Keys to Easing Audit Stakeholder Tensions

IIA-CAQ report identifies solutions in cooperation, communications

LAS VEGAS (March 10, 2015) — Stronger communications and cooperation among three key players in the financial statement auditing process could help avoid potential tensions and pay big dividends in improved risk management, according to a report released here today.

*Intersecting Roles: Fostering Effective Working Relationships Among External Audit, Internal Audit, and the Audit Committee* highlights examples of such strong communications and cooperation from organizations across the country, with a focus on building a clearer understanding of what external auditors require to use the work of internal audit, and when it is not appropriate to use that work.

The report is based on a series of three roundtable discussions held in the fall of 2014, sponsored by the Center for Audit Quality (CAQ) and The Institute of Internal Auditors (IIA) Audit Executive Center and drawing representatives from each stakeholder group.

“These meetings were designed to identify major challenges in risk management and the financial statement audit faced by these stakeholders, and to develop ways to leverage and strengthen their intertwining relationships to meet these challenges,” according to a joint letter from CAQ Executive Director Cindy Fornelli and IIA President and CEO Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA. “We were not disappointed.”

Indeed, participants of the roundtables, held in Houston, San Diego, and Kansas City, offered candid observations about the challenges and opportunities created by the intersection of three key players, particularly in the process of internal control over financial reporting (ICFR).

The report goes on to share practitioners’ best practices and strategies for coping with challenges in three areas:

- Creating a more productive and efficient external audit process within the constructs of U.S. Public Company Accounting Oversight Board (PCAOB) requirements.

- Audit committees fostering better communication between internal and external auditors to build more effective working relationships.

- Introducing enterprise risk management (ERM) to an organization.
The full report can be downloaded through The IIA and the CAQ.

About the CAQ

The Center for Audit Quality (CAQ) is an autonomous, nonpartisan public policy organization dedicated to enhancing investor confidence and public trust in the global capital markets. The CAQ fosters high quality performance by public company auditors, convenes and collaborates with other stakeholders to advance the discussion of critical issues requiring action and intervention, and advocates policies and standards that promote public company auditors’ objectivity, effectiveness, and responsiveness to dynamic market conditions. Based in Washington, DC, the CAQ is affiliated with the American Institute of CPAs. For more information, visit www.thecaq.org.

About the Audit Executive Center

The IIA’s Audit Executive Center is the essential resource to empower CAEs to be more successful. The Center’s suite of information, products, and services enables CAEs to respond to the unique challenges and emerging risks of the profession. For more information on the Center, visit www.theiia.org/cae.

About The IIA

The Institute of Internal Auditors (The IIA) is 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 180,000 members from more than 170 countries. The association’s global headquarters are in Altamonte Springs, Fla. For more information, visit www.theiia.org.

Contacts:

Robert Pérez
Media Relations Manager
Institute of Internal Auditors
(407) 937-1247
robert.perez@theiia.org

Erica Hurtt
Director of Communications
Center for Audit Quality
202-591-2601
ehurtt@thecaq.org