

# ESSENTIAL TO SUCCESS

OUR STRATEGY AND ACHIEVEMENTS 2010/11



Chartered Institute of  
Internal Auditors

# INTERNAL AUDIT, ESSENTIAL TO SUCCESS

The Institute has set out its vision for the profession and the strategy to achieve it:

## **Vision**

The internal audit profession will be recognised as essential to the success of organisations.

## **Mission**

To achieve this, the Institute must:

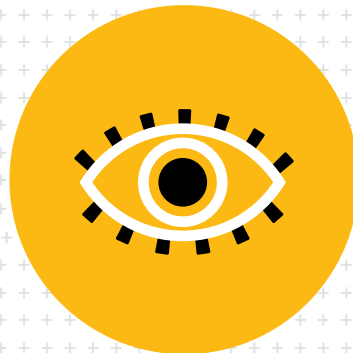
- develop the profession to ensure that it has the knowledge, skills and expertise to be essential to the success of organisations
- promote the role and value of the profession to ensure that it is recognised as essential to success.

## **STRATEGIC PRIORITIES** **2010 - 2013**

To achieve this mission, our three-year strategy focuses our resources on the following areas:

1. developing the profession
2. communicating the value of the profession
3. empowering the leaders of the profession
4. growing membership and improving member satisfaction
5. focusing on customers
6. sharpening our commercial focus
7. raising our effectiveness.

In the coming pages, we will report on our progress towards achieving these seven objectives.



# VIEW FROM THE CHIEF EXECUTIVE



The award of our Royal Charter in 2010 was a resounding endorsement of the credibility of our profession and Institute and the importance of good governance to the public interest.

A highlight of the year was the creation of 2000 Chartered Internal Auditors in October 2010. It was very satisfying to share the Charter in this way with members who have worked so hard to become qualified.

However, for many organisations, 2010/11 was when the recession really hit home in both the UK and Ireland. The Institute was no exception. We worked hard to anticipate and mitigate the effects of the recession on our trading performance and I'm pleased with the end result.

Last year, we set out our three-year strategy for 2010-2013 in *Essential to Success*. This year's report updates the strategy and outlines our achievements during 2010/11. We have made good progress in a number of areas:

- Implementing a smooth transition to Chartered status and creating the first Chartered Internal Auditors.
- Improving our profile and influence and participating in the House of Lords Economic Affairs Committee Inquiry into Audit Concentration.
- Working with IIA Global on the development of a new international internal auditing certification based on our IIA Advanced Diploma.

- Increasing our engagement with FTSE 100 heads of internal audit.
- Developing plans for a new External Quality Assessment service.
- Launching our partnership scheme and securing our first partners.

Much of this work is ongoing, as we continue to develop and launch new initiatives and improve service to members. Some of our plans for 2011/12 include:

- Issuing policy and research reports and improving our media presence.
- Launching a pilot of our new External Quality Assessment service.
- Establishing a new service for internal audit leaders (from FTSE 100 and equivalent)
- Re-launching our magazine and a new dedicated magazine website.
- Launching a new webinar programme.
- Continuing to focus on cost management and income generation.

I would like to thank the members of council, our committee members and our regional volunteers for their tireless work on behalf of the Institute. I would also like to thank the staff team and the army of tutors, trainers and others who work with us and our members

**Dr Ian Peters**  
Chief Executive



# ACHIEVEMENTS 2010/11

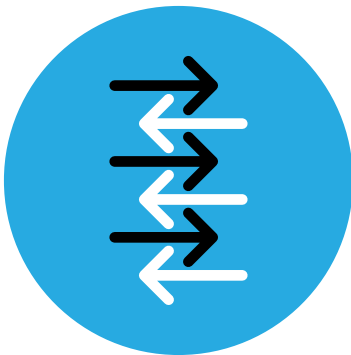
We have completed the first year of our three-year strategy to develop and promote the profession. Our achievements are outlined below.

## **DEVELOPING THE PROFESSION**

We provide a valuable hub of cutting edge professional and technical internal audit knowledge. We will focus on developing our qualifications portfolio and quality assurance services so that internal audit teams can enhance their skills and evaluate their effectiveness. We will also work with IIA Global to achieve international recognition for Chartered Internal Auditors and a common suite of qualifications.

### **Achievements**

- Reviewed our qualifications in order to simplify our approach and allow easier access. Outcomes will be implemented in 2011/12.
- Launched new modules on compliance and information systems auditing for the IIA Certificate in Internal Audit and Business Risk.
- Commenced discussions with IIA Global about developing an international internal auditing certification based on our IIA Advanced Diploma.
- Developed a detailed business proposal for External Quality Assessment services. This will launch with a pilot in 2011/12.
- Currently working on a new programme to accredit employers' CPD programmes and a dual-award programme for our qualifications so students can study with us at the same time as studying at University.



## **COMMUNICATING THE VALUE OF THE PROFESSION**

We must create a body of information and research that demonstrates the value of internal audit and explains its role in the evolving corporate governance framework. We need a programme of activities that communicates this to business leaders, non-executive directors, policy-makers and regulators, helping to position the internal audit profession as a key function within organisations.

### **Achievements**

- Developed our influence strategy. The first research project is under way to identify what internal audit can learn from the financial crisis.
- Held discussions with key influencers including the Financial Reporting Council, Financial Services Authority, Confederation of British Industry, Institute of Directors and presented at a Bank of England conference for Heads of Internal Audit in Central Banks.
- Secured high profile speakers at IIA events.
- Gave evidence at the House of Lords Economic Affairs Committee Inquiry into Audit Concentration.
- Responded to 13 public consultations on corporate governance and technical issues.
- Maintained and built interest in internal audit amongst the professional media, with 30 news items published during the year.
- Worked closely with IIA Global and the European Confederation of Institutes of Internal Auditors (ECIIA) to raise the profile of internal audit within the European Union and on the world stage.
- Agreed to collaborate with the Chartered Institute of Public Finance and Accountancy (CIPFA) to develop a joint framework on standards, qualifications and CPD.



## **EMPOWERING THE LEADERS OF THE PROFESSION**

To influence key stakeholders and raise our profile, we must build closer relationships with leaders in internal audit. These relationships provide us with crucial insight into the strategic and operational issues facing organisations, which enables us to focus our policy research programme and ground our findings. A close dialogue with heads of internal audit also allows us to develop our services to meet their needs and those of their teams.

### **Achievements**

- Carried out research to better understand the needs and perception of heads of internal audit.
- Held events for heads of internal audit and the leading professional services firms to build strong relationships.
- We will be rolling out a new service for internal audit leaders (from FTSE 100 and equivalent) in 2011/12. We will also be offering access to the IIA Global Audit Executive Centre.

## **GROWING MEMBERSHIP AND IMPROVING MEMBER SATISFACTION**

We will grow our membership by communicating effectively with internal auditors about the value of our qualifications and services. Through a more targeted approach to our marketing and service development activities, we will focus on making the Institute's services more attractive and to improving member communication and retention.

### **Achievements**

- Adjusted our marketing approach to focus on heads of internal audit and key account management.
- Reviewed the role of the regions, establishing effective communications through the Member Network Committee and achieving greater consistency in financial management and event pricing.
- Welcomed some new group membership schemes.
- Set up accounts on Twitter, Facebook and LinkedIn.
- Continued to offer our IIA Advantage benefits package bringing discounts and savings to members.
- Developed a new magazine model including a new magazine microsite, launched in September 2011.

## **STEPS TO ENHANCE THE GLOBAL FOOTPRINT**

The Chartered Institute of Internal Auditors works increasingly closely with the Global Institute of Internal Auditors (IIA Global), based in the US, to raise the profile of internal audit and increase recognition of its value on the world stage.

The role of the IIA Global is to promote and support the internal auditing profession globally, particularly:

- Providing the International Standards and Code of Ethics

- Developing a global suite of qualifications
- Providing research, development opportunities and knowledge to advance the profession

Within Europe, the Chartered Institute of Internal Auditors is a member of the European Confederation of Institutes of Internal Auditors (ECIIA).

The ECIIA is the vehicle through which the 33 national Institutes of Internal

Auditors within the wider European region engage with the European Commission and other European institutions, representing the views of the profession and communicating the value of internal auditing.

From October 2010, our past President, Phil Tarling, was the President of ECIIA. During his presidency we worked closely with ECIIA to review and improve its focus on advocacy with the European Union.

# ACHIEVEMENTS 2010/11

## **FOCUSSING ON CUSTOMERS**

Member satisfaction and retention are as important as attracting new members. A new centralised approach to customer service will make it easier for members to get the information, advice and guidance they need on courses, qualifications, payments, subscriptions and other member services.

### **Achievements**

- Implemented a new staffing structure including bringing member services and student support together in a customer service team.
- Reviewed our mechanisms for monitoring and reporting customer service performance.
- Scoped our needs for new back office systems and web systems in order to meet members' needs.

## **SHARPENING OUR COMMERCIAL FOCUS**

Raising our profile and growing our membership will strengthen our brand and increase our income. This will enable us to develop our services, broaden our policy and influence programme, and ensure we remain efficient and effective as a Chartered professional body.

### **Achievements**

- Introduced cost-saving and revenue-generating initiatives in order to achieve a positive financial result for the year.
- Launched a new partnership initiative to work with commercial sponsors and partners.
- Reviewed the financial model of our magazine, retendered contracts and appointed a new publishing agency.
- Delivered a comprehensive range of training courses, events and learning programmes and had our most successful year ever for delivery of in-house training.
- Introduced new examination workshops for IIA Learning students.

## **RAISING OUR EFFECTIVENESS**

As part of our strategy, we will review and improve our management systems to free up staff time, reduce cost and improve members' interaction with the Institute. For example, a planned new suite of web services will enable online payments and better access to knowledge, networking and other interactive services.

### **Achievements**

- Commissioned a full systematic review of our business processes.
- We are using this analysis to develop specifications for new back office systems and to identify potential software solutions.
- Undertook an analysis of our web needs and are now working to overhaul our web-based services.



# FINANCIAL SUMMARY 2011



<b>INCOME AND EXPENDITURE</b>		
	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Operating income	3,961	4,094
Direct expenses	(3,882)	(4,185)
Interest receivable	3	5
Taxation	(1)	3
Surplus/(deficit)	81	(83)

<b>BALANCE SHEET AS OF 31 MARCH</b>		
	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Fixed assets	868	896
Current assets	857	752
Cash at bank	1,484	1,449
Current liabilities	(1,710)	(1,679)
Reserves	1,499	1,418

These figures have been extracted from the Institute's Report and Accounts for 2010/11. This document is available at [www.iaa.org.uk](http://www.iaa.org.uk) under About Us, Annual Reports.

Trading conditions have remained difficult throughout 2010/11 and the Institute's income was lower as a result of lower membership numbers, falling magazine advertising revenue and reduced sales of training courses.

We had some success in attracting new members, but saw a net reduction in membership this year. Our membership during 2010/11 was 8,194, compared to 8,360 during 2009/10. Magazine advertising revenue was affected by a reduction in recruitment advertising, which reflects the state of the job market and the trend toward online advertising.

The Institute focused on containing costs and was successful in this regard. Despite reduced income, a deficit of £83,000 in 2009/10 was turned into a surplus of £81,000 in 2010/11.

Current liabilities includes income to be recognised in the following financial year of £1,161,000 (2010: £1,203,000). With reserves and cash balances both close to £1.5m, the Institute has sufficient financial resources to continue to develop its services to members and other stakeholders via the influencing programme and other initiatives.



## ABOUT THE CHARTERED INSTITUTE

- Established in 1948, we became the Chartered Institute of Internal Auditors in 2010.
- We are part of a global network of 170,000 members in 165 countries.
- All members across the globe work to the same International Standards and Code of Ethics.
- We have 8,000 members in all sectors in the UK and Ireland.
- Each year over 3,000 of our members take training with us or study for our qualifications.
- Over 2,000 members are Chartered Internal Auditors and use the designation CMIIA.
- Over 1,000 of our members hold the position of head of internal audit.
- The majority of FTSE 100 companies are represented in our membership.

[www.iaa.org.uk](http://www.iaa.org.uk)

Chartered Institute of Internal Auditors  
13 Abbeville Mews, 88 Clapham Park Road,  
London SW4 7BX  
Tel 020 7498 0101  
Fax 020 7978 2492  
Email [info@iaa.org.uk](mailto:info@iaa.org.uk)  
© September 2011