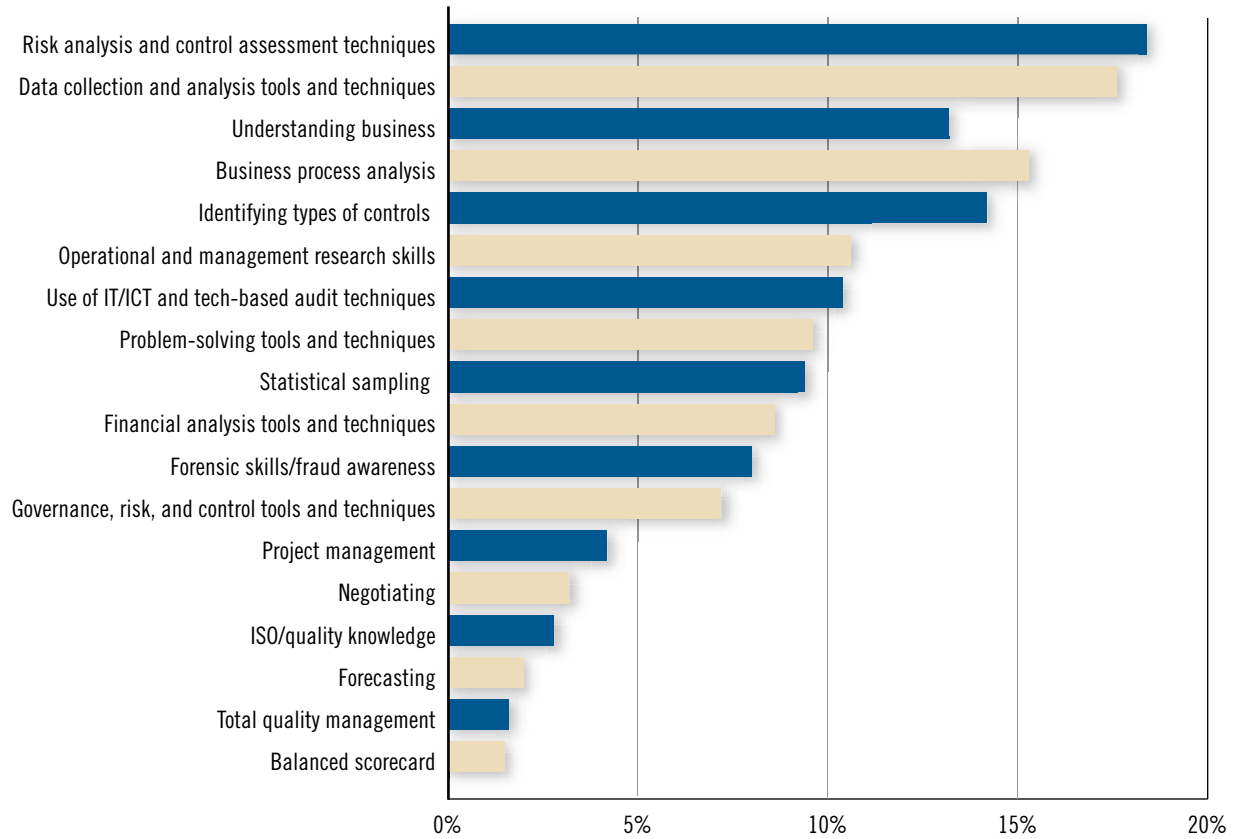
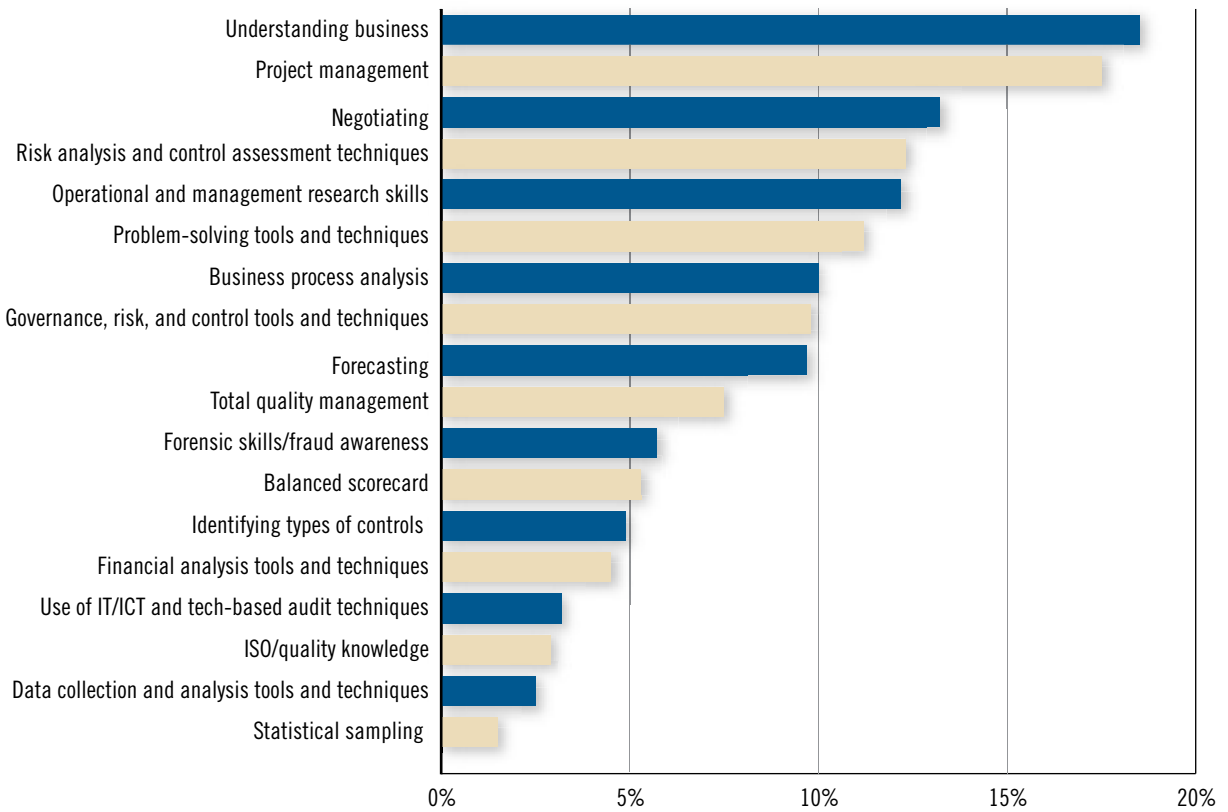
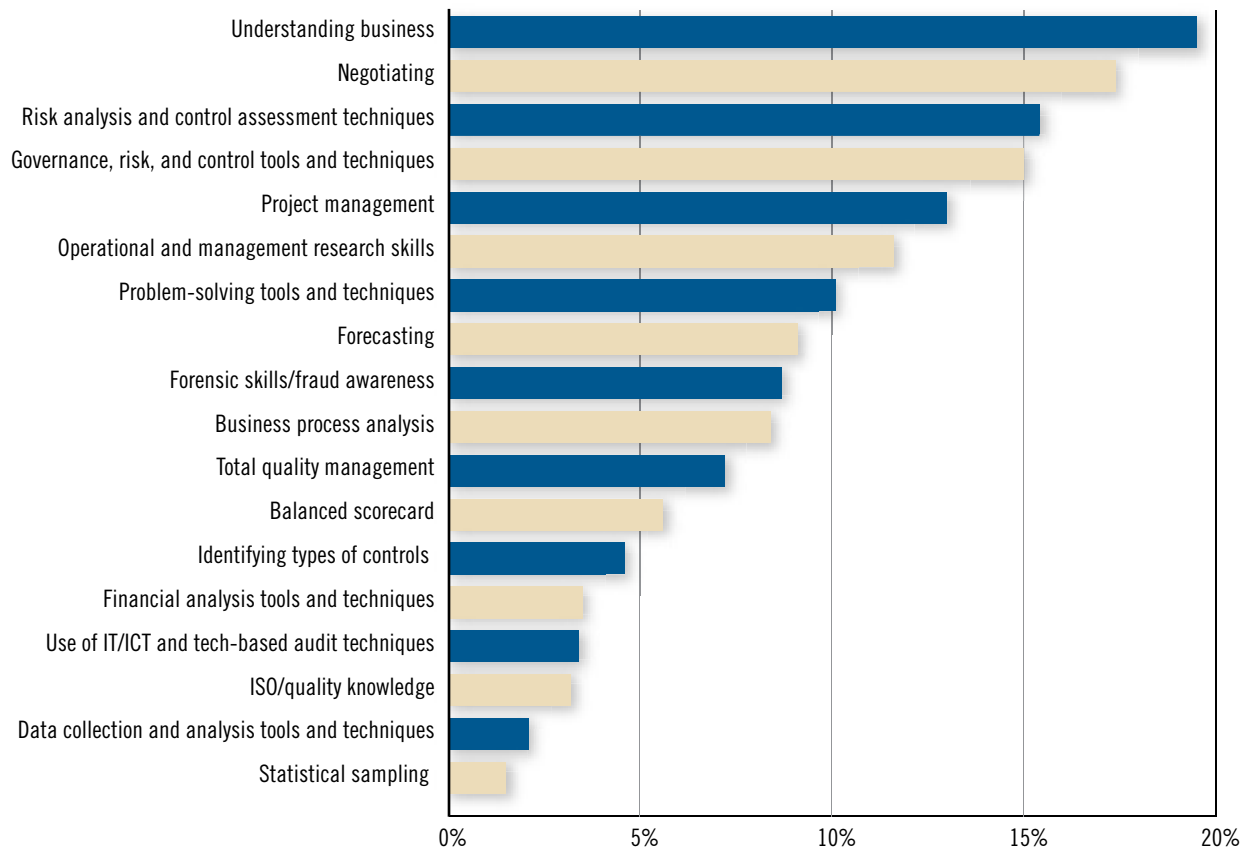


Figure 4–3: Technical Skills — Management



**Figure 4-4: Technical Skills — Chief Audit Executives**

## Common Core Competencies

Common core competencies are those ranked as one of the top five skills for all three levels of professional rank. Survey results indicate the following top two common core technical skills:

- Understanding business.
- Risk analysis and control assessment techniques.

Understanding business ranked as the most important overall technical skill in both the 2006 and 2010 surveys. It is the top technical skill for management and CAEs and the third most important technical skill for internal audit staff. These high rankings across time and professional levels indicate the continuing importance of developing business understanding during one's university education and at all levels of professional staff by taking university and continuing education courses in the business areas of strategic management, operations management, accounting, finance, marketing, and economics. Internal auditors may gain valuable business understanding through field training where they work for a short time in their organization's operational areas.



The 2006 and 2010 surveys ranked risk analysis and control assessment techniques as important technical skills. These techniques are the most important technical skills for internal audit staff and the third and fourth most important technical skills for CAEs and management, respectively. Internal auditors may improve their risk analysis competency through roundtable discussions with management where they identify and assess the impact and likelihood of different types of organizational risks.

## Incremental Core Competencies

The following incremental core competencies consist of the top five technical skills at each level of professional rank that are not common core competencies.

### IA Staff

- Data collection and analysis tools and techniques.
- Business process analysis.
- Identifying types of controls (e.g., preventative, detective).

### Management

- Project management.
- Negotiation.
- Operational and management research skills.

### Chief Audit Executives

- Negotiation.
- Governance, risk, and control tools and techniques.
- Project management.

The internal audit staff incremental competencies focus on skills needed for analyzing processes and controls. Individuals should prepare for staff positions by using case studies to learn how to analyze business processes and identify preventative and detective controls. They should also learn how to apply data collection and analysis concepts using audit software to evaluate the effectiveness of controls.

The management and CAE technical skills focus mainly on skills for managing people. Negotiation skills ranked high in 2006 and 2010 for the CAE. Negotiation moved from the ninth ranked management technical skill in 2006 to the third ranked skill in 2010. Project management is the second most important technical skill for management and the fifth most important technical skill for CAEs. These results indicate negotiation and project management training should begin at the staff level and continue to be improved at the management and CAE professional ranks.

The internal audit staff incremental competencies focus on skills needed for analyzing processes and controls. Management and CAE incremental technical skills focus mainly on skills for managing people.

## Regions

**Appendix 4–1** summarizes the “very important” responses for technical skills by region. All regions except for Latin America and Western Europe ranked understanding business as the most important technical skill. Western Europe ranked it second in importance. The Latin America region ranked it sixth in importance, which is considerably lower than the other regions. This result may indicate a different internal audit environment in Latin America, or it may indicate a need to better educate internal auditors in this region about the importance of understanding business.

Every region except for Latin America, the Middle East, and Western Europe ranked risk analysis and control assessment techniques as the second most important technical skill. Latin America and Western Europe ranked these skills as most important. The Middle East ranked them as the third most important technical skills. These results show that risk analysis and control techniques are core competencies for all regions.

## Industries

**Appendix 4–2** summarizes the “very important” responses for technical skills by industry. All industries except for finance, agriculture, and government ranked understanding business as the most important technical skill. Finance and agriculture industries ranked it as second most important, while government ranked it as the fourth most important technical skill.

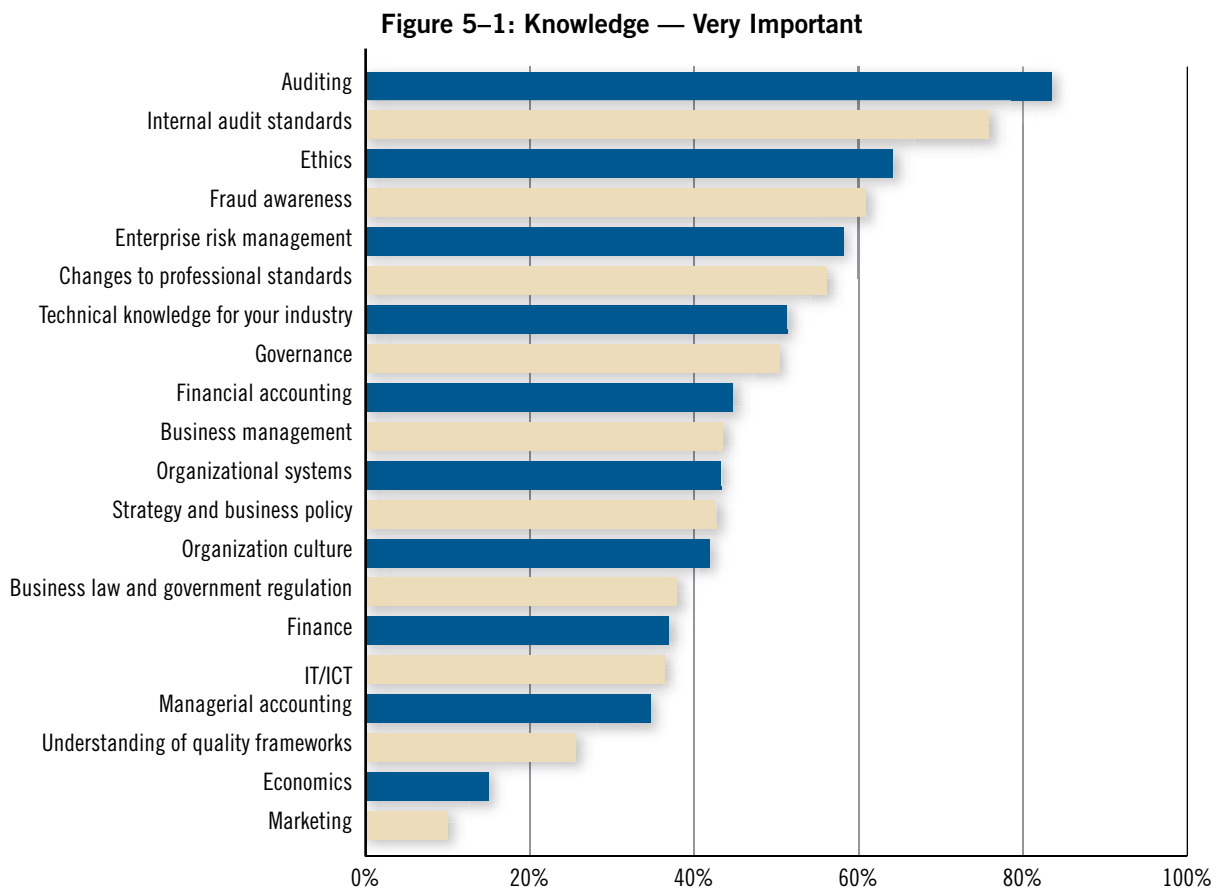
Risk analysis and control assessment techniques were ranked first in importance by the finance, government, and agriculture industries and second by the manufacturing/construction, service, transportation, and trade industries. Based on these results, all industries consider understanding business and risk analysis and control techniques as core technical skills.

# Chapter 5

## Knowledge

This chapter analyses the core knowledge areas essential for internal auditors. The survey asked internal auditor survey participants to evaluate the importance of the knowledge areas.

**Figure 5-1** summarizes their responses to the following question: “How important are the following areas of knowledge for satisfactory performance of your job in your position in the organization?”



Auditing was the top ranked knowledge competency for both the 2006 and 2010 surveys. Internal audit standards moved from the third ranked knowledge area in 2006 to the second ranked knowledge area in 2010. Ethics dropped from the second ranked knowledge area in 2006 to the third ranked area in 2010. Fraud awareness was the fourth ranked knowledge area for both years. The 2006 and 2010 similar results illustrate the continuing importance over time of possessing knowledge of auditing, internal audit standards, ethics, and fraud awareness.

In 2010, enterprise risk management replaced technical knowledge for your industry as the fifth ranked knowledge competency, although technical knowledge for your industry was still considered the seventh most important knowledge area. The higher knowledge ranking for enterprise risk management is consistent with the technical skill common core competency of risk analysis and control assessment

techniques. It also aligns with the most used risk-based audit planning techniques that are covered in the next chapter. Internal auditors should have knowledge of enterprise risk management to effectively apply risk analysis and control assessment techniques and risk-based audit planning techniques.

In preparation for careers in internal auditing, individuals should consider taking university courses in auditing. These courses should cover topics on internal audit standards, ethics, fraud awareness, and enterprise risk management. Internal auditors should regularly update their knowledge of these areas.

## Regions

All regions rated auditing and internal auditing as the most important and second most important knowledge areas, respectively. Ethics was the third most important area for every region except Eastern Europe-Central Asia and Western Europe, where ethics ranked fifth. Internal auditors from all regions consider auditing, internal audit standards, and ethics to be core knowledge areas.

## Industries

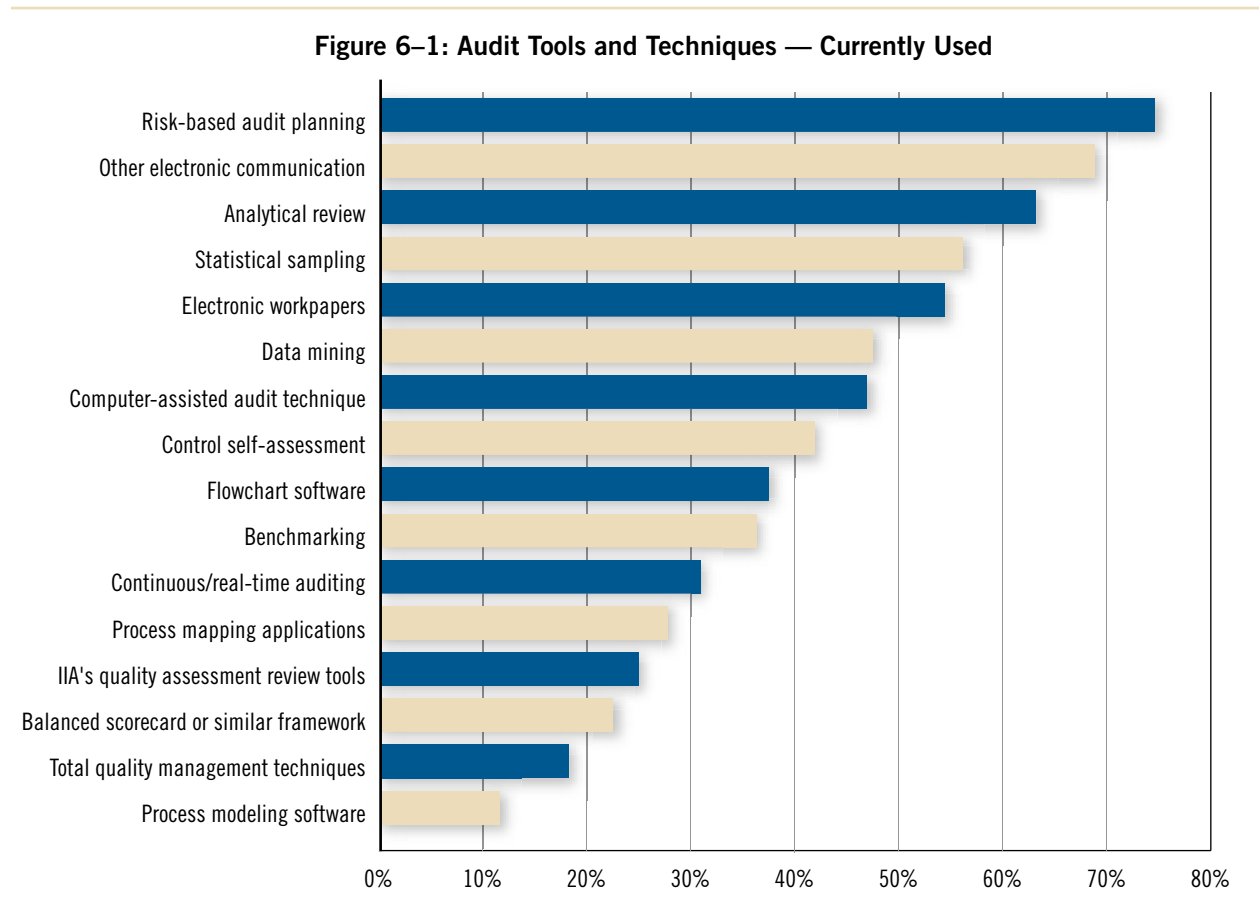
All regions rated auditing as the most important knowledge area, internal audit standards as the second most important knowledge area, and ethics as the third most important knowledge area. Fraud awareness was rated fourth by all industries except for the finance and government industries, which rated it fifth. These knowledge areas are important for all industries.

# Chapter 6

## Audit Tools and Techniques

This chapter analyzes audit tools and techniques currently used and that are predicted to be used in five years by internal auditors. The survey asked internal auditor survey participants to evaluate the use of audit tools and techniques.

**Figure 6-1** summarizes their responses to the following prompt: “Indicate the extent the internal audit activity uses or plans to use the following audit tools or techniques on a typical audit engagement. Mark if currently used.”



**Figure 6-2** summarizes their responses to the following prompt: “Indicate the extent the internal audit activity uses or plans to use the following audit tools or techniques on a typical audit engagement. In five years, will not be used; be used less than now; be used about the same as now; or be used more than now.”

**Figure 6-2: Audit Tools and Techniques — Used in 5 Years**

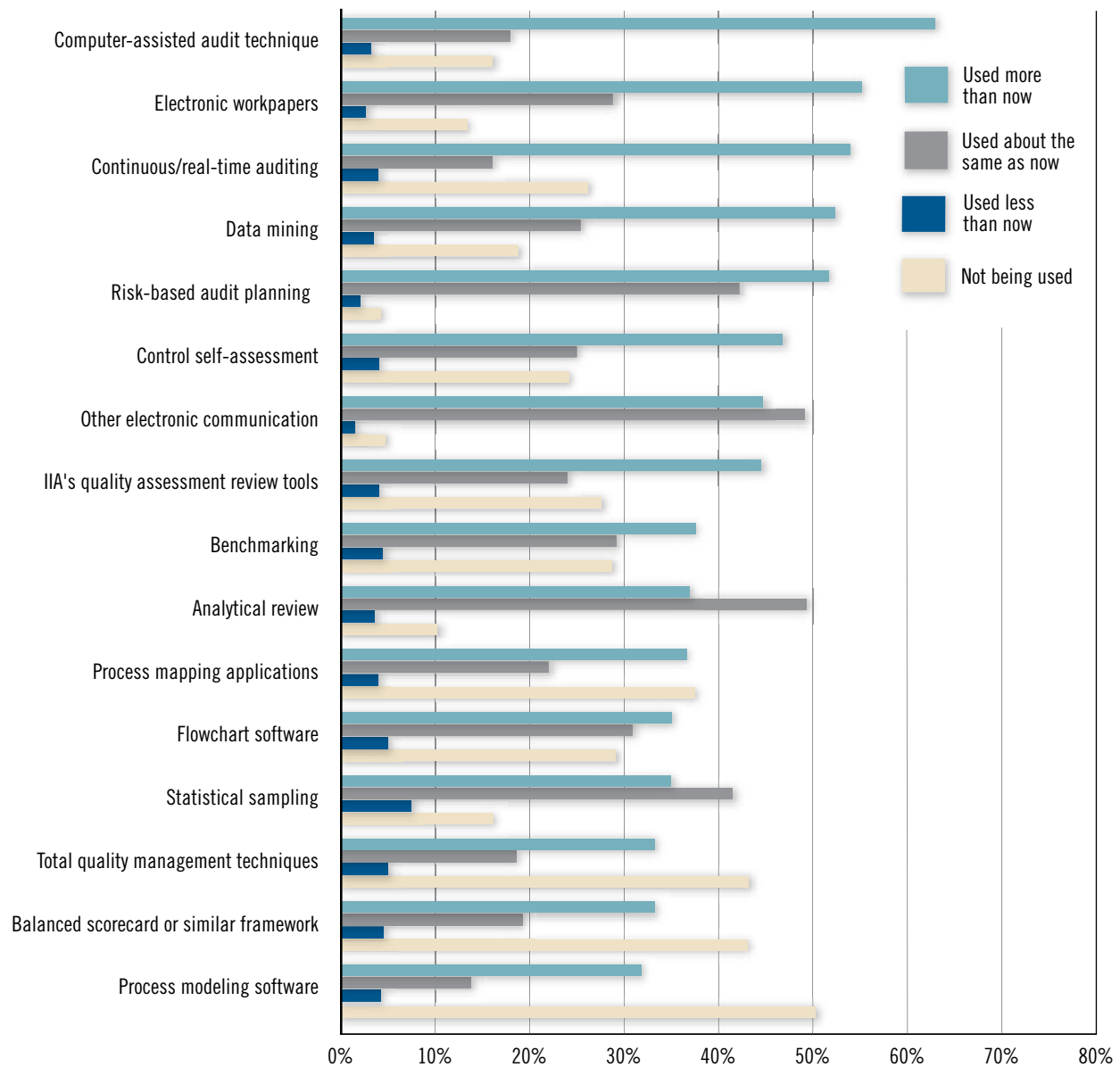


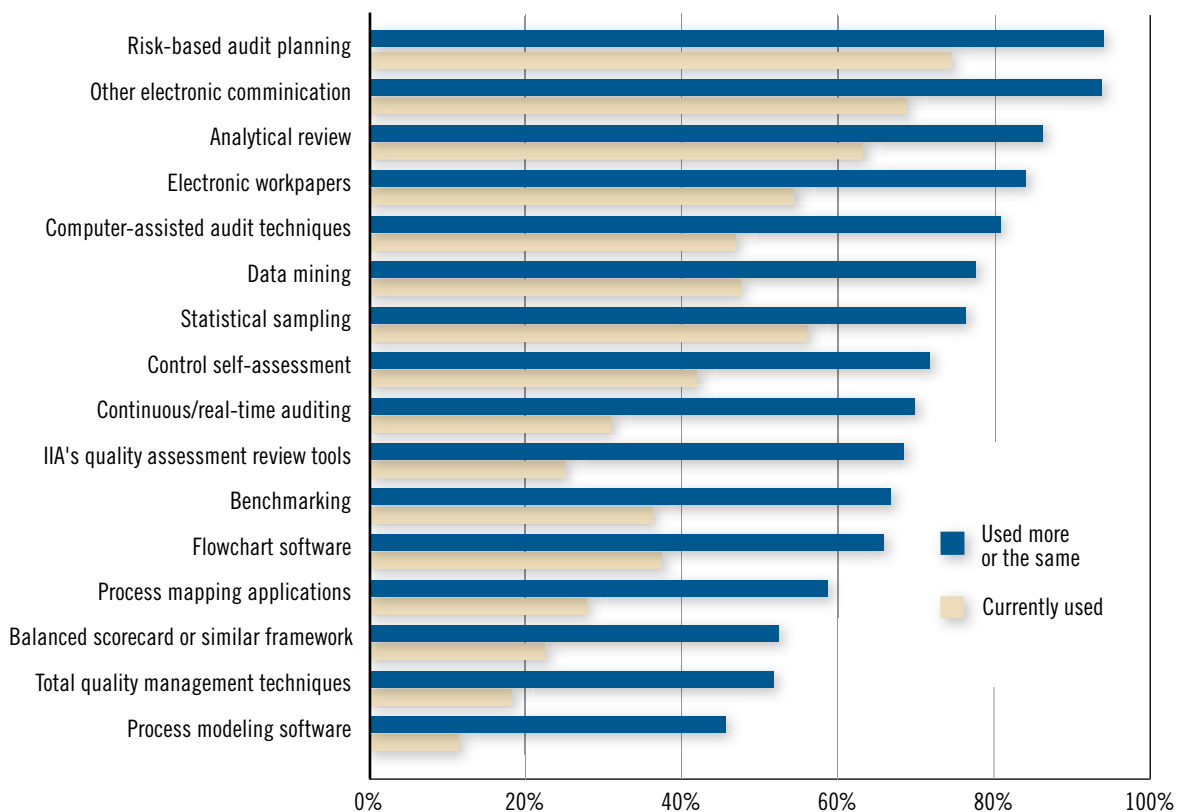
Figure 6-3 combines Figure 6-2 responses for audit tools or techniques that will be used more than now with those that will be used about the same as now. Figure 6-3 also compares these results with the audit tools and techniques currently used in Figure 6-1.

Figure 6-1 presents the audit tools and techniques currently used. The 2006 and 2010 surveys contain the same top five audit tools or techniques. Two ranking differences exist between the surveys. First, the 2010 survey reverses the rankings of risk-based audit planning and other electronic communication as the most used audit tool or technique. Second, the 2010 survey also reverses the rankings of statistical sampling and electronic workpapers.

**Figure 6–2** shows the audit tools and techniques internal auditors predict will be used in five years. The top four audit tools or techniques predicted to be used more than now in five years are all technology based.

**Figure 6–3** compares the audit tools and techniques currently used with the ones predicted to be used in five years. Internal auditors predict substantial increases in the use of all audit tools and techniques. The three highest ranked audit tools and techniques internal auditors expect to use more or about the same as now agree with the three highest ranked audit tools and techniques currently used. Electronic workpapers are predicted to move from the fifth ranked currently used tool to the fourth ranked tool in five years.

**Figure 6–3: Audit Tools and Techniques —  
Currently Used Compared to Predicted Use in 5 years**



Computer-assisted audit techniques are predicted to replace statistical auditing in the top five ranking in five years. One reason for this change may be that computer-assisted audit techniques in some applications allow the auditor to analyze the entire population, rather than taking a sample and inferring the results to the population.

Internal auditors predict the use of data mining and continuous/real-time auditing will increase substantially during the next five years. Based on the 2010 survey results, internal auditors predict major increases in the use of several technology based audit tools. Internal auditors should assess their ability to use these tools and prepare a development plan to address deficiencies.

## Regions

All regions ranked risk-based audit planning, other electronic commerce, and analytical review as their top three audit tools or techniques currently used. All regions ranked risk-based audit planning as the most used current audit tool or technique. The Eastern Europe-Central Asia, Latin America, U.S. and Canada, and Western Europe regions ranked other electronic communication as the second most used audit tool or technique, while the Africa, Asia Pacific, and Middle East regions ranked it third. The regions who ranked electronic commerce as the second most used audit tool or technique ranked analytical review third, and the regions who ranked electronic commerce third ranked analytical review second. Based on these results, risk-based audit planning, other electronic commerce, and analytical review are important for all regions.

Internal auditors predict substantial increases in the use of all audit tools and techniques, especially in the use of The IIA's quality assessment review tools and continuous/real-time auditing.

The Latin America, Middle East, and U.S. and Canada regions currently lead the use of computer-assisted audit techniques. The Middle East is the only region whose use of these techniques exceeds its current use of statistical sampling.

## Industries

All industries ranked risk-based audit planning as the most currently used audit tool or technique. All industries also ranked other electronic commerce as the second and analytical review as the third most used audit tools or techniques. All industries consider these audit tools and techniques important.



# Chapter 7

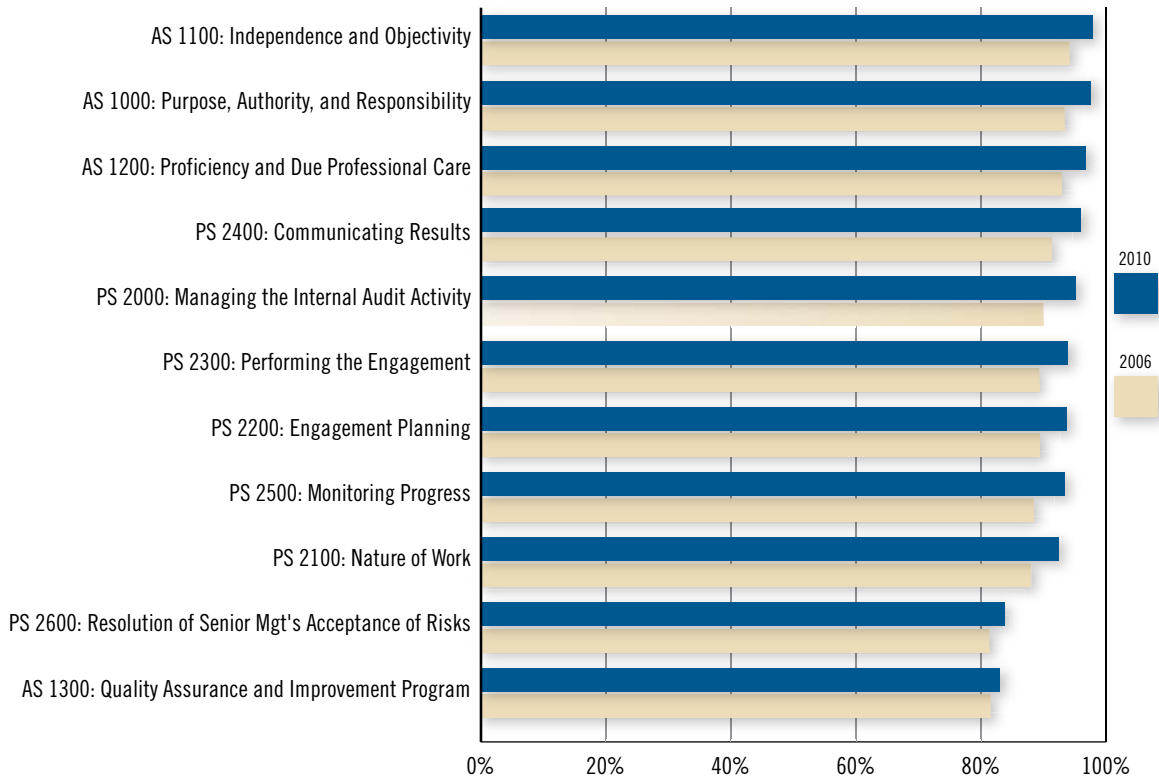
## Internal Audit Standards

This chapter analyzes CAE responses assessing the adequacy, use, and compliance with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*. Survey participants included 2,940 CAEs.

### Standards Adequacy of Guidance

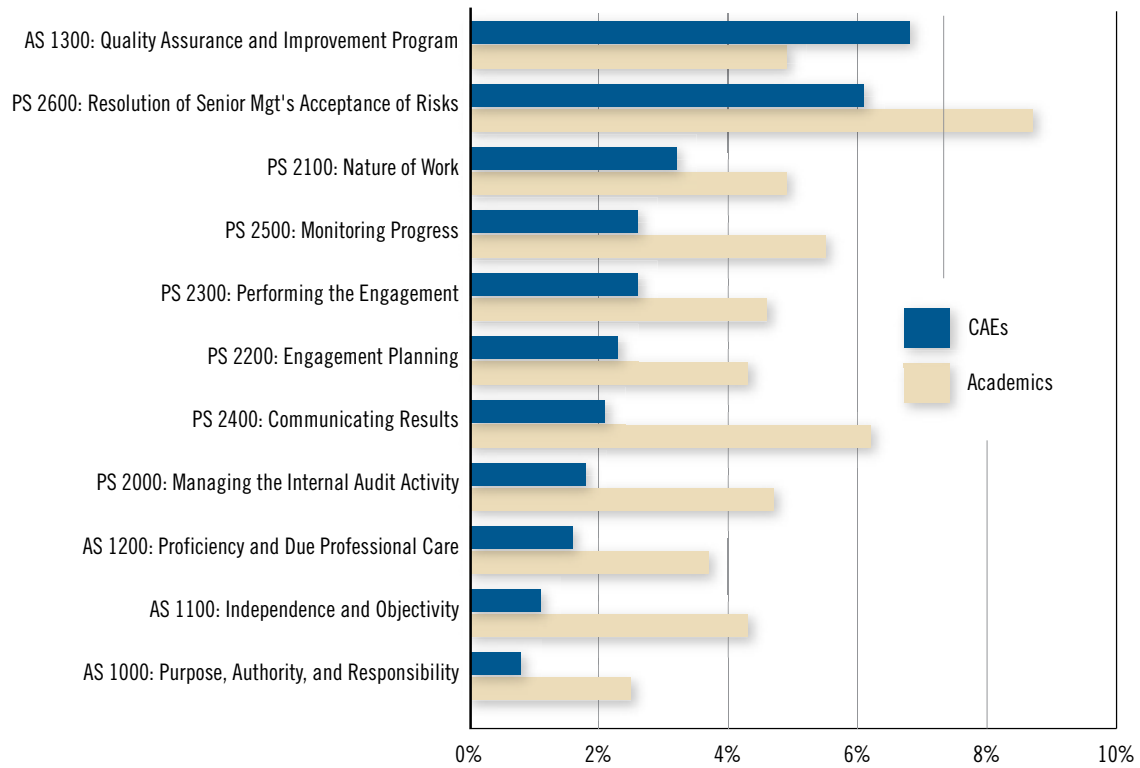
**Figure 7-1** summarizes the CAE responses to the following prompt: “If your internal audit activity follows any of the *Standards*, please indicate if the guidance provided by these *Standards* is adequate for your internal audit activity (Guidance is Adequate).”

**Figure 7-1: International Standards — Guidance Adequate**



The survey asked academics and others the following question: “Do you believe that the guidance provided by the *Standards* is adequate for internal auditing?” **Figure 7-2** indicates the percentage of academics and other nonpractitioners who answered that the *Standards*' guidance is not adequate. The chart compares their answers with CAEs who also state that the *Standards*' guidance is not adequate.

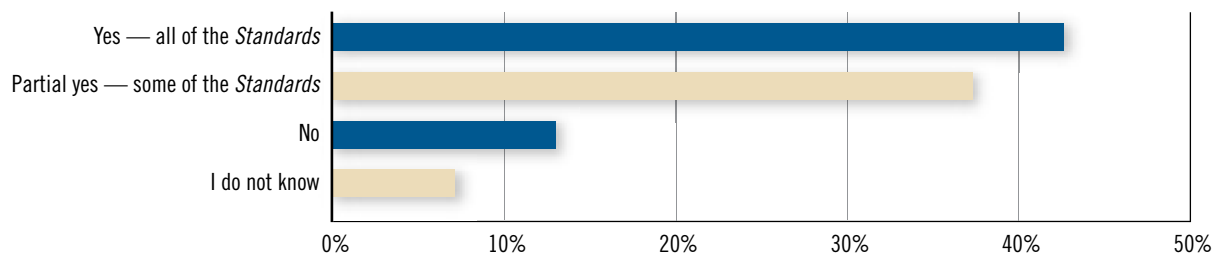
**Figure 7-2: International Standards — Guidance Not Adequate**



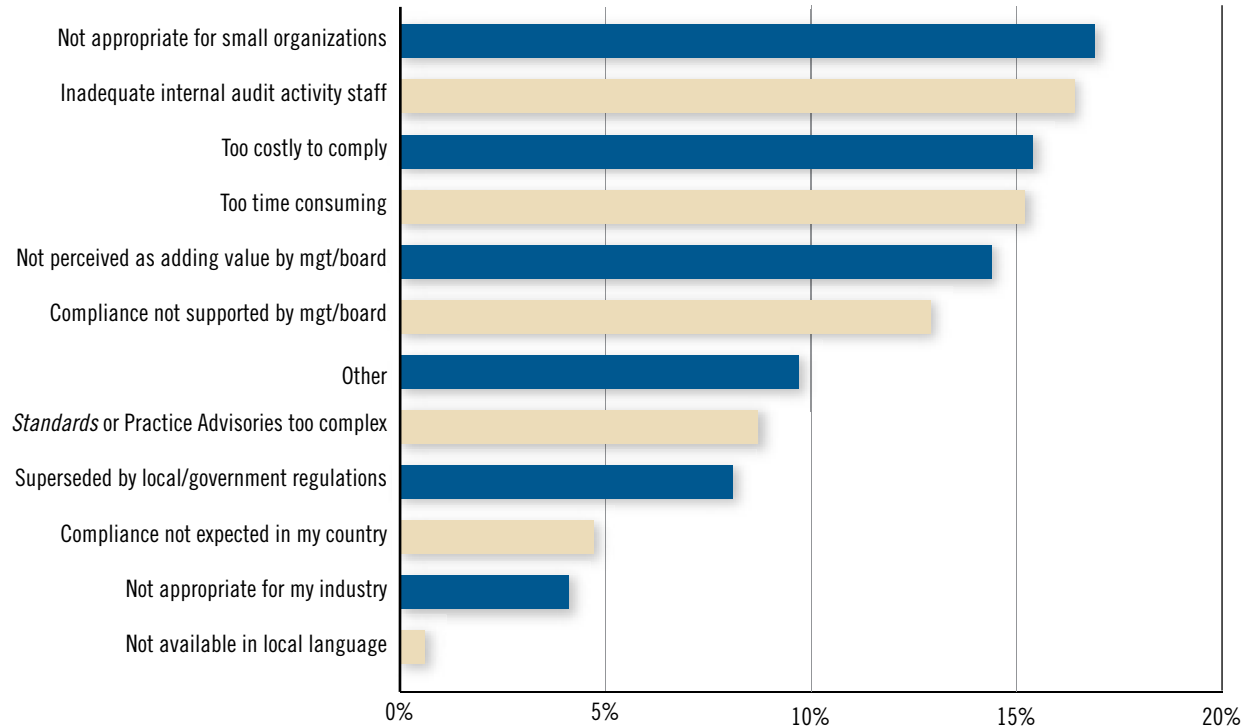
## Standards Use

**Figure 7-3** summarizes the responses from 2,922 CAEs to the following prompt: “Does your organization use the *International Standards for the Professional Practice of Internal Auditing (Standards)*? “

**Figure 7-3: International Standards — Standards Used**

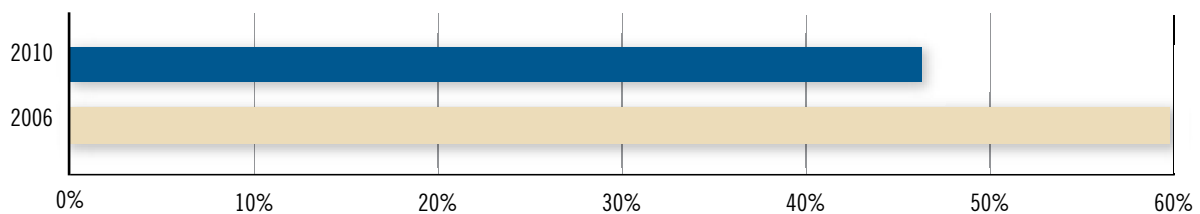


**Figure 7-4** summarizes the responses from 2,940 CAEs to the following prompt: “What are the reasons for not using the *Standards* in whole or in part? (please mark all that apply)”

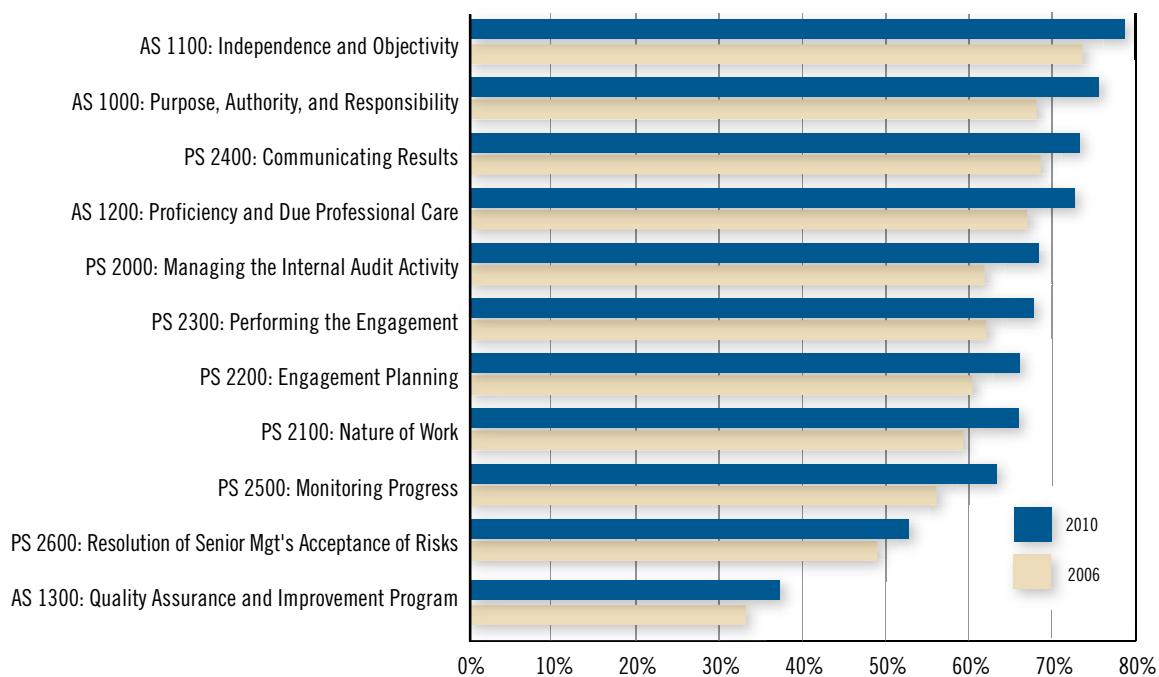
**Figure 7–4: International Standards — Reasons for Not Using *Standards***

## Standards Compliance

**Figure 7–5** summarizes 2,886 CAE responses to the following prompt: “Is your organization in full compliance with the *Standards*?” The chart compares CAE responses for 2006 and 2010.

**Figure 7–5: International Standards — Organization in Full Compliance**

**Figure 7–6** summarizes the responses to the following prompt: “If your internal audit activity follows any of the *Standards*, please indicate if you believe your organization complies with the *Standards* (Your Organization is in Compliance).”

**Figure 7–6: International Standards — Your Organization is in Full Compliance**

**Figure 7–1** indicates that CAEs evaluated the guidance adequacy of all of the *Standards* on average 4.0 percent higher in 2010 than they did in 2006. These results might indicate that CAEs recognize the improvements made to the *Standards* in 2009. More than 90 percent of CAEs ranked all of the *Standards* as adequate in 2010, except for AS 1300: *Quality Assurance and Improvement Program* and PS 2600: *Resolution of Senior Management's Acceptance of Risks*. CAEs indicated that these two standards provided the least adequate guidance in both 2010 and 2006. While CAEs' perception of the adequacy of these two standards improved, it still lags behind the other standards.

**Figure 7–2** shows that 6.8 percent of CAEs indicated that AS 1300 did not provide adequate guidance. The chart also shows that 6.1 percent of CAEs and 8.7 percent of academics state that PS 2600 provides inadequate guidance. According to the CAEs surveyed in 2006 and 2010, the standards needing the most improvement to provide more adequate guidance are AS 1300 and PS 2600.

Although the vast majority of CAEs indicated that the *Standards* provided adequate guidance, **Figure 7–3** indicates that only 42.6 percent of CAEs use all the *Standards*. In 2006, 85.1 percent of CAEs reported using some or all of the *Standards* compared to 79.9 percent in 2010.

**Figure 7–4** presents reasons for not using the *Standards*. The top six reasons for not complying remained the same for 2006 and 2010, which indicates consistency for the main reasons for noncompliance. The principal reasons for not complying with the *Standards* fall into three general categories:

- ❑ Small size of the organization or internal audit staff.
- ❑ Cost of using the *Standards*.
- ❑ Lack of management/board support.

Small organizations might want to consider narrowing the scope of their work so that all their work follows the quality guidance of the *Standards*. CAEs should compare the benefits they may receive from following the *Standards* with the cost of using them. CAEs should also intermittently educate management and the board on the value the internal audit function adds or could add to the organization by following the *Standards*.

**Figure 7-5** indicates that full organizational compliance with all the *Standards* fell from 59.9 percent in 2006 to 46.3 percent in 2010. Some of this decrease in compliance might be due to the 2009 changes in several of the *Standards* from using the strongly recommended “should” to the use of the mandatory “must.” Before this change, CAEs could justify departures from the *Standards* and still be fully compliant. After the change, CAEs could not justify departures from the now mandatory requirements and still consider the organization compliant with the *Standards*.

The 46.3 percent fully compliant percentage in 2010 is likely overstated. If an organization is not using all the *Standards*, it cannot be fully compliant with all the *Standards*. **Figure 7-3** indicates that only 42.6 percent of CAEs use all the *Standards*; therefore, how can 46.3 percent of organizations be fully compliant? If an organization is not compliant with one of the *Standards*, it cannot be fully compliant with all the *Standards*. **Figure 7-6** indicates that only 37.2 percent of organizations are fully compliant with AS 1300, which would be the upper percentage boundary for full compliance for all the *Standards*. Therefore, 46.3 percent of organizations cannot be fully compliant with the *Standards*. Evidently, some practitioners consider themselves fully compliant with all *Standards* even if they do not use all of them or if they are not fully compliant with AS 1300. CAEs should realize that they are not fully compliant with the *Standards* unless they are fully compliant with each and every standard.

CAEs should realize that they are not fully compliant with the *Standards* unless they are fully compliant with each and every standard. Major reasons for noncompliance include small organizational or internal audit staff, cost, and lack of management/board support. Small internal audit staffs might want to consider narrowing the scope of their work so that all their work follows the quality guidance of the *Standards*. CAEs should compare the benefits they may receive from following the *Standards* with the cost of using them. CAEs should also intermittently educate management and the board on the value the internal audit function adds or could add to the organization by following the *Standards*.

**Figure 7-6** indicates that compliance with each of the individual *Standards* increased from 2006 to 2010; however, compliance with AS 1300 and PS 2600, while improving, continues to lag behind the other standards. Chapter 8 covers compliance with AS 1300 in more detail.

The low compliance percentage with PS 2600: Resolution of Senior Management’s Acceptance of Risks may indicate reluctance among some CAEs to go to the board with issues where the CAE and management disagree. While almost all CAEs consider the independence guidance as adequate in AS 1100: Independence and Objectivity, the reluctance to comply with PS 2600 may be due to concerns among some CAEs that management might react negatively toward them if the CAEs took risk disagreements with management directly to the board. In addition, the risk landscape appears to

gain in complexity over time, and as such, internal auditors continue to face new risks that may lie outside their comfort zones, which may inhibit open and candid dialogs with management. Regardless, the implementation of PS 2600 might serve as one type of barometer of how well internal auditor independence is actually working within organizations.

The adequacy of the guidance provided by each of the *Standards* in **Figure 7-1** generally aligns with organizational compliance with each of the *Standards* in **Figure 7-6**. It appears that the better the perceived adequacy of guidance, the more likely practitioners will follow it.

## Regions

**Appendix 7-1A** summarizes the adequacy of the *Standards* by region. Each region provides comparable adequacy ratings for almost every standard. However, the adequacy of guidance of PS 2600: Resolution of Senior Management's Acceptance of Risks varies widely from a high of 91.3 percent in the Middle East and the United States and Canada regions to a low rating of 76.7 percent in the Western Europe region. **Appendix 7-6A** indicates the U.S. and Canada region has 72.2 percent of organizations complying with PS 2600. The Middle East has the next highest PS 2600 compliance at 53.6 percent.

Reasons for noncompliance for most regions agree with the overall reasons for noncompliance: small size of the organization or internal audit staff, cost of using the *Standards*, and lack of management/board support. A major reason for noncompliance in Eastern Europe-Central Asia and Latin America regions is that the *Standards* are superseded by local/government regulations or standards. The Asia-Pacific and Western Europe regions state that the *Standards* or Practice Advisories are too complex as a reason for noncompliance.

## Industries

**Appendix 7-1B** summarizes the adequacy of the *Standards* by industry. Similar to the regions, almost all the industries rate each standard approximately the same except for PS 2600, which ranges from a high rating of 87.0 percent in the finance industry to a low rating of 76.8 percent in the wholesale and retail trade industry. The finance industry also has by far the highest industry compliance percentage with PS 2600. Reasons for relatively high compliance with this standard in the finance industry might be attributed to the industry's focus on risk management in general and its strong regulatory environment.

All industries agreed with the three overall reasons for noncompliance. The government industry stated another reason for noncompliance was that the *Standards* were superseded by local/government regulations or standards. The manufacturing construction industry indicated a reason for noncompliance was that the *Standards* or Practice Advisories were too complex.

# Chapter 8

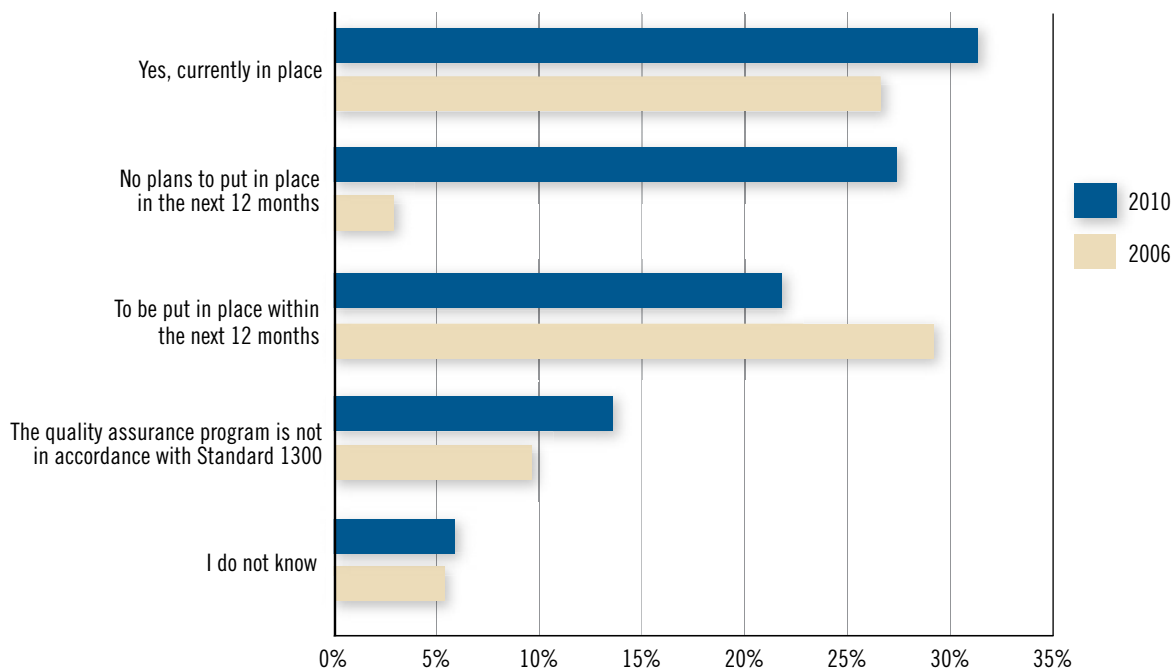
## Quality Assurance and Improvement Programs

This chapter analyzes the use of quality assurance and improvement programs for internal audit activities by CAEs. It describes the components of quality assurance and improvement programs. Finally, it assesses the use of formal external quality assessments to evaluate internal audit activities by CAEs and internal audit service providers.

### Quality Assurance and Improvement Program Existence

**Figure 8–1** summarizes the responses of 2,907 CAEs to the following prompt: “Does your internal audit activity have a quality assessment and improvement program in place in accordance with Standard 1300: Quality Assurance and Improvement Program?”

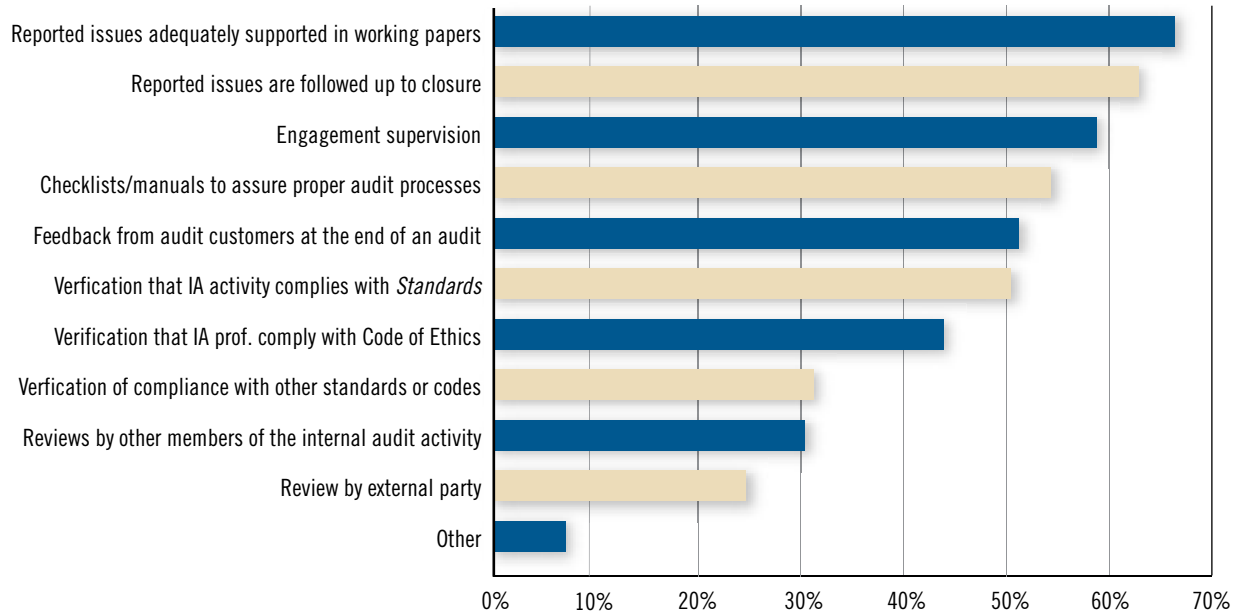
**Figure 8–1: Quality Assurance and Improvement Program in Place**



### Quality Assurance and Improvement Program Components

**Figure 8–2** summarizes 2,940 CAE responses to the following question: “For your internal audit activity, which of the following is part of your internal audit quality assessment and improvement program? (please mark all that apply)”

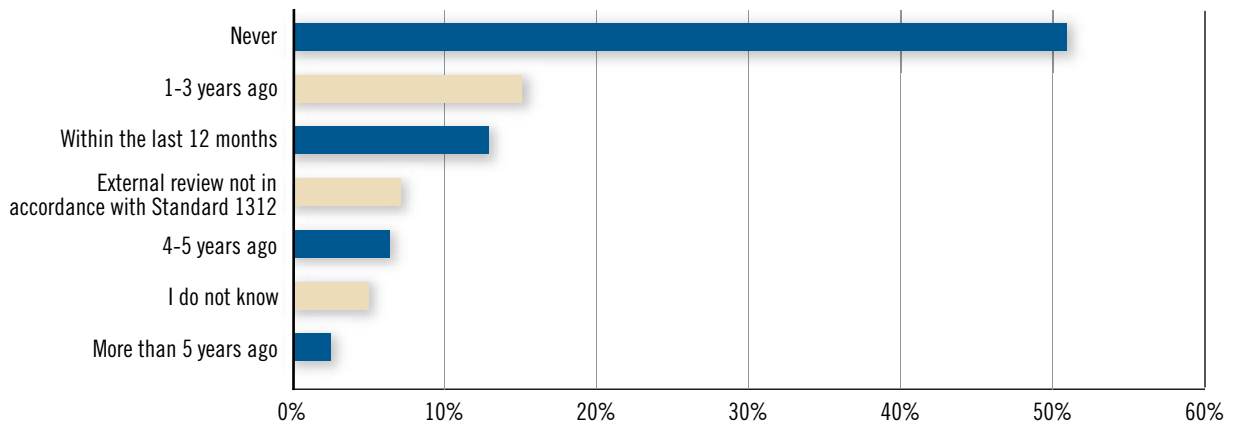
**Figure 8–2: Quality Assurance and Improvement Program Components**



## External Quality Assessment

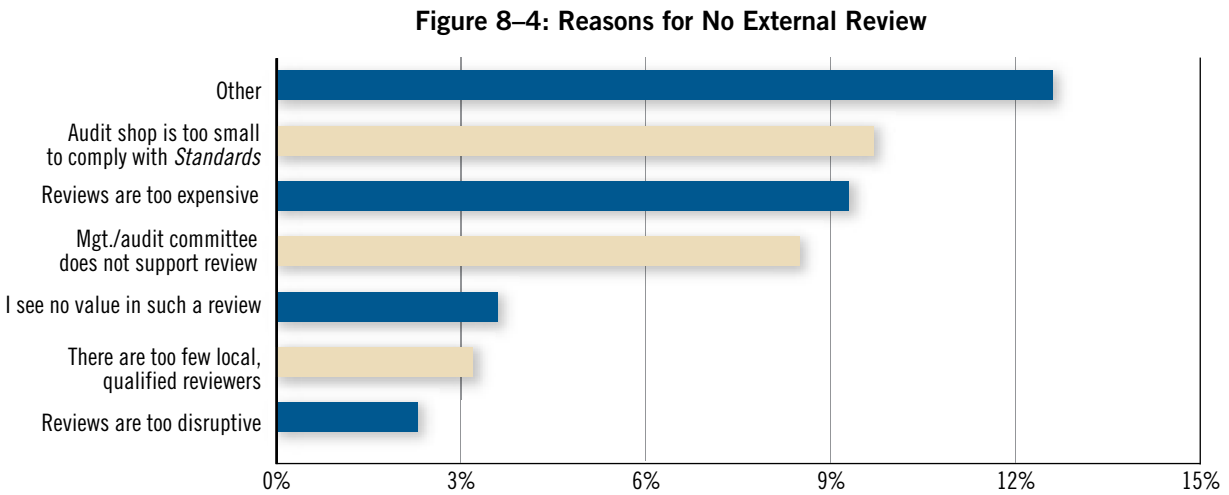
**Figure 8–3** summarizes the responses of 2,917 CAEs to the following prompt: “When was your internal audit activity last subject to a formal external quality assessment in accordance with Standard 1312: External Assessments?”

**Figure 8–3: Last External Quality Assessment in Accordance with AS 1312**



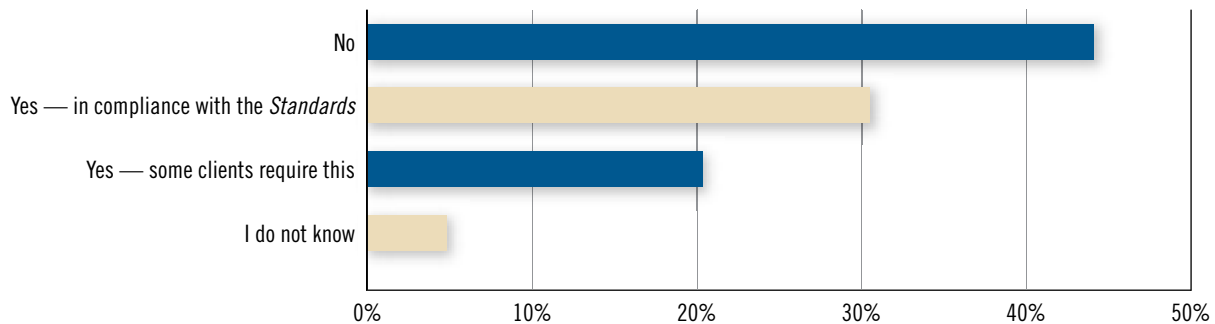
**Figure 8–4** summarizes the responses from 2,940 CAEs to the following prompt: “Why has such a review not been undertaken? (please mark all that apply)”





**Figure 8–5** summarizes the responses from 272 internal audit service providers to the following question: “As a provider of internal audit services, are your internal audit processes subjected to external quality assessments as specified in Standard 1312?”

**Figure 8–5: Internal Audit Service Providers — Internal Audit Process Subject to External Quality Assessments in Accordance with AS 1312**



**Figure 8–1** shows an increase in the percentage of internal audit quality assurance and improvement programs in place from 2006 to 2010. Compared to 2006, fewer CAEs plan to implement these programs in the next 12 months in 2010.

**Figure 8–2** indicated that the top two quality program components of the 2010 survey were report-related issues. These components were not included in the 2006 survey, so a comparison cannot be made. However, the next three highest ranked components in the 2010 survey followed the same order of rankings for the top three components in the 2006 survey. These components include engagement supervision, checklists/manuals to assure proper audit processes, and feedback from audit customers at the end of the audit.

Standard 1300 Interpretation states that the quality program should enable an evaluation of conformance with the *Standards*, the Code of Ethics, and the Definition of Internal Auditing. According to **Figure 8–2**, only 50.4 percent of the programs verify that the internal audit activity complies with the *Standards*, and only 43.9 percent of the programs verify compliance with the Code of Ethics. If they have not already done so, CAEs should consider adding verification of compliance with the *Standards* and the Code of Ethics to their quality assurance and improvement programs.

Standard 1312 requires external assessments at least once every five years. According to **Figure 8–2**, only 24.7 percent of programs formally include external assessments. However, **Figure 8–3** indicates 34.5 percent of respondents stated that their internal audit processes were subject to external quality assessment reviews within the last five years. It appears that more external reviews occurred than were formally planned in the quality assurance and improvement programs. **Figure 8–3** states that 50.9 percent of internal audit functions have never had an external review in accordance with Standard 1312.

**Figure 8–4** presents reasons for not having an external review. The principal stated reasons for noncompliance with the external review standard parallel the primary reasons for not following the *Standards* in general as noted in Chapter 7:

- Small size of internal audit staff.
- Cost.
- Lack of management/board support.

The reluctance among some CAEs to fully implement quality assurance and improvement programs might be based on a perception that these quality review standards are only additional compliance costs. Some of the benefits that quality assurance and improvement programs provide include improving the efficiency and effectiveness of the internal audit function. These improvements may supply benefits to the organization that exceed the costs of complying with these standards. As many successful organizations use industry metrics to compare their performance to peers, perhaps reluctant CAEs should seek similar assurance by comparing their performance to the *Standards* through the quality assurance process.

Organizations do not need to incur large costs to receive benefits from external reviews. Where cost is an issue, some CAEs form groups to provide external assessments for each other's organizations at no cost. They could also hire individual reviewers rather than use review teams. External reviewers may provide fresh perspectives and additional expertise to improve the efficiency and effectiveness of internal audit functions.

Internal audit quality assurance and improvement programs should address all the related *Standards*, especially in the areas of conformance with the *Standards*, the Code of Ethics, and external reviews. External reviewers may provide fresh perspectives and additional expertise to improve the efficiency and effectiveness of internal audit functions.

**Figure 8–5** indicates that 44.1 percent of internal audit service providers stated that their internal audit processes are not subject to external quality assessments in accordance with AS 1312. These providers should follow the direction provided to CAEs in this chapter.

Internal audit quality assurance and improvement programs should address all the related *Standards*, especially in the areas of conformance with the *Standards*, the Code of Ethics, and external reviews. CAEs and internal audit service providers should consider using The IIA's quality assessment review tools to assess their internal audit activities. Internal auditors predict that the use of these tools will increase from the current use of 25 percent to 68.5 percent in five years (see **Figure 6–3**). The strategies discussed in this chapter for improving compliance with the *Standards* in general also apply to quality assurance and improvement programs standards.

## Regions

**Appendix 8–1A** summarizes the quality assurance and improvement programs in place by region. The U.S. and Canada have 36.0 percent of organizations with quality programs currently in place, which is the highest region. The Asia Pacific region has the lowest percentage of programs in place at 24.9 percent and the lowest programs to be put in place within the next 12 months. This region also had the lowest percentage of organizations that verify that the internal audit activity complies with the *Standards* and the Code of Ethics.

All regions agree with the three general reasons for not complying with Standard 1300: small size of internal audit staff, cost, and lack of management/board support. The Latin America region also noted a major reason for noncompliance was too few qualified reviewers.

## Industries

**Appendix 8–1B** shows that 45.1 percent of government industry organizations have quality assurance and improvement programs in place. Only 18.4 percent of the wholesale and retail trade industry and 24.8 percent of the manufacturing/construction industry have quality assurance and improvement programs in place. The trade and manufacturing/construction industries also have the highest percentage of organizations at 60.3 percent and 59.0 percent, respectively, that have never had formal external quality assessments in accordance with AS 1312.

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# Chapter 9

## Conclusion

### Interrelationships across Core Competencies

Chapters 2 through 6 assessed general competencies, behavioral skills, technical skills, knowledge, and audit tools and techniques as distinct areas. The chapters provide insight on the most important competencies, knowledge areas, and audit tools and techniques. By focusing on the development of the most important areas first, internal auditors can make the most of their scarce time and budget resources.

This section analyzes the common interrelationships across these five areas and how internal auditors can use a synergistic strategy to develop multiple competencies, knowledge, and audit tools and techniques at the same time, resulting in training savings in time and money. The four major interrelationships or themes consist of risk-based auditing, problem solving, communications, and ethics. This section discusses each of these themes.

Many of the most important competencies, knowledge areas, and audit tools or techniques relate to risk-based auditing. Internal auditors ranked risk-based audit planning as the most important audit tool or technique. The five most important technical skills are important elements of risk-based auditing. These include understanding business; risk analysis and control assessment techniques; identifying types of controls; governance, risk, and control tools and techniques; and business process analysis. Analytical review and statistical sampling are important audit tools and techniques for risk-based auditing. Enterprise risk management, which is the fifth most important knowledge area, is also important to understand for risk-based auditing.

Problem identification and solution skills are the second most important general competency. Judgment is the fourth most important behavioral skill. As problems become more complex, internal auditors need to continually improve their problem solving and judgment skills.

Communication skills are the top rated general competency and the third most important behavioral skill. Conflict resolution, negotiation skills, and the ability to promote the value of internal auditing are important specialized communication skills that ranked high in the survey.

Internal auditors ranked the ethics principles of confidentiality and objectivity as the first and second most important behavioral skills, respectively. They also ranked ethics as the third most important knowledge area.

Internal auditors may use carefully designed risk-based auditing cases to develop multiple competencies simultaneously. For example, a comprehensive risk-based auditing case may allow internal auditors to develop core competencies in the areas of risk-based auditing, problem solving, communications, and ethics. The internal auditors could evaluate these areas by using rubrics for problem solving, critical thinking, written communication, oral communication, and ethical reasoning. Key audit tools and techniques could also be part of the comprehensive case. By using comprehensive cases and assessing multiple competencies, internal auditors may improve several competencies at the same time with minimal cost.

Internal auditors should continue to develop their risk-based audit planning, electronic communication, analytical review, statistical sampling, and electronic workpaper tools and techniques. In addition, CAEs should invest in newer technologies and related staff training for such areas as computer-assisted audit techniques, data mining, and continuous/real-time auditing. After developing continuous/real-time auditing skills and processes, internal auditors should transfer these skills and processes to management so they can do continuous/real-time monitoring. Management can then make continuous self-assessments and corrections rather than waiting for input from the internal auditors. Internal auditors could then shift their attention to auditing the continuous/real-time monitoring process.

Internal auditors may use carefully designed risk-based auditing cases to develop multiple competencies simultaneously. For example, a comprehensive risk-based auditing case may allow internal auditors to develop core competencies in the areas of risk-based auditing, problem solving, communications, and ethics. The internal auditors could evaluate these areas by using rubrics for problem solving, critical thinking, written communication, oral communication, and ethical reasoning. Key audit tools and techniques could also be part of the comprehensive case. By using comprehensive cases and assessing multiple competencies, internal auditors may improve several competencies at the same time with minimal cost.

## Internal Audit Standards

According to the survey, CAEs recognized the improvements in the adequacy of the guidance provided by the *Standards*. However, reluctance still exists to use and comply with all the *Standards*, especially those on resolution of management's acceptance of risk and quality assurance and improvement programs.

CAE's main stated reasons for noncompliance are size of the organization or internal audit staff, cost, and lack of management/board support. Internal auditors should focus on the benefits gained from following the *Standards*, not only on the compliance costs of following them. An organization is not compliant with the *Standards* unless the organization is compliant with each and every standard.

## Summary

Internal auditors should continually improve their most important competencies, knowledge, and audit tools and techniques to adequately address the risks facing their organizations. This report identifies the most important competencies, knowledge areas, and audit tools and provides strategies for developing or improving these areas. By identifying, prioritizing, and organizing their competency development program, internal auditors may improve their professional proficiency, which will help them better serve their organizations.

The *Standards* provide guidance to internal audit departments on how they can help management and the board deal with the risks facing the organization. The improvement and efficiency gains from implementing the *Standards*, including quality assurance and improvement programs, should exceed their associated costs. CAEs who are not currently complying with all of the *Standards* should carefully consider the potential benefits for each of the standards they currently do not follow and recognize the opportunities they offer.

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## Appendices Overview

The appendices summarize core competency related guidance and resources provided by The IIA. The following appendices provide guidance and resources for the core competencies, knowledge, and audit tools and techniques in Chapters 2 through 6:

- Chapter 2: Appendix 1–1 — General Competencies Guidance and Resources
- Chapter 3: Appendix 1–2 — Behavioral Skills Guidance and Resources
- Chapter 4: Appendix 1–3 — Technical Skills Guidance and Resources
- Chapter 5: Appendix 1–4 — Knowledge Guidance and Resources
- Chapter 6: Appendix 1–5 — Audit Tools or Techniques Guidance and Resources

## Region and Industry Tables

The appendices provide regional and industry statistical tables for the following chapters:

- Appendix 2: Chapter 2 — General Competencies
- Appendix 3: Chapter 3 — Behavioral Skills
- Appendix 4: Chapter 4 — Technical Skills
- Appendix 5: Chapter 5 — Knowledge
- Appendix 6: Chapter 6 — Audit Tools and Techniques
- Appendix 7: Chapter 7 — Internal Audit Standards
- Appendix 8: Chapter 8 — Quality Assurance and Improvement Programs

## Region Classifications

Due to space limitations, the region and industry tables use the following abbreviations:

<b>Abbreviation</b>	<b>Region</b>
Africa	Africa
Asia Pacific	Asia Pacific
Eastern Europe-Central Asia	Europe-Central Asia
Latin America	Latin America and Caribbean
Middle East	Middle East
U.S. and Canada	United States and Canada
Western Europe	Western Europe
Other	Other
Total	Total

## Industry Classifications

### Abbreviation

Finance

Mfg./Constr.

Govt.

Agri.

Service

Transp.

Trade

### Industry

Financial, including Banking, Insurance, and Real Estate

Manufacturing and Construction

Public Sector/Government

Raw Material and Agriculture

Service

Transportation, Communication, Electric, Gas, Sanitary Services

Wholesale and Retail Trade



# Appendix 1

## Summary of Core Competency Related Guidance and Resources

### 1–1: General Competencies Guidance and Resources

General Competencies	Guidance and Resources
<b>Common Core Competencies</b>	
Communication skills (including oral, written, report writing, and presentation).	PS 2420: Quality of Communications
Problem identification and solution skills.	
Keeping up to date with industry and regulatory changes and professional standards.	Code of Ethics 4. Competency Rules of Conduct 4.1, 4.2, 4.3 AS 1210: Proficiency AS 1230: Continuing Professional Development PA 1210-1: Proficiency PA 1230-1: Continuing Professional Development
<b>Incremental Core Competencies</b>	
Competency with accounting frameworks, tools, and techniques.	
Competency with IT/ICT frameworks, tools, and techniques.	AS 1210.3: Information Technology Risks and Controls PG GTAG-1: Information Technology Controls PG GTAG-2: Change and Patch Management Controls: Critical for Organizational Success PG GTAG-5: Managing and Auditing Privacy Risks PG GTAG-6: Managing and Auditing IT Vulnerabilities PG GTAG-7: IT Outsourcing PG GTAG 8: Auditing Application Controls PG GTAG 9: Identity and Access Management PG GTAG-10: Business Continuity Management PG GTAG-11: Developing the IT Audit Plan PG GTAG-12: Auditing IT Projects PG GTAG-13: Fraud Prevention and Detection in an Automated World PG GTAG-14: Auditing User-developed Applications PG GAIT: The GAIT Methodology PG GAIT: GAIT for IT General Control Deficiency Assessment PG GAIT: GAIT for Business and IT Risk
Organizational skills (including project and time management).	PS 2040: Policies and Procedures PA 2040: Policies and Procedures
Conflict resolution/negotiation skills.	
Ability to promote the value of the internal audit function within the organization.	Definition of Internal Auditing AS 1000: Purpose, Authority, and Responsibility PS 2020: Communication and Approval PA 1000-1: Internal Audit Charter

## 1–2: Behavioral Skills Guidance and Resources

Behavioral Skills	Guidance and Resources
<b>Common Core Competencies</b>	
Confidentiality.	Code of Ethics 3. Confidentiality Rules of Conduct 3.1, 3.2
Communication — sending clear messages.	PS 2060: Reporting to Senior Management and the Board PS 2400: Communicating Results PS 2410: Criteria for Communicating PS 2420: Quality of Communications PS 2421: Errors and Omissions PS 2430: Use of “Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ” PS 2431: Engagement Disclosure of Nonconformance PS 2440: Disseminating Results PA 2060-1: Reporting to Senior Management and the Board PA 2400-1: Legal Considerations in Communicating Results PA 2410-1: Communication Criteria PA 2420-1: Quality of Communications PA 2440-1: Disseminating Results PA 2440-2: Communicating Sensitive Information Within and Outside the Chain of Command PA 2440.A2-1: Communications Outside the Organization PG: Formulating and Expressing Internal Audit Opinions
<b>Incremental Core Competencies</b>	
Objectivity.	Code of Ethics 2. Objectivity Rules of Conduct 2.1, 2.2, 2.3 AS 1100: Independence and Objectivity AS 1110: Organizational Independence AS 1111: Direct Interaction With the Board AS 1120: Individual Objectivity AS 1130: Impairment to Independence or Objectivity PA 1110-1: Organizational Independence PA 1111-1: Board Interaction PA 1120-1: Individual Objectivity PA 1130-1: Impairment to Independence or Objectivity PA 1130.A1-1: Assessing Operations for Which Internal Auditors were Previously Responsible PA1130.A2-1: Internal Audit's Responsibility for Other (Nonaudit) Functions
Judgment.	AS 1220: Due Professional Care PA 1220-1: Due Professional Care
Team player — collaboration/cooperation.	
Leadership.	
Staff management.	PA 2340-1: Engagement Supervision PG: CAEs — Appointment, Performance, Evaluation, and Termination
Governance and ethics sensitivity.	
Influence — ability to persuade.	

### 1–3: Technical Skills Guidance and Resources

Technical Skills	Guidance and Resources
<b>Common Core Competencies</b>	
Understanding business.	
Risk analysis and control assessment techniques.	PS 2120: Risk Management PS 2130: Control PA 2120-1: Assessing the Adequacy of Risk Management Processes PA 2120-2: Managing the Risk of the Internal Audit Activity
<b>Incremental Core Competencies</b>	
Data collection and analysis tools and techniques.	
Business process analysis.	
Identifying types of controls (e.g., preventative, detective).	PS 2130: Control PA 2130-1: Assessing the Adequacy of Control Processes PA 2130.A1-1: Information Reliability and Integrity PA 2130.A1-2: Evaluating an Organization's Privacy Framework
Project management.	PS 2000: Managing the Internal Audit Activity PS 2030: Resource Management PS 2050: Coordination PS 2200: Engagement Planning PS 2201: Planning Considerations PS 2500: Monitoring Progress PP: The Role of Internal Auditing in Resourcing the Internal Audit Activity PA 1210.A1-1: Obtaining External Service Providers to Support or Complement the Internal Audit Activity PA 2030-1: Resource Management PA 2050-1: Coordination PA 2050-2: Assurance Maps PA 2200-1: Engagement Planning PA2230-1: Engagement Resource Allocation PA 2240-1: Engagement Work Program PA 2300-1: Use of Personal Information in Conducting Engagements PA 2500-1: Monitoring Progress PA 2500.A1-1: Follow-up Process PG GTAG-4: Management of IT Auditing
Negotiating.	
Operational and management research skills.	
Governance, risk, and control tools and techniques.	PS 2100: Nature of Work PS 2110: Governance PA 2110-1: Governance: Definition PA 2110-2: Governance: Relationship with Risk and Control PA 2110-3: Governance: Assessments PG: Auditing Executive Compensation and Benefits PG: Evaluating Corporate Social Responsibility/Sustainable Development PG GTAG-15: Information Security Governance

## 1–4: Knowledge Guidance and Resources

Knowledge	Guidance and Resources
<b>Common Core Competencies</b>	
Auditing.	PG: Auditing External Business Relationships
Internal audit standards.	Definition of Internal Auditing Code of Ethics <i>The International Standards for the Professional Practice of Internal Auditing</i>
Ethics.	Code of Ethics 1. Integrity Rules of Conduct 1.1, 1.2, 1.3, 1.4 PA 1200-1: Proficiency and Due Professional Care
Fraud awareness.	AS: 1210.A2: Risk of Fraud PG: Internal Auditing and Fraud
Enterprise risk management.	PS 2120: Risk Management PP: The Role of Internal Auditing in Enterprisewide Risk Management

## 1–5: Audit Tools or Techniques Guidance and Resources

Audit Tools or Techniques	Guidance and Resources
<b>Common Core Competencies</b>	
Risk-based audit planning.	PS 2010: Planning PA 2010-1: Linking the Audit Plan to Risk and Exposures PA 2010-2: Using the Risk Management Process in Internal Audit Planning PA 2200-2: Using a Top-down, Risk-based Approach to Identify the Controls to be Assessed in an Internal Audit Engagement PA 2210-1: Engagement Objectives PA 2210.A1-1: Risk Assessment in Engagement Planning
Other electronic communications (e.g., Internet, e-mail).	
Analytical review.	PA 2320-1: Analytical Procedures
Statistical sampling.	
Electronic workpapers.	PA 2240-1: Engagement Work Program PA 2330-1: Documenting Information PA 2330.A1-1: Control of Engagement Records PA 2330.A1-2: Granting Access to Engagement Records PA 2330.A2-1: Retention of Records
Computer-assisted audit technique.	
Continuous/real-time auditing.	PG GTAG-3: Continuous Auditing: Implications for Assurance, Monitoring, and Risk Assessment
Data mining.	

# Appendix 2

## General Competencies

### 2–1: General Competencies by Region

Rated as “Very Important”

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Communication skills	94.2%	77.1%	81.6%	88.2%	83.0%	93.0%	81.3%	79.8%	85.3%
Problem identification and solution skills	88.7%	76.1%	80.5%	83.6%	77.8%	86.4%	76.0%	79.6%	81.1%
Ability to promote value of internal auditing	87.0%	61.9%	60.1%	82.9%	79.2%	66.6%	59.4%	66.7%	67.1%
Industry, regulatory, and standards changes	86.0%	56.7%	59.8%	84.9%	72.7%	67.5%	57.5%	67.6%	66.2%
Organizational skills	80.2%	51.7%	53.7%	71.5%	67.5%	78.1%	54.9%	57.8%	64.7%
Conflict resolution/negotiation skills	69.6%	54.8%	55.8%	71.2%	62.4%	56.2%	49.0%	59.8%	57.3%
Staff training and development	69.3%	41.6%	41.7%	74.7%	61.4%	42.5%	33.2%	53.4%	46.8%
Accounting frameworks, tools, techniques	71.0%	38.0%	35.9%	59.5%	61.8%	41.7%	25.1%	46.7%	41.6%
Change management skills	58.3%	36.2%	32.3%	60.1%	48.7%	43.5%	29.4%	44.7%	41.4%
IT/ICT frameworks, tools, and techniques	60.9%	32.5%	30.0%	56.8%	52.5%	28.0%	28.4%	41.1%	35.6%
Cultural fluency and foreign language skills	33.5%	24.7%	28.8%	46.8%	45.5%	13.1%	26.7%	30.0%	26.1%

## 2-2: General Competencies by Industry

Rated as “Very Important”

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Communication skills	86.7%	80.8%	86.7%	84.2%	85.6%	86.1%	83.6%	85.3%	85.3%
Problem identification and solution skills	83.3%	77.7%	78.9%	81.0%	81.1%	82.3%	81.8%	79.9%	81.1%
Ability to promote value of internal auditing	67.1%	62.6%	66.3%	73.7%	67.2%	69.1%	65.3%	69.7%	67.1%
Industry, regulatory, standards changes	71.3%	55.3%	65.8%	65.5%	68.3%	65.7%	58.4%	67.8%	66.2%
Organizational skills	65.7%	58.3%	65.5%	62.2%	68.4%	63.2%	62.9%	68.4%	64.7%
Conflict resolution/negotiation skills	60.1%	54.2%	53.6%	59.7%	57.0%	56.2%	56.5%	58.7%	57.3%
Staff training and development	47.5%	43.3%	43.8%	48.2%	48.1%	48.0%	44.5%	50.6%	46.8%
Accounting frameworks, tools, techniques	38.7%	40.4%	39.1%	43.7%	47.1%	41.8%	36.5%	49.8%	41.6%
Change management skills	41.5%	37.9%	37.1%	43.8%	43.6%	41.4%	47.1%	45.1%	41.4%
IT/ICT frameworks, tools, and techniques	37.1%	30.2%	32.9%	35.7%	38.7%	37.3%	30.7%	36.9%	35.6%
Cultural fluency/foreign language skills	25.0%	34.4%	15.4%	32.0%	26.2%	24.5%	26.1%	31.5%	26.1%

# Appendix 3

## Behavioral Skills

### 3–1: Behavioral Skills by Region

Rated as “Very Important”

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Confidentiality	97.1%	78.8%	81.6%	96.9%	94.4%	90.4%	91.8%	81.9%	88.7%
Objectivity	92.2%	79.7%	88.6%	92.3%	79.9%	88.4%	89.3%	81.5%	87.1%
Communication	91.2%	77.9%	85.2%	87.6%	82.8%	91.2%	82.8%	78.8%	85.2%
Judgment	80.5%	71.7%	76.6%	85.4%	72.8%	82.9%	78.3%	73.6%	78.8%
Work well with all mgt. levels	88.1%	58.0%	71.2%	80.5%	80.3%	85.6%	72.1%	71.7%	75.6%
Governance and ethics sensivity	82.7%	64.2%	63.1%	90.7%	76.8%	72.8%	60.4%	67.7%	70.3%
Team player	80.8%	55.4%	58.7%	80.0%	75.0%	70.8%	53.9%	66.5%	65.2%
Relationship building	66.4%	53.7%	50.2%	60.7%	65.5%	69.6%	49.4%	53.0%	58.7%
Work independently	73.3%	47.2%	56.2%	57.3%	71.3%	63.5%	56.7%	55.9%	58.3%
Team building	74.8%	49.5%	46.3%	72.9%	70.2%	59.4%	41.3%	58.2%	55.6%
Leadership	79.5%	47.9%	35.6%	75.6%	70.3%	63.1%	38.0%	53.9%	55.1%
Influence	63.0%	55.2%	56.1%	58.4%	68.7%	49.7%	52.1%	54.2%	54.0%
Facilitation	54.7%	39.6%	44.2%	60.4%	53.5%	52.4%	39.1%	51.8%	48.0%
Staff management	70.8%	38.5%	34.4%	64.6%	62.9%	48.9%	29.6%	46.3%	45.2%
Change catalyst	53.4%	35.9%	42.9%	56.9%	51.4%	39.8%	31.5%	44.2%	40.9%

## 3–2: Behavioral Skills by Industry

Rated as “Very Important”

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Confidentiality	91.5%	83.2%	88.0%	84.9%	88.7%	90.0%	85.8%	90.9%	88.7%
Objectivity	89.0%	82.9%	89.9%	87.1%	85.3%	87.5%	85.4%	86.3%	87.1%
Communication	86.5%	82.6%	87.4%	84.3%	85.0%	85.4%	83.0%	83.2%	85.2%
Judgment	81.2%	75.0%	82.3%	80.4%	76.4%	78.2%	77.0%	76.3%	78.8%
Work well with all mgt. levels	76.3%	69.1%	80.4%	74.2%	75.4%	74.9%	74.4%	80.4%	75.6%
Governance and ethics sensivity	71.7%	65.6%	70.8%	70.0%	70.0%	72.4%	68.2%	71.5%	70.3%
Team player	67.5%	58.6%	63.7%	68.7%	64.9%	67.2%	63.8%	66.7%	65.2%
Relationship building	58.9%	55.0%	56.9%	58.4%	60.8%	58.3%	59.6%	64.4%	58.7%
Work independently	58.6%	54.9%	58.8%	51.4%	60.6%	58.4%	58.1%	62.5%	58.3%
Team building	56.8%	49.2%	52.0%	62.9%	56.4%	57.8%	55.9%	57.5%	55.6%
Leadership	56.5%	48.7%	53.0%	59.8%	57.1%	54.7%	57.2%	56.5%	55.1%
Influence	55.5%	53.4%	54.6%	53.0%	51.8%	55.5%	54.4%	50.9%	54.0%
Facilitation	47.0%	45.1%	45.2%	53.5%	51.3%	50.5%	46.0%	48.9%	48.0%
Staff management	47.4%	37.0%	44.5%	47.3%	47.6%	44.3%	48.2%	45.9%	45.2%
Change catalyst	40.4%	39.3%	38.9%	38.2%	42.2%	43.5%	44.4%	42.6%	40.9%



# Appendix 4

## Technical Skills

### 4–1: Technical Skills by Region

Rated as “Very Important”

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Understanding business	89.2%	69.0%	73.1%	66.0%	82.8%	77.1%	70.7%	67.7%	72.8%
Risk analysis & control assessment techniques	83.9%	63.9%	62.7%	83.5%	80.0%	72.0%	71.9%	71.1%	72.1%
Identifying types of controls	82.7%	59.7%	59.7%	81.4%	80.6%	70.5%	63.3%	67.6%	68.4%
Governance, risk, control tools, & techniques	80.0%	56.1%	54.7%	76.5%	76.8%	61.0%	56.6%	60.8%	62.0%
Business process analysis	68.7%	54.8%	60.0%	71.2%	65.4%	61.3%	50.6%	59.9%	59.4%
Data collection & analysis tools & techniques	72.8%	48.7%	58.7%	72.3%	70.9%	56.6%	43.4%	60.2%	56.0%
Operational and management research skills	66.4%	44.2%	66.6%	65.0%	58.7%	53.2%	44.4%	56.0%	53.3%
Problem-solving tools and techniques	68.2%	47.2%	45.9%	57.6%	58.3%	66.3%	33.9%	52.4%	52.7%
Negotiating	58.5%	45.3%	45.9%	58.8%	54.0%	39.2%	45.0%	48.8%	46.2%
Project management	58.6%	36.7%	32.5%	54.0%	44.4%	56.5%	29.1%	41.5%	44.1%
Forensic skills/fraud awareness	57.2%	36.9%	37.2%	57.1%	49.1%	40.5%	28.6%	48.1%	40.7%
Use of IT/ICT and technology-based audit techniques	58.4%	31.4%	31.3%	60.8%	53.5%	30.4%	33.3%	46.0%	38.0%
Financial analysis tools and techniques	55.3%	31.9%	40.6%	54.1%	56.4%	34.4%	21.4%	42.1%	36.2%
Statistical sampling	46.2%	28.9%	33.4%	52.7%	45.2%	30.5%	22.8%	41.5%	33.5%
Forecasting	37.4%	20.6%	35.4%	40.3%	31.6%	10.4%	15.7%	33.6%	22.2%
Total quality management	40.7%	16.9%	17.3%	33.8%	26.5%	13.6%	8.1%	23.9%	18.0%
ISO/quality knowledge	35.1%	16.3%	17.0%	32.5%	24.6%	11.5%	9.1%	23.6%	17.0%
Balanced scorecard	34.6%	14.7%	13.2%	35.6%	23.0%	11.1%	8.5%	22.5%	16.5%

## 4–2: Technical Skills by Industry

Rated as “Very Important”

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Understanding business	76.1%	69.5%	65.5%	69.7%	72.2%	76.1%	74.9%	73.4%	72.8%
Risk analysis & control assessment techniques	76.6%	67.2%	69.8%	70.7%	70.3%	73.2%	67.9%	70.9%	72.1%
Identifying types of controls	72.3%	62.5%	69.1%	66.0%	69.5%	66.1%	67.2%	66.2%	68.4%
Governance, risk, control tools, & techniques	64.8%	52.9%	68.6%	63.7%	63.5%	58.7%	54.6%	61.9%	62.0%
Business process analysis	61.3%	57.4%	48.1%	60.1%	63.0%	63.4%	59.9%	58.6%	59.4%
Data collection & analysis tools & techniques	55.5%	52.7%	58.1%	58.2%	54.7%	58.2%	55.5%	58.7%	56.0%
Operational and management research skills	54.6%	46.1%	57.5%	49.9%	53.2%	54.6%	51.1%	55.6%	53.3%
Problem-solving tools and techniques	52.1%	46.4%	54.3%	51.1%	58.6%	52.2%	53.3%	53.9%	52.7%
Negotiating	48.2%	43.6%	44.4%	46.8%	46.4%	47.2%	43.8%	44.8%	46.2%
Project management	43.8%	39.3%	40.8%	43.9%	50.5%	44.5%	43.3%	46.5%	44.1%
Forensic skills/fraud awareness	39.9%	39.6%	38.3%	44.8%	42.8%	40.5%	41.4%	43.8%	40.7%
Use of IT/ICT & technology-based audit techniques	41.1%	32.7%	33.9%	36.1%	39.8%	40.9%	32.4%	37.1%	38.0%
Financial analysis tools and techniques	36.3%	34.5%	32.4%	37.9%	37.4%	38.0%	32.2%	41.4%	36.2%
Statistical sampling	34.7%	28.1%	31.6%	35.9%	34.2%	34.9%	27.7%	39.1%	33.5%
Forecasting	21.9%	18.0%	19.3%	28.2%	25.3%	24.4%	17.7%	24.7%	22.2%
Total quality management	16.9%	15.0%	18.8%	18.3%	21.0%	19.9%	15.7%	18.4%	18.0%
ISO/quality knowledge	15.7%	14.6%	16.8%	17.2%	21.2%	18.7%	13.8%	17.4%	17.0%
Balanced scorecard	16.5%	13.5%	13.5%	20.3%	19.3%	18.1%	12.3%	18.1%	16.5%

# Appendix 5

## Knowledge

### 5–1: Knowledge by Region

Rated as “Very Important”

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Auditing	91.0%	72.3%	83.6%	94.6%	91.1%	89.3%	76.2%	79.8%	83.5%
Internal audit standards	90.2%	66.2%	80.7%	90.8%	86.8%	78.4%	64.1%	77.2%	75.8%
Ethics	80.6%	58.6%	50.6%	84.9%	75.6%	72.5%	45.3%	64.1%	64.2%
Fraud awareness	75.8%	54.9%	47.5%	79.7%	62.7%	66.3%	49.4%	58.7%	60.9%
Enterprise risk management	80.5%	58.6%	55.7%	74.8%	66.5%	48.1%	56.1%	61.6%	58.2%
Changes to professional standards	78.5%	45.0%	59.4%	72.3%	71.1%	59.8%	42.4%	55.8%	56.1%
Technical knowledge for your industry	70.8%	45.3%	41.5%	64.8%	55.2%	56.0%	40.2%	52.8%	51.3%
Governance	76.4%	48.8%	37.2%	63.1%	60.6%	46.6%	48.7%	47.7%	50.4%
Financial accounting	66.1%	42.2%	45.2%	60.5%	58.4%	43.6%	29.9%	52.1%	44.7%
Business management	65.0%	43.2%	31.8%	54.0%	49.4%	45.6%	33.9%	42.9%	43.5%
Organizational systems	69.6%	38.0%	37.7%	50.0%	55.7%	46.5%	33.1%	45.2%	43.3%
Strategy and business policy	68.2%	38.3%	32.5%	57.4%	60.9%	39.0%	38.8%	41.8%	42.7%
Organization culture	55.0%	37.1%	32.1%	45.5%	55.3%	48.6%	33.8%	40.5%	41.9%
Business law and government regulation	57.4%	38.3%	39.1%	51.6%	44.6%	35.3%	27.2%	41.1%	37.9%
Finance	63.1%	34.0%	41.6%	54.3%	49.6%	28.4%	29.1%	44.7%	36.9%
IT/ICT	54.6%	31.6%	27.9%	54.5%	45.8%	29.4%	33.8%	44.6%	36.4%
Managerial accounting	51.5%	33.7%	36.7%	54.3%	46.5%	26.2%	26.7%	42.9%	34.7%
Understanding of quality frameworks	46.9%	26.4%	20.8%	32.2%	37.1%	25.6%	15.4%	29.5%	25.6%
Economics	27.6%	11.1%	29.8%	21.1%	19.8%	8.6%	11.4%	22.7%	15.0%
Marketing	23.8%	11.5%	7.1%	16.3%	19.1%	7.1%	4.6%	14.2%	10.0%

## 5–2: Knowledge by Industry

Rated as “Very Important”

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Auditing	84.8%	79.9%	86.7%	83.4%	83.0%	83.2%	83.7%	80.6%	83.5%
Internal audit standards	78.0%	69.3%	77.6%	78.5%	75.7%	77.1%	67.8%	76.5%	75.8%
Ethics	63.1%	60.9%	63.0%	70.4%	67.3%	63.7%	66.3%	65.9%	64.2%
Fraud awareness	60.0%	60.6%	54.8%	62.3%	63.9%	61.7%	65.9%	63.4%	60.9%
Enterprise risk management	61.5%	54.8%	52.5%	58.2%	58.9%	60.4%	55.8%	56.6%	58.2%
Changes to professional standards	56.8%	47.3%	59.9%	58.9%	59.4%	56.8%	50.0%	56.5%	56.1%
Technical knowledge for your industry	57.9%	37.9%	46.9%	51.9%	54.9%	54.4%	41.8%	48.7%	51.3%
Governance	50.5%	41.9%	58.7%	53.4%	52.7%	50.3%	41.7%	51.3%	50.4%
Financial accounting	39.8%	52.8%	36.9%	48.8%	47.7%	46.4%	45.3%	51.1%	44.7%
Business management	42.0%	44.1%	38.8%	46.3%	46.5%	44.9%	46.2%	43.8%	43.5%
Organizational systems	43.7%	37.1%	47.2%	45.4%	44.1%	42.9%	41.3%	45.5%	43.3%
Strategy and business policy	44.5%	37.0%	41.2%	45.0%	42.9%	44.1%	45.1%	42.1%	42.7%
Organization culture	40.7%	38.6%	42.0%	45.2%	42.7%	42.0%	47.0%	45.7%	41.9%
Business law and government regulation	40.8%	29.2%	46.0%	36.4%	41.3%	35.6%	25.9%	34.0%	37.9%
Finance	37.7%	40.2%	29.8%	38.7%	37.3%	37.0%	32.8%	39.8%	36.9%
IT/ICT	38.6%	31.3%	34.8%	34.6%	40.0%	37.7%	28.7%	35.7%	36.4%
Managerial accounting	29.4%	42.4%	27.6%	42.8%	36.4%	36.8%	35.5%	40.5%	34.7%
Understanding of quality frameworks	25.3%	20.8%	28.2%	27.3%	30.3%	25.9%	16.8%	25.0%	25.6%
Economics	15.1%	12.5%	13.4%	21.2%	14.8%	15.7%	13.8%	16.6%	15.0%
Marketing	8.0%	9.6%	8.8%	11.2%	13.2%	11.4%	11.1%	10.5%	10.0%

# Appendix 6

## Audit Tools and Techniques

### 6–1: Audit Tools and Techniques by Region

#### Currently Used

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Risk-based audit planning	69.6%	68.9%	73.4%	72.4%	73.9%	80.8%	79.3%	60.5%	74.6%
Other electronic communication	61.6%	57.7%	66.0%	70.6%	63.8%	77.1%	74.8%	54.4%	68.8%
Analytical review	62.3%	58.1%	61.2%	68.4%	65.8%	68.0%	63.8%	51.3%	63.2%
Statistical sampling	51.4%	48.5%	61.1%	60.4%	46.3%	58.0%	60.1%	49.1%	56.1%
Electronic workpapers	43.2%	36.5%	54.2%	59.8%	51.4%	61.5%	63.2%	43.5%	54.4%
Data mining	34.9%	35.7%	56.1%	55.1%	47.4%	50.4%	51.0%	40.1%	47.5%
Computer-assisted audit technique	42.8%	38.8%	41.3%	56.2%	53.7%	52.2%	47.9%	37.1%	46.9%
Control self-assessment	35.0%	46.7%	46.5%	47.3%	41.4%	38.6%	41.6%	36.6%	41.9%
Flowchart software	28.5%	26.0%	35.4%	42.4%	42.0%	49.3%	36.2%	25.9%	37.5%
Benchmarking	39.8%	27.3%	44.7%	35.3%	39.1%	39.9%	37.4%	29.7%	36.3%
Continuous/real-time auditing	29.5%	33.4%	33.2%	41.5%	31.0%	30.2%	24.7%	29.8%	30.9%
Process mapping applications	22.6%	17.8%	25.6%	49.4%	26.4%	24.5%	31.3%	25.3%	27.8%
The IIA's quality assessment review tools	32.6%	19.6%	22.4%	24.1%	32.8%	32.9%	23.1%	13.4%	25.0%
Balanced scorecard or similar framework	29.3%	21.0%	19.0%	26.4%	31.0%	23.2%	21.9%	17.1%	22.5%
Total quality management techniques	21.3%	18.0%	16.5%	25.8%	30.2%	18.1%	14.8%	16.4%	18.3%
Process modeling software	10.5%	6.6%	9.3%	20.1%	12.4%	10.0%	13.6%	11.5%	11.5%

## 6–2: Audit Tools and Techniques by Industry

### Currently Used

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Risk-based audit planning	88.3%	81.3%	83.4%	85.5%	80.7%	83.6%	81.3%	29.1%	74.6%
Other electronic communication	81.5%	73.2%	74.9%	77.8%	74.7%	78.9%	78.2%	27.7%	68.8%
Analytical review	71.2%	70.0%	71.2%	74.5%	70.2%	71.3%	71.2%	26.2%	63.2%
Statistical sampling	67.8%	57.6%	64.8%	63.3%	59.9%	64.0%	58.9%	22.0%	56.1%
Electronic workpapers	68.0%	55.8%	57.4%	64.7%	56.6%	61.8%	61.0%	20.8%	54.4%
Data mining	59.2%	48.7%	45.9%	58.9%	49.6%	55.9%	56.7%	17.9%	47.5%
Computer-assisted audit technique	59.0%	45.2%	49.8%	52.5%	51.5%	55.0%	50.1%	17.3%	46.9%
Control self-assessment	50.8%	50.0%	40.8%	44.3%	45.1%	47.8%	45.2%	15.5%	41.9%
Flowchart software	44.5%	35.0%	36.8%	44.7%	43.9%	45.3%	50.3%	14.9%	37.5%
Benchmarking	38.6%	36.6%	43.4%	43.3%	42.3%	44.9%	45.0%	14.9%	36.3%
Continuous/real-time auditing	38.8%	33.1%	26.3%	34.8%	33.2%	35.3%	37.4%	12.9%	30.9%
Process mapping applications	34.7%	25.4%	25.8%	32.6%	32.2%	34.0%	30.0%	11.1%	27.8%
The IIA's quality assessment review tools	31.4%	21.3%	29.2%	28.0%	30.0%	29.5%	20.7%	9.1%	25.0%
Balanced scorecard or similar framework	28.5%	21.0%	24.2%	28.5%	24.3%	28.3%	20.1%	7.7%	22.5%
Total quality management techniques	20.2%	18.2%	20.6%	24.5%	21.9%	22.9%	14.8%	8.0%	18.3%
Process modeling software	15.0%	9.0%	9.8%	16.5%	14.7%	13.4%	11.9%	4.2%	11.5%

# Appendix 7

## Internal Audit Standards

### 7–1A: International Standards by Region

#### Adequacy of the *Standards* — Chief Audit Executives

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
AS 1100: Independence and Objectivity	96.7%	98.7%	95.7%	97.6%	100.0%	98.6%	97.5%	100.0%	97.9%
AS 1000: Purpose, Authority, and Responsibility	97.8%	98.7%	97.2%	97.0%	100.0%	98.6%	96.7%	94.0%	97.6%
AS 1200: Proficiency and Due Professional Care	96.7%	96.0%	95.3%	94.5%	100.0%	98.8%	96.2%	98.4%	96.7%
PS 2400: Communicating Results	97.8%	96.3%	96.2%	96.4%	100.0%	97.0%	95.1%	90.8%	96.0%
PS 2000: Managing the Internal Audit Activity	98.9%	94.3%	94.8%	93.9%	96.0%	96.8%	93.8%	95.2%	95.1%
PS 2300: Performing the Engagement	95.5%	91.6%	93.3%	91.8%	100.0%	96.6%	93.2%	93.7%	93.9%
PS 2200: Engagement Planning	95.6%	92.3%	93.8%	93.1%	100.0%	96.8%	91.7%	92.1%	93.7%
PS 2500: Monitoring Progress	96.7%	94.5%	90.2%	93.3%	100.0%	95.0%	91.7%	93.8%	93.4%
PS 2100: Nature of Work	92.1%	94.9%	90.9%	95.7%	95.8%	94.6%	88.9%	92.1%	92.4%
PS 2600: Resolution of Senior Mgt's Acceptance of Risks	81.1%	84.2%	81.3%	88.8%	91.3%	91.3%	76.7%	83.3%	83.7%
AS 1300: Quality Assurance and Improvement Program	89.8%	83.0%	79.6%	83.6%	82.6%	86.5%	80.0%	82.8%	83.0%

## 7-1B: International Standards by Industry

### Adequacy of the *Standards* — Chief Audit Executives

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
AS 1100: Independence and Objectivity	98.2%	97.3%	96.9%	98.6%	99.6%	96.6%	96.8%	98.4%	97.9%
AS 1000: Purpose, Authority, and Responsibility	98.2%	97.3%	95.9%	97.2%	97.8%	96.2%	100.0%	98.4%	97.6%
AS 1200: Proficiency and Due Professional Care	97.9%	94.5%	96.8%	97.1%	97.4%	95.1%	97.9%	97.6%	96.7%
PS 2400: Communicating Results	95.6%	96.9%	94.8%	94.4%	97.3%	95.8%	93.7%	98.4%	96.0%
PS 2000: Managing the Internal Audit Activity	95.9%	93.6%	94.9%	97.2%	95.5%	92.8%	97.9%	96.0%	95.1%
PS 2300: Performing the Engagement	94.0%	92.2%	94.7%	95.8%	93.5%	93.8%	94.6%	96.1%	93.9%
PS 2200: Engagement Planning	93.3%	94.1%	93.2%	95.8%	93.9%	91.6%	95.6%	97.7%	93.7%
PS 2500: Monitoring Progress	94.9%	93.8%	92.6%	91.5%	93.1%	91.1%	91.5%	93.7%	93.4%
PS 2100: Nature of Work	92.7%	94.7%	89.5%	95.8%	90.8%	91.2%	90.3%	95.2%	92.4%
PS 2600: Resolution of Senior Mgt's Acceptance of Risks	87.0%	83.1%	83.4%	84.5%	84.0%	79.4%	76.8%	82.9%	83.7%
AS 1300: Quality Assurance and Improvement Program	82.7%	80.2%	86.4%	88.9%	84.0%	82.8%	79.6%	83.7%	83.0%



### 7–3A: International Standards by Region

#### Use of the *Standards* — Chief Audit Executives

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Yes — all of the <i>Standards</i>	52.0%	32.6%	46.0%	33.8%	51.3%	53.6%	42.7%	17.0%	42.6%
Partial Yes — some of the <i>Standards</i>	36.2%	39.5%	39.1%	49.3%	35.9%	30.5%	37.4%	41.1%	37.3%
No	4.7%	16.7%	9.6%	14.2%	7.7%	10.4%	12.6%	29.8%	13.0%
I do not know	7.1%	11.2%	5.3%	2.7%	5.1%	5.5%	7.3%	12.1%	7.1%
Count	127	484	302	225	39	714	890	141	2922

### 7–3B: International Standards by Industry

#### Use of the *Standards* — Chief Audit Executives

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Yes — all of the <i>Standards</i>	46.8%	31.5%	50.6%	44.3%	46.9%	45.1%	29.1%	40.1%	42.6%
Partial Yes — some of the <i>Standards</i>	35.6%	39.4%	36.1%	35.7%	34.7%	38.8%	47.5%	36.3%	37.3%
No	10.7%	19.6%	9.3%	13.9%	13.0%	9.0%	14.9%	15.1%	13.0%
I do not know	6.9%	9.5%	4.1%	6.1%	5.4%	7.1%	8.5%	8.5%	7.1%

## 7–4A: International Standards by Region

### Reasons for Not Using the *Standards* — Chief Audit Executives

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Not appropriate for small organizations	7.1%	21.9%	12.5%	6.6%	2.6%	16.6%	20.4%	18.6%	16.9%
Inadequate internal audit activity staff	28.3%	28.5%	11.9%	6.1%	15.4%	13.3%	13.9%	21.4%	16.4%
Too costly to comply	6.3%	22.5%	17.5%	14.0%	7.7%	18.0%	10.8%	14.5%	15.4%
Too time consuming	7.9%	15.8%	18.8%	14.8%	17.9%	13.3%	16.8%	12.4%	15.2%
Not perceived as adding value by management/board	9.4%	12.1%	17.8%	11.8%	5.1%	18.9%	13.7%	9.0%	14.4%
Compliance not supported by management/board	19.7%	9.0%	15.2%	12.7%	17.9%	11.3%	14.8%	9.7%	12.9%
Other	11.8%	6.8%	9.6%	9.6%	2.6%	11.9%	9.3%	11.7%	9.7%
<i>Standards</i> or Practice Advisories are too complex	4.7%	12.3%	8.3%	8.3%	2.6%	2.7%	12.5%	10.3%	8.7%
Superseded by local/government regulations or standards	8.7%	7.2%	12.9%	15.7%	2.6%	2.8%	8.1%	15.9%	8.1%
Compliance not expected in my country	4.7%	6.8%	8.9%	9.6%	2.6%	1.0%	3.2%	9.7%	4.7%
Not appropriate for my industry	1.6%	4.1%	4.6%	7.0%	0.0%	2.9%	4.4%	6.2%	4.1%
Not available in local language	0.8%	0.6%	3.0%	0.4%	2.6%	0.0%	0.3%	0.7%	0.6%

## 7–4B: International Standards by Industry

### Reasons for Not Using the *Standards* — Chief Audit Executives

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Not appropriate for small organizations	17.5%	18.6%	14.0%	12.2%	16.5%	17.7%	15.5%	17.1%	16.9%
Inadequate internal audit activity staff	11.7%	22.2%	18.1%	16.5%	16.7%	13.9%	17.6%	21.2%	16.4%
Too costly to comply	12.8%	21.1%	10.0%	16.5%	14.4%	15.3%	21.1%	15.7%	15.4%
Too time consuming	13.9%	20.0%	8.9%	13.0%	15.7%	15.3%	16.2%	16.1%	15.2%
Not perceived as adding value by management/board	12.7%	19.1%	7.0%	15.7%	14.9%	15.0%	15.5%	15.7%	14.4%
Compliance not supported by management/board	11.2%	16.4%	11.1%	13.9%	12.7%	12.3%	9.9%	15.7%	12.9%
Other	10.3%	10.2%	9.6%	10.4%	7.8%	10.1%	11.3%	7.4%	9.7%
<i>Standards</i> or Practice Advisories are too complex	8.6%	12.6%	5.2%	7.0%	7.6%	8.7%	7.7%	7.8%	8.7%
Superseded by local/government regulations or standards	9.5%	5.5%	17.7%	7.8%	5.3%	7.6%	2.8%	6.0%	8.1%
Compliance not expected in my country	4.0%	6.4%	4.1%	6.1%	3.8%	5.2%	6.3%	3.7%	4.7%
Not appropriate for my industry	3.2%	2.6%	7.7%	4.3%	5.1%	4.6%	2.8%	5.5%	4.1%
Not available in local language	0.6%	1.1%	0.4%	0.9%	0.3%	0.8%	0.0%	0.9%	0.6%

## 7-5A: International Standards by Region

Organization is in Full Compliance with the *Standards*

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Yes	48.8%	41.6%	44.9%	48.0%	61.5%	48.0%	48.3%	34.3%	46.3%
No	51.2%	58.4%	55.1%	52.0%	38.5%	52.0%	51.7%	65.7%	53.7%
Count	127	483	301	227	39	706	866	137	2886

## 7-5B: International Standards by Industry

Organization is in Full Compliance with the *Standards*

Industry	Finance	Mfg./Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Yes	49.2%	37.1%	51.1%	48.7%	47.7%	49.0%	41.3%	45.8%	46.3%
No	50.8%	62.9%	48.9%	51.3%	52.3%	51.0%	58.7%	54.2%	53.7%
Count	868	536	266	115	388	363	138	212	2886

## 7–6A: International Standards by Region

Organization is in Full Compliance with Each Standard

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
AS 1100: Independence and Objectivity	72.9%	74.8%	60.2%	72.7%	62.1%	88.9%	81.3%	73.8%	78.4%
AS 1000: Purpose, Authority, and Responsibility	72.0%	74.1%	64.7%	66.9%	69.0%	86.7%	75.6%	60.0%	75.6%
PS 2400: Communicating Results	71.7%	61.0%	66.7%	73.9%	72.4%	84.8%	73.3%	61.9%	73.3%
AS 1200: Proficiency and Due Professional Care	63.5%	64.6%	62.6%	68.4%	79.3%	85.1%	73.7%	56.9%	72.7%
PS 2000: Managing the Internal Audit Activity	63.6%	58.5%	60.0%	63.0%	64.3%	79.7%	69.9%	54.7%	68.3%
PS 2300: Performing the Engagement	69.2%	56.7%	60.6%	61.2%	78.6%	80.4%	67.3%	52.5%	67.7%
PS 2200: Engagement Planning	68.6%	58.3%	60.2%	63.6%	65.5%	78.3%	63.1%	53.2%	66.1%
PS 2100: Nature of Work	62.5%	56.6%	57.9%	65.8%	62.1%	78.8%	65.0%	49.2%	66.0%
PS 2500: Monitoring Progress	56.6%	58.5%	53.5%	60.1%	55.2%	73.5%	64.0%	51.6%	63.3%
PS 2600: Resolution of Senior Mgt's Acceptance of Risks	44.2%	43.6%	40.6%	42.2%	53.6%	72.2%	51.0%	34.4%	52.8%
AS 1300: Quality Assurance and Improvement Program	35.6%	34.0%	33.9%	33.8%	30.0%	41.9%	37.7%	34.9%	37.2%

## 7–6B: International Standards by Industry

Organization is in Full Compliance with Each Standard

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
AS 1100: Independence and Objectivity	83.4%	74.6%	72.9%	82.1%	81.0%	78.5%	67.0%	74.3%	78.4%
AS 1000: Purpose, Authority, and Responsibility	81.7%	71.6%	73.2%	75.3%	77.2%	72.3%	68.7%	70.5%	75.6%
PS 2400: Communicating Results	78.7%	66.8%	75.2%	70.1%	73.0%	72.6%	65.3%	72.1%	73.3%
AS 1200: Proficiency and Due Professional Care	76.1%	68.9%	69.2%	69.2%	76.5%	76.9%	56.0%	70.2%	72.7%
PS 2000: Managing the Internal Audit Activity	76.0%	60.5%	67.8%	59.7%	69.8%	66.8%	56.0%	66.7%	68.3%
PS 2300: Performing the Engagement	73.5%	58.4%	70.4%	63.6%	69.2%	68.5%	57.4%	66.7%	67.7%
PS 2200: Engagement Planning	71.2%	55.9%	69.9%	66.2%	70.7%	67.2%	52.0%	61.2%	66.1%
PS 2100: Nature of Work	71.5%	59.3%	64.4%	53.8%	67.9%	69.2%	55.0%	64.5%	66.0%
PS 2500: Monitoring Progress	72.4%	58.8%	59.3%	55.1%	64.1%	59.6%	47.5%	61.2%	63.3%
PS 2600: Resolution of Senior Mgt's Acceptance of Risks	60.6%	45.3%	48.8%	46.2%	56.2%	51.3%	40.0%	51.8%	52.8%
AS 1300: Quality Assurance and Improvement Program	38.0%	26.6%	43.6%	40.3%	39.6%	44.0%	27.3%	38.7%	37.2%

## Appendix 8

# Quality Assurance and Improvement Programs

### 8–1A: Quality Assurance and Improvement Programs by Region

Quality Assurance and Improvement Program in Place in Accordance with Standard 1300

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Yes, currently in place	30.2%	24.9%	29.2%	27.9%	28.2%	36.0%	34.1%	24.8%	31.3%
No plans to put in place in the next 12 months	19.8%	33.2%	24.2%	31.4%	28.2%	25.7%	26.7%	27.0%	27.4%
To be put in place within the next 12 months	37.3%	17.1%	26.5%	27.4%	38.5%	23.4%	17.6%	19.1%	21.8%
Quality assurance program not in accordance with AS 1300	6.3%	15.3%	13.8%	9.3%	5.1%	12.6%	15.3%	17.0%	13.6%
I do not know	6.3%	9.5%	6.4%	4.0%	0.0%	2.4%	6.3%	12.1%	5.9%
Count	126	485	298	226	39	709	883	141	2,907

### 8–1B: Quality Assurance and Improvement Programs by Industry

Quality Assurance and Improvement Program in Place in Accordance with Standard 1300

Industry	Finance	Mfg./Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Yes, currently in place	34.2%	24.8%	45.1%	27.0%	29.8%	32.8%	18.4%	30.0%	31.3%
No plans to put in place in the next 12 months	26.0%	34.1%	14.2%	26.1%	29.3%	23.5%	34.8%	31.5%	27.4%
To be put in place within the next 12 months	21.8%	18.2%	24.6%	30.4%	21.0%	24.9%	24.8%	17.4%	21.8%
Quality assurance program not in accordance with AS 1300	11.9%	15.4%	12.7%	11.3%	13.5%	14.8%	15.6%	14.6%	13.6%
I do not know	6.1%	7.5%	3.4%	5.2%	6.5%	4.1%	6.4%	6.6%	5.9%
Count	873	545	268	115	386	366	141	213	2,907

## 8–2A: Quality Assurance and Improvement Programs by Region

### Quality Assurance and Improvement Program Components

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Reported issues adequately supported in working papers	66.1%	58.0%	64.4%	67.2%	64.1%	72.9%	68.5%	53.1%	66.4%
Reported issues are followed up to closure	59.1%	63.9%	61.1%	56.8%	61.5%	67.2%	64.2%	48.3%	62.9%
Engagement supervision	59.8%	49.2%	59.4%	55.0%	59.0%	67.2%	60.5%	42.8%	58.8%
Checklists/manuals to assure proper audit processes	58.3%	50.2%	48.2%	52.8%	48.7%	57.3%	58.2%	42.8%	54.3%
Feedback from audit customers at the end of an audit	58.3%	50.6%	56.4%	55.0%	51.3%	52.2%	50.1%	32.4%	51.2%
Verification that IA activity complies with the <i>Standards</i>	60.6%	42.8%	51.8%	59.8%	61.5%	50.4%	52.1%	35.9%	50.4%
Verification that IA prof. comply with Code of Ethics	54.3%	36.9%	47.5%	54.1%	53.8%	45.1%	44.0%	24.8%	43.9%
Verification of compliance with other standards or codes	42.5%	33.0%	34.3%	48.5%	43.6%	25.1%	28.3%	28.3%	31.3%
Reviews by other members of the internal audit activity	40.2%	29.1%	17.8%	28.8%	33.3%	41.1%	27.2%	20.7%	30.4%
Review by external party	30.7%	19.7%	24.1%	18.8%	25.6%	24.6%	30.1%	14.5%	24.7%
Other	3.9%	4.9%	9.9%	8.3%	10.3%	6.3%	7.8%	8.3%	7.1%
Count	127	488	303	229	39	716	893	145	2,940



## 8–2B: Quality Assurance and Improvement Programs by Industry

### Quality Assurance and Improvement Program Components

Industry	Finance	Mfg./ Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Reported issues adequately supported in working papers	70.9%	58.8%	71.6%	69.6%	66.8%	69.5%	52.8%	61.8%	66.4%
Reported issues are followed up to closure	63.6%	61.9%	61.6%	63.5%	63.3%	66.5%	58.5%	60.4%	62.9%
Engagement supervision	59.8%	56.6%	60.9%	62.6%	56.7%	63.8%	54.2%	53.5%	58.8%
Checklists/manuals to assure proper audit processes	57.8%	44.8%	64.2%	52.2%	57.7%	55.3%	45.8%	50.7%	54.3%
Feedback from audit customers at the end of an audit	48.0%	48.6%	56.1%	58.3%	51.9%	59.1%	45.1%	50.7%	51.2%
Verification that IA activity complies with the <i>Standards</i>	54.0%	40.4%	63.8%	51.3%	48.9%	53.7%	40.8%	47.5%	50.4%
Verification that IA prof. comply with Code of Ethics	43.6%	39.9%	53.9%	48.7%	43.3%	46.3%	40.1%	39.6%	43.9%
Verification of compliance with other standards or codes	32.6%	25.3%	43.9%	33.9%	31.1%	33.5%	20.4%	28.1%	31.3%
Reviews by other members of the internal audit activity	29.6%	29.7%	30.3%	32.2%	28.4%	36.8%	27.5%	29.0%	30.4%
Review by external party	29.6%	16.9%	32.8%	25.2%	24.1%	22.9%	18.3%	22.6%	24.7%
Other	6.9%	5.8%	10.3%	8.7%	7.8%	6.8%	3.5%	7.8%	7.1%
Count	884	549	271	115	395	367	142	217	2,940

## 8–3A: Quality Assurance and Improvement Programs by Region

### Last Formal External Quality Assessment in Accordance with AS 1312

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Never	46.5%	52.3%	55.8%	58.4%	56.4%	51.4%	47.1%	48.2%	50.9%
1-3 years ago	15.0%	12.4%	12.6%	9.3%	17.9%	18.9%	16.9%	7.8%	15.1%
Within the last 12 months	16.5%	10.7%	13.0%	13.3%	20.5%	10.1%	14.9%	17.0%	13.0%
External review not in accordance with AS 1312	6.3%	8.5%	8.6%	9.7%	2.6%	4.2%	7.8%	7.1%	7.1%
4-5 years ago	6.3%	5.6%	4.7%	4.4%	0.0%	9.9%	6.1%	1.4%	6.4%
I do not know	3.1%	8.1%	4.3%	2.7%	0.0%	3.5%	4.3%	14.2%	5.0%
More than 5 years ago	6.3%	2.5%	1.0%	2.2%	2.6%	2.0%	2.8%	4.3%	2.5%
Count	127	484	301	226	39	714	885	141	2,917

## 8–3B: Quality Assurance and Improvement Programs by Industry

### Last Formal External Quality Assessment in Accordance with AS 1312

Industry	Finance	Mfg./Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Never	46.4%	59.0%	46.1%	57.9%	51.9%	47.5%	60.3%	49.3%	50.9%
1-3 years ago	17.6%	10.7%	16.0%	17.5%	15.9%	16.4%	9.2%	14.1%	15.1%
Within the last 12 months	14.3%	9.9%	18.6%	11.4%	13.1%	13.4%	7.1%	11.7%	13.0%
External review not in accordance with AS 1312	7.7%	7.5%	7.1%	2.6%	6.2%	7.7%	6.4%	7.0%	7.1%
4-5 years ago	7.3%	4.4%	6.3%	6.1%	4.9%	7.4%	6.4%	8.9%	6.4%
I do not know	4.5%	6.3%	2.6%	3.5%	5.4%	4.4%	5.7%	7.0%	5.0%
More than 5 years ago	2.2%	2.2%	3.3%	0.9%	2.6%	3.3%	5.0%	1.9%	2.5%
Count	881	544	269	114	389	366	141	213	2,917

## 8–4: Quality Assurance and Improvement Programs by Region

### Reasons for No External Review

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
Other	26.8%	13.1%	20.8%	27.1%	30.8%	21.8%	21.2%	11.7%	20.3%
Audit shop is too small to comply with the <i>Standards</i>	10.2%	22.3%	14.2%	9.2%	5.1%	19.3%	12.4%	15.2%	15.6%
Reviews are too expensive	7.9%	20.9%	15.8%	16.6%	12.8%	17.6%	10.9%	9.0%	14.9%
Mgt/audit committee does not support review	5.5%	15.4%	15.8%	12.2%	12.8%	15.1%	13.1%	11.0%	13.7%
I see no value in such a review	0.0%	7.2%	7.3%	3.9%	0.0%	6.8%	5.2%	6.9%	5.8%
There are too few qualified reviewers	10.2%	6.8%	6.6%	12.2%	7.7%	3.4%	2.2%	8.3%	5.2%
Reviews are too disruptive	0.8%	5.5%	3.0%	0.9%	2.6%	5.3%	3.2%	1.4%	3.7%
Count	127	488	303	229	39	716	893	145	2,940

## 8–4B: Quality Assurance and Improvement Programs by Industry

### Reasons for No External Review

Industry	Finance	Mfg./Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
Other	19.0%	21.7%	23.2%	29.6%	18.0%	19.6%	17.6%	20.7%	20.3%
Audit shop is too small to comply with the <i>Standards</i>	12.9%	22.2%	10.3%	17.4%	19.5%	12.0%	18.3%	12.9%	15.6%
Reviews are too expensive	14.7%	19.7%	10.7%	9.6%	12.7%	15.8%	15.5%	14.3%	14.9%
Mgt/audit committee does not support review	11.7%	18.6%	8.1%	11.3%	13.4%	13.6%	20.4%	14.7%	13.7%
I see no value in such a review	4.6%	10.0%	2.2%	4.3%	5.3%	5.4%	7.7%	5.5%	5.8%
There are too few qualified reviewers	6.3%	3.8%	7.7%	4.3%	3.5%	5.4%	5.6%	3.7%	5.2%
Reviews are too disruptive	2.6%	6.4%	1.8%	5.2%	3.8%	3.8%	4.2%	2.3%	3.7%
Count	884	549	271	115	395	367	142	217	2,940

## 8–5A: Internal Audit Service Providers by Region

Internal Audit Processes Subject to Formal External Quality Assessment in Accordance with AS 1312

Region	Africa	Asia Pacific	Europe-Central Asia	Latin America	Middle East	U.S. and Canada	Western Europe	Other	Total
No	25.0%	43.6%	58.8%	47.8%	50.0%	45.3%	44.3%	31.3%	44.1%
Yes — in compliance with the <i>Standards</i>	31.3%	20.0%	29.4%	34.8%	37.5%	30.2%	34.4%	37.5%	30.5%
Yes — some clients require this	43.8%	30.9%	11.8%	15.2%	12.5%	18.9%	16.4%	12.5%	20.6%
I do not know	0.0%	5.5%	0.0%	2.2%	0.0%	5.7%	4.9%	18.8%	4.8%
Count	16	55	17	46	8	53	61	16	272

## 8–5B: Internal Audit Service Providers by Industry

Internal Audit Processes Subject to Formal External Quality Assessment in Accordance with AS 1312

Industry	Finance	Mfg./Constr.	Govt.	Agri.	Service	Transp.	Trade	Other	Total
No	35.0%	45.8%	51.9%	50.0%	45.3%	12.5%	87.5%	35.0%	44.1%
Yes — in compliance with the <i>Standards</i>	42.5%	20.8%	22.2%	50.0%	27.7%	62.5%	12.5%	35.0%	30.5%
Yes — some clients require this	17.5%	25.0%	25.9%	0.0%	22.6%	25.0%	0.0%	15.0%	20.6%
I do not know	5.0%	8.3%	0.0%	0.0%	4.4%	0.0%	0.0%	15.0%	4.8%
Count	40	24	27	8	137	8	8	20	272

# The IIA's Global Internal Audit Survey — Questions

The entire IIA Global Internal Audit Survey, including question and answer options and glossary, may be downloaded from The IIA's website ([www.theiia.org/research](http://www.theiia.org/research)). The following table provides an overview of the questions and groups that answered the specific questions. In addition, the table indicates in which report the survey data were (mostly) used.

Question #	Section and Description of Question	CAE	Service Provider Partner	Service Provider Non-partner	Practitioners (staff levels in-house and at-service providers)	Academics and Others	Data Used in Report
<b>Personal/Background Information</b>							
1a	How long have you been a member of The IIA?	X	X	X	X	X	I & V
1b	Please select your local IIA.	X	X	X	X	X	I & V
1c	Please select the location in which you primarily practice professionally.	X	X	X	X	X	I & V
2a	Your age.	X	X	X	X	X	I & V
2b	Your gender.	X	X	X	X	X	I & V
3	Your highest level of formal education (not certification) completed.	X	X	X	X	X	I & V
4	Your academic major(s).	X	X	X	X	X	I & V
5a	Do you work for a professional firm that provides internal audit services?	X	X	X	X	X	I & V
5b	Your position in the organization.	X	X	X	X	X	I & V
6	Your professional certification(s) (please mark all that apply).	X	X	X	X	X	I & V
7	Specify your professional experience (please mark all that apply).	X	X	X	X	X	I & V
8	How many total years have you been the CAE or equivalent at your current organization and previous organizations you have worked for?	X					I
9	Where do you administratively report (direct line) in your organization?	X					I & V
10	Do you receive at least 40 hours of formal training per year?	X	X	X	X		I & V

Question #	Section and Description of Question	CAE	Service Provider Partner	Service Provider Non-partner	Practitioners (staff levels in-house and at-service providers)	Academics and Others	Data Used in Report
<b>Your Organization</b>							
11	The type of organization for which you currently work.	X	X	X	X		I
12	The broad industry classification of the organization for which you work or provide internal audit services.	X	X	X	X		I
13a	Size of the entire organization for which you work as of December 31, 2009, or the end of the last fiscal year (total employees).	X	X	X	X		I & V
13b	Total assets in U.S. dollars.	X	X	X	X		I & V
13c	Total revenue or budget if government or not-for-profit in U.S. dollars.	X	X	X	X		I & V
14	Is your organization (local, regional, international)?	X	X	X	X		I & V
<b>Internal Audit Activity</b>							
15	How long has your organization's internal audit activity been in place?	X			X		I, III, & V
16	Which of the following exist in your organization (e.g., corporate governance code; internal audit charter)?	X			X		I, III, & V
17a	Who is involved in appointing the chief audit executive (CAE) or equivalent?	X					I & III
17b	Who is involved in appointing the internal audit service provider?	X	X				I & III
18	Who contributes to the evaluation of your performance?	X					I & III
19	Is there an audit committee or equivalent in your organization?	X					I, III, & V
20a	Number of formal audit committee meetings held in the last fiscal year.	X					I & III
20b	Number of audit committee meetings you were invited to attend (entirely or in part) during the last fiscal year.	X					I & III
20c	Do you meet or talk with the audit committee/chairman in addition to regularly scheduled meetings?	X					I & III
20d	Do you meet with the audit committee/oversight committee/chairman in private executive sessions during regularly scheduled meetings?	X					I & III

Question #	Section and Description of Question	CAE	Service Provider Partner	Service Provider Non-partner	Practitioners (staff levels in-house and at-service providers)	Academics and Others	Data Used in Report
21a	Do you believe that you have appropriate access to the audit committee?	X	X				I & III
21b	Do you prepare a written report on overall internal control for use by the audit committee or senior management? Do you prepare a written report on overall internal control for use by the audit committee or senior management? How often do you provide a report?	X	X				I & III
21c	Does your organization provide a report on internal control in its annual report?	X	X				I & III
21d	Which of the following are included in the annual report item on internal control?	X	X				I & III
21e	Who signs the report on internal controls?	X	X				I & III
22	How does your organization measure the performance of the internal audit activity?	X					I, III, & V
23a	How frequently do you update the audit plan?	X					I & III
23b	How do you establish your audit plan?	X					I, III, & V
24a	What is your IT/ICT audit strategy?	X					I, III, & V
24b	What is the nature of your internal audit activity's technology strategy?	X					I, III, & V
25a	What is the number of organizations to which you (as an individual) currently provide internal audit services?		X				I & III
25b	Please indicate your agreement with the following statements as they relate to your current organization or organizations that you audit.	X					I, III, & V
<b>Staffing</b>							
26a	Is your organization offering any special incentives to hire/retain internal audit professionals?	X					I & III
26b	What sources does your organization use to recruit audit staff?	X					I & III
26c	Does your organization use college interns/undergraduate placements?	X					I, III, & V
26d	What is your primary reason for employing college interns/undergraduate placements?	X					I, III, & V

Question #	Section and Description of Question	CAE	Service Provider Partner	Service Provider Non-partner	Practitioners (staff levels in-house and at-service providers)	Academics and Others	Data Used in Report
27	What methods do you use to make up for staff vacancies?	X					I & III
28	What methods is your organization employing to compensate for missing skill sets?	X					I & III
29	What percentage of your internal audit activities is currently co-sourced/outsourced?	X					I & III
30a	How do you anticipate that your budget for co-sourced/outsourced activities will change in the next five years?	X					I & III
30b	How do you anticipate that your permanent staff levels will change in the next five years?	X					I, III, & V
31	What method of staff evaluation do you use?	X					I & III
<b>Internal Audit Standards</b>							
32	Does your organization use the <i>Standards</i> ? If you are a service provider, do you use the <i>Standards</i> for internal audits of your clients?	X	X				II, III, & V
33	If your internal audit activity follows any of the <i>Standards</i> , please indicate if the guidance provided by these standards is adequate for your internal audit activity and if you believe your organization complies with the <i>Standards</i> .	X	X				II, III, & V
33a	Do you believe that the guidance provided by the <i>Standards</i> is adequate for internal auditing?					X	II, III, & V
34	Your organization is in compliance.	X					II, III, & V
35	What are the reasons for not using the <i>Standards</i> in whole or in part?	X	X				II, III, & V
36	Does your internal audit activity have a quality assessment and improvement program in place in accordance with Standard 1300?	X					II, III, & V
37a	When was your internal audit activity last subject to a formal external quality assessment in accordance with Standard 1312?	X					II, III, & V
37b	Why has such a review not been undertaken?	X					II, III, & V



Question #	Section and Description of Question	CAE	Service Provider Partner	Service Provider Non-partner	Practitioners (staff levels in-house and at-service providers)	Academics and Others	Data Used in Report
37c	As a provider of internal audit services, are your internal audit processes subjected to external quality assessments as specified in Standard 1312?		X				II, III, & V
38	For your internal audit activity, which of the following is part of your internal audit quality assessment and improvement program?	X					II, III, & V
<b>Audit Activities</b>							
39	Please indicate whether your internal audit activity performs (or is anticipated to perform) the following:	X	X	X	X		I, III, & V
40a	Do you usually provide a form of opinion of the audit subject area in individual internal audit reports?	X	X	X	X		I & III
40b	Do you usually provide an overall rating (such as satisfactory/unsatisfactory) of the audit subject area in individual internal audit reports?	X	X	X	X		I & III
40c	Have you ever been subject to coercion (extreme pressure) to change a rating or assessment or to withdraw a finding in an internal audit report?	X	X	X	X		I & III
41	After the release of an audit report in the organization, who has the primary responsibility for reporting findings to senior management?	X	X	X	X		I & III
42	After the release of an audit report with findings that need corrective action, who has the primary responsibility to monitor that corrective action has been taken?	X	X	X	X		I & III
<b>Tools, Skills, and Competencies</b>							
43a	Indicate the extent the internal audit activity uses or plans to use the following audit tools or techniques on a typical audit engagement.	X	X	X	X		II, III, & V
43b	What other tools and techniques are you currently using or planning to use (indicate if proprietary)?	X	X	X	X		II, III, & V
44	Please mark the five most important of the following behavioral skills for each professional staff level to perform their work.	X	X			X	II, III, & V
44a	Please indicate the importance of the following behavioral skills for you to perform your work at your position in the organization			X	X		II, III, & V
45	Please mark the five most important of the following technical skills for each level of professional staff to perform their work.	X	X			X	II, III, & V

Question #	Section and Description of Question	CAE	Service Provider Partner	Service Provider Non-partner	Practitioners (staff levels in-house and at-service providers)	Academics and Others	Data Used in Report
45a	Please indicate the importance of the following technical skills for you to perform your work at your position in the organization.			X	X		II, III, & V
46	Please mark the five most important of the following competencies for each level of professional rank to perform their work.	X	X			X	II, III, & V
46a	Please indicate the importance of the following competencies for you to perform your work at your position in the organization.			X	X		II, III, & V
46b	How important are the following areas of knowledge for satisfactory performance of your job in your position in the organization?			X	X		II, III, & V
46c	Are there other areas of knowledge that you consider essential?			X	X		II, III, & V
<b>Emerging Issues</b>							
47	Do you perceive likely changes in the following roles of the internal audit activity over the next five years?	X	X	X	X	X	IV & V
48	Please indicate if the following statements apply to your organization now, in the next five years, or will not apply in the foreseeable future.	X	X	X	X		IV & V

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# The IIA's Global Internal Audit Survey — Glossary

This glossary was made available to respondents when they participated in the survey.

## **Add Value**

Value is provided by improving opportunities to achieve organizational objectives, identifying operational improvement, and/or reducing risk exposure through both assurance and consulting services.

## **Assurance Services**

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

## **Audit Risk**

The risk of reaching invalid audit conclusions and/or providing faulty advice based on the audit work conducted.

## **Auditee**

The subsidiary, business unit, department, group, or other established subdivision of an organization that is the subject of an assurance engagement.

## **Board**

A board is an organization's governing body, such as a board of directors, supervisory board, head of an agency or legislative body, board of governors or trustees of a nonprofit organization, or any other designated body of the organization, including the audit committee to whom the chief audit executive may functionally report.

## **Business Process**

The set of connected activities linked with each other for the purpose of achieving one or more business objectives.

## **Chief Audit Executive**

Chief audit executive is a senior position within the organization responsible for internal audit activities. Normally, this would be the internal audit director. In the case where internal audit activities are obtained from external service providers, the chief audit executive is the person responsible for overseeing the service contract and the overall quality assurance of these activities, reporting to senior management and the board regarding internal audit activities, and follow-up of engagement results. The term also includes titles such as general auditor, head of internal audit, chief internal auditor, and inspector general.

## **Code of Ethics**

The Code of Ethics of The Institute of Internal Auditors (IIA) are Principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behavior expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

## **Compliance**

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

## **Consulting Services**

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

## **Control**

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

## **Customer**

The subsidiary, business unit, department, group, individual, or other established subdivision of an organization that is the subject of a consulting engagement.

## **Engagement**

A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

**Enterprise Risk Management** — See Risk Management

## **External Auditor**

A registered public accounting firm, hired by the organization's board or executive management, to perform a financial statement audit providing assurance for which the firm issues a written attestation report that expresses an opinion about whether the financial statements are fairly presented in accordance with applicable Generally Accepted Accounting Principles.

## **Framework**

A body of guiding principles that form a template against which organizations can evaluate a multitude of business practices. These principles are comprised of various concepts, values, assumptions, and practices intended to provide a yardstick against which an organization can assess or evaluate a particular structure, process, or environment or a group of practices or procedures.

## **Fraud**

Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.

**Governance**

The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

**Independence**

The freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.

**Internal Audit Activity**

A department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organization's operations. The internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

**Internal Audit Charter**

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

**Internal Control**

A process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

**International Professional Practices Framework**

The conceptual framework that organizes the authoritative guidance promulgated by The IIA. Authoritative Guidance is comprised of two categories — (1) mandatory and (2) strongly recommended.

**IT/ICT**

Information technology/information communication technology.

**Monitoring**

A process that assesses the presence and functioning of governance, risk management, and control over time.

**Objectivity**

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Objectivity requires internal auditors not to subordinate their judgment on audit matters to others.

### **Risk**

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

### **Risk Assessment**

The identification and analysis (typically in terms of impact and likelihood) of relevant risks to the achievement of an organization's objectives, forming a basis for determining how the risks should be managed.

### **Risk Management**

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

### **Service Provider**

A person or firm, outside of the organization, who provides assurance and/or consulting services to an organization.

### **Standard**

A professional pronouncement promulgated by the Internal Audit Standards Board that delineates the requirements for performing a broad range of internal audit activities, and for evaluating internal audit performance.

### **Strategy**

Refers to how management plans to achieve the organization's objectives.

### **Technology-based Audit Techniques**

Any automated audit tool, such as generalized audit software, test data generators, computerized audit programs, specialized audit utilities, and computer-assisted audit techniques (CAATs).

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THE IIA'S GLOBAL INTERNAL AUDIT SURVEY

# Core Competencies for Today's Internal Auditor

Report II, *Core Competencies for Today's Internal Auditor*, is one of five deliverables of The IIA's Global Internal Audit Survey: A Component of the CBOK Study. This is the most comprehensive study ever to capture 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 on the profession's status worldwide.

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