



# About CBOK

## SURVEY FACTS

Respondents	14,518*
Countries	166*
Languages	23*

## EMPLOYEE LEVELS

Chief audit executive (CAE)	26%
Director	13%
Manager	17%
Staff	44%

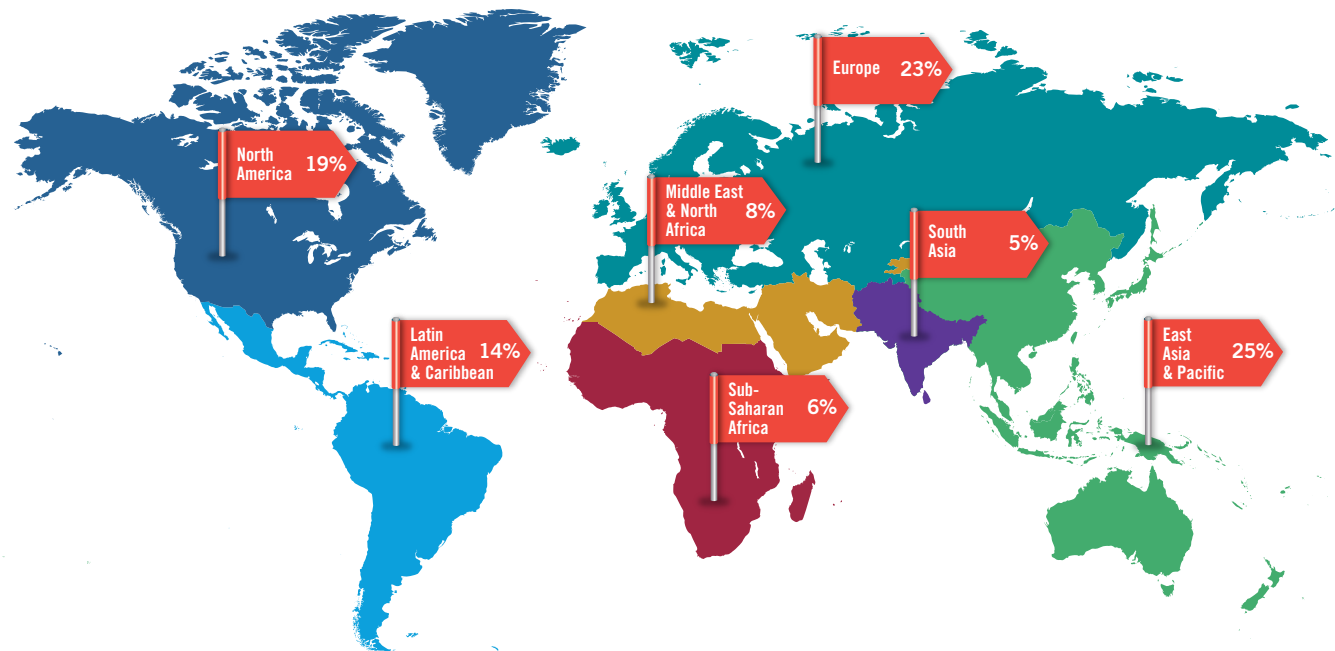
\*Response rates vary per question.

The Global Internal Audit Common Body of Knowledge (CBOK) is the world's largest ongoing study of the internal audit profession, including studies of internal audit practitioners and their stakeholders. One of the key components of CBOK 2015 is the global practitioner survey, which provides a comprehensive look at the activities and characteristics of internal auditors worldwide. This project builds on two previous global surveys of internal audit practitioners conducted by The IIA Research Foundation in 2006 (9,366 responses) and 2010 (13,582 responses).

Reports will be released on a monthly basis through July 2016 and can be downloaded free of charge thanks to the generous contributions and support from individuals, professional organizations, IIA chapters, and IIA institutes. More than 25 reports are planned in three formats: 1) core reports, which discuss broad topics, 2) closer looks, which dive deeper into key issues, and 3) fast facts, which focus on a specific region or idea. These reports will explore different aspects of eight knowledge tracks, including technology, risk, talent, and others.

Visit the CBOK Resource Exchange at [www.theiia.org/goto/CBOK](http://www.theiia.org/goto/CBOK) to download the latest reports as they become available.

## CBOK 2015 Practitioner Survey: Participation from Global Regions



Note: Global regions are based on World Bank categories. For Europe, fewer than 1% of respondents were from Central Asia. Survey responses were collected from February 2, 2015, to April 1, 2015. The online survey link was distributed via institute email lists, IIA websites, newsletters, and social media. Partially completed surveys were included in analysis as long as the demographic questions were fully completed. In CBOK 2015 reports, specific questions are referenced as Q1, Q2, and so on. A complete list of survey questions can be downloaded from the CBOK Resource Exchange.

**CBOK  
Knowledge  
Tracks**

**Future**



**Global  
Perspective**



**Governance**



**Management**



**Risk**



**Standards &  
Certifications**



**Talent**



**Technology**



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# Executive Summary

Do you want to do your job more effectively and provide more value to your organization? A greater grasp of the competencies outlined in The IIA Global Internal Audit Competency Framework will help you reach these goals.

The purpose of this report is to help you:

1. Understand the competencies that are most important for success as an internal auditor.
2. Compare your assessment to other practitioners.
3. Assess your strengths and weaknesses in those skills.
4. Choose the skills that you want to improve.
5. Create a plan for investing in yourself.

If you are an internal audit manager, this report will also help you:

1. Build an appropriate mix of skills in your internal audit department.
2. Advise stakeholders about the skills needed for optimal performance.

More than 10,000 competency self-assessments from internal auditors around the world were used to develop this report. This knowledge base provides valuable insight about the best strategies to use for advancing your career and for managing an internal audit department.

# 1 Competencies That Matter Most to Internal Auditors

At its core, the excellence of every internal audit function and the profession as a whole is dependent upon the knowledge, skills, activities, and behaviors of internal audit practitioners. Given the impact that human capital has on organizational success, assessment of competency development is essential to both the profession's credibility and the success of the individual practitioner.

## What Is a Competency?

A competency describes the knowledge, skills, abilities, and other characteristics needed for effective performance in a given role. In 2013, The IIA published a global competency framework for the internal audit profession comprised of 10 core competencies. **Exhibit 1** shows the structure of the framework and how the core competencies relate to each other.

**Exhibit 1** The IIA Global Internal Audit Competency Framework (Structure Overview)



Source: The Institute of Internal Auditors, 2013. Used by permission. For more information, visit <https://global.theiia.org/about/about-internal-auditing/Pages/Competency-Framework.aspx>. IPPF refers to The IIA's International Professional Practices Framework.

The IIA Global Internal Audit Competency Framework is best understood by reading from the bottom to the top.

#### Foundation (red bars)

- Professional ethics provide the fundamental expectations for internal audit's behavior as a profession.
- Skillful management of internal audit resources and activities is also foundational, whether the internal audit department is comprised of one person or hundreds of people.

#### Technical Expertise (blue bars)

- Technical expertise (in The IIA's International Professional Practices Framework [IPPF]; governance, risk, and control; and business acumen or business judgment) is needed to successfully deliver internal audit services.

#### Personal Skills (green bars)

- Personal skills (communication, persuasion and collaboration, and critical thinking) are important for ensuring that the information, observations, and recommendations identified based on technical expertise have the appropriate impact on the enterprise.

#### Internal Audit Delivery and Improvement and Innovation (gray bars)

- Delivery of internal audit services requires skills such as planning, objectivity, resource management, and strategic understanding.
- Finally, improvement and innovation prepares the organization for productive change, helping pave the way for a successful sustainable future.

#### The IIA's *Standards* and Principles

The competency framework is well-aligned with the Core Principles for the Professional Practice of Internal Auditing, released by The IIA in 2015 (see **exhibit 2**). Keep in mind that internal auditors are required to maintain their competencies according to Standards 1210 and 1230. The competency framework will help you conform with the *Standards* and develop the skills needed to follow the core principles of the profession.

#### A Quick Self-Assessment

Before you continue reading this report, take a quick assessment of your skills for the 10 core competencies. It will take less than five minutes, and then you will have a way to compare yourself to the survey respondents (see **exhibit 3**). Fill in a rating from 1 to 5 next to each skill description.

After you finish rating yourself, you can create an average for each of the 10

## **Exhibit 2 Core Principles for the Professional Practice of Internal Auditing**

- 1.** Demonstrates integrity.
- 2.** Demonstrates competence and due professional care.
- 3.** Is objective and free from undue influence (independent).
- 4.** Aligns with the strategies, objectives, and risks of the organization.
- 5.** Is appropriately positioned and adequately resourced.
- 6.** Demonstrates quality and continuous improvement.
- 7.** Communicates effectively.
- 8.** Provides risk-based assurance.
- 9.** Is insightful, proactive, and future-focused.
- 10.** Promotes organizational improvement.

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*Source:* The Institute of Internal Auditors, 2015. For more information, visit [theiia.org/https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-Professional-Practice-of-Internal-Auditing.aspx](https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-Professional-Practice-of-Internal-Auditing.aspx)

competency areas. Total your ratings for each skill in the competency and then divide by the number of skills in that competency. These averages are what you can use to compare your results to other respondents in your region.

As you are doing this self-assessment, you may wonder about the differences by experience, gender, culture, and so on. Self-assessments are contingent on individual characteristics, such as self-awareness, biases, perceptions, and cultural differences, but they are still a great way to see the level of confidence people have in their skills. In aggregate, the self-assessment results provide valuable insight into how internal auditors

in any given region—or globally—assess their skills.

For this report, you should take into consideration that the self-assessments are reported without any membership weighting by role, country, region, or other attribute.

Finally, while the complete framework has 163 areas of knowledge, skills, and abilities, to make the list more manageable for the CBOK survey, it was narrowed to 42. The complete text of The IIA Global Competency Framework is available at The IIA's website (<https://na.theiia.org/about-us/about-ia/Pages/Competency-Framework.aspx>).

### Exhibit 3 Core Competency Self-Assessment Form (CBOK Version)

Instructions: Rate your skills according to the following scale:

- 1 = Novice: Can perform routine tasks with direct supervision
- 2 = Trained: Can perform routine tasks with limited supervision
- 3 = Competent: Can perform routine tasks independently
- 4 = Advanced: Can perform advanced tasks independently
- 5 = Expert: Can perform complex advanced tasks independently

n/a = Not applicable: This skill is not applicable in my role.

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#### Internal Audit Management Average \_\_\_\_\_

- Advocate the value of the internal audit activity.
- Manage internal audit resources (individually or as a manager).
- Foster the professional development of internal audit staff.
- Develop and implement an effective workforce plan for the internal audit department.

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#### IPPF Average \_\_\_\_\_

- Maintain knowledge of The IIA's International Professional Practices Framework (IPPF).
- Apply The IIA's International Professional Practices Framework (IPPF) to activities.
- Maintain a Quality Assurance and Improvement Program (QAIP) for internal audit.

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#### Governance, Risk, and Control Average \_\_\_\_\_

- Apply the organization's compliance framework in audit engagements.
- Apply the organization's risk framework in audit engagements.
- Maintain knowledge of regulatory standards related to the organization.
- Apply the organization's governance framework in audit engagements.
- Support fraud risk awareness.

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#### Business Acumen (Judgment) Average \_\_\_\_\_

- Apply understanding of the organization's internal control risks.
- Apply understanding of the organization's business objectives.
- Apply understanding of the organization's governance risks.
- Apply understanding of the organization's strategic risks.
- Apply understanding of the organization's industry and economic factors affecting it.

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#### Professional Ethics Average \_\_\_\_\_

- Maintain confidentiality.
- Maintain objectivity.
- Comply with The IIA's Code of Ethics.
- Incorporate ethics and fraud considerations in audit engagements.

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#### Communication Average \_\_\_\_\_

- Use listening communication skills effectively.
- Use written communication skills effectively.
- Use verbal communication skills effectively.

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#### Persuasion and Collaboration Average \_\_\_\_\_

- Collaborate with others.
- Build relationships.
- Persuade and build consensus.
- Demonstrate leadership.

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#### Critical Thinking Average \_\_\_\_\_

- Apply understanding of the organization's business objectives and strategy.
- Apply problem-solving techniques to address issues.
- Use appropriate data collection tools to create audit efficiency.
- Use data analysis to reach meaningful conclusions.

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#### Internal Audit Delivery Average \_\_\_\_\_

- Collect evidence to meet audit objectives effectively.
- Document and organize audit evidence to support audit engagement results.
- Express audit findings effectively.
- Identify root causes of issues in the audit engagement.
- Plan the audit work program and timeline.
- Identify and prioritize key risks to prepare for a quality audit engagement.
- Establish process to monitor completion of management actions.

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#### Improvement and Innovation Average \_\_\_\_\_

- Pursue personal and professional development goals.
- Adapt audit plans to support organizational change.
- Develop innovative approaches to enhance internal audit activity.

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Source: The CBOK 2015 Global Internal Audit Practitioner Survey, section 12 (published by The IIA Research Foundation). The core competency areas are listed in the same order as they appeared in the survey. Copies are permitted for non-commercial, self-assessment purposes.

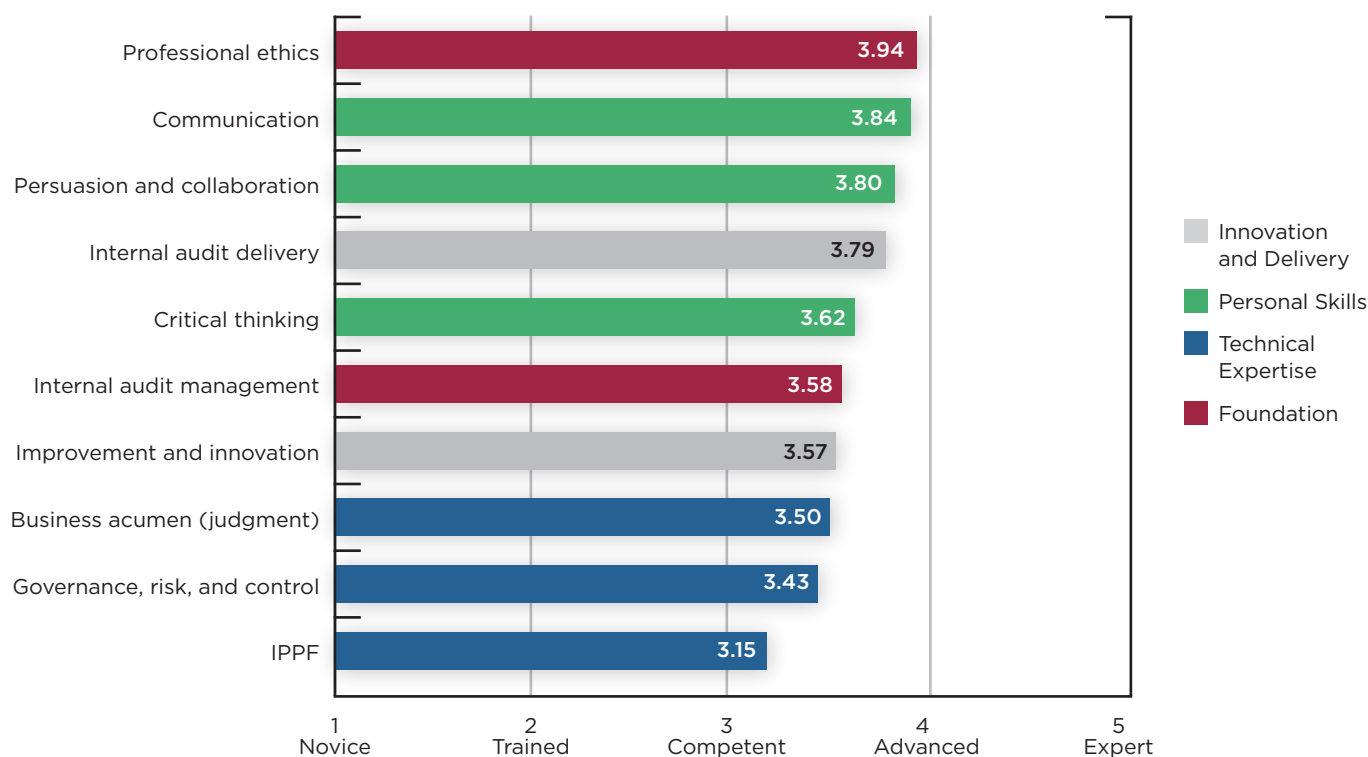


# 2 Competencies That Were Ranked Highest and Lowest

The Chinese philosopher Confucius is quoted as saying, “To know that we know what we know, and that we do not know what we do not know, that is true knowledge.” The CBOK survey responses offer a valuable picture of what internal auditors believe they know—and do not know—about the core competencies.

In **exhibit 4**, the 10 core competencies are ranked according to the global average of the self-assessments. To make it easier to see patterns in the results, the competency areas are also color-coded to match The IIA Global Internal Audit Competency Framework. A quick glance shows that the highest self-assessment goes to professional ethics, which is a

**Exhibit 4** Competency Self-Assessments Ranked from Highest to Lowest



Note: Q79-Q88: Estimate your proficiency for each competency. The scores in the exhibit are averages of multiple measures used for each of the 10 core competencies. IPPF refers to The IIA’s International Professional Practices Framework.  $n = 10,366$  to  $11,350$ .

foundational skill (see the top red bar). Personal skills from the core competencies are rated highly as well (see the green bars). Surprisingly, however, knowledge of the IPPF—core to the sound execution of the profession’s obligations—is the lowest of all competencies. Moreover, business acumen (judgment) and governance, risk, and control—representing the substantive knowledge of the organizations that are being audited—are also ranked lower. These results clearly present the areas of relative weakness that should be the focus of development efforts.

### Foundational Competencies

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**Professional ethics has the highest self-assessment rating of any domain.**

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**Professional ethics** are essential to the profession’s image, ability to maintain a credible mandate with stakeholders, and ability to serve the public interest. While the overall self-assessment for this competency is very high, it is helpful to look at some differences at how people responded to specific skills within the competency.

For ethics we would hope for a large portion of the profession to have confidence in their ability to perform advanced and complex tasks (levels 4 and 5). For maintaining confidentiality and objectivity, this is the case with 73% and 72% of survey respondents rating themselves as advanced or expert. However, for compliance with The IIA’s Code of Ethics and incorporating ethics and fraud into audit engagements, those confident

in their ability to perform advanced and complex tasks drops to 64% and 60% respectively (Q83,  $n = 11,324$ ). Moreover, slightly more than 10% of practitioners indicate that they require some level of supervision to perform even routine tasks for these two skills (levels 1 and 2). Ethics and fraud should be on the radar for every audit engagement—and certainly a clear understanding of the Code of Ethics—so this is an area where internal auditors and their managers may want to focus additional training.

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**Internal audit management skills affect the entire department.**

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The ratings for the other foundational competency—**internal audit management**—fall in the mid-range of the competency ranking. If you are a CAE or a manager, your performance in this area is critical for the overall success of the internal audit department. Skills for you to develop include:

- Advocating the value of internal audit
- Managing resources
- Fostering staff development
- Developing a workforce plan

If you need to develop a workforce competency plan, the findings in this CBOK report will be invaluable as you consider how to increase needed skills and achieve the ideal mix of staff for your organization’s needs. Another excellent resource is The IIA’s Practice Guide, *Creating an Internal Audit Competency Process for the Public Sector*, available at [www.theiia.org](http://www.theiia.org).

## Technical Expertise

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**Knowledge of the IPPF has the lowest self-assessment rating for competencies overall.**

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Knowledge of the **IPPF**, which prescribes the *International Standards for the Professional Practice of Internal Auditing (Standards)*, is rated the lowest of all competencies. According to several CAEs who were interviewed, practitioners may not think about the *Standards* directly when they do their work but instead follow department operating manuals, which are grounded in IPPF concepts. Tania Stegemann, executive audit manager at CIMIC Group Ltd., Melbourne, Australia, commented, “Audit teams need to understand the link between their audit work and the *Standards*, including the Practice Guides and Practice Advisories.”

The IPPF skill of “maintaining a Quality Assurance and Improvement Program (QAIP) for internal audit” has the lowest ratings of any skill, with only 35% seeing themselves as advanced or expert (Q80,  $n = 10,227$ ). Javier Garcia Cuadrado, CAE at Etisalat in the United Arab Emirates, noted that for a profession that checks others, “the quality and improvement results are concerning.”

If you feel weak in your knowledge of the IPPF, a simple way to improve is to read through the *Standards*, available on The IIA’s website. To understand a QAIP, you can read the *Quality Assessment Manual for the Internal*

*Audit Activity* published by The IIA Research Foundation (see [theiia.org/bookstore](http://theiia.org/bookstore).) The QAIP manual will help you cross-reference internal audit processes with the expectations of the related *Standards*. It is a helpful resource even if your organization is not planning a formal quality assessment.

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**As a group, the technical expertise competencies have the lowest self-assessment for the competency framework.**

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In addition to IPPF knowledge, the technical expertise group includes **business acumen (judgment)** and knowledge of **governance, risk, and control**. The lower levels of confidence may be due in part to the changing nature of the business environment, and the need for these knowledge areas to be continually refreshed. However, these areas are critical to providing value-added insights.

CAEs probably need to do more to train their staff in these areas, and they should also continually share knowledge about the organizational strategy and business initiatives. Only 53% of them say that their training programs include “business knowledge related to the industry and organization” (Q46,  $n = 3,099$ ). Ideally, staff training would include sharing the organization’s strategy and governance, risk management, and control (GRC) infrastructure and reinforcing references to specific risks in the organization in every engagement.

### KEY INSIGHT



**Some of the lowest ranking skills involve application of the organization’s business objectives, compliance framework, strategic risks, and fraud risk.**

## Personal Skills

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**For the personal skills group, survey respondents assess themselves highly in the areas of communication and persuasion and collaboration, second only to professional ethics.**

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Personal skills are behavioral characteristics that can be applied to many professional roles. In this area, survey respondents are more confident about their skills in **communication, persuasion, and collaboration**, and less confident about **critical thinking** abilities. Facilitated training sessions or other seminars can be useful in helping employees improve their tools and techniques for working with others.

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**Critical thinking is the most sought-after skill by internal audit hiring managers, but generally it is learned on the job through dedicated feedback and coaching from internal audit leaders.**

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Sixty-four percent of CAEs rank critical thinking as one of the top five skills for which they are recruiting, making it the most sought-after skill overall worldwide.

There is “no silver bullet coming out of a training course, just feedback through many audits,” says Mike White, CAE at Standard Bank Group in South Africa. Tomáš Pivoňka, CAE at CEZ in the Czech Republic, commented that he sits with his managers “after each audit, evaluating and reflecting on the success

of the audit.” Learning by doing is how to develop these competencies, and “it takes several years to get there,” he says.

When CAEs were asked in the survey if they include critical thinking skills in their training programs, only 30% say they do so (Q46,  $n = 3,099$ ).

Critical thinking skills are essential to advancing through the ranks in an internal audit function, says White. The primary path to acquiring these competencies is work experience coupled with sound, deliberate feedback and coaching. Those experiences need to build on themselves over time to create the competency—a multiyear process for competency obtainment that can, at times, frustrate junior practitioners, who may see themselves as ready for the next level much sooner.

## Internal Audit Delivery and Improvement and Innovation

Of the 10 core competencies, **internal audit delivery** and **improvement and innovation** are the two most highly correlated statistically. In other words, those with higher self-assessment ratings for improvement and innovation are more likely to have higher ratings for internal audit delivery. Strong innovation skills can enable practitioners to provide new methodologies, approaches, and insights that bring more value to an organization. Practitioners seeking opportunities for development in these areas could explore project management workshops and specialized training in Lean Six Sigma or process improvement methodologies. Such skill sets align with planning and innovation aspects of these competencies.

### KEY INSIGHT



**Innovation should be valued by internal audit management and stakeholders as a driver for high-quality internal audit services.**

# 3 Comparing Your Self-Assessment to Responses from Your Region

Did you create your own self-assessment using **exhibit 3**? Now is a great time to compare your answers to the survey respondents from your region.

See **exhibit 5**, which lists the ratings per competency for each region. It is important to compare yourself to responses from your own region because there

**Exhibit 5 Regional Differences for Competency Self-Assessments**

The 10 Core Competencies	Europe	North America	Sub-Saharan Africa	Latin America & Caribbean	Middle East & North Africa	South Asia	East Asia & Pacific	Global Average
Professional ethics	4.26	4.20	4.04	4.12	4.05	3.57	3.32	3.94
Communication	4.14	4.04	3.97	3.95	4.04	3.77	3.29	3.84
Persuasion and collaboration	4.05	4.00	3.87	4.02	4.01	3.66	3.24	3.80
Internal audit delivery	4.10	3.94	3.93	3.97	3.89	3.62	3.24	3.79
Critical thinking	3.89	3.73	3.65	3.80	3.80	3.53	3.13	3.62
Internal audit management	3.85	3.73	3.72	3.75	3.72	3.46	3.07	3.58
Improvement and innovation	3.83	3.71	3.70	3.75	3.71	3.40	3.08	3.57
Business acumen (judgment)	3.84	3.64	3.71	3.52	3.50	3.31	3.01	3.50
Governance, risk, and control	3.75	3.53	3.56	3.50	3.48	3.30	2.97	3.43
IPPF	3.46	3.27	3.35	3.04	3.35	2.79	2.73	3.15

Note: Q79-Q88: Estimate your proficiency for each competency using the following scale: 1-Novice; 2-Trained; 3-Competent; 4-Advanced; 5-Expert. The ratings in the exhibit are averages of multiple measures used for each of the 10 core competencies. IPPF refers to The IIA's International Professional Practices Framework. Darker tones indicate higher numbers; lighter tones indicate lower numbers. *n* = 10,238 to 11,205.

were significant differences in the range of answers (particularly in East Asia & Pacific and South Asia).

### The Competencies That Were Ranked Highest and Lowest

When the ratings for the 10 core competencies are ranked in order, the list is virtually in the same order for every global region.

The similarity in the rank order for the 10 core competencies worldwide is surprising, especially considering the differing characteristics between each region. **Exhibit 5** helps to illustrate this finding, with darker tones indicating higher ratings, and lighter tones indicating lower ratings. The consistency across regions should lead institutes to focus collectively on improvement in the competency areas of the IPPF, governance, risk, and control, and business acumen (judgment).

### Culture and Age Differences for Global Regions

Certain global regions have self-assessments in a lower range than the rest of the world, which may be explained by cultural differences or age differences among respondents.

There are two regions where the assessments are in a lower range than the rest of the world: South Asia and East Asia & Pacific (see **exhibit 5**). While it is not possible to fully explain these differences within the scope of this CBOK project, some observations can be made. In East Asia & Pacific, the results may be related to cultural differences in responding to a self-assessment survey, says Bing Wang, associate professor of accounting at the School of Business, Nanjing University. In South Asia, the results may be impacted by the youthfulness of respondents, who averaged 34 years of age compared to 41.2 globally (Q3,  $n = 3,650$ ).

#### KEY INSIGHT



Institutes should focus on skills related to the IPPF, governance, risk, and control, and business acumen (judgment).

# 4 The Importance of Targeted Learning

## KEY INSIGHT

Having an internal audit certification is associated with significantly higher competency self-assessments.

You cannot immediately change your years of experience, but you can certainly invest in yourself through internal audit certifications and training. The good news is that both of these activities are associated with higher self-assessments. This chapter looks at the differences found for each area.

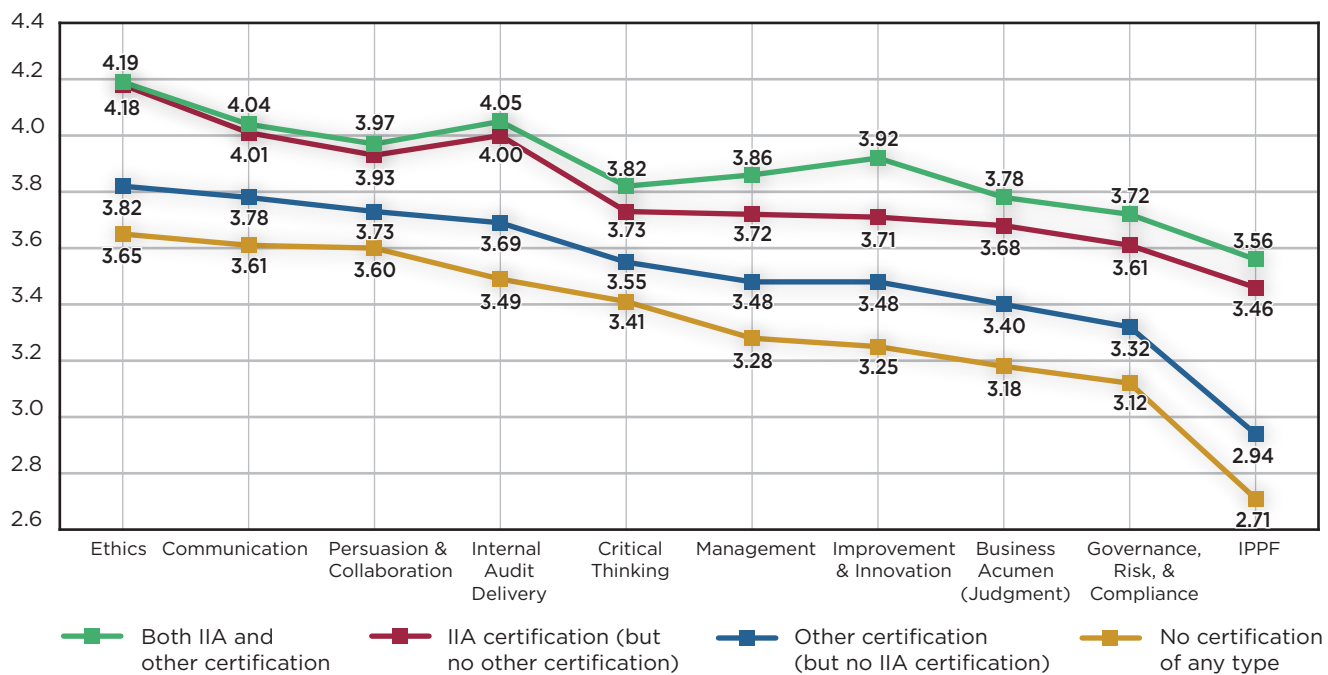
### Certifications

Respondents with professional certifications have higher ratings for competency self-assessments.

The time, focus, and discipline required to achieve an internal audit certification can be a big help when it comes to the skills needed for the profession. Those with an IIA certification of any type (see the red line in **exhibit 6**) assess themselves as having a higher level of competency—across all competency areas—than those with no certification of any type (see the gold line in **exhibit 6**).

Riadh Hajej, CAE at the Arab Tunisian Bank, Tunis, Tunisia, reflected on how important the certified internal

**Exhibit 6 Competency Self-Assessment Ratings Compared Between Certified and Non-Certified Respondents**



Note: Q79-Q88: Estimate your proficiency for each competency using the following scale: 1-Novice; 2-Trained; 3-Competent; 4-Advanced; 5-Expert. "Other certification" refers to non-IIA certifications, such as CPA, CISA, and others. The ratings in the exhibit are averages of multiple measures used for each of the 10 core competencies. IPPF refers to The IIA's International Professional Practices Framework. *n* = 10,366.



## KEY INSIGHT



**Competency self-assessments for the IPPF and other areas of technical expertise have the most increase associated with an internal audit certification.**

auditor (CIA) designation is to obtaining and demonstrating the core knowledge of internal auditing. He says his organization’s audit committee has decided that “all audit staff is expected to become certified.”

Survey results also show that those with other types of business professional certifications also exhibit higher self-assessment ratings, although not quite as high as those with an IIA certification (see the blue line in **exhibit 6**). (These certifications could be in accounting, financial auditing, fraud, government, information technology, management, risk, and so on.) Finally, those who have both an IIA certification and another

kind of certification have the highest ratings of all by a slight margin (see the green line in **exhibit 6**).

### Competencies with the Most Rating Elevation

Among those with an internal audit certification, the IPPF self-assessments are elevated the most (28%). Notable increases are also seen for the technical expertise competencies, internal audit management, and ethics (13% to 16% elevation).

The area with the most modest increase is personal skills (9% and 11%) (see **exhibit 7**).

**Exhibit 7** Competency Self-Assessment Elevation for IIA Certification Holders

The 10 Core Competencies	IIA Certification (but no other certification)	No Certification of Any Type	Difference Between Ratings	Percentage of Increase
IPPF	3.5	2.7	+0.8	+28%
Governance, risk, and control	3.6	3.1	+0.5	+16%
Business acumen (judgment)	3.7	3.2	+0.5	+16%
Internal audit delivery	4.0	3.5	+0.5	+15%
Professional ethics	4.2	3.7	+0.5	+15%
Improvement and innovation	3.7	3.3	+0.5	+14%
Internal audit management	3.7	3.3	+0.4	+13%
Communication	4.0	3.6	+0.4	+11%
Critical thinking	3.7	3.4	+0.3	+9%
Persuasion and collaboration	3.9	3.6	+0.3	+9%

■ Internal Audit Delivery and Innovation   ■ Personal Skills   ■ Technical Expertise   ■ Foundation

Note: Q79-Q88: Estimate your proficiency for each competency. IPPF refers to The IIA’s International Professional Practices Framework. This exhibit shows the difference between competency self-assessment scores for those who have an internal audit certification and those who do not have an internal audit certification.  $n = 10,366$ .



## KEY INSIGHT



**The positive association between having an internal audit certification and higher competency self-assessment ratings appears for all age categories.**

Because the IPPF is updated regularly, it is especially important to include this in your personal training plans and in the plans for your internal audit department. It is also important to remember that in addition to the *Standards*, there is a broad range of related guidance that must be applied to internal audit work. The strong association between internal audit certification and IPPF self-assessment ratings indicates that IPPF skills must be learned intentionally; they will not be learned as a routine part of daily work.

As **exhibit 7** shows, after IPPF knowledge, the next highest level of increase is for the other areas of technical expertise (business acumen and governance, risk, and control). Because the survey results show that respondents feel least confident in their technical skills, it is good to see that an internal audit certification is associated with higher ratings in this area. Because technical expertise is needed for internal audit delivery, the value of having an internal audit certification is reinforced by these survey results.

The personal skill areas have the most modest elevation in ratings for those with an internal audit certification. This result may reflect the fact that internal audit certifications focus more on technical skills than on personal skills. In addition, personal skills tend to be learned on the job rather than in formal training.

### The Impact of Age

When looking at the results of certification compared to competencies, one might wonder whether there would be a difference due to age. In other words, do the extra years of experience reduce the association with having the certification? Does experience make up for lack of certification?

The results show that having a certification makes a difference at all age levels. Practitioners in their 30s and 40s show the same 11% to 12% jump in ratings as the practitioners in their 20s. The rating elevation continues for respondents who are over the age of 50, albeit at a lower level (see **exhibit 8**).

**Exhibit 8 Competency Self-Assessment Elevation for IIA Certification Holders Compared to Age Categories**

Age Categories	Difference Between Ratings	Percentage of Increase
29 or younger	+0.4	+12%
30 to 39	+0.4	+11%
40 to 49	+0.4	+12%
50 to 59	+0.3	+7%
60 or older	+0.2	+5%

Note: Q79-Q88: Estimate your proficiency for each competency. IPPF refers to The IIA's International Professional Practices Framework. This exhibit shows the difference between competency self-assessment ratings for those who have an IIA certification and those who do not have an IIA certification.  $n = 9,220$  to  $10,078$ .

## Training

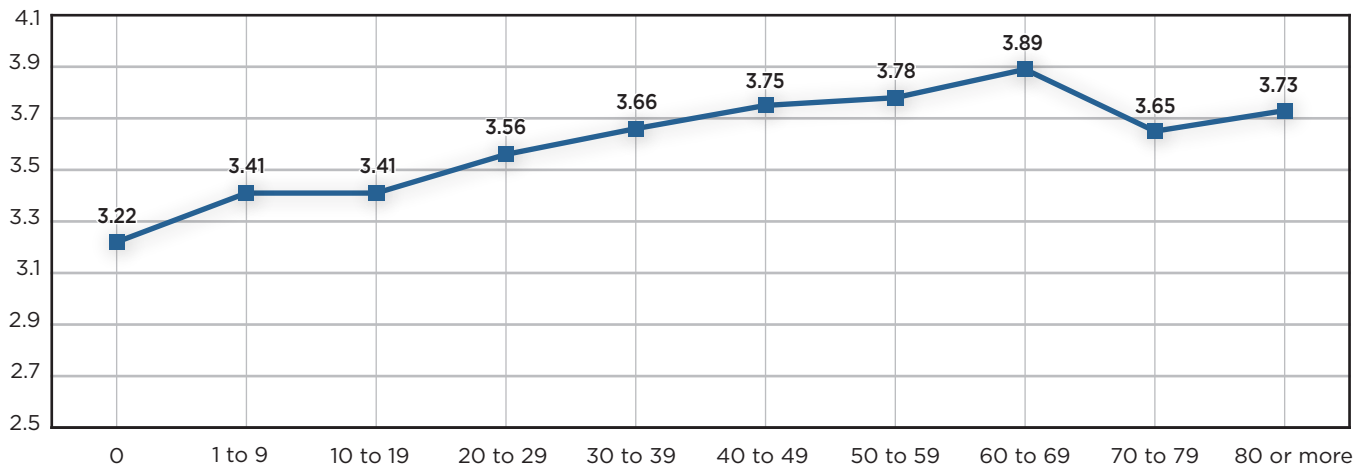
**Those with more hours of internal audit training per year have higher self-assessment ratings.**

When investing in training for employees, organizations want to see that their efforts bring results.

**Exhibit 9** shows how self-assessment ratings increase as training hours increase, peaking at 60 to 69 hours of training per year. Self-assessment ratings for this group are 21% higher than for those without annual training.

One would expect that increasing training beyond 70 hours per year would be associated with further increases in competency self-assessment ratings. However, the ratings dip down somewhat after 70 hours of training. A possible reason may be that those who receive a high number of hours of training per year are new to the profession or in larger organizations where specialized roles (financial control auditing) may limit broader professional growth and thus result in lower self-assessments.

**Exhibit 9** Hours of Internal Audit Training Compared to Competency Self-Assessments



Note: Q79-Q88: Estimate your proficiency for each competency using the following scale: 1-Novice; 2-Trained; 3-Competent; 4-Advanced; 5-Expert. Q14: How many hours of formal training related to internal audit do you receive per year?  $n = 10,340$ .

# 5 The Role of Personal Characteristics

## KEY INSIGHT



**Due to the impact of internal audit experience on competency self-assessments, CAEs should consider the balance of rotational and career staff within their organizations.**

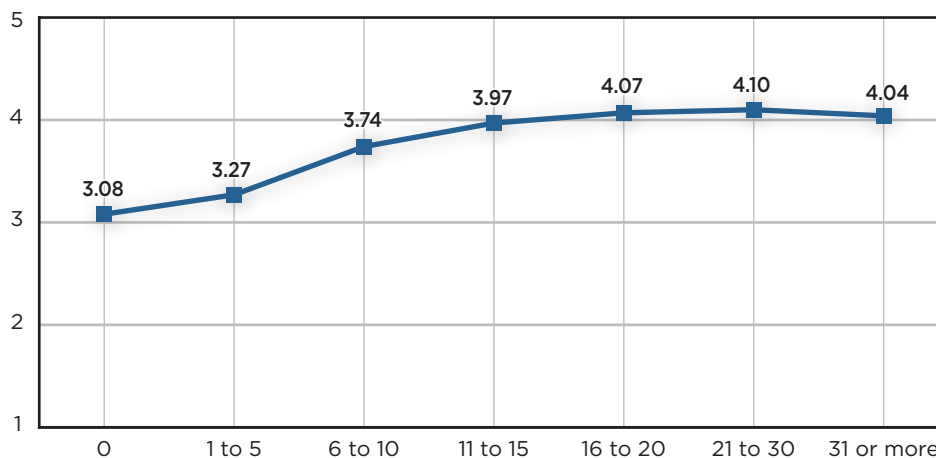
Now that we've seen the impact of certifications and training, let's look at the personal characteristics that are associated with different competency self-assessment ratings. The impact of internal audit experience, academic background, and staff rank are very important to understand when considering the overall composition of the staff for an internal audit department.

### Excelling with Internal Audit Experience

A positive association exists between longer tenure in internal auditing and higher competency self-assessments (see exhibit 10). The largest increase can be

seen for having more than five years of experience compared to having less than five years of experience. This finding suggests the value of developing staff over a number of years in order to fully benefit from their increased levels of internal audit competency. Stegemann commented, "The first year is learning what to do. The second year is consolidating that knowledge. And the third year and beyond is when the professional starts to really do the job well." L. John Liang, CAE of Taiwan Semiconductor Manufacturing Company Limited, Taiwan, agrees with the benefits of a long-term view toward staff development, noting that it may take "five or

**Exhibit 10** Competency Self-Assessments Compared to Years of Internal Audit Experience



Note: Q79-Q88: Estimate your proficiency for each competency using the following scale: 1-Novice; 2-Trained; 3-Competent; 4-Advanced; 5-Expert. The ratings in the exhibit are averages of multiple measures used for each of the 10 core competencies.  $n = 11,324$ .

**KEY INSIGHT**



**Those with diverse academic backgrounds have equal or higher competency self-assessments compared to those with traditional accounting backgrounds.**

more years to really have a professional internal audit perspective and the depth of business acumen to link audit work to business needs.”

**Building Skills with Academic Diversity**

In some organizations, internal audit departments limit their hiring to those with backgrounds in accounting. However, among survey respondents, those who studied business, external auditing, economics, law, and finance show higher self-assessment ratings than more traditional backgrounds such as accounting or internal audit training (see **exhibit 11**). When considering two of the top areas that CAEs desire in their hiring and development programs—critical thinking and communication

skills—nearly all those with studies other than accounting and internal auditing rate their competencies higher.

Given that accounting and internal auditing are the most common areas of study selected by respondents to the CBOOK study—57% and 42% respectively—there are implications for the profession if CAEs focus their hiring on only those with these backgrounds. Hiring managers should feel free to look beyond these traditional majors for internal audit function hiring because other backgrounds certainly provide a comparable or increased competency level based on the data.

Javier Garcia Cuadrado noted that he is “looking for engineers, lawyers, and completely different skill sets than accountants.” He is focusing on areas

**Exhibit 11 Academic Majors Compared to Competency Self-Assessments**

Academic Majors or Fields of Study	Average Rating	Critical Thinking Rating	Communication Rating
Business	3.82	3.79	4.04
Auditing - external	3.81	3.79	4.01
Economics	3.79	3.77	4.00
Law	3.78	3.76	4.02
Finance	3.78	3.77	3.99
Mathematics/statistics	3.77	3.80	4.00
Computer science	3.74	3.80	3.95
Other science field	3.70	3.70	3.91
Other	3.69	3.69	3.93
Accounting	3.67	3.65	3.88
Arts or humanities	3.67	3.68	4.05
Auditing - internal	3.64	3.65	3.84
Engineering	3.57	3.69	3.79

Note: Q79-Q88: Estimate your proficiency for each competency using the following scale: 1-Novice; 2-Trained; 3-Competent; 4-Advanced; 5-Expert. Q5a: What were your academic major(s) or your most significant fields of study? (Choose all that apply.) n = 10,176 to 11,130.

### KEY INSIGHT



**Most competencies increase with higher staff rank, peaking at the director/senior manager level.**

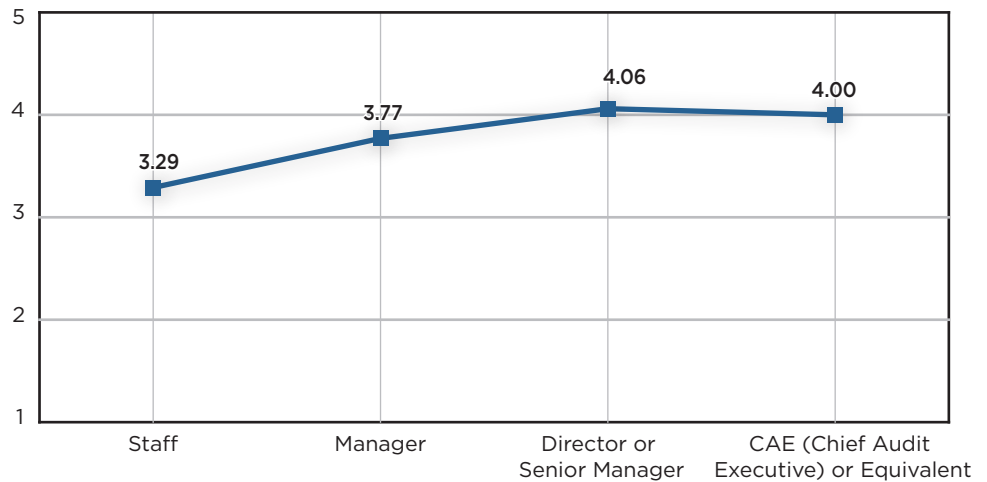
where it is harder to train versus accounting and risk management concepts he believes he can train as needed. Mike White reiterated the point that “specific degrees are less relevant versus practical applied thinking.” He would rather have a diversity of skills and backgrounds on his team.

### Climbing the Corporate Competency Ladder

Promotion within a company is generally a reflection of competency and experience. Given that, the validity of the competency framework is supported in that senior leaders of the profession self-assess themselves higher than do lower-ranking staff members (see **exhibit 12**). Unexpectedly, however, CAEs assess

themselves slightly lower than directors/senior managers for eight out of 10 competencies. The two competencies that are exceptions to this rule are internal audit management and business acumen (judgment), where the ratings are essentially identical. Liang commented that the results are consistent with his experience. He says that he relies on his middle managers to “carry a good deal of the weight with regard to department operations,” while his role as CAE is more focused on linking audit findings to business objectives and working with executives. White suggested that the results may also be an indication that CAEs hold themselves to a “higher level of expectations” and therefore assess themselves lower.

**Exhibit 12 Competency Self-Assessment Compared to Employee Rank**



Note: Q79-Q88: Estimate your proficiency for each competency using the following scale: 1-Novice; 2-Trained; 3-Competent; 4-Advanced; 5-Expert. The ratings in the exhibit are averages of multiple measures used for each of the 10 competencies.  $n = 10,067$  to 10,995.

## KEY INSIGHT

**Women generally self-assess their competencies lower than men do, especially at the beginning of their internal audit careers.**

### Acknowledging Gender Differences

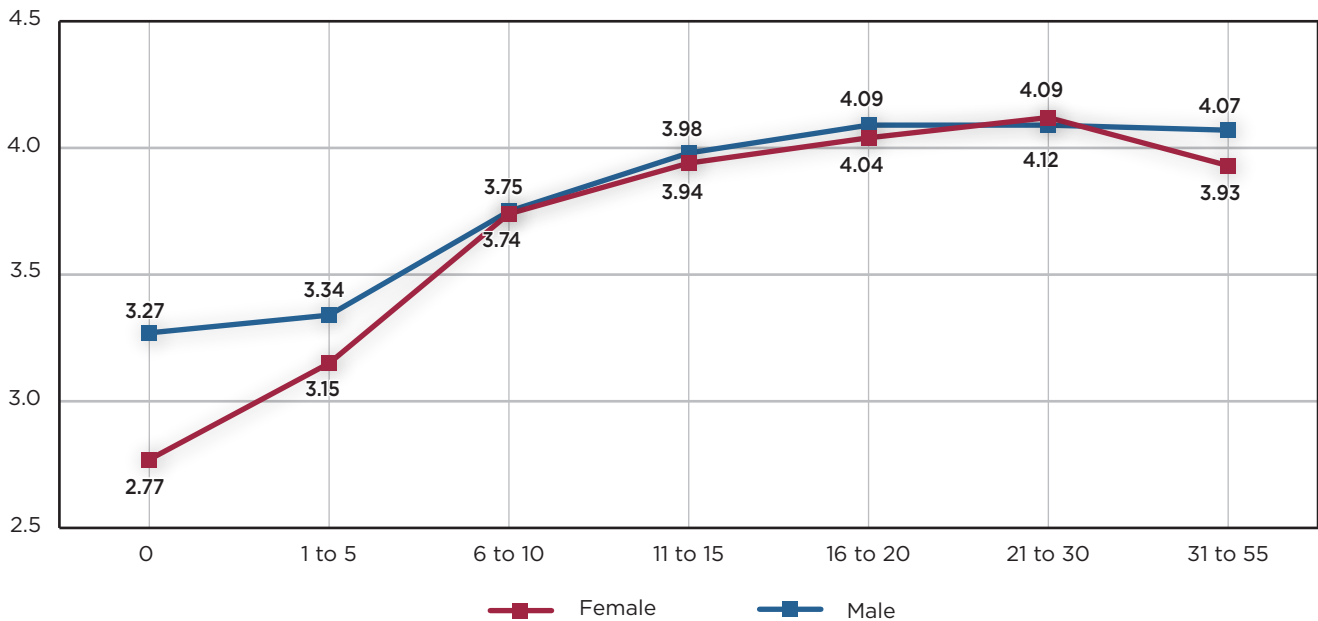
Women in the early years of their careers self-assess their competencies lower than men do at the same point in their careers. However, this gap generally narrows after five years of experience (see **exhibit 13**).

Like many professional fields, internal audit is experiencing an increased proportion of females entering the profession. Among survey respondents less than 30 years old, women make up 45% of the workforce (Q4,  $n = 12,744$ ). To capitalize on this resource, internal audit leaders should be sure to afford equal support and opportunity to all staff. In addition, feedback and assessment should be targeted to each individual's specific needs.

The self-assessment results may reflect a difference in how the genders assess

their own abilities. Stegemann has participated in several women in leadership discussions, and the research she has seen shows that “women do not always advocate for their skills in the same manner as men.” Accordingly, CAEs who clarify the profession's and their organization's standards and expectations with clear examples might elicit more balanced self-assessments from staff of both genders and will contribute to ensuring equal opportunities across all backgrounds. Overall these results suggest a need for internal audit managers to ensure that clear competency descriptions and individualized feedback are provided beginning immediately in their staff's employment.

**Exhibit 13** Competency Self-Assessment Compared to Gender and Years of Experience



Note: Q79-Q88: Estimate your proficiency for each competency using the following scale: 1-Novice; 2-Trained; 3-Competent; 4-Advanced; 5-Expert. The ratings in the exhibit are averages of multiple measures used for each of the 10 core competencies.  $n = 3,792$  for female.  $n = 6,457$  for male.

# 6 Investing in Yourself

The IIA's 2015–2016 Global Chairman of the Board Larry Harrington is championing the idea of “investing in yourself” throughout his year of service. He writes:

In my experience, people achieve the most if they think of themselves as a brand and invest in improving and promoting that brand...

I ask every internal auditor to make a commitment to improve those aspects of their skills, competencies, or qualifications where they think they can make the most difference to themselves and their organizations.

The CBOK 2015 Global Practitioner Survey uncovered many key insights about the factors that make a difference in the level of confidence internal auditors have about their core competencies. These insights as a whole offer a great picture of best strategies to use for your career and for managing an internal audit department.

## **The Importance of Targeted Learning**

Survey results show that the lowest levels of confidence are for the competencies related to technical expertise, particularly IPPE, governance, risk, and control, and business acumen (judgment) (see **exhibit 14**). How can competency in this

area be increased? One important way is through targeted learning.

According to survey results, having an IIA certification consistently relates to higher self-assessments. For respondents with an IIA certification, the ratings are 28% higher for IPPE, and ratings for management, GRC, and business acumen are 16% higher than for those with no certifications. The increases are realized equally up to age 50, with a smaller elevation for those over age 50.

Finally, there is a strong association between more hours of training per year and higher self-assessment ratings. The largest elevation is seen for those with 60 to 69 hours of training per year. Their ratings were 21% higher than those with no annual training.

## **The Role of Personal Characteristics**

Survey results also reveal the relationship between personal characteristics and competency self-assessments.

Years of experience certainly make a difference for assessments, with an especially rapid climb between five and 10 years of experience. Regarding academic backgrounds, those with studies other than accounting and internal auditing generally have higher self-assessment ratings.

The competency ratings increase with staff rank, peaking at director/senior

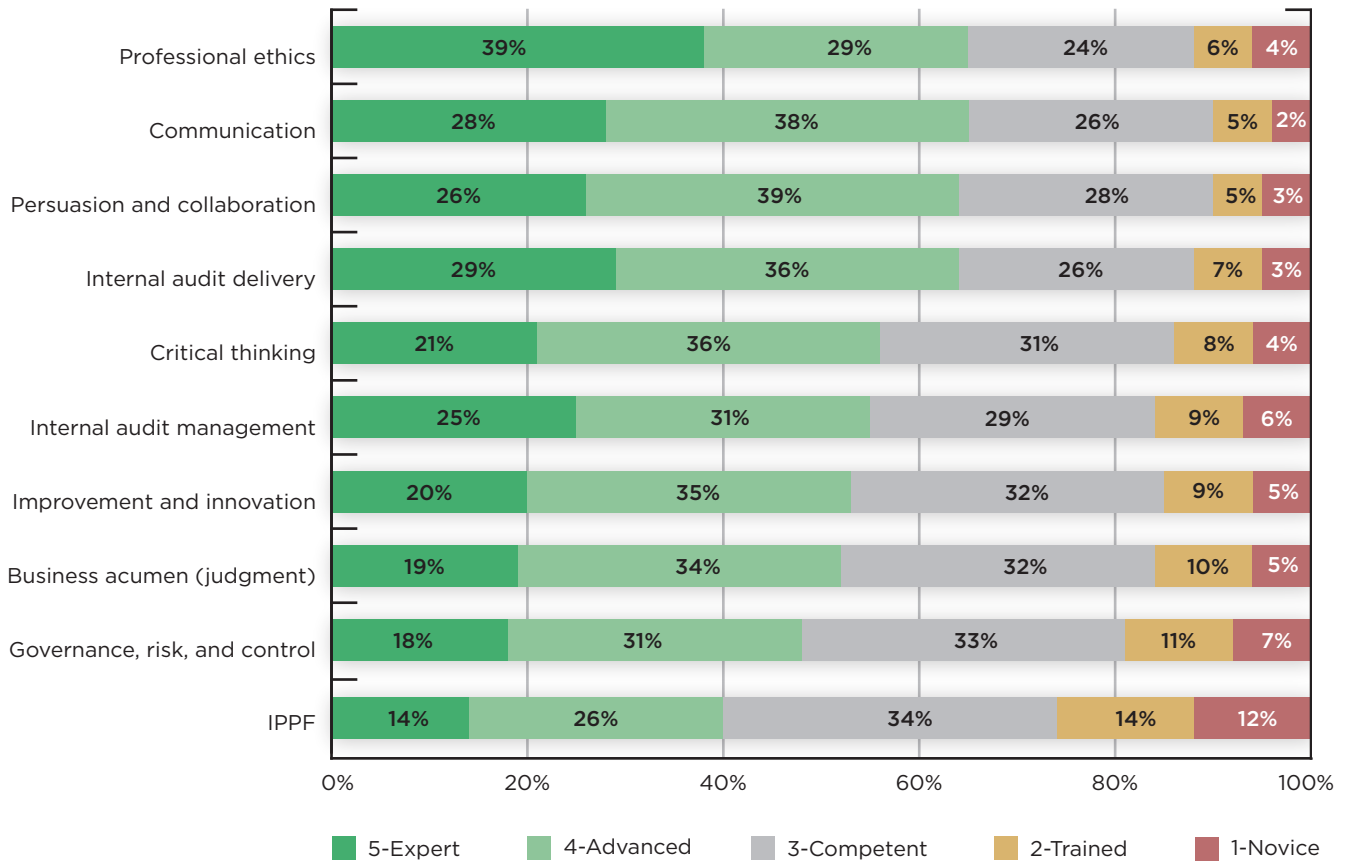
manager level. Those at CAE level rate their skills slightly lower or the same as the directors/senior managers.

Finally, gender differences are minimal except in the earlier years of an internal audit career, where women with five years of experience or less give themselves lower ratings than men with the same experience.

### Conclusion

To see how the findings from this report can help you advance your career or manage an internal audit department, please see the action steps on the pages that follow.

**Exhibit 14 Self-Assessments Per Skill Rating for the 10 Core Competencies**



Note: Q79-Q88: Estimate your proficiency for each competency using the following scale: 1-Novice; 2-Trained; 3-Competent; 4-Advanced; 5-Expert. The average per competency is shown. *n* = 10,366 to 11,350.



## ASSESSING YOUR SKILLS IN-DEPTH

Take advantage of The IIA's Career Map tool to take an in-depth skills assessment online. It is free for IIA members at <https://na.theiia.org/careermap/Pages/Career-Map.aspx>



## PLANNING YOUR CAREER

For strategies to advance your career, see The IIA's 2016 Career Guide. Download it at <https://na.theiia.org/about-us/Pages/2016-Career-Guide.aspx>

For guidelines about training hours required to maintain IIA certifications, see The IIA's Administrative Directive Number 4, released August 2015. Download it at <https://global.theiia.org/certification/Pages/Certification-Administrative-Directives.aspx>

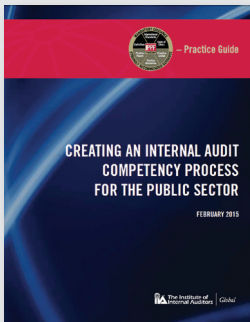
## RECOMMENDATIONS FOR ADVANCING YOUR CAREER

1. Undertake continual self-assessment to understand your areas for improvement using tools such as The IIA's Career Map, institute tools, or your organization's human resources office.
2. Find a mentor to provide candid feedback outside your normal reporting chain.
3. Seek out challenging engagements and opportunities that stretch your current level of knowledge and abilities.
4. Obtain certifications from your institute, including the core certified internal auditor (CIA) certification and specialty certifications in your area of focus or industry.
5. Get 40 or more hours of training per year. Target the areas where you have the lowest self-assessment ratings.

Note: Be proactive to ensure your own development plan is in place and actively advanced over time. Some competencies can be developed with a relatively modest investment in formal training. In other cases, a key competency may require on-the-job experiences over a longer period of time—sometimes over a number of years in varied situations—to master the competency. While your organization may provide a formal development program, you are ultimately responsible for the level of investment in yourself and the resulting potential return on that investment.

## CREATING A COMPETENCY PLAN

The IIA's Practice Guide, *Creating an Internal Audit Competency Process for the Public Sector*, contains practical examples of how to build a strategic competency plan that can be adapted to any organization type or industry. IIA members can obtain this guide for no cost at <https://global.theiia.org/standards-guidance/recommended-guidance/Pages/Newly-released-IPPF-Guidance.aspx>



## RECOMMENDATIONS FOR MANAGING AN INTERNAL AUDIT DEPARTMENT

1. Develop a comprehensive competency development plan for the internal audit function.
2. Determine which competencies to train and develop internally versus competencies to hire into the function.
3. Cast a wide net for varied backgrounds, academic majors, and technical training given the ability of non-traditional backgrounds to equally excel in internal audit competency areas.
4. Advocate with executive management and human resources officers regarding the evolving expectations and competency requirements of the profession to ensure such expectations are built into recruiting and succession management programs.
5. Be deliberate in the tailored coaching of each individual staff member, especially on difficult soft skills such as critical thinking and communication. Consider a mentoring program.
6. Recognize that it will probably take about five years of internal audit experience for practitioners to gain an in-depth understanding of the profession.
7. Ensure that expectations and standards for performance are clear so that practitioners can assess their skills objectively, especially in the early years of their careers.
8. Reward staff members who earn an internal audit certification.
9. Encourage staff to get at least 40 hours of training per year.

# About the Author

**James Rose**, CIA, CRMA, CPA, CISA, has held audit and consulting roles in the federal government as a foreign service officer with the Office of Inspector General (OIG) of the Agency for International Development, as director of financial and performance audit for the State of Kentucky, and for 15 years as the CAE of Humana, helping to establish the ERM program and GRC technology platform. Currently with Navigant Consulting's Compliance, Disputes, and Investigations Practice, he serves as the payer service sector leader.

Rose previously served as co-lead of the Data Analysis and Review Committee of the Healthcare Fraud Prevention Partnership. Within The IIA, he has served as vice chairman of the Global Professional Development and Professional Issues committees. He has published several pieces of IIA guidance on root cause analysis, maturity models, and assessments of the control environment. He is a member and chairman of the Audit Committee of the United Nations World Food Programme.

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CBOK is administered through The IIA Research Foundation (IIARF), which has provided groundbreaking research for the internal audit profession for the past four decades. Through initiatives that explore current issues, emerging trends, and future needs, The IIARF has been a driving force behind the evolution and advancement of the profession.

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