Regulation/Licensing Questionnaire

Background Information
The last time The IIA formally addressed the topic of regulation and licensing of internal auditors was in 2011. The position taken in 2011 was:

- The IIA recommended the adoption of The IIA’s Definition of Internal Auditing in law and regulation.
- Where governments were proposing broader regulation, The IIA recommended that these regulations:
  - Require internal auditors to adhere to the IPPF, and
  - Establish internal auditing in all organizations that use public money, handle money in trust, or are managed outside the direct control of their owners.
- The IIA did not support the establishment of a professional license for internal auditors due to potentially undesirable consequences.

As a result of recent events in certain parts of the world, as well as strategic deliberations on this topic, the Global Board has decided to again study the matter. A small project team has been formed with oversight from a global steering committee to address the regulation/licensing topic. This questionnaire is a key part of the new study.

Questionnaire Instructions
The questionnaire includes questions that will require research regarding the state of regulations and licensing in your country. It also seeks your Affiliate’s perspective on the pros and cons of licensing the internal audit profession. Therefore you should conduct the research and seek input from key members of your board/staff before completing the online questionnaire. A PDF version has been sent to you with the email request for this purpose. Thank you in advance for taking the time to thoughtfully respond to this questionnaire so that we may have 100% participation across the world. We would appreciate your responses as soon as possible, but not later than Friday, 16 June 2017.

To provide a common understanding of the terms used in this questionnaire and avoid answering incorrectly based on a misinterpretation, the following definitions regulation, law and license are provided. Should you have questions about these definitions, please reach out to the Chair of the project team, Patty Miller, at pkmiller100@gmail.com, before you answer the questions.
Key Definitions

**Regulation** – refers to a requirement (such as a rule or order) issued by a regulatory body to establish an internal audit function and may specify how the function should operate (such as in conformance with the IIA Standards). A regulation would generally refer to a specific sector/industry (such as banking). A regulatory body is generally composed of individuals appointed or employed by the government, and may be at the regional, national, state/provincial or local level. Generally a regulatory body has been established to develop rules to protect the public good or to govern a specific element of the economy, such as banking or public health.

**Law** - refers to a requirement issued by a legislative body (such as a congress or parliament) to establish an internal audit function and may specify how the function should operate (such as in conformance with the IIA Standards). A law may refer to a specific sector/industry, or may apply generally to anyone practicing internal audit. A legislative body is generally composed of elected officials and may be at the regional, national, state/provincial or local level; responsible to create laws to protect the public good or to govern any element of the economy.

**License** - refers to formal permission from a government or constituted authority (for example, regulator or professional association) to engage in a profession, generally based on the individual fulfilling specific education and experience requirements and may require completion of an examination and ongoing professional education. Under an internal audit license, a person without the appropriate license would not be permitted to practice as an internal auditor. Licensing can be managed at the regional, national, state/provincial or local level, and can apply to specific sectors/industries (such as banking) or more broadly. The existence of a law or regulation regarding the practice of internal audit would likely precede a licensing requirement.
1. Please complete the following:
   Affiliate Name: ______________________
   Given Name ______________________
   Family Name ______________________
   IIA Position ______________________
   Email ______________________
   Phone ______________________

2. Law & Regulations Regarding Internal Audit
   Is (Are) there currently (a) law(s) or regulation(s) mandating an internal audit function for certain organizations in your country or territory?
   For example, the legislature, a regulator or a stock exchange may have developed the requirement.

   - Yes
   - Under consideration (such as by legislator, regulator or constituted authority)
   - Both a. and b.
   - No
   - Unknown

3. Does (or will) the law or regulation apply just to your local territory, your country or to a broader region?
   *Select all that apply.*
   - The local territory, such as a city, state or province
   - The country
   - The broader region, such as the European Union
   - Unknown

4. Please provide identifying information, such as the name of the law(s), regulation(s), bill number(s), and/or regulatory code(s).
   ______________________________________________________________
   ______________________________________________________________
   ______________________________________________________________

5. What sector(s) does (do) the law(s) or regulation(s) apply to?
   *(Select all that apply)*
   - Public sector/government
   - Publicly listed organizations
   - Privately held organizations
   - Not for profit or charitable organizations
   - Other ______________________
6. What industry(ies) does(do) the law(s) or regulation(s) apply to?
(Select all that apply)
- Public sector/government
- Financial services/banking/insurance
- Healthcare/pharmaceutical
- Manufacturing/retail
- Technology/web-based services
- Law or regulation applies across industries
- Other ____________________

7. Does (or will) the law(s) or regulation(s) make (or plan to make) reference to the IIA Standards?
- Yes
- No
- Unknown

8. Does (or will) the law(s) or regulation(s) require conformance with the IIA Standards?
- Yes
- No
- Unknown

9. Does (or will) the law(s) or regulation(s) require individuals to maintain a membership in the IIA?
- Yes
- No
- Unknown

Licensing of the Internal Audit Profession

10. Does (or will) the law(s) or regulation(s) require individuals to maintain a professional license to practice as an internal auditor?
- Yes
- No
- Unknown

11. Describe the license that is required. It may be called a license, qualification, certification, certificate or similar names:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
12. Does (or will) the license have specific requirements to obtain and maintain?  
*Please select all that apply.*
- ☐ Education requirements
- ☐ Experience requirements
- ☐ Continuing education requirements
- ☐ Other requirements
- ☐ No specific requirements
- ☐ Unknown

This Question is Conditionally Shown if: (10 = Yes)

13. Who issues (or will issue) the license?
- ☐ A legislative or regulatory body
- ☐ A professional association
- ☐ The local IIA organization
- ☐ Someone else; please note who: ________________________
- ☐ Unknown

14. Is there (or will there be) a monitoring element to enforce conformance?
- ☐ Yes, and enforcement is the responsibility of a legislative or regulatory body
- ☐ Yes, and enforcement is the responsibility of the local IIA organization
- ☐ Yes, and enforcement is the responsibility of someone else; please note who: ________________________
- ☐ No
- ☐ Unknown

14a. Please explain who this body is and how this enforcement mechanism works.
______________________________________________________________
______________________________________________________________
______________________________________________________________

15. Have enforcement actions been taken against any organizations or individuals for noncompliance?
- ☐ Yes
- ☐ No
- ☐ Unknown

16. Was (or is) your IIA Affiliate involved with developing the law(s) or regulation(s)?
- ☐ Yes
- ☐ No
- ☐ Unknown

17. Please describe the role your IIA Affiliate played (is playing) and provide name and contact information for a follow up discussion.
______________________________________________________________
______________________________________________________________
______________________________________________________________
Viewpoints Regarding Laws, Regulations and Licenses

18. The following is a list of potential benefits of laws or regulations that require a license to practice internal audit. Select up to 3 reasons your Affiliate believes may be most important.

- Improve the professionalism of individuals practicing internal audit
- Broaden the scope of internal auditing to areas serving the public
- Increase recognition of the internal audit profession by stakeholders and/or the public
- Differentiate internal audit from other professions
- Protect society from poor performance by unqualified practitioners
- Increase membership in the IIA
- Other ____________________
- None of the above

19. The following is a list of potential disadvantages of laws or regulations that require a license to practice internal audit. Select up to 3 reasons your Affiliate believes may be the most important.

- Potential inability of local IIA to effectively support law/regulation and/or license in their jurisdiction
- Regulators take control of the professional requirements and definition of what is internal audit
- Lose global consistency of the profession
- Unknown process to monitor and enforce compliance
- Potential legal liability if the IIA is responsible for penalizing or barring nonconforming practitioners
- Limit number of people who can enter the profession, such as rotational auditors
- Cost associated with implementing the law/regulation and/or license
- Other: ____________________
- Unknown
- None of the above

20. Is your Affiliate generally in support of laws or regulations mandating an internal audit function in organizations in your country or territory?

- Absolutely
- May be a good idea
- Uncertain
- Not a good idea

21. Is your Affiliate generally in support of laws or regulations that require a professional license to practice internal audit in your country or territory?

- Absolutely
- May be a good idea
- Uncertain
- Not a good idea
- No, I favor developing a “self-regulatory” process within the IIA to develop a type license and associated monitoring and enforcement mechanisms
22. Is your Affiliate generally in support of laws or regulations that require membership in the IIA to practice internal audit in your country or territory?
   - Absolutely
   - May be a good idea
   - Uncertain
   - Not a good idea
   - May not be permitted by law

23. Is your Affiliate generally in support of laws or regulations that require the local IIA to monitor or enforce conformance with the law or regulation in your country or territory?
   - Absolutely
   - May be a good idea
   - Uncertain
   - Not a good idea

24. Add any comments you would like to make on the topic of laws/regulations and licensing.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

(End)