



ECIIA ANNUAL REPORT 2020/2021

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A message from the President

THIERRY THOUVENOT

All European Regulators have put ESG in top priorities for defining the strategy of the organization, managing businesses, and reporting to the various stakeholders. Trust, accountability, social and environmental responsibility, sustainability are top priorities in Europe and the profession has an important role to play in the assurance process. Europe is developing Standards and aiming ESG information to become as important as the financial statements. Based on the Risk in Focus Report, few internal audit services have already embraced these new challenges, so it is time to act and include these new risks in our environment but also assist the organizations preparing for these new challenges. Digital Europe is the other target that will impact the profession. The pandemic crisis is changing the way internal auditors work and add value to the organization. They work on remote but need to remain a judgment at the core of the audit assurance. More than ever, the Audit Committees are looking for an exhaustive vision of the risk management and the governance aspects.

It includes much more than just the financial aspects: environment, social, governance, sustainability, ethics, diversity, technology,... but also value creation. It is time to coordinate the efforts with the other "assurance providers" (internal and external) and develop a holistic and exhaustive view for the Governance Bodies. The 3 C: Communication, Collaboration, and Continuous improvement are important as organizations may not accept "silos" anymore. In this context, the profession can play an important role in assisting the Governance Bodies in their new duties and helping them getting risks under control, being more resilient. By their expertise, internal auditors give an independent and objective opinion about the way the organization may react to new risks, new crises and adapt. If they work with the other lines in a collaborative manner, they can cover all the processes and give assurance on any new subject arising. In conclusion, a lot is going on with the European Regulators that are impacting the profession and I wish ECIIA members a lot of success in adapting to the new normal and keeping safe.



A message from the Secretary- General

PASCALE VANDENBUSSCHE

What a challenging year again! We have continued to adapt to the new digital economy, develop new activities, bring our best efforts to serve the internal audit profession in Europe. Resilience has been both word for many of us and all internal auditors have been affected by the technical changes, the human and economic consequences of the pandemic. We have reshaped our advocacy governance to better serve the community, better engage with the members and improve the visibility of internal auditors in the EU regulatory framework. ECIIA has partnered with key actors of the chain of assurance to define the role of internal audit in the new ESG context. We have exchanged with ACCA and Accountancy Europe on this matter and issued a position paper. The lessons learned have been:

- Sustainability & financials are connected
- Internal and External auditors have a key role to play in the integrated approach of audit
- There is an urgency to design the assurance process, develop the new skills

We have collaborated with EUROSAI on non-financial reporting and integrated reporting in the public sector and the main conclusion is that it is time to act!

We have continued the virtual meetings with the Committee members, the European Regulators to follow up on policy developments affecting internal auditors.

For the first time, we have developed a Forum for the Insurance Sector and organized the 4th edition of the Banking Forum with the Regulator and the Supervisor.

Looking ahead to 2022, we hope to be able to meet face to face again and we will focus on the political agenda impacting the profession: mainly around sustainable corporate governance, sustainable corporate reporting, anti-money laundering, cybersecurity.

We thank you for your support and commitment in 2021 and we look forward to our continued cooperation with our members and our key advocacy targets.

Overview of the year



OVERVIEW OF THE YEAR PUBLICATIONS

01 Risk in Focus 2021- hot topics for internal auditors

For the past five years Risk in Focus has sought to highlight the key risk areas identified by Chief Audit Executives (CAEs). The purpose of this publication is to help the internal audit profession prepare its independent risk assessment work, annual planning and even audit scoping by sharing the insights and learnings from the research.

02 Risk in Focus 2021- Practical guidance on climate change and environmental sustainability

Internal auditors have measured the importance of climate change and environmental risks. In Risk in Focus 2021, 22% of CAEs cited climate change and environmental sustainability as one of their organisation's top five risks, a more than 50% increase on the 14% who said the same in last year's Risk in Focus survey. Moreover, 41% of CAEs are anticipating it being a top-five risk in three years' time. No other risk area is expected to gain more priority over this period. The guidance explains to internal auditors how they can assist organisations in this area.

03 Risk in Focus 2021- Practical guidance on macroeconomic and geopolitical uncertainty

33% of the CAEs surveyed in Risk in Focus 2021 cited macroeconomic and geopolitical uncertainty as a top-five risk, and 8% say that this is the biggest single risk their company is currently exposed to. However, only 3% say that this is an area where internal audit currently spends most time and effort. Through this guidance, we have taken the opportunity to explore in greater detail how internal audit should approach macroeconomic and geopolitical uncertainty risks. The question is: what can internal audit do to ensure that the organisations they serve are prepared for these risks?

OVERVIEW OF THE YEAR

PUBLICATIONS

04 [Risk in Focus 2021- Practical guidance on cybersecurity and data security](#)

Cybersecurity and data security has been one of the top three priority risks identified in Risk in Focus over the past five editions. It is documented as the number one priority risk for 2021, and this trend is expected to continue for the next three years. As a result, a number of resources have been produced within the IIA network to support practitioners navigating this risk.

05 [A simple guide to natural capital management for internal and external auditors](#)

This guide has been developed by ACCA with the support of Deloitte and the ECIIA. It is part of the series issued by ACCA on Professional Accountants changing business for the planet. The insights and guidance have been gleaned from desk-based research and from contributors, who have participated in a number of roundtables and interviews. The paper explains the role of internal and external auditors on sustainability assignments and provides examples with natural capital management, audit, and assurance expertise to support the appreciation of the issues and provoke further thinking. The examples reflect real-world sustainability issues, which are often complex.

06 [The impact of recent global trends on internal auditing in the insurance industry](#)

The Covid-19 pandemic has been the most significant disruptive event for decades, impacting the political, social and economic environment of insurance companies for years to come. It has been a catalyst for several distinct pre-existing macro trends: use of technology, workforce and ESG (sustainability).

OVERVIEW OF THE YEAR

PUBLICATIONS

07 Guidance on unlocking the value of Internal Audit functions by implementing Data Analytics / Science

This document will guide through the practical considerations of how and where to invest in order to transform IA into a data-led function. It identifies five areas within the audit process where a data-led approach can add value, insight and assurance. This is built upon the lessons learnt from IA functions which have already progressed on the DA journey and are in various stages of maturity. It also includes concrete examples from the insurance industry.

08 Integrated Reporting in the European Public Sector: It's time to act!

The European Organisation of Supreme Audit Institutions (EUROSAI) and the European Confederation of Internal Audit Institutes (ECIIA) are working together to promote good governance, accountability, and audit across the European public sector. As a result of this collaboration, we have been working on a common project to determine the extent to which Integrated Reporting has been, or is expected to be, adopted in the European Public Sector. This paper sets out the results of our work to date based on surveys, webinars, research, and knowledge gained from our members, public sector practitioners, and representatives from the academic world.

09 Guidance on Remote Auditing for the use of Internal Auditors

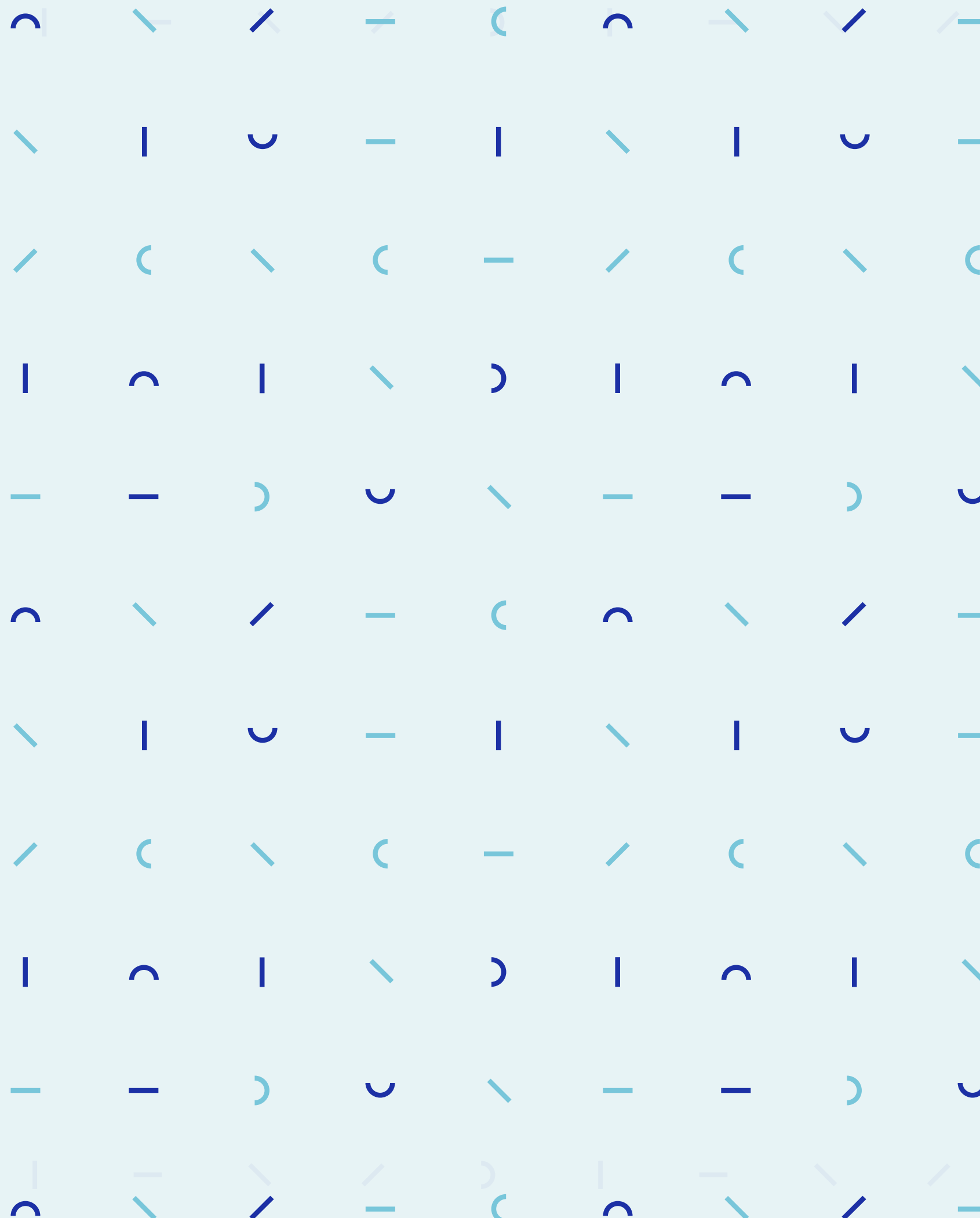
Auditing, just like technology, is evolving. Once an exclusively on-site exercise, be it a face-to-face meeting with an auditee, having a coffee in the boardroom with a senior manager and discussing context and leadership, or having a site tour of the facilities with a member of the operational team, audits can now be carried out remotely using information communication technology. Due to the travel restrictions and obligation to work from home related to the COVID-19 pandemic remote auditing was not an option anymore but became a necessity.

OVERVIEW OF THE YEAR

PUBLICATIONS

10 [Risk in Focus 2022- hot topics for internal auditors](#)

While the coronavirus pandemic continues to disrupt the corporate landscape in the present, the new edition of the ECIIA Risk in Focus report highlights climate change as the rising risk of the future. The Risk in Focus 2022, tracks the risks facing organisations year-on-year as ranked by more than 700 Chief Audit Executives (CAEs) representing a range of organisations including leading businesses, public sector organisations, and NGOs from across Europe.



OVERVIEW OF THE YEAR CONSULTATIONS

01 Initiative on sustainable corporate governance

The European Commission's proposal on Sustainable Corporate Governance will be presented in September, at the earliest. ECIIA has responded to the European Commission's consultation document proposal, for an initiative on sustainable corporate governance.

02 Incorporation of ESG risks into the governance, risk management, and supervision of credit institutions and investment firm

The main focus of this Discussion Paper is on the risks to which institutions are exposed via the impact of ESG factors on their counterparties. The Paper provides details on the risks stemming from environmental factors, especially climate change, and illustrates ongoing initiatives and progress achieved on this topic over the recent years.

03 Fraud: recommendations to strengthen the financial reporting ecosystem

Accountancy Europe proposes to take another look into all key players' role (including auditors, companies' boards and management, legislators, standard setters and regulators) who must take a coordinated approach to achieve tangible results in tackling fraud and better deal and communicate on issues with a company's ability to continue as a 'going concern'. ECIIA emphasized the role that internal auditors play in detecting, preventing, and monitoring fraud risks and addressing those risks in audits and investigations.

OVERVIEW OF THE YEAR

CONSULTATIONS

04 Proposal for a Corporate Sustainability Reporting Directive (CSRD)

The European Commission has published a Proposal for a Directive amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting, which would amend the existing reporting requirements of the NFRD.

OVERVIEW OF THE YEAR

WEBINARS

01 Cybersecurity: what is the role of the human factor

Cybersecurity and data security have been one of the top three priority risks identified in Risk in Focus over the past five editions. Despite increasing investments made by organisations, it is undeniable that cyber-attacks are more and more complex and sophisticated; continuously leading to serious damages on companies' most valuable assets.

02 Non-Financial and Integrated Reporting in the Public Sector

ECIIA and EUROSAI organised a webinar to discuss the best practices on Non-Financial and Integrated Reporting in the Public Sector, on 28 January 2021. During this webinar, we shared the first results of a survey conducted in 30 countries and asked for feedback/experience from the participants (polls).

03 Climate change and environmental sustainability: how to tackle associated risks and harness opportunities?

Environmental challenges are of a growing importance for all organisations. It is undeniable, this is now a strategic issue for all organisations encouraged by their internal and external stakeholders to become more resilient to environmental risks and to directly contribute to the environmental sustainability of the society. In fact, the risk is already proven: the consequences on businesses are measurable.

OVERVIEW OF THE YEAR

WEBINARS

04 Working together for the planet: Audit & Assurance of sustainability information

Driven by the renewed political focus on combatting climate change around the world and the Green Recovery, sustainability reporting is gaining momentum, pushed by stakeholders' ever-rising demands for more transparent and better communication regarding the sustainability practices, initiatives, and performance of companies and organisations.

05 The impact of the COVID in the three lines

The COVID-19 global health crisis has had an unprecedented impact on business and society across the globe. ecoDa, FERMA, and ECIIA have carried out extensive international surveys to find out the impact of the COVID crisis on their respective professions and to help them navigate the challenges. If it is true that the pandemic has accelerated growing attention on ESG, sustainability, and stakeholder value issues, it is also true that the robustness of the governance mechanisms has clearly appeared as an essential element for the resilience of companies. This webinar took a look at the changes taking place for the three professions, but also how they need to work together more effectively.

06 Guidance on unlocking the value of Internal Audit functions by implementing Data Analytics / Science

The ECIIA Insurance Committee, assisted by Specialists has described the journey to adopt a data-led approach in the internal audit departments and give examples from the Insurance industry.

OVERVIEW OF THE YEAR

WEBINARS

07 [Integrated Reporting in the Public Sector: Your journey starts here](#)

ECIIA and EUROSAI have conducted a survey to assess the publication of Non-Financial Reporting in the public sector and the use of Integrated Reporting framework. During this event, they shared the final results and the main messages that are included in the publication, *Integrated Reporting in the European Public Sector: It's time to act!* and discussed the need for a strong assurance process of the sustainability reporting.

08 [Sustainable corporate governance: future role for audit committees](#)

Accountancy Europe and ecoDa organised a collaborative workshop supported by EY Wavespace methodology on the future role of audit committees as part of sustainable corporate governance. The workshop brought together board and audit committee members, business leaders, and investor representatives from across Europe, along with policymakers, representatives of non-governmental organisations, and the accountancy profession. ECIIA took part in the debate.

09 [Remote auditing: experience from internal auditors](#)

Auditing, just like technology, is evolving. Once an exclusively on-site exercise, be it a face-to-face meeting with an auditee, having a coffee in the boardroom with a senior manager and discussing context and leadership, or having a site tour of the facilities with a member of the operational team, audits can now be carried out remotely using information communication technology. Due to the travel restrictions and obligation to work from home related to the COVID-19 pandemic remote auditing was not an option anymore but became a necessity.

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ECIIA

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Pascale Vandenbussche

ECIIA

*Jamie Graham chaired the committee until 30 September 2021, being replaced by Andrea Bracht as from the 1 October 2021. Rafael Lorenzo Lopez was a member until 30 September. Steven Sanders is the V vice-chair since 1 October 2021

THE INSURANCE COMMITTEE

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IIA Switzerland | Zurich (CH) CAE

Astrid Langeveld-Vos

IIA Netherlands | Achmea (NL) CAE

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Ann Marie Andtback Beckman

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IIA Austria | Uniqa (AT) CAE

Pascale Vandebussche

ECIIA

*Martin Studer was a member of the Insurance Committee until the 1 September 2021, being replaced by Ralph Daals

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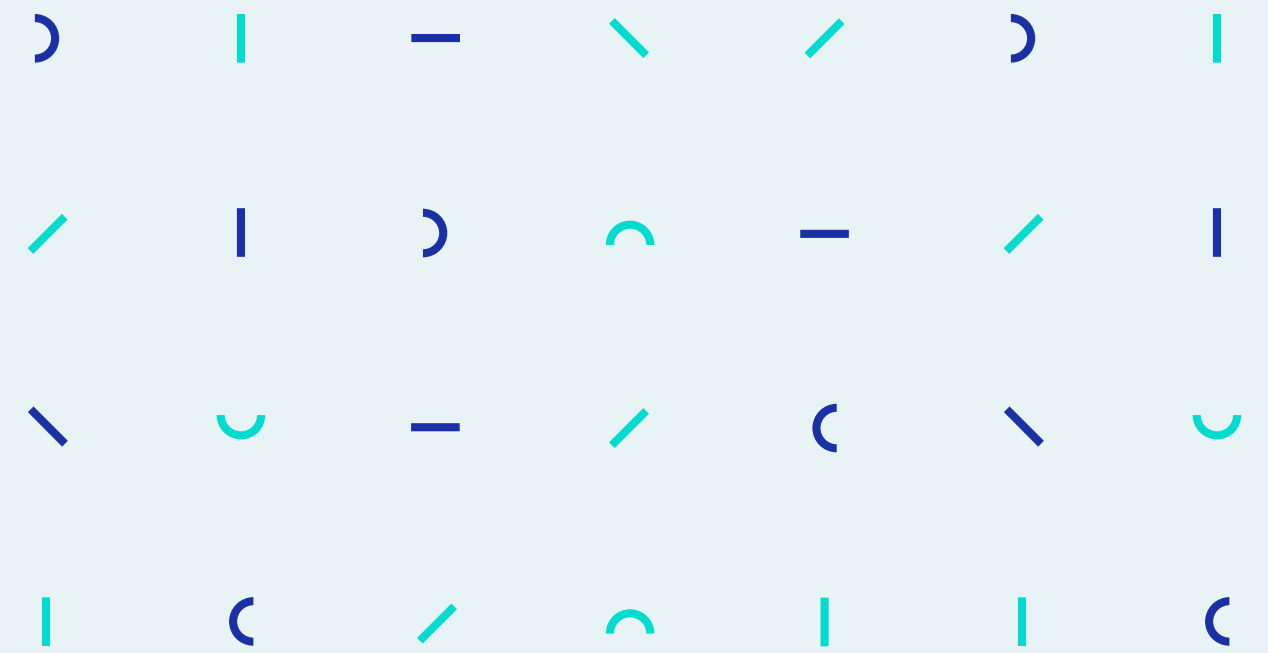
IIA Finland

Claire de Soras

IIA France

Pascale Vandenbussche

ECIIA



OUR MISSION

The Association intends to be the consolidated voice for the profession of internal auditing in Europe and to promote the role of internal audit and good corporate governance by dealing with the European Union, its Parliament and Commission, and any other European Regulators and associations representing key stakeholders. It has a non-profit making purpose.



Our team

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