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Skills and Staff rotation in the Internal Audit Function in financial institutions

A paper discussing the skill and staff rotation in the Internal Audit Function (IAF) in financial institutions has been prepared by the ECIIA Banking Committee. The position paper aims to provide guidance to the Internal Audit departments of financial institutions, addressing the following: skills inventory, assessment and development; staff rotation and talent management.

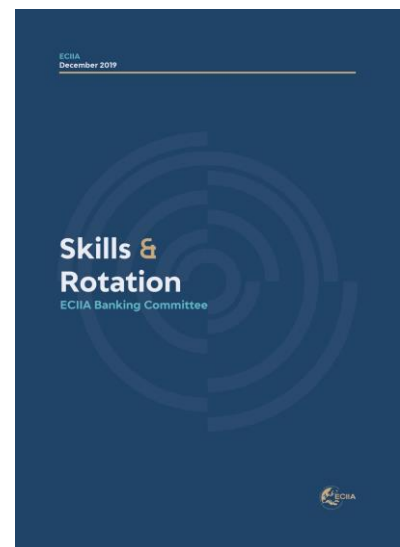
Due to the vast and fast-paced changes in today's business environment, alongside new risks, there is an increased need for competent internal audit staff and an adequate IAF. Financial institutions and the banking sector as a whole are significantly impacted and disrupted, further requiring the need for better tools and skillsets from Internal Audit.

There is a need for an adequate number of resources of sufficient quality. The Internal Audit teams are expected to possess several core competencies to adequately perform a varied range of internal audit work to respond to areas regarding; tradition banking risks; business acumen and the evolution of risks. The necessary core competencies include; critical thinking, creativity, adequate knowledge and good communication skills.

The approach of the skills inventory should be performed to take the strategic audit plan into consideration as well as addressing the future needs of an organization in a timely and effective manner.

In regard to the skill assessment, skills should be analysed by the Internal Audit management annually as well as a more detailed analysis of available resources and competencies to reevaluate the internal audit strategic plan. This can be carried out through the use of self-assessments, colleague feedback and shareholder feedback.

Staff development is also a crucial part of the internal audit function in financial institutions. Internal auditors must enhance their knowledge, skills and other necessary abilities through continuing their professional education development. Training is a key aspect to ensure that different team members can adequately perform their role. This also refers to staff rotation, which allows for institutions to acquire new competencies and new tools to enhance independence and objectivity.



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Talent management is important in the internal audit function, in terms of technical abilities and adequate knowledge as well as professional and personal growth of the internal auditors.

Overall, new skills are required for internal auditors and there are different ways to acquire them: internal rotation within the control functions, a transfer of people from the business or the recruitment of external talents or outsourcing of specific needs.

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ABOUT ECIIA

The ECIIA is the voice of internal audit in Europe. Our role is to enhance corporate governance through the promotion of the professional practice of internal auditing.

Our members comprise 34 national institutes of internal auditing from countries that fall within the wider European region, representing 48 000 members. The ECIIA mission is to further the development of good Corporate Governance and Internal Audit at the European level, through knowledge sharing, developing key relationships, and impacting the regulatory environment, by dealing with the European Union, its Parliament and any other European regulators and associations representing key stakeholders.

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