



The Institute of
Internal Auditors
Elevating Impact

September 30, 2022

To: Mr. Michael Decker, Vice President, CPA Examination & Pipeline
American Institute of Certified Public Accountants
Submitted electronically to practiceanalysis@aicpa.org.

Dear Mr. Decker,

Thank you for the opportunity to comment on the exposure draft *Maintaining the Relevance of the Uniform CPA Examination® – Aligning the Exam with the CPA Evolution Licensure Model*. As the President and CEO of The Institute of Internal Auditors, I am proud to represent a global force of close to 220,000 members and 115 institutes around the world. The IIA has a long-standing relationship with the AICPA and supports its efforts whenever we can.

We agree with the approach you have taken to implement a new Core and Discipline CPA licensure model and support the launch of the 2024 CPA Exam in January 2024. Adding the testing of data and technology concepts and higher order skills in all Core and Discipline Exam sections is an important addition.

Regarding the AUD Core Exam section, we support the reallocation of content related to understanding an entity and its environment. Concepts such as business cycles, supply and demand, business process management and internal control structures are critically important to successful audit activities and will enhance skill levels overall.

Given that the AUD Core Exam section is otherwise largely unchanged and deemed effective, we did not identify a need for additions or deletions from the Discipline Exam Blueprints.

As evaluated in section F of the AUD Core Exam, consideration of the internal audit partnership with the engagement team is an opportunity to not only utilize internal audit work, but also to assist the team in enhancing their understanding of the organization. Internal audit is well-positioned to provide relevant information addressing Business Environment and Concepts inclusive of data and technology, risks and related internal controls, and core operations and business processes.

For example, the inclusion of the assessment of data and technology concepts in the Core and Discipline Exam sections includes a focus on understanding how data is structured and how information flows through the business processes. It also calls for verifying the completeness and accuracy of source data. Internal audit performs a key role here, conducting risk assessments and providing assurance on the completeness and accuracy of data.



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Previous AICPA practice analysis findings resulted in recommendations that CPAs need to understand the business including its “operations, information systems, underlying business processes, information and data flows, and risks and related internal controls.” This again is an opportunity to work with internal audit to better understand the business. We suggest you formalize this type of recommendation.

Identifying risks and weaknesses in internal controls requires a thorough and sophisticated understanding of the organization, and internal audit's place as an independent and ongoing assurance provider across the organization makes it the default expert. External audit, in a limited and periodic review role, cannot be expected to have as comprehensive an appreciation and understanding of the operating environment.

The IIA believes that external auditors can and should rely on the work of internal auditors and view them as a key source of organizational knowledge when the internal audit function is independent, appropriately resourced, and follows The IIA's International Professional Practices Framework, including the *International Standards for the Professional Practice of Internal Auditing*.

The IIA thanks the AICPA for the opportunity to provide our input and welcomes further discussion. Please don't hesitate to contact me or Mat Young, VP of Global Advocacy, Policy, and Government Affairs, at mat.young@theiia.org, if The IIA can be of further assistance. Thank you for your consideration.

Sincerely,

Anthony J. Pugliese, CIA, CPA, CGMA, CITP
President and Chief Executive Officer
The Institute of Internal Auditors, Global Headquarters