
Internal auditing's international contribution to governance

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Abstract: Internal auditing has been adding value in organisations across all sectors for many years. This paper is based on research by the authors into this value in the UK, widened to include the contribution by internal auditing's professional development worldwide. This development is based mainly on international internal auditing standards, now receiving recognition by governments, regulators, external auditors and other authorities across the world. Not least by the worldwide requirements of the US Sarbanes-Oxley Act of 2003, and board responsibility for the effectiveness of internal control. The paper discusses how the assurance, compliance and consultant roles of internal auditing are being recognised today at board level in many organisations as valuable contributors to good governance practices.

Keywords: audit committee; control; ethics; governance; internal auditing; performance; quality programmes; risk assessment; stakeholders.

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1 Introduction

Research in 1997 by the authors,¹ sought views on the value of internal auditing in the UK from chief executive officers and chief finance officers in the private sector, and their equivalents in other sectors. Views were sought on the perceived value of internal auditing within their organisations. Key objectives of the research were to:

- describe the nature of internal auditing in the UK and how it is and should be practised
- compare and contrast senior managers' perceptions of internal auditing value.

Respondents were asked to consider how, in their organisations, internal auditing services contributed to control, risk assessment, performance, quality programmes and overall governance processes. The research findings ranked and compared respondents' perceptions of how internal auditors were adding value to performance and governance across all sectors. Some recognised internal auditors being used as risk and control consultants at board level, with wide assurance and compliance responsibilities. Some recognised internal auditors as partners in the management team. Some saw internal auditing with strong links into their audit committees. All respondents recognised and valued internal auditing as making an independent contribution to corporate governance² practices in their organisations. Some internal auditing activities had reporting lines at board level.

Since 1997 there have been significant developments in corporate governance practices worldwide, mainly influenced by large organisation failures and growth in influence by stakeholders, including national governments, regulators, institutional investors and professional institutes. The value and need for good corporate governance practices has also moved into the public services and voluntary sectors, with promotion of governance principles that have grown out of Nolan (1995).³ These principles are still seen in recent corporate governance guidance for these sectors.

Internal auditing has been a continuing contributor to the development of corporate governance practices worldwide. Today it is recognised as a strong international player in corporate governance across all sectors. Its *International Standards* and Code of Ethics have grown out of contributions from internal auditors in many countries. These

statements now receive recognition by internal auditors, governments, regulators, external auditors and other authorities across the world. They are also used to measure at board level the effectiveness of internal auditing practices in organisations of all sizes and sectors in many countries. They include:

- Definition of internal auditing
- Code of Ethics
- Attribute Standards – address the characteristics of internal auditing
- Performance Standards – describe the nature of internal auditing activities and provide quality criteria against which the performance of its services can be evaluated.
- Implementation Standards – apply to specific types of audit engagements
- Practice Advisories
- Position Statements.

As well as a globally structured professional institute of internal auditors there is also now a European Confederation of Internal Auditing Institutes recognised by the European Commission. This confederation represents a growing profession of internal auditing in all countries in the European Union. All using the same professional *International Standards*.

Other recent research shows the assurance, compliance and consultant roles of internal auditing are now being recognised at board level in many organisations as valuable contributors to good governance practices. Our paper will review the recent history of professional internal auditing and its continuing contribution to corporate governance at board level. It will conclude with comment on emerging issues that will affect internal auditing in the future.

2 Internal auditing and corporate governance – a brief history

During the past 50 years, organisations worldwide in the private, public service and voluntary sectors have established internal auditing functions to improve their monitoring activities. In the early days of its development most internal audit work related to internal accounting control and security over assets. Few internal auditors were involved in operating systems or the achievement of organisation objectives and strategic issues at board or governing body level.

With the formation in North America of the Institute of Internal Auditors Inc. (IIA Inc.) in 1941, professional internal auditing took on an international status. The IIA Inc. was created in the belief "...that some organisation was needed to develop the true professional status of internal auditing, and to provide a medium for an interchange of ideas and information between those who engaged in its practice."⁴ This need was also recognised in 1942 at its first conference:

“Today’s happenings pose new and perplexing problems to internal auditors. The requests and regulations of the several branches and agencies of Government demand a complete knowledge by internal auditors of their effect on the normal functions of the companies they represent. The scope of internal auditing requirements has increased tremendously.”

Shortly after 1942, chapters of the IIA Inc. were established worldwide, including five chapters in the UK⁵ to promote professionalism for internal auditing. The main aim at the time was to encourage internal auditors worldwide to meet together and share their auditing experiences.

The global network of IIA chapters helped to develop and were committed to a framework of professionalism, represented by a:

- Statement of Responsibilities of Internal Auditing
- Definition of independent and objective internal auditing
- Code of Ethics
- Set of general and specific professional standards
- Body of knowledge and a requirement for continuing education
- Body of theoretical (and empirical research) literature on good internal auditing practice
- Requirement for quality assurance to be designed into internal auditing work
- Benchmarking best practice network worldwide.

The institute’s theme at that time was, and still is, *Progress through Sharing*.⁶

As the profession of internal auditing developed internal auditors recognised that their traditional approach to auditing internal accounting control compliance too often created hostile relationships between themselves and operational staff. Mints (1972) researched this hostility, testing four relationships from ‘hostile’ to ‘participative’. Measuring the benefits of each for internal auditors and their organisation. His results have guided the development of professional internal auditing since and still have important messages for internal auditing today. Mints classified internal auditing relationships into three broad groups – traditional (protection, compliance), current moderate approach (constructive and protective, problem-solving), participative teamwork approach (providing assistance in achieving organisation objectives, working with management). His supporting hypothesis for a participative teamwork approach is:

“The establishment of participative auditee relationships would a) help to direct the audit effort toward more significant operating problems; and b) would help also to release the full potential of the audit process to make suggestions that would be of material assistance in accomplishing organisational objectives.”

Much of Mint’s thinking has directed the development of professional internal auditing since 1972. If not also the direction of many auditing activities, including external audit.

Wilson and Wood (1989) recognised Mint’s theories and the many conflicting expectations in the internal auditor’s occupational role in a group of selected US companies. They studied the behaviours of internal auditors in seven roles – accountant, police, teacher, watchdog, consultant, communicator, and future manager. Most subsequent research has also recognised these roles in internal auditing practices, and the

conflicts that can occur in each. Much of this research continues to shape the behaviour of internal auditors in the services they provide and the professional guidance provided by the IIA.

Not all promotion of internal auditing took place in the USA. The UK ICAEW (1996) Audit and Assurance Faculty promoted internal auditing as a value-added service to management, stating:

“... a graduate school of excellence for the ‘high flyers’ within a business who aspire to senior management positions. In addition, organisations can optimise the efficiency of the total audit process by a continuing and meaningful dialogue between internal and external audit, and by co-ordination of their respective audit responsibilities.”

The UK Chartered Institute of Public Finance and Accountancy (CIPFA) in a 1997 survey, primarily in the public sector, suggested that:

“(Internal) Auditors recognise that the historical, probity-centred role of auditing has been superseded by a positive, forward-looking emphasis on auditing systems and operations. They see their role as adding value to an organisation through offering appraisal and advice on internal systems, backed up by wider business skills. However, the survey shows that auditees, particularly non-financial managers, still primarily associate internal auditing with finding errors and preventing and detecting fraud.”

The ICAEW (1997) in a consultation document explored how internal auditing will develop. This consultation was a product of research and discussion into the future role of Chartered Accountants in 2005. Internal auditing was seen to be part of this role. Under the title ‘Bigger role for internal auditing’ a forecast of this future role was given as:

“Internal auditors will, in effect, become risk and control consultants working on the development and enhancement of new systems, products and processes. They will also be involved in due diligence work, and internal auditing will be seen as providing a credible starting point for a successful career in business.”

The IIA Inc.⁷ (1997) statement of responsibilities of internal auditing, developed over many years, described the function as:

“Internal auditing is an independent appraisal function established within an organisation to examine and evaluate its activities as a service to the organisation. The objective of internal auditing is to assist members of the organisation, including those in management and on the board, in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. The audit objective includes promoting effective control at a reasonable cost.”

The Hampel (1998) Report⁸ reviewed governance developments since Cadbury (1992) and supported both the importance of measuring the effectiveness of control and the importance of reviewing annually the need for internal auditing in a company. Following its report the Combined Code (1998) became part of the London Stock Exchange’s listing requirements. Hampel’s recommendation was included in the code and repeated in the 2003 code, which followed the Higgs (2003) review of the role and effectiveness of non-executive directors. At this time there was still no mandatory requirement for internal auditing in most companies and no Stock Exchange guidance on what internal auditing meant, or how its effectiveness could or should be measured. Legal requirements

for internal auditing had existed for some time and still do for building and provident societies and local government. But these are requirements related to compliance and safeguarding of assets, and not services providing assurance and advice on risk management, control and governance issues.

By 1999, the IIA Inc. had developed into a global organisation with affiliated chapters and national institutes in many countries.⁹ After international research it revised its definition of internal auditing, re-emphasising its important roles in risk management, control and governance (*this mentioned for the first time*) processes:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

1999 also saw publication by the IIA Inc. of a new Competency Framework for Internal Auditing (CFIA). CFIA had its unveiling at the IIA Inc. 1998 International Conference in North America. This new study, by a global research team, built on the IIA Inc.’s researched Common Body of Knowledge (CBOK) published in 1992, and a previous study in the 1970s. CBOK comprised 334 individual competencies in 20 different discipline areas, ranking reasoning, communications, auditing, ethics and organisation as the five most important disciplines – in that order. Internal auditing leaders, trainers and educators across the world have used CBOK and CFIA to design degree and postgraduate education, skill courses and professional qualification programmes. Both have directed and guided the learning of many internal auditors across the world, contributing significantly to the development and improvement of professional internal auditing.

3 Internal auditing and corporate governance – the current scene

Since the publication of CFIA the IIA Inc. and IIA-UK have revised the structure and syllabuses of their professional qualifications to reflect its researched competency framework requirements. Both the IIA Inc. and the IIA-UK and Ireland now include in their professional examination syllabuses requirement for knowledge and understanding of governance processes. Both also provide many training programmes for internal auditor continuing education in risk management, control and governance.

The IIA Inc. (2000)¹⁰ revised its *International Standards* for internal auditors and published these in a new Professional Practices Framework (PPF). The scope of work for internal auditors covered the knowledge requirements in CFIA. Underlying that framework is recognition that control environments established by management are an integration of activities such as – risk assessment, control activities, monitoring, information systems and communication. COSO (1992)¹¹ had already stated this in its integrated control framework.

The IIA-UK and Ireland (2002) set out in a position paper on corporate governance reform, three key lessons to be learnt from recent corporate scandals – the role of the board; loyalty to the right stakeholders and serving the right interests; and, the internal audit activity. In its description of internal audit it states:

“The internal audit activity must have the professionalism, profile and independence to fulfil its role effectively. It must be able to provide an environment of challenge, transparency and candid reporting to the highest level without fear and retribution. Internal audit must provide the focus on risk for the organisation. It must demonstrate a good understanding of the organisation’s business operations together with communication and persuasion skills to get its message across. The IIA’s *International Standards* are the benchmark against which effective internal audit activities can be measured.”

There can be no better way to describe the role of professional internal auditing today.

In 2002 the US Sarbanes-Oxley Act, was passed by the US Congress to meet concerns with board responsibility for the effectiveness of internal financial control and the internal audit of its effectiveness. There has been much concern about the implementation of this Act’s requirements, both in the USA and in other parts of the world, including Europe. Various interpretations are being placed on the processes for compliance with the Act. Support for the board and management in the discharge of their responsibilities under the Act is seen by the IIA¹² as a legitimate role for internal auditors. How this will impact the continuing development of internal auditing has yet to be seen. Though current evidence is that internal audit activities in listed companies in the USA are being affected, also some outside the USA. Implementation of the Act’s requirements for listed companies outside the USA, affected by the Act’s requirements, is now delayed until 2007.

One good effect of the Act may be that the measurement of internal audit effectiveness at board level will focus on the activity’s quality assurance and continuous improvement programme, which is now mandatory to be in compliance with the institute’s *International Standards*. This attention to quality in internal audit work at board level can only improve an organisation’s corporate governance framework.

COSO (2004) has now published a new framework for Enterprise Risk Management (ERM), based on international research. ERM brings up to date the components of its 1992 framework and takes risk processes across all an organisation’s operations at strategic, operational, reporting and compliance levels. The application of ERM requires organising interlocking facilitated workshops across an enterprise. These workshops are formal processes with all staff to identify, assess and control risks. ERM uses this assessment methodology implemented in many organisations for some years. There is evidence in research that the institute sees the facilitation of risk workshops, as proposed in ERM, as an internal; auditing role:

“The internal audit activity should assist the organisation by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.”

The IIA Inc. (2004) now defines internal auditing’s role in governance processes as:

“The internal audit activity should assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation.
- Ensuring effective organisational performance management and accountability.
- Effectively communicating risk and control information to appropriate areas of the organisation.

- Effectively coordinating the activities of and communicating information among the board, external and internal auditors and management.

The IAF should evaluate the design, implementation, and effectiveness of the organisation's ethics-related objectives, programmes and activities."¹³

For internal auditing this has opened new doors into strategic management decisions and the implementation of organisational policies. Calling for a good knowledge and understanding of corporate governance principles and requirements. It also raises issues of how far internal auditing can communicate governance issues outside the organisation it serves – particularly when those issues concern governance requirements and reviews by regulators, external auditors and other stakeholders. The possibility of such communication has to be addressed by an organisation's board and the internal auditing responsibilities clearly stated.¹⁴

When reviewing responsibilities of audit committees in governance processes Smith (2003) considered the role of internal auditing, recommending that it should be "... equipped to perform in accordance with appropriate standards." Those standards were named as those published by the IIA.

There is now a recognised responsibility that audit committees should review and approve the remit of an internal auditing activity, then monitor and review its effectiveness. This will establish a strong working relationship between the audit committee and internal audit activity, in all its three roles of assurance, consulting and teaching; and in all three processes, risk management, control and governance. The IIA PPF Guidelines recommend that internal auditing should assist the audit committee "...in ensuring that the charter, role and activities of the committee are appropriate for it to achieve its responsibilities." This includes the possibility of providing "...educational or informational sessions or presentations....such as training new committee members on risk and controls." There is evidence in literature that such a relationship is key to the effectiveness of an audit committee and internal auditing activities.

To date there has been little specific research into internal auditing's role in the governance process, though many vacancy notices advertising for internal audit staff include the importance of internal auditing involvement in corporate governance. It is clear from the new definition of internal auditing that the IIA and its members are now deeply involved in corporate governance practices worldwide through its organisation structure, members, research, education and *International Standards*. There is also a corporate governance ambassadorial role played by many internal auditors as they travel on business for their organisations across country boundaries.

Recent governance changes in the IIA Inc. have increased its global representation with the forming of a Global Council. The IIA standards have been re-titled 'The IIA International Standards'. There is a strong determination at its US headquarters and across the world that the IIA should be recognised as truly global in its operations with international standards and code of ethics. Its base is now certainly global. Many job vacancy notices today now recognise the IIA qualifications in their requirements. There is also more recognition being given to the IIA in current governance statements by commissions across the world. As mentioned earlier, the Smith (2003) report on audit committees in the UK.

Recommends that effective internal auditing in organisations requires the work to be of a high standard, quoting the IIA's international standards as an example of what should be required by audit committees.

Implementation of the IIA PPF in Europe has recently been given a high profile by a position paper published by the European Confederation of Institutes of Internal Audit (ECIIA).¹⁵ This ECIIA (2005) paper promotes the IIA PPF across Europe, focusing many of its recommendations on themes developed in our 1997 research, but with a stronger emphasis on internal auditing in risk, governance processes and fraud. The ECCIA describes the "...ways professional internal auditing can provide value to those responsible for governance..." as:

"In summary there are two sorts of contribution – assurance and consulting. With regard to assurance, a professional internal audit activity will complement and support management assurance by providing objective assurance on the effectiveness of the processes for achieving good governance, risk management and internal control. As part of its work, such an activity will also provide consulting services, facilitating and advising on improvements in key areas."

4 Internal auditing and corporate governance – some emerging issues

Internal auditing is involved in many of the current discussions taking place on corporate governance practices. Its commentary on current developments has and is contributing to future changes and improvements in these practices. Both the IIA Inc. and IIA-UK and Ireland have statements on their websites indicating the level of this involvement. Other IIA national institutes and chapters repeat this.

Conflicts in different internal auditing roles (recognised by Wood and Wilson) have not gone away. They are still here today. A role of internal auditors as consultants is not without its opponents. Some still see this as adversely influencing internal auditing independence and objectivity. The UK Audit and Assurance Faculty in ICAEW (2005) comments on this as a possible impingement on the independence and objectivity of internal auditing. The IIA PPF has always recognised this issue and taken care to address it in both *International Standards*, Code of Ethics and supporting implementation guidance. Evidence from our 1997 research and the corroboration of its findings to date shows that despite this consultancy will be an important part of the development of professional internal auditing in the future.

The IIA-UK and Ireland (2003) in partnership with KPMG see the scope of internal auditing as "...a decision for each individual organisation, but as a minimum it should review and report on": (with comments added by this paper's authors in italics)

- The control environment as a whole, *i.e.*, how executive management directs and controls the business. (*This is how Cadbury described corporate governance in 1992. However, included here must be the efficiency, effectiveness and economy of operations, and the prevention and detection of fraud.*)
- The processes by which risks are identified, analysed and managed (*In the past this has been mainly at operational levels but there is evidence that internal auditing is being used more now in risk management and effectiveness of control at board level.*)

- Controls over key operational and functional processes. *(This now forms part of the risk assessment and management processes and as such is becoming more performance and future orientated, whereas historically reviews of control by internal auditors have been more compliance, and past and present focused.)*
- Processes that deliver change and systems development initiatives. *(Change is now a way of life in most organisations, often associated with reduced costs and staff. This can pose significant risk management, control and governance issues that need to be recognised at board level and by management and all auditors.)*
- The reliability and integrity of management information. *(This is a very sensitive area in all communications to be addressed with an independent and objective perspective, which professional internal auditing should be able to provide as a service.)*
- The safeguarding of assets. *(The term 'assets' is broadening into more than physical assets. It is now recognised to include people, knowledge, reputation and contingency planning. This wider view is still new in the context of security measures and safeguarding of assets in many organisations. They all need to be addressed by internal auditing today and tomorrow.)*
- Compliance with relevant legislation. *(Compliance now goes beyond legislation into regulation, principles and voluntary recognition of rules associated with charters, quality awards, standards, etc.).*

The IIA Inc. and IIA-UK and Ireland¹⁶ both see a role for internal auditing in sustainable developments in an organisation. Both have researched and promoted this role, though there is little evidence today that this is widely practised by internal auditors. Such a role fits comfortably into the other roles of internal auditing and scope of its work. When organisation performance is more directly linked into corporate governance practices, the contribution by internal auditing in sustainable development will grow.

5 Conclusion

The 1942 IIA position statement mentioned at the beginning of this paper is worth repeating again as a conclusion. As a challenge for future internal auditors it cannot be bettered:

“Today’s happenings pose new and perplexing problems to internal auditors. The requests and regulations of the several branches and agencies of government demand a complete knowledge by internal auditors of their effect on the normal functions of the companies they represent. The scope of internal auditing requirements has increased tremendously.”

Recognition of this statement by all internal auditors and their continuing practice of *Progress through Sharing* will take the profession of internal auditing in the future into all risk management, control and governance processes, at strategic and operational levels. Providing services in many roles, as accountants, police, teachers, watchdogs, consultants, communicators, future managers, partners and facilitators.

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Notes

- 1 'Perceptions of Internal Audit Value', *IIA-UK Internal Auditing Journal*, pp.12–14, July 1997, London, England. Also, presented as a research paper at the *Third European Academic Conference 'Internal Audit and Corporate Governance at the Cass Business School'*, London, England, 7 April 2005.
- 2 The terms 'governance' and 'corporate governance' are used throughout the paper to mean the same. In practice their use is mixed across all sectors.
- 3 Lord Nolan's Report in 1995 'Committee on Standards in Public Life' has been used as a framework to develop good corporate governance practices in the public services sector and is still being referred to today. References have been made into it by Lord Sharman (2001), Holding to Account, and Sir Alan Langlands (2004), 'The Good Governance Standard for Public Services'. It can also be seen in the recent NCVO (2005), 'Good Governance – A Code for the Voluntary and Community Sector'.
- 4 See Brink (1977), *Foundations for Unlimited Horizons*, The Institute of Internal Auditors 1941–1976, The IIA Inc., USA.
- 5 In 1975, the Institute of Internal Auditors-UK (IIA-UK) was created from these five chapters. This has now been joined by the chapter in Ireland to form the IIA-UK and Ireland of today. The IIA-UK and Ireland is now one of a number of national institutes affiliated to the IIA Inc. and part of an organised confederation of national institutes and chapters across Europe.
- 6 This theme is included in the institute's corporate seal, registered in 1941, New York, USA – Brink (1977)
- 7 IIA Inc., *Standards for the Professional Practice of Internal Auditing*, pp.105–107, USA and UK, 1998.
This Institute of Internal Auditors' statement has guided the development of professional internal auditing across the world, since 1947. It has been revised on a number of occasions, the last time in 1990. A major change to the statement was made when internal auditing was defined as a service to the organisation, not just management.
- 8 The Hampel Committee was established by the London Stock Exchange, the Institute of Directors, National Association of Pension Funds and Association of British Insurers. Its main aim was to update corporate governance debate and ensure the intentions of Cadbury were being implemented.
- 9 In 2005, The IIA Inc. (www.theiainc.org) now has 246 affiliates in 90 countries that serve its members locally. The institute currently has more than 100 000 members in 160 countries. Affiliates hold regular meetings and promote internal auditing based on developed and recognised international professional standards and an international Code of Ethics. The IIA Inc. mission is to promote the value of internal auditing across the world, provide educational (professional qualification) and development training, research current and emerging issues in control, risk management and governance, encourage and educate internal auditing activities in best practices, and, bring together internal auditors from all countries to share experiences. The IIA-UK and Ireland (www.iaa.org.uk) is an affiliate of the IIA Inc. It has a membership of over 7000 and offers its own educational and training programmes, supporting the IIA Inc.'s mission and objectives. It has its own professional qualification programmes.

- 10 This includes its 1999 definition, a Code of Ethics for its members, mandatory standards, supporting guidelines and research statements. The purpose of these standards is to:
- Delineate basic principles that represent the practice of internal auditing as it should be.
 - Provide a framework for performing and promoting a broad range of value-added internal audit activities.
 - Establish the basis for the evaluation of internal audit performance.
 - Foster improved organisational processes and operations.
 - Require a quality assurance and continuous improvement programme.

The UK HM Treasury (2001) and The Chartered Institute of Public Finance and Accountancy (CIPFA) (2003) have each published their own definition of internal auditing and standards for the public sector, based on the IIA PPF. Both include a Code of Ethics for internal auditors. This adoption of the IIA PPF into the public sector has contributed to the growth of internal auditing in that sector.

- 11 The USA Treadway Commission established COSO in the late 1980s to develop guidance on internal control for US listed companies. Its 1992 definitions of internal control, the control process and an Integrated Internal Control Framework have since been used worldwide by organisations in all sectors as a guide to improving control. They were also used by ICAEW (1999) in developed guidance on control for directors in listed companies in the UK. The IIA has been involved in all the COSO developments.
- 12 The IIA Inc. statement on this was published in 2004 – Internal Auditing's Role in Sections 302 and 404 of the US Sarbanes-Oxley Act of 2002. This statement documents fully the roles considered appropriate for a professional internal auditing activity to offer as a service to management and the board, providing the activity is in full compliance with the institute's *International Standards* and PPF. A proviso is included which requires the activity to discuss with management and the board any possible impairment that such roles might cause to its objectivity and independence in future internal audit engagements.
- 13 It is interesting to note how this statement links into the Cadbury (1992) governance principles of integrity (probity), accountability and openness (transparency) used to develop its Code of Best Practice. This demonstrates the international acceptance of these principles some years later and today.
- 14 Most organisations with audit committees require that committee to approve the responsibilities of internal auditing, communicating outside the organisation should be covered. In other organisations and in some sectors these responsibilities are stated by the regulator. In the public services sector these responsibilities are directed by HM Treasury. In local government some of the responsibilities are stated in Local Government Acts and guided by the Audit Commission.
- 15 European Confederation of Institutes of Internal Audit (ECIIA) is a confederation of 30 national associations of internal auditing located in countries within the greater European economic area and affiliated to the IIA Inc. It has been active promoting professional internal auditing in Europe for many years and has worked closely with the European Commission. Its position paper 'Internal Auditing in Europe' is published in 2005. This promotes internal auditing as a professional service, contributing to risk management, control and governance across Europe.
- 16 The IIA Inc. (2004a) in its statement Internal Auditing – an overview of the profession. The IIA-UK and Ireland (1999) in its statement on social auditing in Ethics and Social Responsibility.