

## EFFECTIVE GOVERNANCE, RISK MANAGEMENT, AND INTERNAL CONTROL

### IFAC:

- considers it is in the public interest that organizations have integrated and effective governance, risk management, and internal control;
- recognizes that professional accountants have the requisite skills to play critical leadership and support roles in planning, implementing, executing, evaluating, and improving governance, risk management, and internal control;
- encourages greater global consistency in principles and guidelines that assist all organizations to implement governance, risk management, and internal control as integrated parts of their management system; and
- is actively engaged in these topics, helping to promote relevant knowledge, experience, and learning.

IFAC believes that establishing an integrated and effective system of governance, risk management, and internal control is desirable for all types of organizations and can make an invaluable contribution to achieving sustained organizational success. It considers it is in the public interest for organizations to be well managed, act ethically, consider long-term sustainable organizational performance, be transparent, and be more responsive to a broad range of stakeholders.

### Effective Governance, Risk Management, and Internal Control

Successful organizations:

- adhere to governance principles, periodically evaluate results to ensure the continuing effectiveness of their governance arrangements, and adapt their governance to future opportunities and threats as they, and their environments, change; and
- take advantage of opportunities—and, in many instances, counter threats—through effective application of risk management and internal control; and therefore improve their performance.

### Contribution of Professional Accountants

Evaluating and improving governance, risk management, and internal control are among the core competences/capabilities of professional accountants. Therefore, organizations can be confident that professional accountants are able to contribute strongly to meeting organizational objectives in these areas. They play a leading role in ensuring that governance, risk management, and internal control form an integral part of an organization's overall management system. As well as those professional accountants working to support organizations directly, there are others—such as external auditors, assurance providers, and business advisors—who provide professional services that aim to promote more robust governance arrangements.

### Global Consistency

IFAC believes that, from an international perspective, governance, risk management, and internal control guidelines should be principles-based, recognizing that what works in one environment may not work—or might work differently—in another. In striving for global consistency, it is important to consider differences between people, structures, places, and views on what governance, risk management, and internal control mean. There are also differences in legislation—and the maturity of legislation—governing the operation of organizations in different jurisdictions.

### The Role and Work of IFAC

IFAC promotes globally consistent and enhanced governance, risk management, and internal control arrangements in a number of ways. Among many things, it: actively engages on these topics, in particular through its Professional Accountant in Business Committee; makes regular submissions to G-20 governments detailing recommendations consistent with the positions identified in this paper; and issues a range of publications and international good practice guidance.