The internal audit profession’s most widely recognized advocate, educator, and provider of standards, guidance, and certifications.

Established in 1941, The IIA today serves more than 200,000 members from more than 170 countries and territories.
Polling Question

How many people are employed by the Institute of Internal Auditors?

A. Less than 500

B. Between 500 - 1000

C. Greater than 1000

A: ~230
Membership by Region

200,000+
Membership Worldwide

Data through June 2019

International Members: 1,500
CHAIR’S ROLE
Provide direction for The IIA’s strategic plan in North America.

NORTH AMERICAN BOARD’S MISSION
To ensure that volunteer and staff activities of The IIA adequately address the needs of the North American membership through continuous monitoring of programs, services and budgets relating to North American members and chapters.

COMPOSITION
10 directors, including one member from Canada. IIA President and CEO serves as ex-officio member.
IIA North America Strategic Goals 2019 - 2023

• **Stronger Profession:** The Internal audit profession is strengthened, through advocacy, by enabling IIA members to engage stakeholders and provide insight on risks impacting organizations.

• **Competent Professionals:** Members are competent, confident and courageous to deliver on stakeholder expectations and demonstrate the value of our profession.

• **Sustainable Value:** Value is delivered to IIA members through a sustainable operating model.
Agenda

- Importance of being a public sector auditor
- Improving public sector auditing
- Step Forward (Chairman’s Theme)
Importance of Being a Public Sector Auditor
Quick Background / Bio

22 years audit experience
19 years IIA member
12 years not-for-profit
5 years private sector
8 years public sector (current role)

Diverse experience, rooted in audit
# Importance – Public Sector Auditing

## The Role
- Providing assurance to the public
- Providing assurance to government officials
- Helping ensure the public’s funds and energy is focused on providing needed services

## The Motivation
- Public Service
- Public Trust
- Steward of taxpayer funds
- Source of truth

---

**Check Yourself**
Key Differences – Public vs Private Sector

<table>
<thead>
<tr>
<th>Public Sector</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Funds from taxpayers (more fixed)</td>
<td>• Funds from customers (more variable)</td>
</tr>
<tr>
<td>• Legislation is the key driver that causes change</td>
<td>• Financial results are the key drivers that cause change</td>
</tr>
<tr>
<td>• Less motivation to change quickly</td>
<td>• Change is constant</td>
</tr>
</tbody>
</table>

What is the profile of auditors in each sector?
Improving Public Sector Auditing
Stereotypes?

- Slow
- Unmotivated
- Stoic
- Uninformed
- Antiquated
- Risk-averse
- Watchdog
# Up Your Game – Standards-based Approach

## Key Attribute Standards

<table>
<thead>
<tr>
<th>Standard</th>
<th>Meeting Expectations</th>
<th>How to up your game</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose, Authority, and Responsibility</td>
<td>• Ensure charter specifies purpose, authority, and responsibilities</td>
<td>• Communicate it annually&lt;br&gt;• Execute it&lt;br&gt;• Report success/shortcomings</td>
</tr>
<tr>
<td>Direct Interaction with the Board</td>
<td>• Hold meetings with audit committee</td>
<td>• Understand your board’s expectations of you&lt;br&gt;• Have regular 1x1 and/or executive sessions</td>
</tr>
<tr>
<td>Proficiency and Due Professional Care</td>
<td>• Relevant background and professional certifications</td>
<td>• Understand your organization’s strategy&lt;br&gt;• Ensure engagements advance the strategy</td>
</tr>
</tbody>
</table>
# Up Your Game – Standards-based Approach

## Key Performance Standards

<table>
<thead>
<tr>
<th>Standard</th>
<th>Meeting Expectations</th>
<th>How to up your game</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning</strong></td>
<td>• Conduct a risk assessment</td>
<td>• Engage management</td>
</tr>
<tr>
<td></td>
<td>• Conduct internal control questionnaires or surveys</td>
<td>• Understand “the business side”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Don’t be overly-sensitive about impairment</td>
</tr>
<tr>
<td><strong>Reporting to Senior Management and the Board</strong></td>
<td>• Report results of audits</td>
<td>• Communicate the <strong>actions needed</strong> by senior management and the board</td>
</tr>
<tr>
<td></td>
<td>• Report risk exposures, control gaps and potential for fraud</td>
<td>• Rate audit results</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td>• Promote ethics and values</td>
<td>• Assess the organization’s ethics and culture</td>
</tr>
<tr>
<td></td>
<td>• Coordinating information among the board, external and internal audit, and management</td>
<td>• Audit non-financial reporting</td>
</tr>
</tbody>
</table>
Example

Focus on Communication
### Example – Rating Audits

<table>
<thead>
<tr>
<th>RATING</th>
<th>Reporting Reliability</th>
<th>Operations Effective/Efficient Use of Resources</th>
<th>Compliance with applicable laws and regulations</th>
<th>PROCESS VARIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exemplary</td>
<td>No issues or minor observations / currently exceeding goals / high focus on internal control throughout organization / number of best practices and appetite for disciplined innovation</td>
<td></td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>Findings and/or observations / currently meeting goals / adequate focus on internal controls</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Needs Improvement</td>
<td>Findings and observations / not meeting some goals or pose TxDOT risk / focus on internal controls can be strengthened</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>Findings and observations / not meeting key goals and posing organizational risk / focus on internal controls needed</td>
<td></td>
<td></td>
<td>High</td>
</tr>
</tbody>
</table>

Texas Department of Transportation (TxDOT) rating overview
Dashboard Deep Dive

Provides focused, balanced reporting
Step Forward
2019 – 2020 North American Board Chairman’s Theme
Opportunities

Culture: Do What’s Right
- Focus on the customer
- Exude integrity and accountability

It Takes Courage
- Know your board and executive team
- Take ownership in advancing the organization

Embrace Conflict
- Practice disciplined disruption
- Challenge those with whom you work
What I’ve Learned

- Standards Are Critical, Integrity Is Crucial
- Emulate Your Heroes
- Make Things Better
- Bring Your Chair to the Table
- Support Your Visionaries
Thank You

The Institute of Internal Auditors

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