

The Professionalization of Internal Auditing

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Primary submission: 08.11.12 | Final acceptance: 27.05.13

Abstract

Purpose: This paper attempts to examine the meaning of professionalization, the conditions required for professionalization and whether internal auditing can be recognized as a profession. The paper makes use of study results in the field of internal auditing conducted in Europe and the USA, as well as Andrew Abbott's theory on the system of professions. Professions have common characteristics which differentiate them from other occupations. These characteristics were used to determine the criteria for evaluating the professionalism of internal auditing. The conducted analysis indicates that presently internal auditing cannot be regarded as an independent profession.

Methodology: Study results (quantitative and qualitative) in the field of internal auditing were used in the analysis.

Findings: The conducted analysis indicates that presently internal auditing cannot be regarded as an independent profession.

Research limitations: Only a selection of research studies conducted in the USA and a few European countries were used, which limits the cognitive value of the analysis.

Originality: The paper presents an overview of conducted research studies and gives an evaluation of the current state of professionalization of internal auditing.

Keywords: internal auditing, professionalization, Institute of Internal Auditors

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| Introduction

An important event for the development of internal auditing in its current form was the establishment of an international association of auditors – the Institute of Internal Auditors (IIA) in 1941. From this point on efforts can be observed to recognize internal auditing as an independent profession. These efforts were manifested by the members of the IIA when they created the standards of work for internal auditors and developed exams and a system of certification of internal auditors. Despite these efforts, there are still many doubts in terms of the level of professionalization of internal auditing and whether internal auditing can be considered to be a professional activity. This is evidenced by, among other things, the results of scientific research studies. This paper constitutes an attempt to examine what professionalization really is, what the determinants are of the process of professionalization and whether internal auditing can be considered to be an independent profession. In order to answer the basic questions I used the results of previous research studies in the field of internal auditing conducted in Europe and in the USA as well as the theory on the system of professions developed by American scientist A. Abbott (1988).

| Profession and Professionalization

Both in everyday language and in dictionaries, the term profession is defined in general terms and is usually associated with the notion of occupation and work. The online version of the dictionary of the Polish language (<https://www.sjp.pwn.pl> – 01.02.2013) defines profession simply as one's job, and a professional as a person that is professionally engaged in a certain field or someone who has great skills in a certain field and performs their job in an excellent manner. According to the Longman Dictionary of English Language and Culture (Longman, 1992), a profession is a type of work that, in particular, requires appropriate education and previous experience, and is respected in the community. The term professionalization is used to describe the process by which new professions or specialties are created in a particular field (<http://www.sjp.pwn.pl> – 01.02.2013). Whereas the term professionalism describes great skills and a high level of the performed work (<http://www.sjp.pwn.pl> – 01.02.2013). In order to analyze the process of professionalization it is necessary to consider the concepts of professionalism and a professional. That is why, in further analysis, these terms will be used in the sense described above. Observation of traditional professions, such as doctors, lawyers and architects, reveals certain characteristics that distinguish these professions from other occupations. One of these characteristics is the requirement of a thorough and long-term preparation in order to be able to perform the given job. This preparation often requires a higher education and specific skills that are verified on the basis of examinations and prior work placement. After all, professions are associated with proficiency and a high degree of competence in performing a specific job, which guarantees high quality service. A more detailed analysis allows for an identification of the following characteristics of professions (Reynolds, 2000):

- The need to obtain formal qualifications that give the right to exercise a given profession – the qualifications are usually verified by way of examinations and often also relevant work placement.

- The existence of professional associations – membership in such associations is often a prerequisite to be able to perform a specific job. These associations often also conduct examinations and give formal rights to perform a certain job, and thus control access to the given profession. Examples of such organizations are: Bar Councils, Chambers of Physicians or the National Chamber of Statutory Auditors.
- The existence of a code of ethics of a given profession – in the case of certain professions admission to practice is preceded by publicly taking an oath of conduct based on the ethical code, such as the Hippocratic Oath taken by physicians. Other professions require signing a code of ethics. Often ethical issues are also part of the qualifying exams for certain professions.
- Service to the public – professions exist based on the exchange of goods with society and they take responsibility for their actions as an occupational group. Society recognizes and accepts the services of professionals through licensing these services.
- Protecting the interests of the client – an important characteristic of professions is putting the client's interests first. A professional should always act in the best interest of the client and be guided by this principle in the event of any conflict of interest. The significance of such an attitude stems from the fact that the client has no way of verifying the quality of the work performed by the professional. This is because the client does not have the necessary expertise or professional skills, and must therefore trust the professional. An example could be the relationship between doctor and patient or client and solicitor.

Professionalization may lead to obtaining certain exclusive rights in performing a given job, and thus control of the given occupational group over access to the occupation. As a result, professionals tend to be identified with elitism and prestige. This may explain why various occupational groups strive for professionalization. According to the theory developed by A. Abbott, professions operate within complex interdependent systems (Abbott, 1988). These systems consist of certain areas, which the author calls jurisdictions. These areas define the scope of activities performed within a given profession, and thus the areas of competence (expertise) of the respective professions. Abbott argues that the development of a profession or the creation of new professions is possible through creating new jurisdictions, the acquisition of jurisdictions that have not yet been exploited by other professions or the acquisition of jurisdictions previously controlled by another profession. Therefore, there is a continuous process of competition between professions with respect to the existing areas of jurisdiction and also with respect to gaining access to new jurisdictions and control over them. At the same time Abbott distinguishes the following relations between professions and their jurisdictions:

- Full jurisdiction – fully controlled by a given profession with no competition from other professions.
- Subordinate jurisdiction – the superior profession controls the work of the subordinate profession.

- Intellectual jurisdiction – the superior profession controls access to knowledge, but allows other occupational groups to perform the job with no major restrictions.
- Advisory jurisdiction – one profession reserves the right to interpret and modify the work of another profession.
- Divided jurisdiction – a jurisdiction is divided between two professions.

The term professionalization is often associated with the term professional. Both these terms are interdependent, but they can also be analyzed separately. It is possible that people performing a certain job demonstrate professional qualities, even if as an occupational group they do not enjoy the status of a profession. A reverse situation is also possible, in which a person belongs to a recognized profession, but does not perform the job on a professional level and therefore does not have the qualities of a professional. Members of a given profession demonstrating professional qualities on an individual level is an essential condition for the existence of the profession, but that alone is not sufficient. Professions are communities, which are based on certain common values, knowledge and skills. That is why one of the distinguishing features of a profession is the existence of professional associations (Reynolds, 2000). By establishing their own organizations, professionals strive to achieve professional autonomy and to have an impact on the working methods and conditions. Such associations also ensure a standardization of knowledge and qualifications through the creation of labor standards for a given profession as well as participation in the process of certification and granting the rights to perform a certain job. However, professionals establishing associations and their own organizations still seems to be insufficient for recognizing a given occupational group as a profession. When analyzing recognized professions that have existed for a long time (such as doctors and lawyers), a number of ties between professional associations and their institutional and social environment can be observed. This is because professions exist and develop through collaboration and the exchange of goods with their clients, the state and also the academic community (Fogarty and Kalbers, 2000).

| The Professionalization of Internal Auditing

Since the establishment of the Institute of Internal Auditors (IIA) in 1941 efforts can be observed to recognize internal auditing as an independent profession. In 1947 the IIA issued a statement of activities that are carried out within the framework of internal auditing, thus explaining the role of internal auditing in organizations. At the time, internal auditing was defined as an independent, objective assurance activity, involving the verification of accounting and financial data as well as operational activity. Later on, an increasingly important role was attributed to the creation of systems of internal control and to understanding internal auditing as an essential element of that system. Another important step in the development of the concept of internal auditing was incorporating the role of the auditor in the risk management process (Arena and Jeppesen, 2010). This has resulted in the IIA developing the definition of internal auditing in its current form. This definition describes internal auditing as an independent, objective assurance

and consulting activity designed to add value and improve an organization's operations (especially in the field of governance processes, risk management and control).

An important manifestation of internal auditors striving for professionalization is the process of creating an education and certification system for auditors. Already in the 1950s many practitioners signaled the lack of an official education program for internal auditors (Arena and Jeppesen, 2010). The first attempts to create special courses and programs for internal auditors were undertaken primarily by American universities and they encountered many difficulties. The main obstacles to developing specific programs for internal auditors included a low recognition of internal auditing as a profession as well as the diverse range of specialties of internal auditors and of the activities they conducted (Arena and Jeppesen, 2010). Despite the undeniable increase of awareness of internal auditing and the development of this function, the offer of programs for internal auditors at universities is still quite limited. The most common form of obtaining the qualifications of an internal auditor is the certification system developed by the IIA – Certified Internal Auditor. However, the recognizability of this certificate varies quite significantly from country to country and it is not yet a formal requirement for performing the work of an internal auditor. In practice, one can observe the creation of new specialized certificates attesting the auditor's competence in a narrow area of expertise (e.g. Certification in Control Self-Assessment, Certified Government Auditing Professional, Certified Fraud Examiner). Organizations recruiting internal auditors often treat the certificate as a desirable but not necessary condition for employment and usually accept alternative certificates issued by various institutions, not only by the IIA. For example, in the recruitment process for the position of internal auditor in public administration entities in Poland, currently the professional qualifications of 8 international organizations are accepted. Furthermore, people with postgraduate degrees in the field of internal auditing, issued by universities that are authorized to confer doctoral degrees in the field of economics and law, can work as internal auditors.

According to a global research study conducted by the IIA in 2010 (Alkafaji, Hussain, Khallaf and Majdalawieh, 2010) internal auditors usually have the following specialist qualifications:

- Certified Internal Auditor (CIA) – 30.3% of the respondents.
- Financial and accounting qualifications, including Certified Public Accountant (CPA), Association of Chartered Certified Accountants (ACCA) or Chartered Institute of Management Accountants (CIMA) – 26.8% of the respondents.
- Qualifications in the field of information systems auditing, e.g. Certified Information Systems Auditor (CISA) – 9.7% of the respondents.
- Certificate in the field of fraud and embezzlement auditing – Certificate of Fraud Examiner (CFE) – 5.3% of the respondents.
- Other certificates in the field of internal auditing, including the Diploma in Internal Audit Practice (PIIA) and the Advanced Diploma in Internal Auditing and Management (MIIA) – 4.2% of the respondents.
- Other certificates – 18.8% of the respondents.

The above list confirms the diversity of qualifications held by internal auditors around the world. At the same time it shows the great efforts of auditors to achieve professional qualifications, as out of the total study population as many as 95% of the respondents declared having at least one of the professional certificates. Obviously, the quality of the respective qualifications and the level of knowledge and skills necessary to achieve them are a separate issue.

Another important manifestation of internal auditing striving for professionalization was the IIA Research Foundation established by the IIA in 1976, which financed scientific research in the field of internal auditing. One of the major achievements of the Foundation is the elaboration and regular update of the internal auditing knowledge base CBOOK (Common Body of Knowledge). This knowledge base is created based on global research among internal auditors and presents the current trends in the work of auditors throughout the world and the challenges that lie ahead. In 1977 the IIA created a professional magazine for internal auditors (*Internal Auditor*), which also constitutes a base for expertise knowledge and a forum for the exchange of views and experiences in the field of internal auditing.

As mentioned earlier, professions are characterized by having their own codes of ethics. The Code of Ethics of internal auditors was developed by the IIA in 1968. And in 1978 IIA's first Standards for the Professional Practice of Internal Auditing were issued. These standards have been updated since then and are currently known as the International Standards for the Professional Practice of Internal Auditing. These standards set the basic rules that must be applied by auditors in the auditing process throughout the world. Draft amendments to these standards are presented by the IIA's Internal Auditing Standards Board (IASB) on the IIA website as well as send out to the national institutes of the IIA for public discussion. Here it should be noted that despite the creation of internal auditing standards and the CBOOK project, there is still a need to define the best practices and necessary knowledge for the profession of internal auditor (Moeller, 2011).

The factor demonstrating the professionalization and recognition of internal auditing could be whether it is officially recognized as a profession. In Poland the auditor is on the list of officially classified professions elaborated by the Ministry of Labor and Social Policy (Regulation of the Minister of Labor and Social Policy of 27 April 2010 concerning the classification of professions and specialties for labor market needs and scope of application – Journal of Laws No. 82 of 17 May 2010, item 537). The Regulation identifies the profession of auditor with the public sector. Thus, there is still no official recognition of the profession of auditor in the private sector in Poland. For comparison, the United States Department of Labor classifies auditors and accountants as one professional group. The description contained in this classification indicates that the auditor in the USA is identified with a statutory auditor rather than an internal auditor (www.bls.gov – 29.09.12). These examples indicate that perhaps internal auditing has not yet been fully recognized as an independent professional group.

| Internal Auditing as an Independent Profession – A Selection of Scientific Research Studies

Does internal auditing have the status of an independent profession? In order to answer this question I will adopt the following criteria for assessing the degree of professionalization of internal auditing:

- the need to have an appropriate education that prepares for practice;
- the need to have formal qualifications that give the right to practice;
- the existence of a professional association that has an impact on the working standards and methods of auditors;
- the existence of an own "jurisdiction", i.e. area of expertise and scope of activities that distinguish internal auditing from other professions;
- protection of the interests of the client.

According to the earlier described theory of Abbott, "jurisdictions" define areas of activity and expertise of a given profession. At the same time, there is a continuous competition between professions for existing and new jurisdictions. This kind of competition can be observed between internal and external auditors (statutory auditors). Businesses often choose to outsource internal audits to international companies dealing with external auditing, mainly to the so-called "Big Four". These companies undoubtedly have extensive knowledge and experience useful in conducting internal audits, acquired through auditing financial reports and consulting projects. The tendency to outsource internal audits escalated in the 1990s, but slowed down again in later years (Gołębiowski, 2010). The Sarbanes-Oxley Act passed by the U.S. Congress in 2002 played an important role here. This Act imposed additional obligations on companies in terms of assessing the effectiveness of the internal control system and introduced the requirement of absolute independence of the statutory auditor. This independence involves, among other things, the statutory auditor not performing any services for his clients other than the audit of financial reports.

The relationship between the professional groups of internal auditors and external auditors can vary significantly per country. Scientific research on the professionalization of internal auditing in Denmark (Arena and Jeppesen, 2010) showed that external auditors in this country have a professional status that is superior to internal auditing. The authors of this research study used the theory on the system of professions developed by Abbott and concluded that external auditing in Denmark exercises intellectual jurisdiction over internal auditing. In their work, internal auditors in Denmark use knowledge drawn from external auditing, while external auditors do not interfere with the work of internal auditors. The study did not reveal any evidence of competition between internal and external auditors with respect to their area of expertise and scope of activities, which suggests that there is a certain stability in the relationship between internal

and external auditors in Denmark. The authors provide a number of arguments to justify the conclusion of the conducted study. Internal auditors in Denmark primarily focus on the traditional functions of external auditing associated with the verification of accounting and financial data. This means that the current global trends of a broader perception of the role of internal auditing are not being taken into account, especially in terms of improving the operational activity of an organization, risk management and ensuring corporate governance. Internal auditors in Denmark are usually graduates of university programs in the field of finance and accounting, and very often they have prior work experience in external auditing. Many of the surveyed heads of internal audit departments also perceived the International Standards on Auditing (standards for the performance of financial audits) as more relevant to their work than the standards and code of ethics of internal auditing. The heads of internal auditing in financial institutions in Denmark are required to have qualifications equivalent to the qualifications of a statutory auditor.

As a result, internal auditors in Denmark perceive their role as a support for the role of the statutory auditor. The value of internal auditing is understood above all as the provision of additional assurance with respect to the reliability of the financial information prepared by the company and the reduction of the costs of financial statement audit services performed by a statutory auditor. A confirmation of this tendency could be the fact that internal audit departments in Denmark often report directly to the Chief Financial Officer. The authors of the research study indicate that a crucial aspect for ending the intellectual jurisdiction of external audit over internal audit is the development of education programs for internal auditors.

The researchers conducting the studies in Denmark came to some interesting overall conclusions about the professionalization of internal audit. In order to obtain the status of an independent profession it is not enough to create professional organizational structures. The profession must have its own jurisdiction, i.e. an area of activity that it controls. The pursuit of an own, fully controlled jurisdiction by internal auditing in Denmark most likely will lead to competition on the part of external auditing. This is due to the fact that internal auditing in Denmark is in fact very similar to external auditing. External auditors will probably try to maintain control over internal auditing, at least in the form of advisory jurisdiction, i.e. the right to interpret and modify the work of internal auditors. In order to create an own jurisdiction and obtain the status of an independent profession internal auditing in Denmark must establish a close collaboration with higher education institutions and create separate programs for internal auditors. Traditionally, universities and the State play a major role in the education and examination of professionals in the countries of central Europe. The existence of professional associations is not enough for creating an own jurisdiction and ensuring an appropriate knowledge base necessary for a profession. Furthermore, internal auditing must prove its distinctness in relation to external auditing. Any new profession must define its activity in such a way that distinguishes it from other professions and at the same time shows the purposefulness of its activities for the benefit of its clients. Internal auditors in Denmark mainly focus on performing the traditional tasks associated with the audit of financial reports, which makes it difficult for them to sufficiently differentiate themselves

from external auditors. The conducted research studies demonstrated that internal auditors in Denmark do not take into account the areas of activity provided for in the official definition of internal auditing developed by the IIA, such as: risk management, control and corporate governance. And it is these areas of activity that could constitute the basis for distinctness in relation to external auditing and for the creation of an own area of expertise.

Another interesting study on the functioning of internal auditing has been conducted by American researchers (Nagy and Cenker, 2002). The aim of this study was to evaluate whether the new definition of internal auditing introduced by the IIA in 1999 has led to significant changes in the functioning of the internal audit practice. This definition was the first to emphasize the role of internal auditing in the creation of added value for the company by performing not only objective assurance activities, but also consulting activities. Based on interviews with the heads of internal audit departments in large U.S. listed companies, the researchers noted that the scope of activities of internal audit units differs significantly between companies.

At the same time the research showed that the role and tasks of internal auditing in the studied companies were determined by the management of these companies rather than by the profession, the internal auditors or audit committees. Some internal audit directors questioned whether internal auditing should at all or even could be defined by a professional association (IIA). These directors believed that it is the management of the company that should decide on the tasks and priorities of internal auditing. The conclusions of this study may raise doubts as to the actual impact of the IIA on the working scope and methods of internal auditors.

L. Spira and M. Page, researchers from the UK, highlight the problems associated with determining the expertise of internal auditing and the professionalization of this function (Spira and Page, 2003). Such problems occur, for example, with regard to the competence of internal auditors in the field of risk management, which is one of the areas of their activity according to the current definition of internal auditing. These researchers note that there is no conclusive evidence that internal auditors are able to demonstrate their skills in practice as experts in the field of risk management. They refer to previous research studies and surveys conducted in the environment of auditors and senior executives. According to the financial directors of the largest companies listed on the London Stock Exchange internal auditors lack the necessary qualifications as well as business-risk orientation. The conducted surveys have shown that internal auditors much more often than senior executives emphasized their competence and the value that they can bring to a company in the field of risk management. The management of the companies was more skeptical in assessing the skills and usefulness of auditors in this area. L. Spira and M. Page observe that there is insufficient data to provide a comprehensive assessment of the preparation of internal auditors to perform the role of experts in the field of risk management. At the same time, the researchers point to a potential discrepancy that may exist in the perception of the role of internal auditing by the persons that manage the associations of auditors and create audit standards, and the actual role that internal auditing plays in practice. This conclusion confirms the

findings of the studies referred to above in terms of the limited impact of the IIA on the working scope and methods of internal auditors in practice. The data presented by the researchers also point to the lack of suitable education programs to prepare auditors for the tasks provided for in the current definition of internal auditing.

Two American researchers (Fogarty and Kalbers, 2000) conducted a study on a sample of 417 internal auditors employed by American companies. The aim of the researchers was to understand how the internal auditors themselves perceive their role and to assess the impact of selected factors associated with the work of an internal auditor on the professionalism of internal auditors. To this end, the researchers singled out two groups of factors associated with the work of an internal auditor:

- factors that could negatively affect the understanding of the role that internal auditing is supposed to play within organizations, such as:
 - the lack of clear guidelines with regard to the role of internal auditing
 - conflicts of interest between internal auditing and other functions within the organization
 - a too broadly described scope of tasks and responsibilities of internal auditing
- factors that characterize the work of an internal auditor, such as:
 - the range of skills held by auditors
 - the level of autonomy of internal auditing within the organization
 - feedback on the performed work
 - the importance attributed to the tasks performed by auditors

For the assessment of the level of professionalism of internal auditors the researchers applied the following criteria:

- associations and active participation in the activities of associations of internal auditors
- auditors adopting the internal auditing standards and regulations imposed by the Institute of Internal Auditors (IIA)
- identification with the profession
- responsibility towards society
- pursuit of autonomy, control of internal auditing over the scope of performed work

Based on the conducted study, the researchers demonstrated that the level of autonomy of internal auditing within the organization had the most significant impact on the level of professionalism of internal auditors. The greater the autonomy of internal auditing, the greater the involvement of auditors in the activities of associations of internal auditors, the greater the recognition of the regulations and standards imposed by the profession, and the greater the control exercised by the auditors over the scope of performed work. Also the importance attributed to

the role of internal auditing and feedback on the performed work have a significant impact on the level of professionalism of internal auditors. Auditors who attributed great importance to their role and who received feedback on their work were more involved in the activities of auditor associations and identified themselves with the profession of internal auditor. The research has shown that the remaining studied factors had less influence on the level of professionalism of internal auditors. Auditors that experienced a lack of explicit expectations regarding their role within the organization showed less identification with the profession. Whereas no negative impact was observed of conflicts of interest or broadly described tasks of internal auditing on the level of professionalism of internal auditors. These research studies point to the important role of organizational solutions and the autonomy of internal auditing in the development of the profession.

Studies conducted by researchers from the USA (Abbott, Parker and Peters, 2010) confirm the important role of organizational solutions in the process of the professionalization of internal auditing. These research studies were conducted on a sample of 134 U.S. companies from the list of the 1000 largest companies in the USA. The researchers sought to understand the impact that the Audit Committee has on the role and tasks of auditing. These studies demonstrated that the scope of activities of internal auditing in the analyzed companies was dependent on the authority of the company that internal auditing had to report to. If the auditing department had to report to the Audit Committee, then the tasks of auditing would focus on ensuring effective control mechanisms in the field of financial reporting. Whereas if the role of the Audit Committee in supervising internal auditing was minor or none at all, the scope of tasks and priorities assigned to the auditors was different. As a result, the researchers observed significant differences in the role and priorities assigned to internal auditing between the analyzed companies (which is consistent with the results of the earlier described research conducted by A.L. Nagy and W.J. Cenker). The results of these studies indicate that there is a lack of a cohesive scope of activities of internal auditors, i.e. a clearly defined "jurisdiction" separating internal auditing from other professions.

In order to better understand the factors influencing the professionalization of internal auditing, one should take into account the external environment in which organizations operate. Researchers from Italy (Arena, Arnaboldi and Azzone, 2006) have attempted to identify factors that affect the creation and development of the internal audit function in companies operating in Italy. To this end, they conducted research using the case-study method in six companies operating in Italy. The companies that were selected for the study operated in various industries and were also characterized by varying degrees of development of the internal audit function. The researchers used the institutional theory in their research. The American sociologist Philip Selznick is considered to be the original creator of this theory. The theory is based on the assumption that organizations are formed not only by the efforts of groups within the organization but also by the values recognized by the community outside the organization. Based on these assumptions, the two American sociologists P. DiMaggio and W. Powell pointed out that

organizations compete not only for customers and resources but also for power and importance in society. According to the institutional theory organizations are perceived from the perspective of their external environment. The external environment is made up of so-called organizational fields, understood as an institutionally separate system of connections between a specific type of organizations, such as key suppliers, consumers and customers, regulatory agencies and competitors. The external environment forces the organization to undertake certain activities. On the one hand, these activities involve the organization providing certain goods and services. On the other hand, organizations take on certain roles and a certain image based on the expectations of society and the rules imposed by the institutional environment. This is supposed to ensure access for organizations to necessary material and symbolic resources and enable them to survive. Therefore, organizations perceived in terms of the institutional theory exist not only on account of possessing the necessary capital, equipment, labor or knowledge, but they are also dependent on the acceptance of the community in which they operate. Various determinants of the external environment force organizations to adopt various operating models. An external environment that is dominated by economic and technical requirements rewards those organizations that efficiently provide the desired products and services. Whereas an external environment that is dominated by social, cultural or political demands rewards those organizations that adapt to the values, norms and rules imposed by the institutional environment of the organization, in particular governmental, educational and religious institutions (Hatch, 2006). Based on the institutional theory, the researchers conducting the study observed that the companies based their operations on certain models and practices derived from similar organizations that are regarded as exemplary and successful. This mechanism is also visible in the case of making the decision to create and develop the internal audit function. Also rules and regulations have an impact on the functioning of internal auditing, especially when they involve certain sanctions. However, the researchers point out that in order to fully understand the determinants of the development of internal auditing, it is also necessary to analyze the factors within the organization, such as the organizational culture and the cooperation of the audit department with the management staff. The conducted research provides an interesting perspective that allows for a better understanding of the determinants of the development and professionalization of the internal audit function. Taking into account the role of the external environment and regulations allows to at least partially explain the differences between the scope of tasks and the degree of professionalization of internal auditing in different countries and also between different companies and industries.

| Conclusions

This paper attempts to answer the question what professionalization really is and whether internal auditing can be considered to be an independent profession. The terms professionalism and professional are used in everyday language to express a positive judgment about the knowledge, skills and effects of the work of individuals or organizations. Professionals are associated with

expertise, reliability and a high quality of work as well as an uncompromising approach to their professional duties. That is why various occupational groups seek to be perceived as professionals. Professions have certain characteristics that distinguish them from other occupational groups. I used these characteristics to elaborate my own criteria for assessing the degree of professionalization of internal auditing. In the adopted criteria I also used Andrew Abbott's theory, according to which professions have their own "jurisdictions" that define the areas of their activity and competence.

Taking into account the adopted assessment criteria and the results of the discussed research studies, I believe that internal auditing in its current form cannot be regarded as an independent profession just yet. This is evidenced by the following factors:

- The lack of suitable education programs to prepare auditors for the tasks provided for in the current definition of internal auditing. It seems to be necessary here to take into account the specificity of different regions and cultures as well as the significance of the various institutions in these cultures. Traditionally, in the countries of Central Europe, universities and the State take on the role of educating professionals, rather than professional associations.
- The lack of a cohesive qualifications system for internal auditors. The certification system developed by the IIA (Certified Internal Auditor) is not yet a formal requirement for performing the work of an internal auditor.
- The limited impact of the IIA on the working scope and methods of internal auditors. This is evidenced by the research studies conducted in Denmark (Arena and Jeppesen, 2010) and in the USA (Nagy and Cenker, 2002).
- The lack of a clear "jurisdiction", i.e. area of expertise that distinguishes internal auditing from other professions. The scope of tasks performed by auditors varies considerably per organization. Furthermore, the role and responsibilities of auditors are influenced by the organization's management rather than the actual profession.
- None of the above discussed research studies refer to the last criterion that I adopted for assessing the degree of professionalization of internal auditing, i.e. protecting the interests of the client. This criterion is undoubtedly an important distinguishing feature of a profession and the work of a professional due to the already described specific relationship between the client and the professional. This relationship is based on the need to trust the professional and his expertise, since the client usually does not have the possibility to verify the quality of the services provided by the professional. Thus, it seems reasonable to take into account the issue of protecting the interests of the client in further research on the professionalization of internal auditing.

I believe that the professionalization of internal auditing is important not only for the internal auditors themselves. It is also important from the point of view of the wide range of potential recipients of internal auditing services. It should be mentioned here that internal auditing is supposed to improve the operational activities of organizations, especially in the field of corporate governance and control. The professionalization of this function should therefore be useful to all

those with an interest in the proper functioning of the company. This applies to the management and the supervisory bodies of companies employing auditors as well as the investors and other entities from outside the organization (e.g. regulators) that are interested in the operations of the company.

Internal auditing is an activity that is still relatively young, and which seems to have great prospects for future development. This is demonstrated by, among other things, the dynamic growth in the number of internal auditors in organizations, which can also be observed in Poland. This suggests that the postulates to recognize internal auditing as an independent profession are not unreasonable. In my opinion, the following factors are essential for the full realization of these postulates:

- a clearly defined scope of activities and expertise of internal auditing, distinguishing internal auditing from other professions;
- determining the necessary qualifications for performing the work of an internal auditor and collaboration with universities in order to develop education programs for internal auditors;
- a greater activity of the IIA in order to integrate the community of internal auditors and to increase the impact on the working standards and methods of auditors;
- creating a professional image of internal auditing among clients within the organization as well as outside the organization;
- adopting appropriate organizational solutions to ensure internal auditors have autonomy and control over the scope of the performed activities.

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