



**Richard F. Chambers**  
Certified Internal Auditor  
Qualification in Internal Audit Leadership  
Certified Government Auditing Professional  
Certification in Control Self-Assessment  
Certification in Risk Management Assurance  
*President and Chief Executive Officer*  
T: +1-407-937-1200  
E-mail: richard.f.chambers@theiia.org

October 9, 2017

Ann E. Misback  
Secretary, Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Response e-mailed to: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

RE: Docket No. OP-1570

Dear Ms. Misback:

On behalf of more than 190,000 members and the Board of Directors of The Institute of Internal Auditors (IIA), thank you for the opportunity to comment in support of the Proposed Guidance on Supervisory Expectation for Boards of Directors.

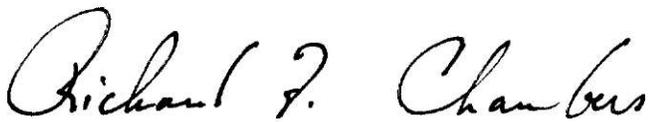
The proposal to establish principles regarding effective boards of directors closely mirrors The IIA's efforts to articulate the crucial role of the internal audit profession in sound corporate governance. The IIA's *International Professional Practice Framework (IPPF)* defines standards for the internal audit function to establish independence and objectivity: Organizational independence is effectively achieved when the chief audit executive reports functionally to the board (*IIA Standard 1110 – Organizational Independence*).

We believe the Federal Reserve's concerns – that boards are inherently disadvantaged given their dependence on senior management for the quality and availability of information – are best addressed by boards that endorse and encourage the stature of internal audit. *IIA Standard 1111 - Direct Interaction with the Board* requires the chief audit executive to communicate and interact directly with the board. With established independence and objectivity, internal audit can assure the materiality of the information that is provided by the organization to the board.

In 2015, The IIA published “A Global View of Financial Services Auditing” – a report based on findings of our Common Body of Knowledge (CBOK) study, the largest survey of internal auditors in the world – which supports the Federal Reserve’s multi-year review of practices of boards of directors. Time is a precious commodity for both boards and committees, the CBOK study showed, as meeting agendas expand to address increasing expectations of investors, regulators, and other stakeholders. The IIA supports efforts to distinguish supervisory expectations for boards from those of senior management. We agree that this would help focus boards of directors on their core responsibilities to effectively promote the safety and soundness of organizations. We believe the Federal Reserve’s proposals would help address some of these issues and support both the stature and independence of the organization’s internal audit function.

We appreciate the Federal Reserve’s consideration of our comments. If you have any questions about our response or would like to discuss further, please contact Kathy Anderson, The IIA’s Managing Director of North American Advocacy. Ms. Anderson can be reached at [kathy.anderson@theiia.org](mailto:kathy.anderson@theiia.org) or 407-937-1291.

Sincerely,

A handwritten signature in black ink that reads "Richard F. Chambers". The signature is written in a cursive, flowing style.

Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA  
President and Chief Executive Officer

***The Institute of Internal Auditors (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 190,000 members from more than 170 countries and territories. The association’s global headquarters are in Lake Mary, Fla. For more information, visit [www.theiia.org](http://www.theiia.org).***