



The Institute of
Internal Auditors
Elevating Impact

October 2, 2025

International Organization of Supreme Audit Institutions
Rechnungshof Österreich
Dampfschiffstrasse 2
1030 Vienna
Austria

RE: IIA Comments Regarding the Draft "Guidance on Auditing Internal Controls" Paper

To Whom It May Concern:

On behalf of The Institute of Internal Auditors (The IIA), the international professional organization representing more than 265,000 internal auditors, I welcome the opportunity to provide input on the Subcommittee on Internal Controls' (ICS) draft paper entitled, "[Guidance on Auditing Internal Controls](#)."

The IIA fully supports INTOSAI's ongoing efforts to modernize and strengthen internal control standards. We believe the draft proposal could be further enhanced by recognizing the importance of a risk-based perspective. The enclosed document offers detailed recommendations on how the ICS may more effectively integrate these concepts, thereby enabling organizations to better assess and understand their internal control frameworks.

Should ICS have any questions regarding these comments, please do not hesitate to contact Alex Sload, IIA Senior Manager for Advocacy, at Alex.Sload@TheIIA.org.

Thank you for your consideration of our comments.

Sincerely,

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Executive Vice President of Global Standards, Guidance, and Certifications
The Institute of Internal Auditors

Enclosure

Institute of Internal Auditors (IIA)

October 2, 2025

General Comment

The IIA commends the INTOSAI Internal Control Standards Subcommittee for producing this draft guidance. It is clear, comprehensive in scope, and reflects an important effort to support Supreme Audit Institutions in strengthening their approaches to internal control. We particularly value the emphasis on frameworks such as COSO, IFAC, CIPFA, and OECD, and the recognition of internal control as a managerial concept that auditors must understand to carry out their work effectively.

At the same time, we believe the paper would benefit from a clearer integration of the **risk perspective**, which is central to understanding, designing, and assessing controls.

Key Issues

1. Linkage to Risk Management

- The guidance focuses extensively on controls as mechanisms, but often without linking them to the risks they are intended to cover.
- For example, in several places the only risks described are “audit risks” (risk of misjudgments, missed assessments, or inefficient allocation of audit resources). While these are valid, they are not the primary risks that internal controls are designed to address.
- Auditors must first identify the entity’s objectives, then the risks to achieving those objectives, and only then assess whether the controls in place are effective and efficient in addressing those risks. This perspective is consistent with COSO, IFAC, OECD, and IIA frameworks, as well as INTOSAI’s own emphasis in ISSAI 100.

2. Assessing Adequacy of Controls

- Adequacy is not about whether a control exists, but whether it is effective and efficient in mitigating a defined risk to an acceptable level.
- For example, a control deficiency can only be meaningfully described by linking it to the risk exposure it fails to mitigate, and—ideally—its root cause. Without this link, an auditor cannot provide assurance on adequacy.

3. Definition of “Key Control”

- A “key control” is only “key” in relation to a risk.
- The draft paper should avoid suggesting that controls can be identified as “key” in the abstract. The designation depends entirely on whether failure of the control would significantly increase the likelihood or impact of a risk materializing.

4. Deficiencies and Root Causes

- Paragraphs 85–88 define deficiencies mainly in terms of control design, implementation, and operation. This is useful, but incomplete without reference to the **risk that is left unmitigated** and the **root cause** of the deficiency.

- Root cause analysis is critical for effective audit recommendations, and it ensures that the assessment does not stop at identifying symptoms.

5. Checklist Risk

- The draft tends to read as if SAIs could assess controls by following a generalized “control checklist.”
- While such tools may help in practice, they should never replace a **risk-based approach** that recognizes the unique objectives, risks, and control environment of each entity. A checklist approach risks narrowing the scope and overlooking whether controls are actually achieving their purpose.

Suggested Revisions

- Clarify throughout that **controls are management’s response to risks**, not audit objectives.
- Strengthen definitions to state:
 - *Controls are designed to reasonably ensure the achievement of objectives by addressing specific risks.*
 - *Adequacy of controls refers to their effectiveness and efficiency in mitigating those risks.*
- In sections on deficiencies and key controls, explicitly require auditors to tie findings to related risks and root causes.
- Reduce language that treats controls as abstract “features” and instead align with established frameworks (COSO, GAO Green Book, IFAC/CIPFA, IIA Three Lines) that consistently place controls within the broader context of governance, risk management, and assurance.
- Avoid metaphors (e.g., “organism” or “nerve system”) and redundant descriptions, and instead focus on clear, risk-based terminology.
- Align engagement planning, execution, and reporting sections with IIA Standards (in particular Standards 13–15), to emphasize risk-based engagement planning, identification of evaluation criteria, root cause analysis, and effective communication of results.

Conclusion

The IIA encourages the Subcommittee to integrate a **risk perspective** more explicitly into the guidance. Internal control assessment without explicit connection to risk impacts the usefulness of audit conclusions and risks reinforcing a compliance-checklist culture. By grounding control assessment in the objectives, risks, and root causes of the audited entity, the guidance can provide a more robust and practical foundation for SAIs to deliver assurance and insight.

Go-Forward

The IIA’s Standards and Guidance team stands ready to meet with you to discuss the comments, at your convenience. In addition, we offer our willingness to support and collaborate with the INTOSAI/the PSC, as needed. We appreciate the opportunity to comment and contribute to your mission.