Report on the Standard-setting and Public Comment Processes for the Global Internal Audit Standards™

The Institute of
Internal Auditors

Published January 9, 2024

Contents

Report on the Standard-setting and Public Comment Processes for the Global Internal Audit Standards

This report describes The IIA's objectives and processes for setting the standards for the internal audit profession. The report is intended to promote confidence among IIA members and stakeholders in the rigor, inclusivity, and oversight applied to the processes for setting the Global Internal Audit Standards™. The report is divided into the following sections:

- The standard-setting process, including governance and content development aspects.
- Processes for exposing a draft for public comment and receiving, analyzing, and disposing public comments to create the final draft.
- Dispositions of major and additional themes in the public comments.

Standard-setting Process

This section describes the governance processes applied to The IIA's standard-setting and content development. The processes are designed to ensure that the Standards meet the needs of practitioners and stakeholders and are set in the public interest.

Governance over Standard-setting

The IIA's Global Board of Directors authorizes the International Internal Audit Standards Board (IIASB) to work with IIA Standards and Guidance staff to develop and approve the Standards and the Code of Ethics. IIASB members are certified, highly qualified, and experienced internal audit practitioners representing diverse industries and regions of the world. They are nominated and vetted for selection to the volunteer role, with defined criteria and term limits to promote opportunities for varied perspectives. The IIASB is also responsible for developing the Core Principles for the Professional Practice of Internal Auditing, which the Global Board approves. The Global Board reserved for itself the responsibility for developing and approving the Definition of Internal Auditing.

This report describes the IIASB's work beginning in 2021 and continuing through December 2023. Broadly referred to as the IPPF Evolution project, the work reevaluated and transformed the International Professional Practices Framework (IPPF) including the *International Standards for the Professional Practice of Internal Auditing*, resulting in a new structure and the newly named Global Internal Audit Standards. The Code of Ethics, Core Principles, and Definition of Internal Auditing were incorporated into the Global Internal Audit Standards, rather than remaining as separate elements in the IPPF. The IIA's Board Policy Manual will be updated to reflect the new structure and governance considerations.

The Global Board authorizes the IPPF Oversight Council to monitor The IIA's standard-setting process for adherence to criteria for setting standards in the public interest. The members of the Council are representatives from global organizations not directly linked to internal auditing; for example, members have represented the International Federation of Accountants, Organisation for Economic Co-operation and Development, World Bank, National Association of Corporate Directors, Global Network of Director Institutes, and International Organization of Supreme Audit Institutions. The Council evaluates and advises on the rigor of the standard-setting process and the IIASB's adherence to established guidelines. Such oversight promotes inclusiveness, transparency, and confidence in the quality of internal audit services among stakeholders globally, which ultimately serve the public interest.

The IIA and IPPF Oversight Council published a "Framework for Setting Internal Audit Standards in the Public Interest" that establishes a methodology for setting standards to promote quality internal audit services globally. The methodology leverages the combined experience of qualified, competent professionals in a rigorous, professionally directed process to achieve the following objectives:

- Determine whether changes to the IPPF are needed by reviewing its existing elements at least once every three years.
- Determine whether new elements or concepts should be added to or removed from the IPPF, including the elements in the Standards, based on research into and an evaluation of the needs of the internal audit profession.
- Update content, including revising the Standards, as determined by the review.

- Expose proposed changes to mandatory guidance for public comment.
- Review feedback on the proposed content to identify opportunities for improvement or clarification.
- Identify groups of similar comments and organize into "themes" for disposition, which is an agreed-upon approach to addressing the comments.
- Publish the new IPPF content and translations by IIA global affiliates.
- Develop and publish supplemental materials to create public awareness of the changes and to facilitate implementation.

Content Development Process

The IIA's Board Policy Manual defines high-level requirements for the development of new professional guidance (the elements of the IPPF), which has historically been separated into categories for mandatory and recommended guidance. In the new Global Internal Audit Standards, recommended implementation guidance has been appended to the requirements to enhance practitioners' access to the information.

The IIASB is responsible for considering whether the Standards, in structure and content, adequately meet the needs of the internal audit profession. The IIASB's initial information gathering included researching and benchmarking against other standard-setters, interviewing providers of external quality services, and conducting surveys and roundtable discussions to receive input from global IIA affiliate leaders.

The greatest preliminary effort was a public survey about the 2017 Standards and other elements of the IPPF. The survey was offered in English, Chinese simplified, French, Japanese, Portuguese, and Spanish and was open from August 18 to September 16, 2021. Responses came from 3,618 individuals from 159 countries[1]. The results of the preliminary research informed the IIASB's recommendations and proposed project charter to update the IPPF including the Standards.

The Global Board approved the IIASB's recommendations and project charter, which included bringing the Code of Ethics, Core Principles, and Implementation Guidance under the umbrella of the Standards, rather than keeping them as separate elements of the framework, to satisfy objectives including streamlining the elements of the IPPF, improving the overall experience of using the IPPF's mandatory and recommended guidance, and linking principles directly to standards. Additionally, the Global Board approved a new type of content, Topical Requirements, which is intended to provide mandatory approaches to assessing governance, risk management, and control processes over specified subject areas.

The processes for initiating the project and developing the new content were reviewed by the IPPF Oversight Council. The Council made recommendations to improve the standard-setting processes, such as encouraging formalized and inclusive stakeholder participation in meetings.

Early in the IPPF Evolution project, The IIA engaged two prominent senior advisors to join IIA staff in assisting with the content development of the Global Internal Audit Standards. The IIASB also retained as special advisors four members whose terms expired in July 2023, to promote continuity in the review and disposition of public comments. Throughout the project, additional advisors and experts were engaged to assist with various aspects of the analysis and disposition processes.

[1] The 159 countries also included dependencies and areas of special sovereignty.

The IIASB and IIA staff reviewed the information gathered through the preliminary research, stakeholder engagement, and survey as they began to develop the new structure and content of Standards. The practical approach also included changing the name *International Standards for the Professional Practice of Internal Auditing* to Global Internal Audit Standards. The result was a new structure that incorporated mandatory elements as "Requirements" and recommended elements as "Considerations for Implementation" and "Considerations for Evidence of Conformance." The Standards were also reordered into five domains, consisting of 15 principles and 53 (ultimately reduced to 52) related standards to deliver quality internal auditing services.

A draft of the proposed Standards was prepared for public comment through a rigorous process of development by IIASB members and IIA technical staff. The draft was reviewed, discussed, and revised based on input from experienced IIA staff, global IIA Affiliate leaders, and hundreds of key stakeholders before it was published for public comment. IIA staff led the effort to solicit input from nonaudit stakeholders, to foster the consideration of diverse perspectives.

Similarly, the draft of the Standards was revised after the public comment analyses were completed through successive iterations by the project team members, other IIA staff, and two external editors with extensive, relevant experience. One editor is a chief audit executive of a publicly traded company who has worked on the textbook *Internal Auditing: Assurance & Advisory Services* and *Sawyer's Internal Auditing: Enhancing and Protecting Organizational Value*, and the other holds a CIA and Ph.D. and has published a book on audit report writing.

Public Comment Process

Public comments were solicited and received in three ways:

- An online survey available in 22 languages and promoted through extensive marketing and communications efforts.
- Manual submissions, such as letters, marked-up versions of the exposure draft, and emailed messages.
- Direct feedback solicited and received as part of meetings and events during which IIASB and IIA representatives delivered presentations to promote awareness of the draft Standards.

In the analyses, the manual submissions and direct feedback were grouped as "manual submissions." There were two main processes for analyzing comments: a primary one for the survey comments and a secondary one to incorporate comments from the manual submissions.

Survey for Public Comment

The primary option for submitting comments was an online survey. The public comment survey process was managed by the Research and Insights department of The IIA, which is experienced at designing and conducting surveys. The survey tool was configured to gather information about each element of the Standards, including satisfaction with the proposed draft and feedback for improvement. IIA affiliates provided translations for the draft Standards and the public comment survey. The survey was made available at theiia.org website and offered in 22 languages including English. Additionally, instructional and informational materials were provided in English and affiliates were invited to translate those materials.

Languages Available for the Draft Standards and/or the Survey

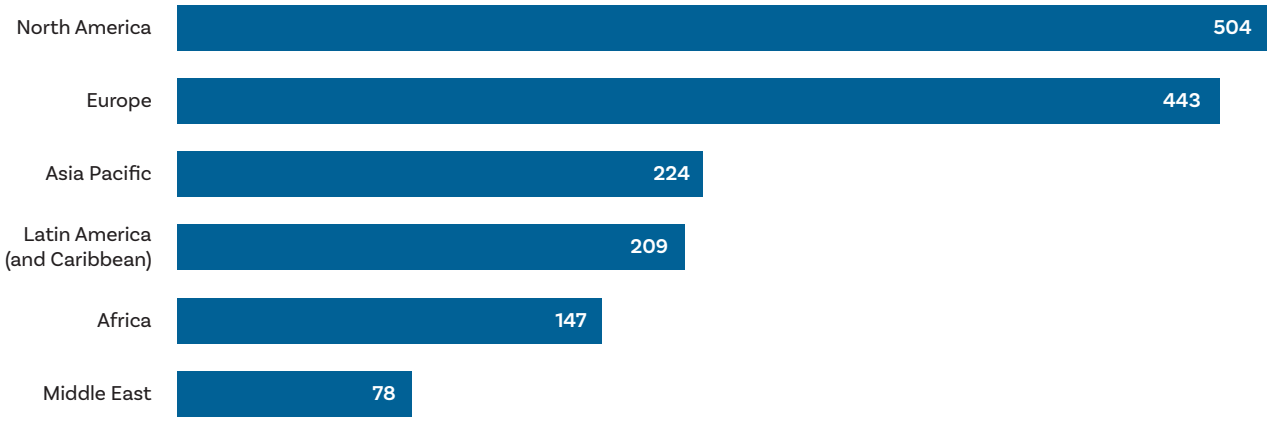
1. Arabic
2. Azerbaijani
3. Bosnian
4. Bulgarian
5. Chinese (Simplified)
6. Chinese (Traditional)
7. English
8. French
9. German
10. Greek
11. Hebrew
12. Indonesian
13. Japanese
14. Korean
15. Polish
16. Portuguese
17. Romanian
18. Russian
19. Serbian
20. Slovenian
21. Spanish
22. Swedish*
23. Turkish

*Sweden provided a partial translation of the Standards but did not translate the survey.

The survey was opened in English on March 1, 2023, with translations added as they were completed. The IIA used email, social media, public relations, the iia.org website, and other forms of outreach to invite the public worldwide to submit feedback. The response period for English was targeted for 90 days; however, the survey was extended to enable additional feedback. The survey was closed for all languages on June 26, 2023.

Ultimately, there were 1,612 completed surveys containing almost 19,000 specific comments. The graphic below illustrates the number of survey responses from each defined region. The responses from outside North America constituted 69% of the total, demonstrating a global response, while North America had the highest number of responses—504 of 1,612, or 31%. The distribution of responses aligns with the distribution of IIA members overall.

Region Response Rate



NOTE: Region information unavailable for 7 respondents.

Survey Tool

The survey contained 401 questions, covering the Global Internal Audit Standards, Topical Requirements, and administrative matters. Excluding the administrative questions, the survey contained two types of items. One type asked respondents to select from a set of choices registering a level of agreement with the content of a particular element; for example, "To what extent do you agree or disagree with ...." Response options were "strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree."

The other type of item invited respondents to provide free-form text comments on each element (domain, principle, standard requirements, and standard considerations [covering implementation and evidence of conformance]), no matter how they had answered the agree-to-disagree spectrum question.

Only 10 of the questions were required to complete the survey (the remaining 391 were optional). Eight of the questions covered the following high-level elements of the Standards:

- Overall Structure.
- Introduction.
- Glossary.

- Domain I: Purpose of Internal Auditing.
- Domain II: Ethics and Professionalism.
- Domain III: Governing the Internal Audit Function.
- Domain IV: Managing the Internal Audit Function.
- Domain V: Performing Internal Audit Services.

These eight mandatory questions asked "To what extent do you agree or disagree with…." The other two required questions asked about Topical Requirements, which represent a new category of professional guidance in the IPPF. For the remaining 391 questions, survey respondents were able to select the principles and standards on which they wanted to express an opinion, either on an "agreement" scale or in free-form comments.

Respondents

For categorization purposes, survey respondents were required to select whether they were answering as an individual or as an official representative of an organization. Ultimately, over one quarter (418) of the 1,612 survey responses were on behalf of organizations.

Organizational respondents were emailed an inquiry about the number of people represented by their responses. Based on this informal method, it was estimated that organizational survey responses represented more than 110,000 individuals.

Agreement scores on the various elements of the Standards were not seen to be significantly different for individual and organizational respondents, so the initial analysis of survey comments treated all equally. After the survey closed, additional analyses were needed to isolate the organizational responses, so those respondents were categorized into one of the following groups:

- External (noninternal audit) stakeholders.
- Governmental or other public sector organizations.
- IIA global affiliates.
- Other internal audit respondents.

Identifying and categorizing the organizational respondents enabled ad hoc analyses of their responses. For example, to examine responses relating to whether final engagement communications must include statements of conformance with the Standards (as proposed in Standard 15.1 Final Engagement Communication), the responses from external, nonaudit organizations – some of the indirect audience for such communications – were reviewed to determine whether clear preferences or opinions were expressed in support or opposition to the proposal.

Manual Submissions

Live Presentations and Meetings

During the public comment and analysis period, members from the IIASB and IPPF Evolution project team gave presentations and conducted meetings with more than 140 groups to promote awareness of the proposed Standards and solicit feedback. The presentations were given to global IIA Affiliates, North American IIA chapters, professional service organizations, and other industry and stakeholder representative groups.

Meetings with significant nonaudit stakeholders were especially important to satisfy public interest objectives, primarily to gather feedback on how the internal audit profession and its related benefits are perceived and valued. Significant nonaudit organizations that provided feedback included the Basel Committee on Banking Supervision, Global Network of Director Institutes, International Corporate Governance Network, International Monetary Fund, Organization for Economic Co-operation and Development, U.S. Government Accountability Office, and the World Bank Group, among others.

Letters

More than 60 individuals and organizations submitted letters instead of or in addition to surveys. The letters were especially important at the beginning of the analysis process, when the survey results were limited in number, because they often explained the context for their concerns, which allowed the reviewing teams to identify some likely themes early in the process.

Analysis and Identification of Themes

IIASB members were assigned to one of four content review working groups, each assisted by professional staff from The IIA. Each group was responsible for evaluating the survey results related to specific sections of the Standards and grouping public comments to identify and tag them with "themes" (signifying common ideas) to be evaluated for further consideration. Tagging the potential themes enabled systematic quantification and a determination of relative frequency. The potential themes were then assessed on a combination of quantitative and qualitative factors, using data from the public comment survey tool and manual submissions along with the professional judgment of the working group members.

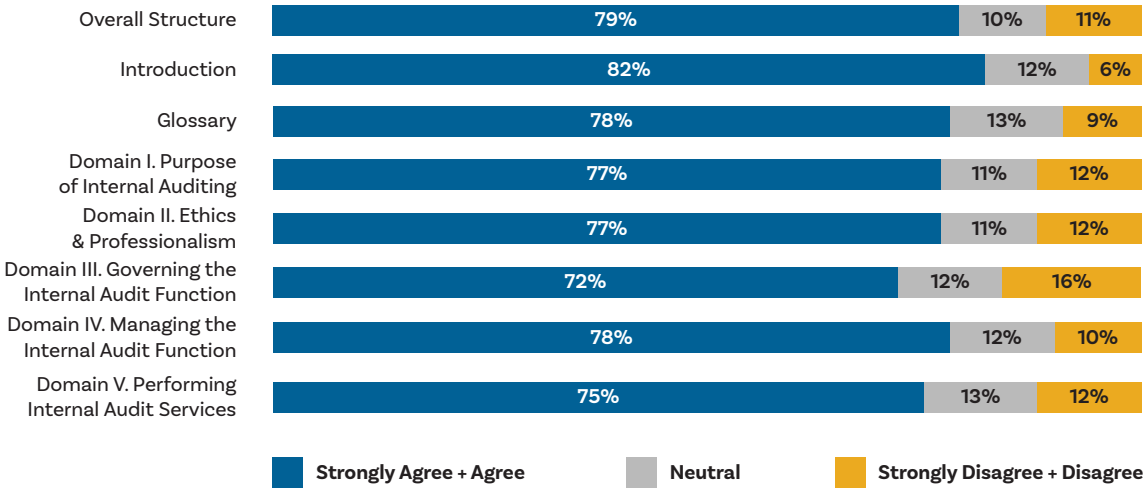
Each group decided which of the potential themes should be presented for formal consideration by the IIASB, with a recommendation on how to respond to (dispose of) the issue. Quantitative and qualitative data were considered in determining whether a potential theme should be elevated for consideration and disposition, and the dispositions benefited from the competence and due professional care of the reviewers. To promote transparency, all IIASB and other project team members had full access to the public comments and analyses of every working group.

The processes for identifying, assessing, and disposing of themes were documented and presented to the IPPF Oversight Council during the review period. The Council verified whether the processes were consistent with expectations for standard-setting in the public interest and provided recommendations for documenting the methodologies and risks considered in the design of the processes.

Public Agreement

The public comment survey's "agreement" questions attempted to gauge satisfaction with the elements of the proposed Standards. A stratified view of the results of the agreement questions revealed general satisfaction with the structure and domains. The table below shows that the "Strongly Agree + Agree" scores for the mandatory questions ranged from 72%-82%.

Level of Agreement for Structure, Introduction, Glossary, and Domains



However, disagreements or questions raised at any level were analyzed to detect the reasons and the opportunities to enhance approval. The IIASB met in working groups and full board sessions throughout the public comment review and disposition process to vet the quantitative and qualitative support for potential themes in the public comments, to identify the significant themes and determine appropriate resolutions.

Sentiment Checks

During the review process, a series of "sentiment checks" was conducted to gauge the level of agreement among the IIASB and other project team members' level of agreement with the themes and dispositions presented by the working groups. A dedicated project manager developed a process for conducting the sentiment checks and displaying the results, which provided a consistent approach to documenting, analyzing, and disposing of themes in the public comments.

The first round of sentiment checks, held at the IIASB's annual meeting in July 2023, was primarily designed to present the justifications for elevating potential themes for further consideration and disposition by the IIASB. The working groups documented the common concern(s) raised in the theme, plus the quantitative and qualitative support for the theme's significance and one or more recommended dispositions. Later rounds of sentiment checks gauged the acceptance of the proposed dispositions, which the working groups ultimately presented as edits to the proposed draft.

Themes and the details of the dispositions were refined in successive rounds of sentiment checks, which also provided opportunities to raise and resolve issues. Project team members posed questions or made suggestions, either in the survey tool or as comments in each successive draft of the Standards, that often resulted in additional editing.

Letters

More than 60 individuals and organizations submitted letters instead of or in addition to surveys. The letters were especially important at the beginning of the analysis process, when the survey results were limited in number, because they often explained the context for their concerns, which allowed the reviewing teams to identify some likely themes early in the process.

Considerations for Re-exposure

The IIA's Board Policy Manual does not specify a process for determining whether revisions made in response to public comments should (or must) be re-exposed for public comment. However, due to the extent of the editing considered in response to the exposure draft, the Global Board and IIASB felt that criteria should be established to determine whether the revised draft should be exposed for public comment before publishing a final document.

Accordingly, the following criteria were developed based on a review of similar information from other standard-setting bodies. The criteria, the IIASB's evaluation of the condition (the details of the present effort), and the decision not to re-expose were approved by the Global Board.

Criteria for Re-exposure	IIASB Evaluation
Substantive changes: The addition of new information or subject matter due to reconsideration of previously held views, changes in the environment (e.g., new laws or regulations not in effect at the time of original exposure), the impact of other standard-setting bodies that relate to the subject matter (e.g., the IAASB or ISSB) or new disruptive technology issues that should be considered post-exposure. Such changes do not always require re-exposure.	There is no new content added compared to the exposed version.
Increased restrictiveness: More stringent standards making it more difficult to conform with compared to the exposed version. These changes do not require full re-exposure but can be limited to the more restrictive parts and can be limited to certain stakeholders.	The Standards have not become more restrictive or stringent compared to the exposed version.
Misalignment with stakeholder feedback: The proposed changes or decision not to change deviate significantly from the majority of received comments and feedback. In case the changes do deviate from the majority of the received comments and feedback because of purposely strategic intentions (such as elevating the bar for the profession), the decision on the new version will be taken in consultation with the Global Board. These changes do not require full re-exposure but can be limited to the more relevant parts and can be limited to certain stakeholders. The rationale of the decision will be included in the re-exposure.	The changes are based on the collected comments and there are no decisions that contradict the majority of the received comments, or feedback.
Decision: Based on the above evaluation the IIASB agreed that re-exposure was not necessary.	

Approvals

The IIASB conducted an online vote to approve the Standards from December 8-13, 2023, and met virtually on December 13 to formally approve the results of the sentiment check, the target publication date, and the target effective date. The IIASB unanimously (21 of 21) approved publishing the Standards, targeted for January 9, 2024, to be effective starting January 9, 2025.

Also on December 13, 2023, after the IIASB meeting, IIA project staff presented the IPPF Oversight Council with documentation of the due process followed in developing the Standards. The documentation covered the steps in the "review and approve" stage. The final "issuance" stage of the Standards development process consists of publishing, translating, and making effective the Standards. After review of the documentation, the Council confirmed that due process was followed in the development of the Standards.

The IIA's Global Board of Directors formally approved the principles and purpose (Domain I) on October 9, 2023.

Disposition of Survey Comments by Major Theme

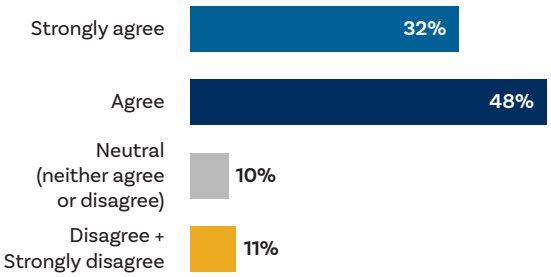
The content review working groups identified potential themes in the public comments received through surveys, letters, and interactions with stakeholders. The potential themes were assessed for significance, with the working groups "promoting" certain themes for consideration and disposition. The promoted themes were ultimately grouped into "major" and "additional" themes, based on a qualitative assessment of their relative significance. The 12 major themes are presented below with context regarding the related survey data, summaries of frequent comments, and the dispositions of the themes. The additional themes are presented in a table with brief descriptions of their dispositions.

Theme 1: The Standards seem too prescriptive.

When asked to provide additional comments or recommended changes for the structure of the proposed Global Internal Audit Standards, survey respondents expressed concerns that there were too many requirements in the proposed Standards or that the requirements were too specific. Such comments were echoed throughout the survey, especially in Domain V: Performing Internal Audit Services. A related concern was that the Considerations for Implementation could be interpreted or treated as mandatory by external quality assessors or regulators.

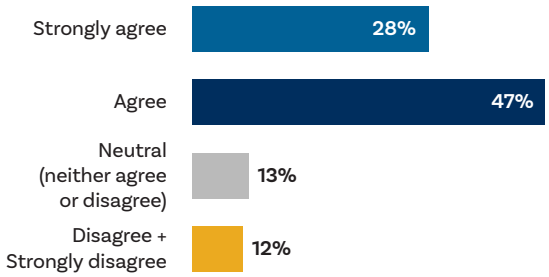
Related Survey Data

Overall Structure of the Proposed Standards



NOTE: n = 1,612

Domain V: Performing Internal Audit Services



NOTE: n = 1,612

The "Disagree + Strongly disagree" scores of 11% and 12% for the Overall Structure and Domain V, respectively, were close to the median when compared with the other high-level questions that survey respondents were required to answer, so there appeared to be widespread acceptance of both as exposed. However, reviews of the public comments identified concerns about the perceived prescriptiveness of the Standards.

Summary of Key Comments

Commenters indicated that there were too many "must" statements and were concerned that the Standards were shifting from principles-based to rules-based. Other respondents expressed that the Requirements demanded too much documentation, which could result in an administrative burden or checklist approach, or unnecessarily restricted chief audit executives from determining appropriate practices for their functions.

Some respondents preferred the structure of the 2017 *International Standards for the Professional Practice of Internal Auditing* and IPPF and did not support the decision to bring the recommended guidance of the Implementation Guides under the cover of the Standards, which previously only contained mandatory guidance.

In Domain V: Performing Internal Audit Services, commenters cited challenges that would result from overly prescriptive requirements, especially in Standards 13.1 Engagement Communication, 13.2 Engagement Risk Assessment, 13.5 Engagement Resources, 14.3 Evaluation of Findings, 14.5 Developing Engagement Conclusions, and 14.6 Engagement Documentation.

Disposition and Rationale

One strategy to mitigate the perceived increase in the prescriptiveness of the Standards was to review the "Requirements" sections of each standard and move detailed descriptions of "how to implement" the standards into the "Considerations for Implementation" sections. The "Considerations" section describes practices that are common and preferred, but not mandatory. Standards throughout all domains were reviewed for "too prescriptive" feedback and edited accordingly. The Standards in Domain V mentioned in the "Summary of Key Comments" above had such edits.

Additionally, the "Evidence of Conformance" sections were renamed "Examples of Evidence of Conformance" to emphasize that the listed items are only examples, not a checklist of requirements.

In the "Fundamentals of the Global Internal Audit Standards" section (the new name for the introduction), the difference between the Requirements and Considerations for Implementation sections was clarified. Additionally, a new subsection on "Demonstrating Conformance with the Standards" was added to explain that a chief audit executive may be able to achieve the intent of a standard even when there is nonconformance with one or more parts of the standard. Other edits were made throughout relevant standards to clarify the expectations for documenting and communicating nonconformance; these include Standards 4.1 Conformance with the Global Internal Audit Standards, 8.3 Quality, 11.3 Communicating Results, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.

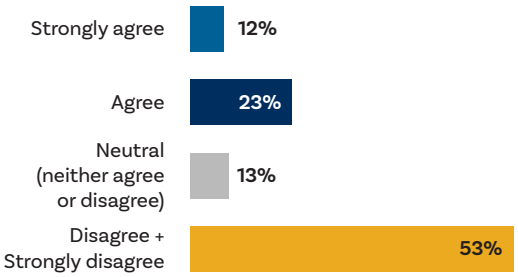
Theme 2: Unclear requirements for external quality assessments.

Comments throughout the Standards expressed confusion over what evidence is required to demonstrate conformance, with particular concern about whether quality assessors would apply the "Considerations for Implementation" and "Evidence of Conformance" sections as requirements rather than nonmandatory guidance.

Several respondents to questions about Standard 8.4 External Quality Assessment cited concerns about the feasibility of an external quality assessment (EQA) versus conducting a self-assessment with independent validation (SAIV), and many were opposed to the requirement to conduct at least one EQA every 10 years. Other commenters expressed concerns about the requirements for assessors, including specific training and certification.

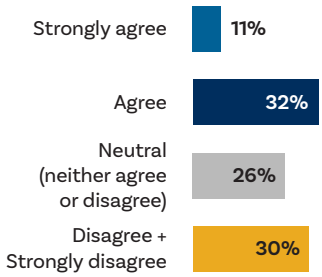
Related Survey Data

Standard 8.4 External Quality Assessment - Requirements



NOTE: n = 433

Standard 8.4 External Quality Assessment - Considerations



NOTE: n = 432

The "Disagree + Strongly disagree" scores of 53% and 30% for Standard 8.4's Requirements and Considerations, respectively, were relatively high when compared with the level of disagreement expressed in relation to other standards. Reviews of the public comments identified concerns about specific requirements for EQAs and how the "Considerations for Implementation" and "Evidence of Conformance" sections would be used by quality assessors.

Summary of Key Comments

Comments indicated that the "Evidence of Conformance" section could be perceived as an inflexible checklist of requirements rather than as examples to guide chief audit executives and others. Some respondents were concerned that examples of evidence could become mandatory by default (in practice), due to internal auditors and assessors treating them as expectations.

Another significant group of comments was concerned about the costs and requirements for EQAs and external assessors. Some worried that EQAs are too expensive for small internal audit functions, which echoed those who disagreed with the proposed requirement prohibiting the use of an SAIV more than once every 10 years to satisfy the EQA requirement. Other comments were opposed to one or more proposed requirements for EQAs and external assessors, including disagreement with the requirements for assessors to complete IIA-approved training and for at least one member of the assessment team to hold the Certified Internal Auditor® designation.

Another group of comments expressed that EQAs should be required more than once every 5 years.

Disposition and Rationale

Changes to Standard 8.4 included moving some requirements for external assessors to the "Considerations for Implementation" section, making them nonmandatory, although the requirement that at least one member of the EQA team be a Certified Internal Auditor® was retained. The allowance for the EQA to be met through the completion of an SAIV without restriction was restored, as exists in the 2017 Standards.

Additionally, IIASB members and IIA Standards and Guidance staff are collaborating with the authors of the new *Quality Assessment Manual* to emphasize assessment approaches that distinguish between requirements and considerations, among other mutual objectives.

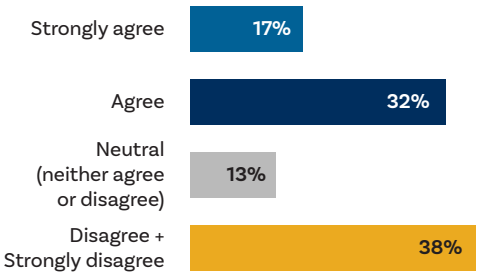
Theme 3: The applicability of the Standards to public sector and small internal audit functions.

In response to questions about several Standards in Domain IV, particularly 9.2 Internal Audit Strategy, 9.6 Coordination and Reliance (changed to 9.5 in the final Standards), 10.1 Financial Resources Management, and 12.2 Performance Measurement, commenters expressed concerns over small or public sector internal audit functions being able to conform with the Standards, even with specific considerations for those groups in various standards. Comments about the considerations specific to small functions and the public sector were mixed; while respondents generally liked the concept, the additions did not do enough to address the needs of practitioners faced with those unique circumstances.

A "conform or explain" approach was suggested with relative frequency throughout the comments. Such an approach would allow internal audit functions to document inabilities to conform with specific requirements, as well as the impacts and alternative actions taken to achieve conformance with all other parts of the Standards and communicate with the board, senior management, quality assessors, or other parties as appropriate.

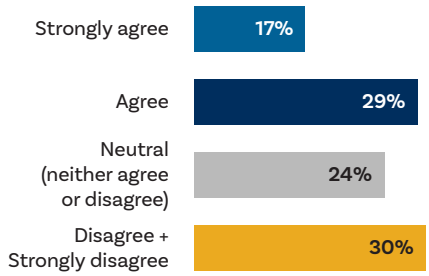
Related Survey Data

Standard 9.2 Internal Audit Strategy - Requirements



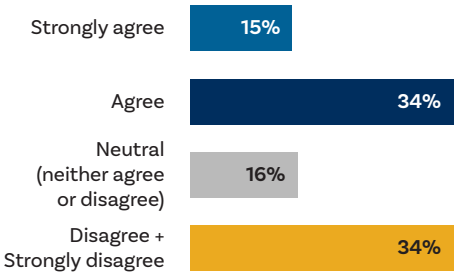
NOTE: n = 229

Standard 9.2 Internal Audit Strategy - Considerations



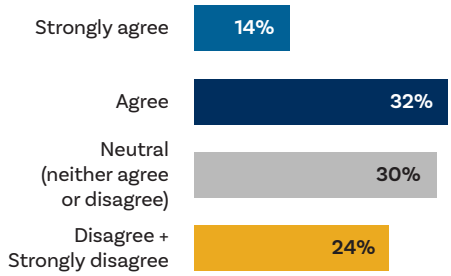
NOTE: n = 229

Standard 9.6 Coordination and Reliance - Requirements



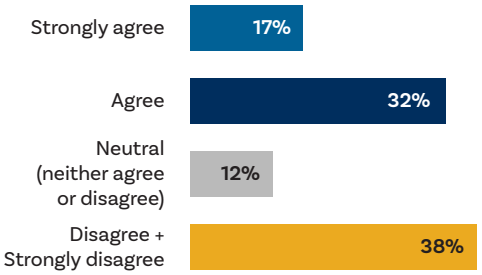
NOTE: n = 189

Standard 9.6 Coordination and Reliance - Considerations



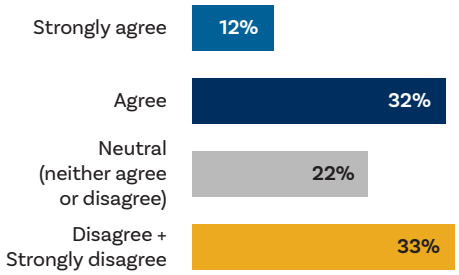
NOTE: n = 189

Standard 10.1 Financial Resource Management - Requirements



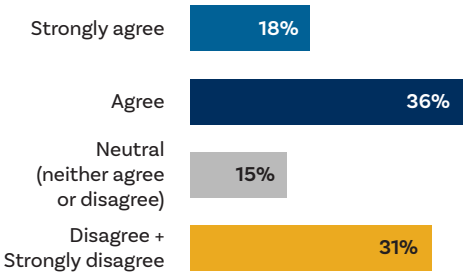
NOTE: n = 164

Standard 10.1 Financial Resource Management - Considerations



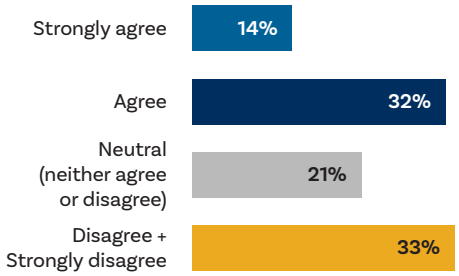
NOTE: n = 162

Standard 12.2 Performance Measurement - Requirements



NOTE: n = 213

Standard 12.2 Performance Measurement - Considerations



NOTE: n = 211

The levels of "Disagree + Strongly disagree" related to the requirements of these Standards, ranging from 31% to 38%, were relatively high when compared with the level of disagreement expressed in relation to other standards. Reviews of the public comments identified frequent concerns related to impediments to implementation for small or public sector internal audit functions.

Summary of Key Comments

In Standard 9.2, commenters had concerns about whether small internal audit functions should be expected to have a strategy. Other commenters on Standards 9.2 and 12.2 felt there was too much effort to conform with the Requirements for too little benefit or that developing a strategy is an administrative effort, which could consume time better spent performing internal audit services. Participants in a roundtable discussion for chief audit executives of small internal audit functions expressed that the Standards should be written to consider all sizes of internal audit functions.

For the public sector callouts in Standard 9.6, a group of comments were concerned about the impacts of the requirements on small public sector internal audit functions. For Standard 10.1, some comments indicated that the budget would not be discussed with the board, while others stated that the budget would not be discussed with management. For Standard 11.1, some commenters suggested edits while others called for the complete removal of the public sector call-out.

A relatively frequent theme throughout the public comments was a request to provide a process for a chief audit executive to be able to demonstrate conformance with the intent of the Standards when conformance with one or more requirements is not achieved.

Disposition and Rationale

The IIASB working groups recognized inconsistencies in the purpose and content of the specific callouts for small, public sector, and outsourced internal audit functions in the Considerations for Implementation. Some content applied more broadly than was initially expected, while other content described how to apply the Standards in those different contexts or addressed requirements unique to a context. To make the content as useful as possible, the IIASB decided on two approaches: incorporate some content into the body of the Considerations; and create sections of the Standards dedicated to explaining the unique contexts.

In the introductory "Fundamentals of the Global Internal Audit Standards," new subsections were created to describe the primary issues related to applying the Standards in small internal audit functions and those in the public sector. A four-page section called "Applying the Global Internal Audit Standards in the Public Sector" was added after Domain V to further explain the nuances of applying the Standards within the boundaries of the public sector's unique legal and/or regulatory frameworks and governance, organizational, and funding structures.

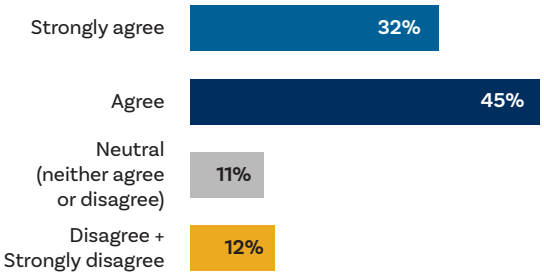
Additionally, the subsection "Demonstrating Conformance with the Standards" was added to the "Fundamentals" to summarize the expectations for conformance, including documenting alternative approaches and reporting nonconformance. Other conformance-related standards were edited to reflect the approach; these include Standard 4.1 Conformance with the Global Internal Audit Standards, the introduction to Domain III: Governing the Internal Audit Function, and Standards 8.3 Quality, 11.3 Communicating Results, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.

Theme 4: Missing or vague terminology in the "Purpose of Internal Auditing."

A concentration of survey respondents disagreed with or had other comments on the "Purpose of Internal Auditing." Some individuals recommended a return to the 2017 Standards approach to the Definition and Mission of Internal Audit. Terminology was a primary concern, especially the terms: public interest, risk-based, insight, independent, value-added, culture, and success.

Related Survey Data

Domain I: Purpose of Internal Auditing



NOTE: n = 1,612

The "Disagree + Strongly disagree" score of 12% was near the median when compared with the domain-level questions that survey respondents were required to answer, so there appeared to be widespread acceptance of Domain I as exposed. However, reviews of the public comments identified concerns about specific terms.

Summary of Key Comments

Many comments were related to the concept of public interest, which does not appear in the 2017 Standards. Some requested a definition or clarification of the concept, while others requested removal of the concept, explaining that the internal audit function should not be required to consider public interest as a factor if the organization it serves is not in the public sector.

Other comments centered on terms in the current Definition and Mission of Internal Audit that were missing or perceived to be featured less prominently in Domain I, especially: risk-based, insight, independent, and value-added. Still other comments asked about the term success, which essentially replaced value-added, stating that it was perceived as too vague, or asked why culture was not mentioned.

Disposition and Rationale

In the "Fundamentals" section, the "Standard-setting Process" subsection was renamed "Internal Auditing and the Public Interest" and expanded to include a definition of public interest, an enhanced description of The IIA's commitment to setting standards in the public interest, and a description of how internal auditing enhances the organization's ability to serve the public interest.

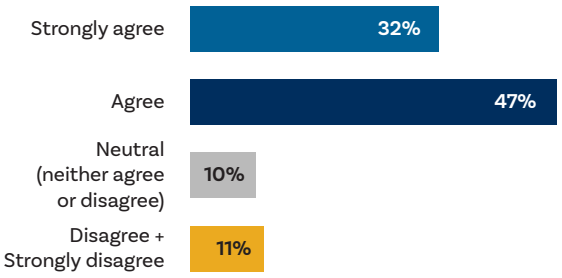
The revisions to Domain I addressed many of the terminology comments, with the addition of terms including value, independent, risk-based, insight, and foresight. The word "success" was replaced with "ability to create, protect, and sustain value." The effect of internal audit on the organization's culture was not added to the Purpose, but it is covered in Domains II and IV.

Theme 5: Requirements for 20 hours of continuing professional education and specific competencies for all internal auditors.

A significant number of concerns were expressed regarding the requirement proposed in Standard 3.2: "Internal auditors must enhance their knowledge, skills, and abilities by completing at least 20 hours of continuing professional education annually." Additionally, comments on Principle 3 and Standard 3.1 Competency were opposed to requiring specific competencies for all internal auditors.

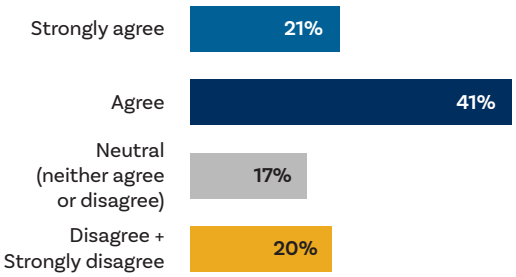
Related Survey Data

Principle 3 Demonstrate Competency



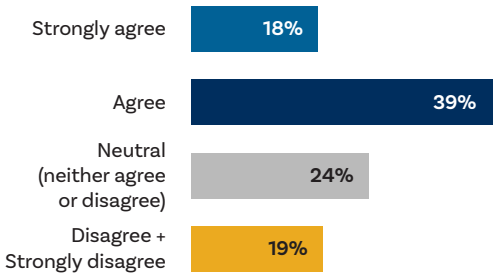
NOTE: n = 107

Standard 3.1 Competency - Requirements



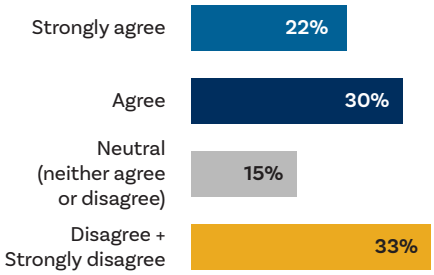
NOTE: n = 229

Standard 3.1 Competency - Considerations



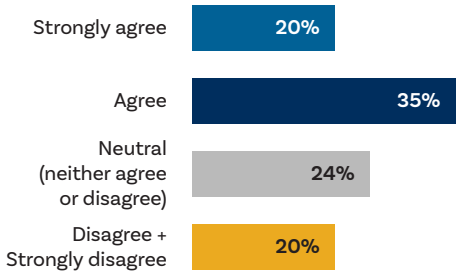
NOTE: n = 228

Standard 3.2 Continuing Professional Development - Requirements



NOTE: n = 270

Standard 3.2 Continuing Professional Development - Considerations



NOTE: n = 266

The "Disagree + Strongly disagree" score of 33% for the Requirements in Standards 3.2 was relatively high when compared with the level of disagreement expressed in relation to other standards. Reviews of the public comments identified concerns about specifying a number of hours in the requirements, and similar, related concerns about the specificity of competencies listed in the requirements for Standard 3.1. Related comments were also made in response to Principle 3, though the "Disagree + Strongly disagree" score of 11% was relatively low among the 15 Principles.

Summary of Key Comments

Respondents had mixed views about a requirement for noncertified internal auditors to obtain at least 20 hours of CPE annually. Some commenters said the requirement could create a disproportionate expense on the internal audit function and displace responsibility from individual auditors to the function. Another group of comments expressed that the chief audit executive should have the freedom to distinguish the competencies needed across the internal audit function.

Others felt the requirement for only 20 hours would cause confusion since those holding the Certified Internal Auditor® credential are required to receive 40 hours per year. The IIA's Professional Certifications Board (PCB) also expressed a concern about the potential for future confusion if the PCB changes CPE requirements for certification holders.

Some commenters were confused about whether two hours of ethics-related CPE, which appeared in the Considerations for Implementation of Standard 1.1 Honesty and Courage, would be required for all internal auditors. Respondents were also concerned about the difference between continuing professional development and continuing professional education, especially a perceived lack of free continuing professional education opportunities. Some commenters wanted to acknowledge work experience and on-the-job equivalencies for education and certification.

In the responses to questions about Standard 3.1, respondents varied widely in their thoughts about required competencies. Some wanted more specificity in the types of competencies relevant to internal audit job roles and levels, and measurable ways to demonstrate such competencies. Others believed the list of required competencies was too specific to apply to all internal auditors, since roles, responsibilities, and levels of experience vary widely. Some considerations were perceived as requirements instead of options.

Disposition and Rationale

The requirement for 20 hours of continuing professional education was removed from Standard 3.2. Additionally, Standard 3.2 was revised to require internal auditors to "maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services." The word "development" replaced the word "education" in many places to emphasize that internal auditors have many options to gain competencies, including on-the-job training and opportunities beyond formal education. These changes reflect a desire to keep the Standards principle-based, rather than rule-based.

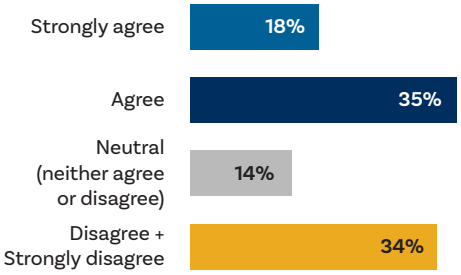
Standard 3.1 was edited to move the list of specific competencies from Requirements to Considerations. Also in the Considerations section, some "should" statements were changed to "may" to indicate that the described practices are available alternatives and minimize the impression that they apply to all internal auditors.

Theme 6: Requirements for board actions stated too directly and missing responsibilities for senior management.

A group of survey respondents recommended the removal of mandates for the board due to the internal audit function's (or chief audit executive's) inability to control board actions. This would involve the elimination of "must" statements when referencing the board and placing more responsibilities on the chief audit executive and senior management in conducting internal audit governance duties.

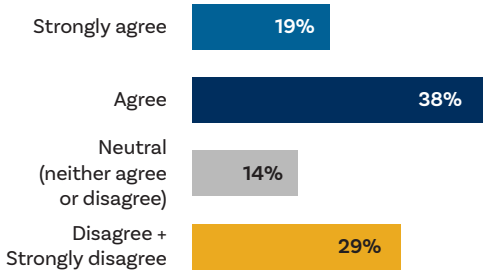
Related Survey Data

Principle 6 Authorized by the Board



NOTE: n = 205

Principle 8 Overseen by the Board



NOTE: n = 143

The "Disagree + Strongly disagree" scores of 34% and 29% for Principles 6 and 7 were among the highest (#1 and #3) for the 15 Principles. Reviews of the public comments identified opposition to specifying board responsibilities.

Summary of Key Comments

The most frequent comments throughout Domain III, especially on Principles 6 Authorized by the Board and 8 Overseen by the Board, expressed opposition to the Standards stating requirements for the board. A secondary group of comments asked for more clarification and recognition of senior management's role in governing the internal audit function.

Disposition and Rationale

The introduction to Domain III was edited to include a section on the chief audit executive meeting with the board and senior management to discuss the Standards and clarify roles and expectations. Additionally, the requirements for the board were transformed into "Essential Conditions" with explanations on how to address disagreements and nonconformance.

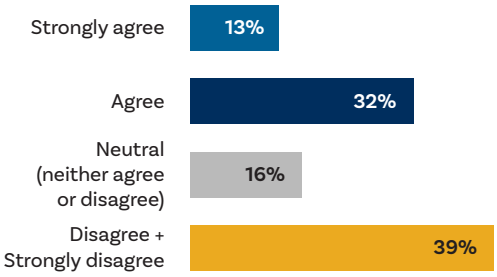
Essential Conditions for the board and senior management were added to the Standards throughout Domain III, and the requirements were reoriented to the chief audit executive, to emphasize and clarify the importance of collaboration and respective responsibilities in governing an internal audit function effectively.

Theme 7: Unclear distinction between internal audit mandate and the internal audit charter.

Respondents expressed confusion about the difference between the mandate and charter, and the reason for distinguishing them. Several survey respondents expressed that separating the concepts creates unnecessary confusion and complexity and recommended either eliminating one of the terms or combining the concepts into a single standard. Respondents wanted clarification that only one document is required.

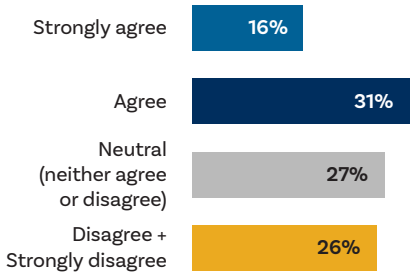
Related Survey Data

Standard 6.1 Internal Audit Mandate - Requirements



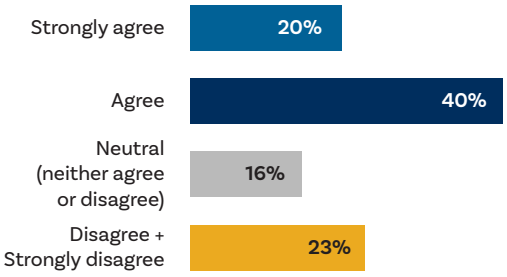
NOTE: n = 359

Standard 6.1 Internal Audit Mandate - Considerations



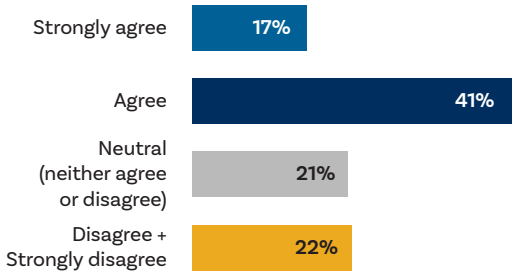
NOTE: n = 357

Standard 9.3 Internal Audit Charter - Requirements



NOTE: n = 205

Standard 9.3 Internal Audit Charter - Considerations



NOTE: n = 202

The "Disagree + Strongly disagree" score of 39% for Standard 6.1's Requirements was relatively high when compared with the level of disagreement expressed in relation to other standards. Reviews of the public comments identified a link to Standard 9.3, as described in the Key Comments below.

Summary of Key Comments

The most frequent comments expressed confusion over how the mandate was separate from the charter or were otherwise skeptical of the need for separate terms or standards.

Disposition and Rationale

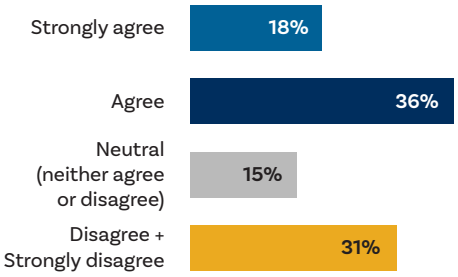
The IIASB working groups decided to keep both terms and concepts as being key aspects to ensure the internal audit function's effectiveness. The concepts were both moved into Domain III: Governing the Internal Audit Function. The internal audit charter standard was moved from Domain IV: Managing the Internal Audit Function to immediately follow Standard 6.1 Internal Audit Mandate as the new Standard 6.2 Internal Audit Charter. Placing the two standards next to each other should help the reader understand that the mandate expresses the internal audit function's authority, role, and responsibilities as granted by the board or laws and/or regulations, while the internal audit charter is the formal documentation of the mandate plus other specifications. Additional information in the charter includes the Purpose of Internal Auditing, a commitment to adhering to the Standards, and the organizational positioning and administrative reporting relationships for the chief audit executive and internal audit function.

Theme 8: Confusion about appropriate measures of internal audit performance.

Some commenters disagreed with several of the performance measures provided as examples in the Considerations for Implementation of Standard 12.2 Performance Measurement. Even though the listed performance measures were recommended (not required), some commenters perceived that the examples were mandatory.

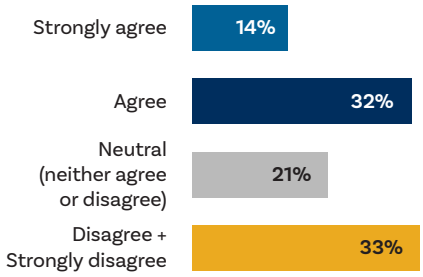
Related Survey Data

Standard 12.2 Performance Measurement - Requirements



NOTE: n = 213

Standard 12.2 Performance Measurement - Considerations



NOTE: n = 211

The "Disagree + Strongly disagree" scores of 31% and 33% for Standard 12.2's Requirements and Considerations, respectively, were relatively high when compared with the level of disagreement with other standards.

Summary of Key Comments

Many comments stated that the suggested performance measures were unclear or that including them implied that all must be implemented. Other commenters said the suggested measures were not good examples of leading practices or were too subjective or difficult to measure. Some commenters requested additional guidance for how the proposed measures could be calculated.

Disposition and Rationale

The Standards Board made several edits to the performance measures listed in the Considerations for Implementation section to clarify their meaning and measurability, or to refer more generally to categories of measures.

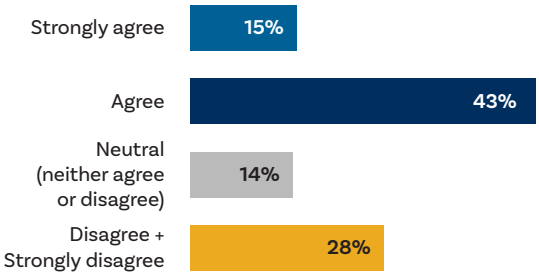
Theme 9: The applicability of requirements to both assurance and advisory engagements.

The principles and standards in Domain V: Performing Internal Audit Services should precisely and consistently differentiate between requirements for assurance and advisory engagements.

Related Survey Data

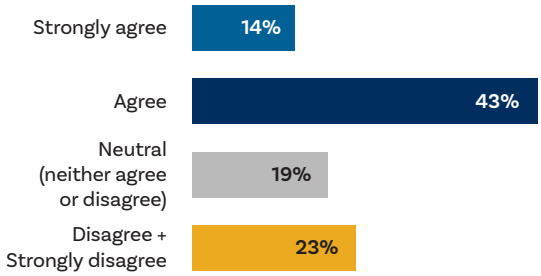
The comments appeared throughout Domain V, especially in Standards 13.2 Engagement Risk Assessment, 13.4 Evaluation Criteria, 14.4 Recommendations and Action Plans, and 14.5 Developing Engagement Conclusions.

Standard 13.2 Engagement Risk Assessment - Requirements



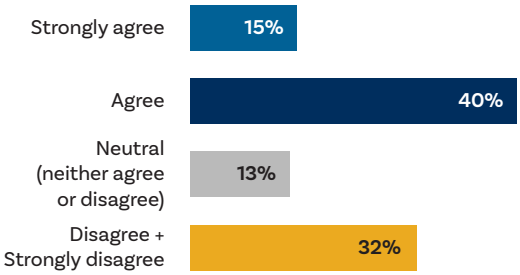
NOTE: n = 196

Standard 13.2 Engagement Risk Assessment - Considerations



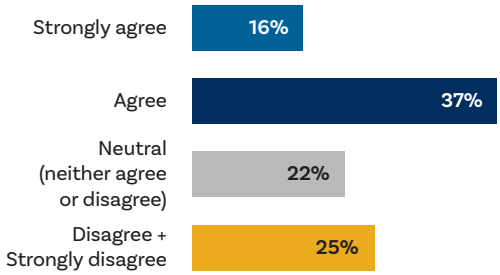
NOTE: n = 195

Standard 13.4 Evaluation Criteria - Requirements



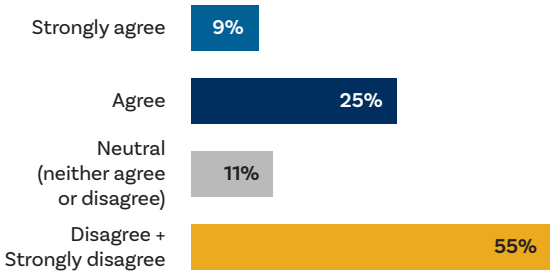
NOTE: n = 141

Standard 13.4 Evaluation Criteria - Considerations



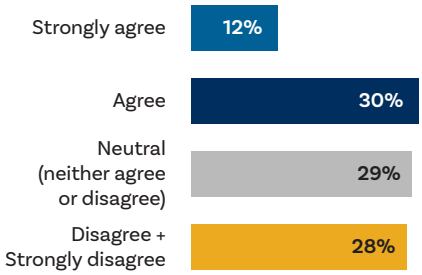
NOTE: n = 139

Standard 14.4 Recommendations and Action Plans - Requirements



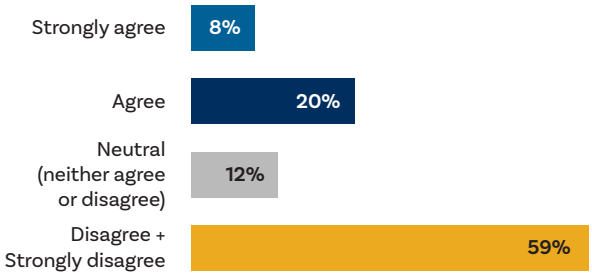
NOTE: n = 246

Standard 14.4 Recommendations and Action Plans - Considerations



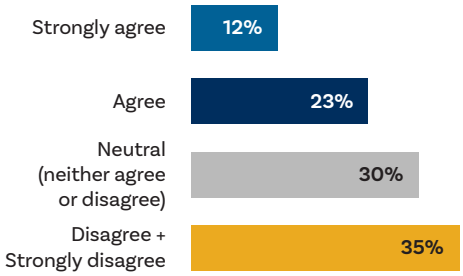
NOTE: n = 246

Standard 14.5 Developing Engagement Conclusions - Requirements



NOTE: n = 220

*Standard 14.5 Developing Engagement Conclusions - Considerations



NOTE: n = 220

The "Disagree + Strongly disagree" scores of 59% and 55% for the Requirements in Standards 14.5 and 14.4, respectively, were the highest (#1 and #2) when compared with the level of disagreement expressed in relation to other standards. Reviews of the public comments identified concerns about the applicability of these two standards to advisory engagements. Similar comments appeared with relative frequency throughout Domain V, particularly in Standards 13.2 and 13.4, whose respective "Disagree + Strongly disagree" scores of 28% and 32% for the Requirements were also relatively high.

Summary of Key Comments

The introduction to Domain V stated: "Internal auditors are expected to apply and conform with the Standards when performing engagements, whether they are providing assurance or advice, except when otherwise specified in individual standards." A wide range of comments at the domain and standard levels stressed that the requirements for each advisory engagement should be flexible and determined based on the engagement's objectives.

Commenters also requested clarification of the distinctions between and definitions of assurance and advisory services, including how both definitions compare to the 2017 Standards' definition of consulting services. Additional commenters wanted clarification on how the word "engagement" is used to refer to the performance of certain advisory services.

Disposition and Rationale

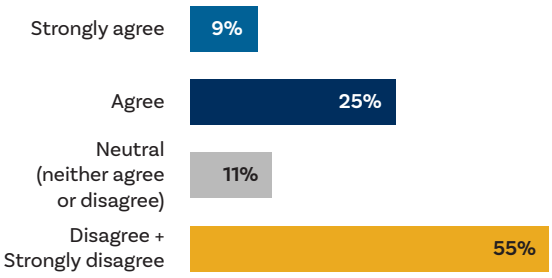
The changes made included new wording in the “Fundamentals” section, Glossary, Domain V introduction, and various standards where the requirements for assurance engagements do not always apply to advisory engagements. Edits were made regarding engagement risk assessments; the analysis of governance, risk management, and controls against evaluation criteria; the development of findings, recommendations and/or action plans; and monitoring of action plans.

Theme 10: Requirement for internal auditors to make recommendations related to findings.

Many commenters expressed a preference for collaborating with management to identify agreed-upon action plans rather than requiring internal auditors to make recommendations.

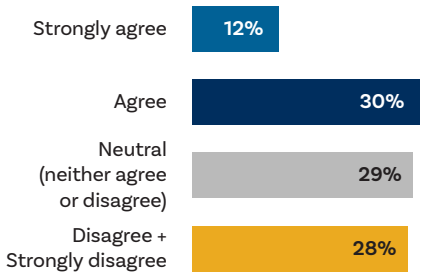
Related Survey Data

Standard 14.4 Recommendations and Action Plans - Requirements



NOTE: n = 246

Standard 14.4 Recommendations and Action Plans - Considerations



NOTE: n = 246

The "Disagree + Strongly disagree" scores of 55% and 28% for the Requirements and Considerations, respectively, in Standard 14.4 were relatively high among the granular elements of the survey. Reviews of the public comments identified concerns about the requirement to make recommendations.

Summary of Key Comments

Those opposed to requiring internal audit to provide recommendations said management should develop action plans (to the extent known at the time of the report) that address root causes (if feasible) and reduce risk exposures to acceptable levels. The public comments varied depending on the culture and practices of the commenter's organization, with some commenters recognizing the importance of internal audit having at least the option to provide recommendations. Other commenters said the term "recommendation" should only be used to refer to optional suggestions.

Disposition and Rationale

The requirements in Standard 14.4 were revised to "must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to…" In other standards, references to recommendations and action plans were revised to recognize a differentiation between the two and emphasize monitoring management's implementation of action plans.

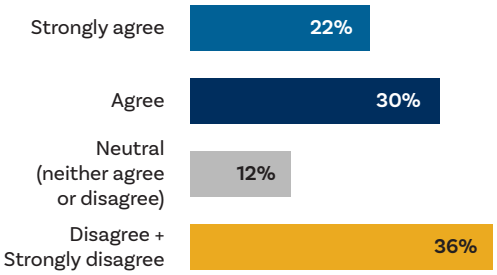
Theme 11: Perceived requirement of "ratings" and "rankings" for findings and conclusions.

Some commenters were opposed to the stated, implied, or perceived requirements for rating, ranking, or determining the significance of findings and conclusions in Standards 14.3 Evaluation of Findings and 14.5 Developing Engagement Conclusions, and the phrase "other indication of priority" did not satisfy concerns.

In addition, a concentration of comments was opposed to recommendations regarding ratings and rankings in Standards 9.4 Methodologies (changed to 9.3 in the final Standards) and 11.3 Communicating Results.

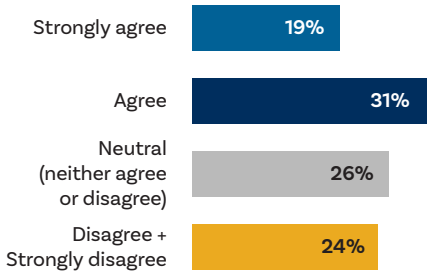
Related Survey Data

Standard 9.4 Methodologies - Requirements



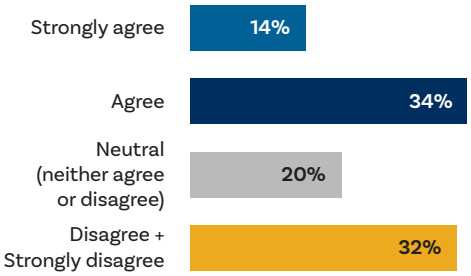
NOTE: n = 205

Standard 9.4 Methodologies - Considerations



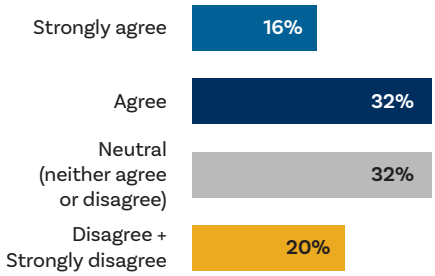
NOTE: n = 202

Standard 11.3 Communicating Results - Requirements



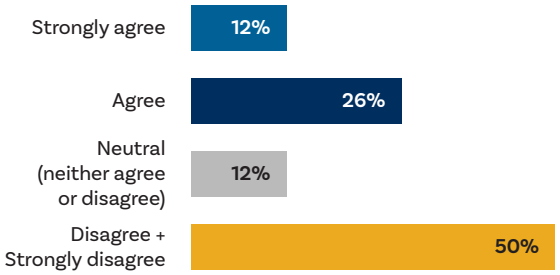
NOTE: n = 191

Standard 11.3 Communicating Results - Considerations



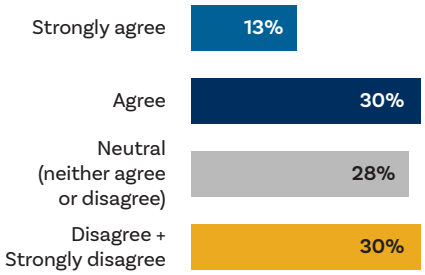
NOTE: n = 190

Standard 14.3 Evaluation of Findings - Requirements



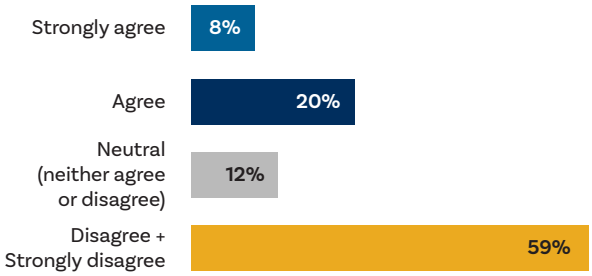
NOTE: n = 248

Standard 14.3 Evaluation of Findings - Considerations



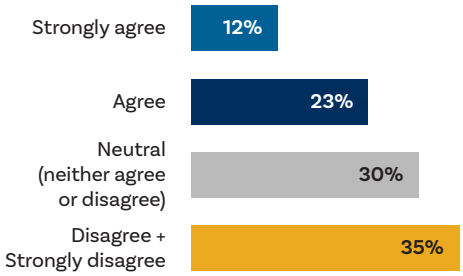
NOTE: n = 247

Standard 14.5 Developing Engagement Conclusions - Requirements



NOTE: n = 220

Standard 14.5 Developing Engagement Conclusions - Considerations



NOTE: n = 220

The "Disagree + Strongly disagree" scores of 59% and 50% for the Requirements in Standards 14.5 and 14.3, respectively, were among the highest (#2 and #4) when compared with the level of disagreement expressed in relation to other standards. Reviews of the public comments identified concerns about the requirement to "provide a rating, ranking, or other indication of priority for each engagement finding, based on the significance of the finding, using methodologies established by the chief audit executive."

Similar concerns about the ratings, rankings, or other indications of priority or significance appeared in the Considerations in Standards 9.4 and 11.3, where the "Disagree + Strongly disagree" scores of 24% and 20%, respectively, were below the median.

Summary of Key Comments

Many commenters expressed that ratings and rankings were often the source of disagreements with management and delays in the reporting process, which is why the ratings/rankings were eliminated by the practitioners. Similar comments suggested making ratings, rankings, or indications of priority recommended practices, rather than required.

Other commenters stated that ratings/rankings were appropriate for mature internal audit departments but may not meet the objective to make the Standards applicable to small internal audit functions. A significant share of responses said the Standards should allow the chief audit executive, board, and senior management to determine what works best for their needs.

Some commenters wondered what was meant by "other indications of priority" (if not a ranking or rating system), while others felt it would be better to emphasize management's responsibility for determining risk exposures and prioritizing corrective actions.

Some commenters who were opposed to an engagement-level rating felt that finding-level ratings were sufficient.

Disposition and Rationale

Edits to the requirements in Standard 14.3 replaced the phrase "must provide a rating, ranking, or other indication of priority" with "Internal auditors must prioritize each engagement finding, based on its significance, using methodologies established by the chief audit executive."

In the Considerations in Standard 11.3, the reference was revised to focus on "criteria used as a basis for the conclusion." In the Considerations in (new) Standard 9.3 Methodologies, the reference to a methodology for determining the significance was deleted.

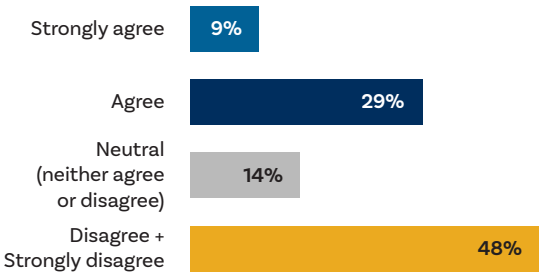
Elsewhere throughout the Standards, references to ratings and rankings were moved into the Considerations section as a leading practice, while the concept of prioritizing findings based on significance was retained in the Requirements.

Theme 12: Requirement for a statement of conformance or nonconformance in final engagement communications.

Many commenters were opposed to requiring a statement of conformance or nonconformance with the Standards in final engagement communications.

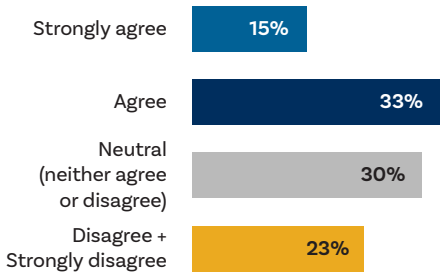
Related Survey Data

Standard 15.1 Final Engagement Communication - Requirements



NOTE: n = 248

Standard 15.1 Final Engagement Communication - Considerations



NOTE: n = 246

The "Disagree + Strongly disagree" score of 48% for the Requirements in Standard 15.1 was relatively high when compared with the level of disagreement expressed in relation to other standards. Reviews of the public comments identified concerns about the requirement to include in final engagement communications a statement of the internal audit function's conformance or nonconformance with the Standards.

Summary of Key Comments

Comments opposing a conformance statement were mainly focused on: the statement not being meaningful to management; it possibly confusing readers who don't understand the Standards; or that it should only be required if certain conditions are met.

Comments opposing nonconformance statements were that it should only be communicated to the board or only if it impacts the engagement. Other commenters stated that disclosure could reduce the internal audit function's credibility or be an issue if a law precludes conformance with a particular standard. Others questioned how much nonconformance it would take to trigger a statement of nonconformance on a final engagement communication or in the Internal Quality Assessment (Standard 12.1) reporting. Some said it is unlikely that internal audit functions would report nonconformance, or that immature audit functions might have to report nonconformance for every engagement, which could ultimately undermine the function's ability to build relationships.

Disposition and Rationale

The changes in Standard 15.1 reverted back to the requirements in the 2017 Standards, which state that nonconformance must be communicated and conformance may be communicated, in final engagement communications if specified conditions support the statement.

Additional Themes and Dispositions

In addition to the 12 major themes, the following 36 additional themes received fewer comments or had less substantive dispositions.

	Title	Description	Disposition
1	Overall: Principles, Domain, and Standards.	Some commenters preferred the old structure.	The proposed organizational structure of the Standards was not changed. Quantitative and qualitative data indicated that the support for the new structure far outweighed opposition to it.
2	Overall and Glossary: Add terms and definitions, especially those related to "risk" terms and concepts.	Commenters wanted to add certain terms and definitions to the Glossary. Some commenters believed risk-related terms and concepts were missing or needed elaboration or definitions that were better aligned with other authoritative bodies.	Glossary terms and definitions were reevaluated and added, edited, or deleted based on the evaluation of feedback. Main concepts that have been reworded include "advisory services," "assurance," "assurance services," "board," "chief audit executive," and "finding." The definition of "risk" and risk-related terms and concepts were reviewed throughout the document and reevaluated. Definitions in the Glossary were compared with those of other standard-setters and edited. Terms and concepts were reintroduced, reemphasized, or clarified as appropriate throughout the document.
3	Overall: timeframe references.	Some commenters expressed opposition to "periodically" due to the difficulty of documenting and assessing conformance with an indefinite timeframe. Commenters also expressed concerns related to requirements for specific timing due to the unique factors of individual organizations. Additionally, requirements for specific timing appeared to be inconsistent throughout Standards.	Timeframes were checked for consistency throughout the Standards. Requirements for specific timing were reevaluated considering concerns about overly prescriptive standards. Requirements for specific timing were retained intentionally within some standards, while others were changed to "periodically," a term that was added to the glossary to emphasize its intentional use.

	Title	Description	Disposition
4	Overall: referencing the "Three Lines" model.	Commenters expressed a desire for the Three Lines model to be referenced in the Standards.	While the Standards refer directly to the governance of the internal audit function, the details of all other governance relationships in an organization exceeds the scope of the Standards. Detailed explanations of such topics remain within the scope of nonmandatory Global Guidance and IIA Advocacy publications. Thus, no change was made in the Standards.
5	Overall and Glossary: desire for templates.	Commenters expressed the desire for the IIA to develop or update templates related to several Standards.	Templates will be updated or developed by the Guidance team after the IPPF Evolution project is completed.
6	Overall: editing review for consistent use of terminology and to reduce the use of absolute, unnecessary, or overused terms.	Commenters noted that wording needed to be clear, consistent, and avoid unrealistic extremes.	Editing care was taken to remove unnecessary absolute terms and adjustments were made for consistency.
7	Fundamentals (introduction) and Domain II: statement on applicability to internal auditor functions is unclear.	Commenters believed the applicability statement in the Fundamentals (previous Introduction) didn't match the statement in Domain II and questioned whether the Standards apply to all auditors, just members and CIAs, or just those claiming to practice according to Global Internal Audit Standards.	1. The following sentence in the Domain II introduction was deleted: "Internal auditors refers to recipients of or candidates for IIA professional certifications and all IIA members, including those who are members of IIA affiliates and chapters." 2. The applicability statement in the Fundamentals was retained as: "The Standards apply to any individual or function that provides internal audit services, whether an organization employs internal auditors directly, contracts them through an external service provider, or both."
8	Fundamentals and Standards 9.2 Internal Audit Strategy and 11.1 Building Relationships and Communicating with Stakeholders: CAE delegation to a designee.	Some commenters noted concerns or confusion about which CAE responsibilities could be delegated.	All relevant requirements were reassessed and reworded to provide clarity.

	Title	Description	Disposition
9	Glossary: definition of “board”	Some commenters thought the proposed definition of "board" did not make sense or work well in all governance structures (countries, regions).	The definition was reviewed, and text was added to increase the inclusivity of the definition, addressing the primary concerns related to governance structures.
10	Domain I Purpose of Internal Auditing: concerns about Purpose as its own domain.	Some commenters recommended eliminating Domain I and incorporating the information provided into the Introduction, Glossary, or another domain or a separate stand-alone section.	The IIASB believes the Purpose of Internal Auditing is important enough to retain as its own domain since it contains all key features and conditions of effective internal auditing in a summary that can easily be communicated to key stakeholders.
11	Principle 1 Demonstrate Integrity: Integrity is too subjective	Commenters requested to change “withstand scrutiny by peers and others” in first sentence defining integrity.	Removed “by peers and others”.
12	Standard 1.1 Honesty and Courage: concerns and clarifications needed for the word “courage.”	Commenters stated, “courage is not defined in the Standards”, “is subjective and difficult to evidence”, and “courage is not appropriate and could have unintended consequences”.	1. Changed the word “courage” to “professional courage” to make clear that the term applies to internal audit work. 2. Added “feedback from stakeholders” to the Examples of Evidence of Conformance.
13	Standard 1.1 Honesty and Courage: clarifications needed on disclosure of material facts.	Commenters were concerned about the requirement: “Internal auditors must disclose all material facts known to them that if not disclosed could affect the organization’s ability to make well-informed decisions.”	This requirement was preexisting in the Code of Ethics and continues to be relevant. Therefore, the IIASB made no change to proposed standard.

	Title	Description	Disposition
14	Standard 1.1 Honesty and Courage: public sector consideration on public interest.	Considerations for Implementation – "Public Sector: Internal auditors in the public sector should always protect the public interest and should display courage when providing findings, recommendations, and conclusions." Commenters felt the statement should not be unique to the public sector.	This statement was removed from Standard 1.1 and all Considerations specific to the public sector were reevaluated and moved into a newly created section "Applying the Global Internal Audit Standards in the Public Sector."
15	Standards 1.2 Organization's Ethical Expectations and 1.3 Legal and Professional Behavior: Requirements for CAE policies and procedures are too prescriptive.	Standards 1.2 and 1.3 reference internal audit policies and/or the policies and procedures established by the CAE. Commenters noted that the CAE and internal audit function might not need separate policies if organizational policies sufficiently cover what to do in the case of violations of ethics, laws, or regulations.	Standards were rewritten to be less prescriptive and allow for following any relevant policies and procedures.
16	Standard 1.3: Evidence of Conformance.	Commenters expressed concern about having "supervisory review notes" included in the "Evidence of Conformance" section, reasoning that review notes are cleared rather than retained.	"Supervisory review notes" was removed and replaced by more appropriate Examples of Evidence of Conformance.

	Title	Description	Disposition
17	Standard 2.2 Safeguarding Objectivity: phrases "providing assurance services for an activity for which internal auditors provided advisory services" and "qualified independent party."	Commenters were confused by or disagreed with some language related to impairments to objectivity. For example, (1) "Internal auditors must not provide assurance over an activity for which, within the past year, they provided advisory services, had significant responsibility, or were able to exert significant influence." (2) "When internal auditors perform an assurance engagement in an area for which the chief audit executive has responsibility, the engagement supervision must be overseen by a qualified, independent party."	The confusing language was replaced by the original wording from the 2017 Standards (1130.A1-1130.C2), which essentially covers the same topics.
18	Standard 2.2: Considerations for Implementation sentence about "fraternization."	Commenters requested revisions or removal of sentences about fraternizing with employees or vendors of the organization.	This sentence in the Considerations was reworded to remove language that seemed overly restrictive in reference to internal auditors' relationships with employees and vendors.

	Title	Description	Disposition
19	Standard 4.1 Conformance with the Global Internal Audit Standards: as part of due professional care.	Commenters asked for several clarifications: 1a. If the function is not in conformance with Standards, does that mean due professional care has not been exercised by individual internal auditors (what is applicable to individuals vs. function)? 1b. Statements of "must conform with the Standards" and "may conform with the requirements of other authoritative bodies" are confusing. Does that mean auditors have the option of not following other applicable authoritative standards to which they are subject (e.g., public sector)? 1.b. Clarify to whom "appropriate disclosures must be made" or do not require nonconformance disclosures to specific parties. 2. Some objected to Examples of Evidence of Conformance "requiring" statements of conformance and disclosures of nonconformance for each engagement.	The IIASB believes the standard as written was clear regarding how it applied to internal auditors and the internal audit function. Revisions were made to clarify that Requirements related to nonconformance with the Standards are specific to the context of the communication and are explained in other standards. Therefore, the last sentence of the Standard 4.1 Requirements refers the reader to standards related to disclosing nonconformance with the Standards: Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.
20	Standard 5.1 Use of Information: requirements are too prescriptive.	Commenters stated the requirements and recommended evidence of conformance are overly prescriptive; "must collect and document only the information required to perform the assigned internal audit engagement" is too restrictive.	Revised language and removed the confusing and overly prescriptive/restrictive sentences. Aligned Requirements with the Considerations.

	Title	Description	Disposition
21	Standard 5.2 Protection of Information: requirements are too prescriptive.	Commenters stated the Requirements and recommended Evidence of Conformance are overly prescriptive or incorrect.	Revised language and removed the confusing and overly prescriptive/ restrictive sentences.
22	Standard 9.2 Internal Audit Strategy: requirement for a strategy.	Commenters expressed opposition to requiring a strategy for the internal audit function.	The proposed standard was retained because having a strategy is a good business practice for the internal audit function, as it is for any business unit.
23	Standard 9.3 Internal Audit Charter: requirement for a physical signature.	Commenters opposed the need for a physical signature in today's age of technology, especially considering the current state of virtual and remote work environments.	The word "signatures" was changed to "approvals."
24	Standard 9.5 Internal Audit Plan: risk assessment and plan approval.	Commenters expressed concerns that attention to the organizationwide risk assessment was diluted and that the requirements for approval of the audit plan were unclear.	Requirements for the organizationwide risk assessment were clarified, and unnecessary details were moved. Clarification was provided on the approval of the audit plan as follows: "The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan, and significant changes to the plan, must be approved by the board."
25	Standard 9.6 Coordination and Reliance: requirement for coordination	Commenters disagreed with requirements for coordination because it may not be beneficial and the decision to coordinate may not always be within the full control of the internal audit function.	An addition was made to clarify that if the CAE is unable to obtain coordination, the CAE must escalate the issue with management and ultimately raise the concern with the board and the Considerations were revised accordingly.

	Title	Description	Disposition
26	Standard 10.1 Financial Resource Management: requirement for board approval of the budget.	Opposition was expressed by commenters to requiring board approval of internal audit's budget.	Requirement was reworded as: "The chief audit executive must seek budget approval from the board," which emphasizes the CAE's responsibilities but acknowledges lack of control over which body approves the budget. Reference to procedures for approving the budget were moved into the Considerations.
27	Standard 11.1 Building Relationships and Communicating with Stakeholders: objectivity and professional skepticism.	Commenters were concerned that requiring relationship building could jeopardize objectivity and professional skepticism of auditors.	The standard was retained as exposed because relationship-building is imperative to the success of the internal audit function. The IIASB concluded that the requirements from Domain II to maintain objectivity and apply professional skepticism while building relationships and communicating were sufficient.
28	Standard 11.3 Communicating Results: requiring legal or management advice prior to issuing final communications.	Commenters expressed concerns over the inclusion of the requirement: "The chief audit executive must seek the advice of legal counsel and/ or senior management before releasing final communications to parties outside the organization unless otherwise mandated by law or regulation."	"As appropriate" was added to the sentence to increase flexibility. No change to proposed Standards.
29	Standard 13.2 Engagement Risk Assessment: engagement risk assessments.	Commenters stated that an engagement risk assessment should not be required for all projects.	Edits in the Requirements provide more clarity on the expectations related to engagement risk assessments. Also, a sentence was added to the Requirements to clarify that a risk assessment may not be necessary for advisory engagements.
30	Standard 13.2 Engagement Risk Assessment: risk tolerance.	Commenters claim that "risk tolerance" often is not objectively known.	In the Requirements, language was added to clarify that internal auditors must understand the organization's risk tolerance "if established." The uses of "risk tolerance" in the Considerations in Domain V: Performing Internal Audit Services were reviewed and retained or revised to align with changes throughout the Standards.

	Title	Description	Disposition
31	Standard 13.3 Engagement Objectives and Scope: engagement scope.	Commenters want the process for determining an engagement's scope to be flexible.	A significant number of edits were made to the Requirements to clarify the nature of engagement objectives and scope and provide flexibility for advisory services.
32	Standard 13.4 Evaluation Criteria: evaluation criteria.	Commenters asked for more clarity on the nature of evaluation criteria.	Some requirements (examples of adequate criteria) were moved to the Considerations, and a sentence was added to the Requirements to clarify that evaluation criteria may not be relevant to advisory engagements.
33	Standard 14.2 Analyses and Potential Engagement Findings: emphasis on findings.	Commenters felt the Standards inappropriately emphasize "findings" versus assurance and insight.	Acknowledgement was added that additional analysis may not be required, and a statement of confidence (assurance) must be given. In the Requirements for Standard 14.5 Engagement Conclusions, language was added to clarify that assurance engagement conclusions can "include an acknowledgement of when management's governance, risk management, and control processes are effective." A sentence was also added to the Standard 14.2 Requirements to clarify that findings and recommendations may not be relevant for advisory engagements.
34	Standard 14.3 Evaluation of Findings: identifying a root cause.	Commenters felt it was inappropriate to require identifying "the" root cause of a finding for various reasons.	In the Requirements, added language clarifying that internal auditors must "collaborate with management to" identify the root cause "when possible."

	Title	Description	Disposition
35	Standard 14.5 Engagement Conclusions: engagement conclusions and objectives.	Commenters stated that assurance engagement conclusions must refer to engagement objectives, which may not always include a review of the effectiveness of governance and risk management processes.	In the Requirements, moved language clarifying that internal auditors must develop an engagement conclusion "that summarizes the engagement results relative to the engagement objectives and scope." Also, a sentence was added to the Requirements to clarify that “The conclusion for advisory engagements will vary depending on the objective and scope.”
36	Standard 15.2 Confirming the Implementation of Recommendations or Action Plans: action plan verification.	Commenters stated action plan verification requirements should be commensurate with the finding’s priority.	The qualifying phrase "using a risk-based approach" was added to the requirements.

Acknowledgments

The Institute of Internal Auditors is grateful to the stakeholders that provided guidance and assistance in the development of the Global Internal Audit Standards™. The IIA particularly recognizes members of the International Internal Audit Standards Board – a global group of internal auditors who have generously volunteered their time and expertise to ensure the Standards elevate the professional practice of internal auditing. The IIA thanks the IPPF Oversight Council for its essential role in promoting a standard-setting process that represents the public and serves the public interest, the Professional Certifications Board for its advice, and IIA staff and technical advisors for ensuring the successful implementation and management of all aspects of the project.

About The IIA

The Institute of Internal Auditors (IIA) is a nonprofit international professional association that serves more than 245,000 global members and has awarded more than 190,000 Certified Internal Auditor® (CIA) certifications worldwide. Established in 1941, The IIA is recognized throughout the world as the internal audit profession's leader in standards, certifications, education, research, and technical guidance. For more information, visit theiia.org.

The Institute of Internal Auditors

1035 Greenwood Blvd., Suite 401
Lake Mary, FL 32746 USA
theiia.org