




The Institute of  
Internal Auditors

African Federation of  
Institutes of Internal Auditors



# THE PROFESSIONAL RECOGNITION & OVERSIGHT OF INTERNAL AUDITING ACT

Model Legislation for African National Institutes & Their Policymakers



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# Introduction & Overview

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While internal auditing's origins date back centuries, the modern professionalization of the practice started in 1941. That year, Victor Brink published the first major book on internal auditing and John B. Thurston and Robert Milne, internal auditors in the energy sector, began to discuss the need for a professional association for internal auditors. Through a collaboration among the three men, on November 17, 1941, The Institute of Internal Auditors (The IIA) was formally incorporated, growing to 104 members by the end of its first year.

Since 1941, The IIA and the profession have flourished. The IIA now has over 265,000 members and 117 national institutes affiliated with it across the globe, including 27 in Africa.<sup>1</sup> In addition, the profession has become more sophisticated, relevant, and respected with the development of international professional standards and the creation of globally recognized certifications, such as the Certified Internal Auditor® (CIA®) and the Internal Audit Practitioner (IAP). Increasingly, the presence of an internal audit function is seen as an essential best practice in both the corporate world and in the public sector.

As the profession continues to mature, internal audit leaders realize that policymakers are increasingly turning to the profession to protect the public interest, add value, and provide assurance across all sectors of the economy. This public trust is predicated on the internal audit profession demonstrating that it deserves the trust of policymakers and other stakeholders.

As a general rule, The IIA believes that the internal audit profession should be self-regulated. That is to say that the profession should oversee profession standards and the issuance of certifications and certificates, and it should be charged with the discipline and oversight of its practitioners. Such a model, however, operates under an implicit understanding with governments that the profession will maintain the highest quality standards and certifications and that it will appropriately provide discipline and oversight of its members.

Self-regulation is a privilege, not a right, and only functions when governments and a designated professional body have a strong shared framework for transparency, accountability, and oversight.

Across Africa, several of The IIA's national institutes have recently sought a model law to codify this vision while also obtaining formal government recognition of their institutes as the professional body for internal auditing in their respective countries. The IIA and the African Federation of Institutes of Internal Auditors (AFIIA) understand the importance of this sort of recognition and partnered, in 2024, to develop this African-specific model law.

While every country has slightly different approaches to legislating and may have variations in their policy priorities, having a strong, formally recognized internal auditing professional body will strengthen the internal auditing profession while also benefiting all stakeholders, including the government, investors, consumers, corporate leaders, and the public interest.

Public policymakers interested in passing an internal auditing law are encouraged to contact their national institute to partner on advancing legislation based on this model act. The IIA and AFIIA also are available as a resource to the national institute and government officials as they advance such legislation.

<sup>1</sup> 265,000 members, 117 national institutes, and 27 institutes in Africa as of publication of this document.



## How to Use This Model Act

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This Act is written so that it may be introduced in a legislature as a single, comprehensive bill. However, lawmakers may also opt to modify or remove certain provisions of the proposal as appropriate to their political environment. In certain sections, a placeholder in the bill will need to be filled in. For example, lawmakers and national institute leaders will need to agree on the government official principally charged with the oversight of and reporting function to the professional body. In other places, they will need to insert a name or number that has been left blank to allow for tailoring the legislation to specific countries. Those sections are noted in red.

Accompanying the Model Act are explanatory comments, which are not part of the law itself, and are designed to provide additional background and context as to why certain sections are designed the way they are or why certain provisions were included.



# Guiding Policy Principles

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**In developing any model act, it is essential to have an underlying philosophy which informs that framework. The IIA articulates its philosophy for this model act through five guiding policy principles.<sup>2</sup>**

**First, internal auditing strengthens an organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.** This is the purpose of internal auditing as articulated in The IIA's Standards. As such, laws, regulations, and other policies related to internal auditing should be designed with this purpose in mind. Any public or corporate governance policies which impede the appropriate scope of activities of internal auditors, undermine their independence, or compromise their objectivity should be rectified.

**Second, internal auditing enhances an organization's ability to serve the public interest.<sup>3</sup>** While the primary function of internal auditing is to strengthen governance, risk management, and control processes, its effects extend beyond the organization. Because of the ways in which internal audit can instill greater trust and confidence in organizational controls and processes, policymakers may opt to require internal audit functions in certain sectors of the economy as a way to enhance certain investor, taxpayer, consumer, and/or public protections. Such mandates by governments are not to be taken lightly but can be a powerful tool available to policymakers to protect the public and achieve certain policy goals.

**Third, globally recognized, high-quality standards and certifications are essential to the success of the internal auditing profession, ensuring quality, consistency, and effectiveness for all stakeholders.** To ensure a profession has credibility, it must follow widely accepted, consistent, and robustly tested standards for practice and ethical behavior, as well as develop appropriate mechanisms to ensure practitioners are qualified and competent. The IIA is committed to helping national institutes protect and advance the adoption of its professional practice framework (including The IIA's Standards and guidance) and its certifications within public and corporate governance policies.

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<sup>2</sup> These Guiding Policy Principles also appear in The IIA's Global Public Policy Position Paper (GP4), which articulates the organization's recommended legal and regulatory framework for the profession. [www.theiia.org/GP4](http://www.theiia.org/GP4)

<sup>3</sup> This principle is also found in The IIA's Standards. For fuller context, here is the complete definition: "Public interest encompasses the social and economic interests and overall well-being of a society and the organizations operating within that society (including those of employers, employees, investors, the business and financial community, customers, regulators, and government). Questions of public interest are context specific and should weigh ethics, fairness, cultural norms and values, and potential disparate impacts on certain individuals and subgroups of society."



**Fourth, to the greatest extent possible, The IIA is committed to promoting a “One IIA” vision for public and corporate governance policies.** While there may be some variances in laws and regulations across jurisdictions, the essential core components of a successful legal and regulatory framework should be the same across Africa and the entire globe. This helps to ensure consistent quality, standards, processes, expectations, and outcomes for internal auditors and their stakeholders, whether an internal auditor is operating in Cairo, Quito, Lusaka, or London.

**Fifth, the internal audit profession operates best under a model of self-regulation.**

Throughout the world, national institutes and The IIA have demonstrated an ability to successfully oversee their members within the internal audit profession through the development and promotion of their own standards, ethics, certifications, and continuing education, and the oversight and discipline of their members. For some professions (e.g., doctors, architects, accountants), governments have deemed it in the public interest for the government to regulate practitioners directly. However, the justification for government regulation is usually due to a compelling set of specific and clear risks to the public or a significant previous market failure which regulation is believed to mitigate. While governments may have varying degrees of involvement with their national institutes and the activities of the profession, the internal audit profession has demonstrated that it operates best under a model of self-regulation.





# Summary of the Model Act

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## **This model act is designed to serve the following objectives:**

- Provide for the regulation and oversight of the internal audit profession.
- Provide a process for the national institute of internal auditors within a country to obtain government recognition as the country's professional body for internal auditing.
- Define "internal auditing," "internal audit function," and other key profession terms clearly within the law.
- Establish robust requirements and financial and oversight safeguards for the national institute to obtain and maintain its status as a professional body.
- Allow for the dissolution and reconstitution of the national institute in the event of financial mismanagement or professional misconduct by a majority of its board of directors.
- Set minimum qualifications and requirements for individuals to engage in the practice of internal auditing.
- Create a government board charged with overseeing the development and approval of recommended syllabi and curricula for examinations at universities and colleges related to internal auditing.
- Recognize a professional practice and ethics framework and a disciplinary and oversight framework for internal auditors in the country.
- Require internal audit functions in those sectors of the economy where such a requirement is deemed necessary to protect the public interest (citizens, taxpayers, investors, and/or consumers).
- Protect internal auditors (and their immediate family members) from harassment and violence as they perform their duties.



# Essential Provisions of the Act

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While proposed legislation is likely to undergo many changes as it is considered by a country's legislative body, there are certain essential provisions in this model act which provide robust public protections and should be deemed essential to the success of the legislation. As such, national institutes should secure a commitment from their legislative champions to introduce legislation **only if** it contains these core provisions, and legislative proponents should commit to retaining these provisions throughout the process.

Additionally, national institutes should be prepared to withdraw their support and then **actively oppose** final passage of any legislation that does not contain these essential provisions.

The IIA and AFIIA at the request of and in partnership with national institutes will be pleased to endorse passage of legislation that contains these provisions.

## The seven essential provisions are:

- (1) A clear definition of “internal auditing” and “internal audit function” which are foundational concepts for the oversight of the profession;
- (2) Recognition of The IIA's professional and ethical standards;
- (3) Recognition of the national institute of internal auditors within a country and a process for that institute to obtain government recognition as the country's professional body for internal auditing. Recognition should also require the national institute to remain in compliance with the act or face suspension of its recognition, and there should be a process for dissolution and reconstitution of the national institute in the event of financial mismanagement or professional misconduct by the institute's board of directors;
- (4) Key oversight and public reporting safeguards for recognition of the national institute as the professional body, including:
  - bylaws which have been approved by the national institute's membership;
  - an annual membership meeting;
  - a publicly available registry of members in good standing;
  - an annual financial audit of the national institute;
  - an internal audit function for the national institute; and
  - an annual report on the national institute's activities, goals, and strategies;
- (5) A robust disciplinary and oversight framework, applicable to all internal auditors within the country, overseen by the national institute, and a process for the public to request information on disciplinary and oversight actions taken by the national institute against members;
- (6) A mutual recognition agreement in good standing between the national institute and The Institute of Internal Auditors to ensure that the national institute is aligned with global best





practices and standards and receives the benefits of being part of a global federation of 117 national institutes; and

- (7) A recognition of The IIA's intellectual property rights, including the use of the term "The Institute of Internal Auditors of [COUNTRY]."

For additional discussion on the value and rationale behind these provisions, please see the relevant COMMENTARY sections.





# The Professional Recognition and Oversight of Internal Auditing Act

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Developed and Endorsed by the African Federation of Institutes of Internal Auditors & The Institute of Internal Auditors



The Institute of  
**Internal Auditors**

African Federation of  
**Institutes of Internal Auditors**



## SECTION 1. TITLE; TABLE OF CONTENTS.

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- (a) TITLE.— This Act may be cited as the “Professional Recognition and Oversight of Internal Auditing Act of 20\_\_” or the “PRO IA Act of 20\_\_.”
- (b) TABLE OF CONTENTS.— **[INSERT A FINAL TABLE OF CONTENTS HERE.]**



## SECTION 2. PURPOSES OF THIS ACT.

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The purposes of this Act are to —

- (a) provide for the regulation and oversight of the internal audit profession in [COUNTRY];
- (b) continue the existence of The Institute of Internal Auditors of [COUNTRY] and provide for its functions and authority;
- (c) provide a process, with appropriate financial and government reporting and oversight safeguards, for The Institute of Internal Auditors of [COUNTRY] to become recognized and operate as the self-regulatory professional body for internal auditing in [COUNTRY];
- (d) recognize —
  - (1) professional requirements for persons engaged in the practice of internal auditing;
  - (2) an internal audit practice, ethics, and standards framework; and
  - (3) a disciplinary and oversight framework for internal auditors;
- (e) advance the public interest by—
  - (1) Requiring internal audit functions in organizations in those sectors of the economy where such a requirement is deemed necessary to protect citizens, taxpayers, investors, consumers, and/or other stakeholders;
  - (2) guaranteeing the independence of internal auditors in the performance of their functions; and
  - (3) enhancing organizational governance and accountability by leveraging internal audit as a tool for fraud detection, risk management, and transparency, thereby strengthening anti-corruption efforts;
- (f) protect internal auditors in the performance of their duties from threats, harassment, and/or violence against themselves or their immediate families.



## SECTION 3. DEFINITIONS.

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When used in this Act, the following terms have the meanings indicated—

- (a) **ARTIFICIAL INTELLIGENCE SERVICES PROVIDER.**— any company, non-profit organization, or other entity which provides services, whether directly or indirectly, via a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments. Artificial intelligence systems use machine- and human-based inputs to perceive real and virtual environments; abstract such perceptions into models through analysis in an automated manner; and use model inference to formulate options for information or action;
- (b) **AUDIT COMMITTEE.**— a committee designated by a governing body to oversee financial reporting, risk management, internal controls, legal and regulatory compliance, and the oversight and activities of internal and external auditors;

### COMMENTARY

Section 3 defines terms within this Act. While all the definitions are designed to add clarity to the legislation, the definitions considered essential are those which clarify key terms related to internal auditing. Those are:

- Audit Committee
- Certified Internal Auditor
- Chief Audit Executive
- Global Internal Audit Standards
- The Institute of Internal Auditors
- Internal Audit Practitioner
- internal audit charter
- internal audit function
- internal auditing
- internal auditor
- International Professional Practices Framework
- National Institute

Lack of clear, consistent definitions for those core terms can create confusion and harm the ability of the profession to operate successfully.



- (c) **BOARD OF DIRECTORS.**— a type of governing body commonly found in companies and non-profit organizations;
- (d) **CERTIFICATION.**— a professional qualification issued by a professional body, an association, an educational institution, or other organization to verify the knowledge, expertise, and/or competency of a person to perform a certain activity, job, or profession. Issuance of a certification is dependent on a person having successfully passed one or more examinations and/or specific eligibility criteria;
- (e) **CERTIFIED INTERNAL AUDITOR.**— a certification, with that name, issued by The Institute of Internal Auditors, to demonstrate advanced professional competence and expertise in internal auditing, or a person holding such a certification, or any successor credential of the Certified Internal Auditor;
- (f) **CHIEF AUDIT EXECUTIVE.**— the primary person within an internal audit function, whether or not that title is used, who is responsible for effectively managing all aspects of the function and ensuring the quality performance of internal audit services in accordance with the Global Internal Audit Standards;
- (g) **CLOUD COMPUTING SERVICES.**— services designed to enable ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. This includes other commercial terms, such as on-demand self-service, broad network access, resource pooling, rapid elasticity, and measured service. It also includes commercial offerings for software-as-a-service, infrastructure-as-a-service, and platform-as-a-service.
- (h) **COVERED ENTITY.**— includes—
  - (1) COVERED TECHNOLOGY ENTITIES;
  - (2) CRITICAL INFRASTRUCTURE ENTITIES;
  - (3) PUBLIC INTEREST ENTITIES;
  - (4) PUBLIC SECTOR ENTITIES; and
  - (5) **REGULATED PROFESSIONS AND INDUSTRIES.**— Any company, non-profit organization, or other entity regulated under—
    - (A) [RELEVANT LAW];
    - (B) [RELEVANT LAW];
    - (C) [RELEVANT LAW]; or
    - (D) [ETC.].
- (i) **COVERED TECHNOLOGY ENTITY.**— includes—
  - (1) ARTIFICIAL INTELLIGENCE SERVICES PROVIDERS;
  - (2) CYBERSECURITY SERVICES PROVIDERS;



**(3) INFORMATION TECHNOLOGY INFRASTRUCTURE AND OPERATIONS PROVIDERS;** and

**(4) QUANTUM COMPUTING SERVICES PROVIDERS.**

**(j) CRITICAL INFRASTRUCTURE ENTITY.—** any company, non-profit organization, government agency, or other entity which operates or is responsible for the maintenance and administration of: water and wastewater systems; electricity generation and distribution (e.g., oil, gas, renewables, coal, and nuclear reactors); dams; health care and hospital systems; emergency services; public schools; transportation networks and services; agriculture and food supply systems; telecommunications; and chemicals and hazardous materials production and distribution;

**(k) CYBERSECURITY SERVICES PROVIDER.—** any company, non-profit organization, or other entity which provides services, whether directly or indirectly, protecting technology (including hardware and software), information, and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide—

(1) integrity, which means guarding against improper information modification or destruction, and includes ensuring information nonrepudiation and authenticity;

(2) confidentiality, which means preserving authorized restrictions on access and disclosure, including means for protecting personal privacy and proprietary information;

(3) availability, which means ensuring timely and reliable access to and use of information; and

(4) authentication, which means utilizing digital credentials to assure the identity of users and validate their access.

**(l) GLOBAL INTERNAL AUDIT STANDARDS.—** the professional standards, promulgated by The Institute of Internal Auditors, whether or not that name is used, which guide the practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function;

**(m) GOVERNING BODY.—** the highest-level body of an organization charged with governance of that organization;

**(n) IMMEDIATE FAMILY.—**

(1) a person's spouse, parent, grandparent, grandchild, sibling, or child, (including a child to whom the person stands in loco parentis); or

(2) any other person living in a person's household or who is related by blood or marriage up to the second degree.

**(o) IN WRITING.—** means a letter or other communication sent via mail, courier, or electronic mail;





- (p) **INFORMATION TECHNOLOGY INFRASTRUCTURE AND OPERATIONS PROVIDER.**— Any company, non-profit organization, or other entity which provides services, whether directly or indirectly, to manage one or more other entities' information technology systems, networks, and services. This includes designing, deploying, monitoring, and maintaining hardware and software and the provision of cloud computing services that support operations;
- (q) **THE INSTITUTE OF INTERNAL AUDITORS.**— the global professional association, with that name, also referred to as The IIA, representing the internal audit profession or any successor organization thereof;
- (r) **INTERNAL AUDIT PRACTITIONER.**— a credential, with that name, issued by The Institute of Internal Auditors or any regional or national version of that credential authorized by The Institute of Internal Auditors and recognized by the National Institute to demonstrate a foundational understanding of the practice of internal auditing, or a person holding such a credential, or any successor credential of the Internal Audit Practitioner;
- (s) **INTERNAL AUDIT CHARTER.**— a formal document that includes the internal audit function's mandate, organizational position, reporting relationship, scope of work, types of services, and other specifications;
- (t) **INTERNAL AUDIT FUNCTION.**—
- (1) a professional individual or group within or contracted to a covered entity who, in conformance with globally accepted internal auditing standards, is responsible for providing: the governing body; an audit committee, if applicable; and management with: independent, objective, risk-based assurance over the covered entity's internal controls, information, processes, and systems within the organization; advisory and/or consulting services; and strategic advice, insight, and foresight on risk mitigation and management, governance, and control and compliance processes. For the purposes of this Act, an internal audit function shall be —
    - (A) independent from management, reporting to the covered entity's governing body, its audit committee, or another body to which the governing body has delegated certain functions;
    - (B) led by a Chief Audit Executive responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services; the Chief Audit Executive shall hold—
      - (i) the Certified Internal Auditor certification, and
      - (ii) other professional certifications, professional qualifications, or credentials, as appropriate;
    - (C) required to establish a written internal audit charter agreed upon by both the governing body or its audit committee and the Chief Audit Executive; and



(D) **subject to an external quality assessment (i.e., an audit of the internal audit function) no less than once every five years;**

(2) **No provision in this Act shall exclude the option of a partially or fully outsourced internal audit function, provided the entity fulfilling the internal audit function does not provide external audit services to the same covered entity or pose any other type of conflict of interest;**

## COMMENTARY

The internal audit function is a foundational concept for the practice of internal auditing. Failure to define its key components may lead to the creation of functions which are suboptimal in performance and fail to meet their mandates.

The IIA has identified six core criteria that it deems essential to a successful function. Therefore, it is recommended that any legal or regulatory definition codify the following:

1. **Independence from management**, reporting directly and accountable to either an entity's audit committee or the governing body;
2. **A written internal audit charter** agreed upon by both the governing body or its audit committee and the Chief Audit Executive (CAE);
3. Follows **globally accepted internal audit standards**;
4. Has **qualified staff**, as demonstrated through such means as **holding appropriate certifications**, such as the Certified Internal Auditor® (CIA®) and/or other professional qualifications, education, training, or specialty credentials related to expertise in areas or topics subject to an internal audit;
5. Has the ability to perform activities in an **objective and unbiased** manner with no conflicts of interest;
6. Is subject to an **external quality assessment** (i.e., an audit of the internal audit function) such as The IIA's External Quality Assessment (EQA) or Self-Assessment with Independent Validation (SAIV) or an alternative high-quality private sector equivalent no less than once every five years.

The qualifications and competency of the Chief Audit Executive (CAE) are particularly important to the success of the internal audit function. With that in mind, this definition sets a requirement for the Chief Audit Executive to hold the Certified Internal Auditor credential.

However, **while strongly preferred**, in certain limited instances, this **may not always be practical**. Therefore, Section 7 of the Act allows for individuals who hold a professional credential that is substantially equivalent to the CIA or of appropriate relevance to the practice of internal auditing to be exempted from the requirement. This is to account for instances, for example, where a Certified Public Accountant/Chartered Accountant is already performing the role of CAE and is deemed sufficiently qualified. The Act also provides for a transition period in Section 13 for up to three years for those CAEs who do not yet meet this qualification to obtain the CIA or an acceptable alternative.

Unfortunately, in some countries, it may not be politically feasible to include a requirement for CAEs to hold the CIA (or a substantially equivalent alternative). In those cases, national institutes may opt to substitute the CIA with the IAP or, in the **least preferable** of options, drop the requirement entirely for a certification.

(u) **INTERNAL AUDITING.— the planning and performing of services which provide risk-based objective assurance, independent from management, over internal controls, information, processes, and systems within an organization, the reporting thereon, and, when provided with such services, related advisory and/or consulting services such as risk mitigation, strategic advice, insight, and foresight,**



- and activities to evaluate and improve the effectiveness of an organization's governance, risk management, and control and compliance processes;
- (v) **INTERNAL AUDITOR.**— a person who engages in the practice of internal auditing;
  - (w) **INTERNATIONAL PROFESSIONAL PRACTICES FRAMEWORK.**— the conceptual framework, promulgated by The IIA, that organizes authoritative guidance for internal auditors, including the Global Internal Audit Standards, Topical Requirements, and Global Guidance, or any successor framework of the International Professional Practices Framework;
  - (x) **LARGE DATA HOLDERS.**— any company, non-profit organization, or other entity who, in the most recent calendar year—
    - (1) had annual gross revenues of **[INSERT NUMBER]** or more; and
    - (2) collected, processed, or transferred the data of more than **[INSERT NUMBER]** individuals or devices that identify or are linked or reasonably linkable to one or more individuals, excluding data collected and processed solely for the purpose of initiating, rendering, billing for, finalizing, completing, or otherwise collecting payment for a requested product or service;
  - (y) **MAJORITY VOTE.**— a majority of eligible individuals who participate in an election or in the vote of a governing body or committee;
  - (z) **MUTUAL RECOGNITION AGREEMENT.**— a written agreement, in good standing, signed between the National Institute and The Institute of Internal Auditors explaining the rights and responsibilities of each party in advancing the internal audit profession both within **[COUNTRY]** and globally;
  - (aa) **NATIONAL INSTITUTE.**— The Institute of Internal Auditors of **[COUNTRY]** or any successor or reconstituted organization thereof;
  - (bb) **PROFESSIONAL BODY.**— an organization, recognized by the Government, that seeks to advance the interests of a particular profession, the members of that profession, and the public interest, while also promoting high standards of competence and ethics, providing training and education, and building goodwill and a strong reputation for the profession it represents;
  - (cc) **PROFESSIONAL MISCONDUCT.**— behavior that is considered to be unethical, illegal, fraudulent, or in violation of professional standards, codes of conduct, sound financial management, or social or business norms and values;
  - (dd) **PUBLIC INTEREST ENTITY.**—
    - (1) any company whose transferable securities are publicly traded on an exchange principally domiciled within **[COUNTRY]**;
    - (2) any financial services or credit lending company or institution;
    - (3) any insurance provider;
    - (4) any company or entity who offers a platform for the public trading of cryptocurrencies; or



- (5) any large data holders;
- (ee) PUBLIC SECTOR ENTITY.—
  - (1) any company primarily owned or controlled by the Government;
  - (2) any company, non-profit organization, or entity who receives a government contract worth more than **[INSERT NUMBER]**; or
  - (3) any recipient of a government grant worth more than **[INSERT NUMBER]**; and
- (ff) QUANTUM COMPUTING SERVICES PROVIDER.— any company, non-profit organization, or other entity which provides services, whether directly or indirectly, which use quantum mechanics to perform calculations on specialized hardware and solve complex problems.



## SECTION 4. RECOGNITION OF THE NATIONAL INSTITUTE AS THE PROFESSIONAL BODY FOR INTERNAL AUDITING IN [COUNTRY].

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- (a) **RECOGNITION OF THE NATIONAL INSTITUTE.**— The Institute of Internal Auditors of [COUNTRY] registered under the [RELEVANT ACT] is continued as if established under this Act.
- (b) **LEGAL STATUS AND RIGHTS OF THE NATIONAL INSTITUTE.**— The National Institute is a body corporate with perpetual succession and a common seal, capable of suing and being sued in its corporate name and with power, subject to this Act, to—
- (1) undertake all activities that a body corporate may, by law, do or perform;
  - (2) enter into any contracts or partnerships that are directly or otherwise reasonably related to the discharge of its function;
  - (3) borrow, lend, or otherwise raise money, including by way of executing securities and guarantees, as it may from time to time determine to be necessary;
  - (4) acquire, hold, and dispose of investments in other enterprises; and
  - (5) acquire, hold, manage, and dispose of movable or immovable properties by whatever lawful means in connection with the pursuit of its purposes.
- (c) **RECOGNITION BY THE GOVERNMENT AS A PROFESSIONAL BODY.**— The National Institute is eligible to seek recognition by the Government as the professional body for internal auditing in [COUNTRY].
- (1) **APPLICATION CRITERIA.**— In order to obtain recognition, the National Institute shall submit, in writing, to the [TITLE OF GOVERNMENT OFFICIAL] at [RELEVANT AGENCY]—
- (A) a letter requesting recognition by the Government as the professional body for internal auditing in [COUNTRY];
  - (B) a copy of its bylaws;
  - (C) a list of its elected leadership and senior employees;
  - (D) a copy of its audited financial statements for the previous five (5) fiscal years;
  - (E) a copy of its disciplinary and oversight framework for its members;
  - (F) confirmation that it has an internal audit function;



- (G) confirmation that it has a mutual recognition agreement in good standing with The Institute of Internal Auditors; and
- (H) any additional materials that may be requested by the [TITLE OF GOVERNMENT OFFICIAL] to make a determination under 4(c)(2).

#### COMMENTARY

Sections 4(a) and 4(b) reaffirm the status of the National Institute as an organization already in existence and able to continue operating within the country with the passage of this Act. Furthermore, it states the legal rights and responsibilities of the organization. Section 4(c) then establishes a process whereby the National Institute can seek government recognition as the professional body for internal auditing within the country. In particular, it lists materials that the National Institute must submit for review to verify that it is in conformance with the requirements for recognition as enumerated in Section 5.

This is the first section of the law where a reference is made to [TITLE OF GOVERNMENT OFFICIAL]. This is a key consideration for public policymakers and the National Institute to determine together. This placeholder official, cited repeatedly throughout the Act is charged with recognizing the National Institute as the professional body, ensuring its on-going compliance with the Act, suspending or revoking recognition, and approving updates to the professional body's bylaws and disciplinary framework. This person also has the ability to appoint a representative to the professional body's Board of Directors and disciplinary and oversight committee and has oversight responsibilities over the curricula and examinations board for the profession. Given the vast responsibilities and accountabilities in this role, it should be carefully considered. This representative is, in effect, charged with ensuring that this professional body is fulfilling its responsibilities to the profession, the government, the public, and other stakeholders. Potential candidates for this role might include an Auditor General, a Comptroller General, a Chief Controller, or a Finance Minister.

**(2) COMPLIANCE ASSESSMENT AND RECOGNITION.—** Within 90 days of receipt of items in 4(c)(1)(A-H), the [TITLE OF GOVERNMENT OFFICIAL] shall review the materials and determine whether the National Institute is in compliance with the requirements of this Act.

- (A) If the [TITLE OF GOVERNMENT OFFICIAL] determines that the National Institute has met the requirements of this Act, within 15 days of that determination, the [TITLE OF GOVERNMENT OFFICIAL] shall respond, in writing, to the National Institute recognizing it as the professional body for the internal auditing profession in [COUNTRY].
- (B) If the [TITLE OF GOVERNMENT OFFICIAL] determines that the National Institute has not met the requirements of this Act, within 15 days of that determination, the [TITLE OF GOVERNMENT OFFICIAL] shall respond, in writing, to the National Institute explaining why its petition for recognition was denied.
- (C) The National Institute, if denied Government recognition, may reapply without restrictions.
- (D) Upon receipt of a letter of recognition as the professional body for the internal auditing profession in [COUNTRY], such recognition



shall remain valid unless suspended or revoked due to non-compliance with Section 4(c)(3) of this Act or the Government passes legislation to supersede this Act.

- (3) **MAINTENANCE OF GOOD STANDING.**— To maintain its recognition as the professional body for internal auditing in [COUNTRY], the National Institute shall comply with all requirements of this Act.

#### COMMENTARY

Sections 4(c)(3) is an *essential* component of the Act in that it requires the National Institute to stay in compliance with all requirements within the Act or risk losing its status at the professional body for internal auditing in the country.

- (4) **NON-COMPLIANCE, SUSPENSION, AND REMEDIATION.**— If a person believes that the National Institute has failed to comply with one of the requirements of this Act, the person may, in writing, contact the [TITLE OF GOVERNMENT OFFICIAL] to explain the suspected non-compliance.
- (A) Within 15 days of receipt of a complaint, the [TITLE OF GOVERNMENT OFFICIAL] shall inform the Board of Directors of the National Institute, in writing, of the allegations of non-compliance and invite the National Institute to respond.
  - (B) The [TITLE OF GOVERNMENT OFFICIAL] is authorized to request additional information and evidence from the complainant, the National Institute, and third parties to evaluate the allegation of non-compliance.
  - (C) During an investigation of non-compliance, the National Institute may take remedial actions to ensure compliance with this Act and may report such actions, in writing, to the [TITLE OF GOVERNMENT OFFICIAL].
  - (D) Within 90 days of receipt of a complaint under this Section, the [TITLE OF GOVERNMENT OFFICIAL] shall complete an evaluation of the allegations against the National Institute and determine whether the National Institute is in compliance with this Act. Within 15 days of that determination, [TITLE OF GOVERNMENT OFFICIAL] shall explain, in writing, to both the complainant and the National Institute what the determination was. If the National Institute is found to be in non-compliance, the [TITLE OF GOVERNMENT OFFICIAL] shall explain what the National Institute must do to conform to the requirements of this Act.
  - (E) If the National Institute is determined to be in non-compliance, its recognition as the professional body for internal auditing in [COUNTRY] shall be suspended effective immediately and until such time that it has rectified the findings of non-compliance by the [TITLE OF GOVERNMENT OFFICIAL].





- (F) Upon rectifying its non-compliance with this Act, the National Institute may apply, in writing, to the **[TITLE OF GOVERNMENT OFFICIAL]** for reinstatement of its status as the professional body for internal auditing in **[COUNTRY]**, providing such supplemental materials as necessary to confirm its compliance with this Act.
- (G) The **[TITLE OF GOVERNMENT OFFICIAL]** is authorized to request additional information and evidence from the National Institute and third parties in evaluating a request for reinstatement.
- (H) Within 30 days of a written request for reinstatement, the **[TITLE OF GOVERNMENT OFFICIAL]** shall determine if the National Institute has met the requirements for reinstatement and shall issue a letter to the National Institute—
  - (i) recognizing its reestablishment as the professional body for internal auditing in **[COUNTRY]**, or
  - (ii) explaining the reasons that the National Institute’s request for reinstatement was denied.
- (I) The National Institute, if denied reinstatement, may reapply without restrictions.
- (J) Upon issuance of a letter of reinstatement of recognition as the professional body for internal auditing in **[COUNTRY]**, such recognition shall remain valid unless suspended or revoked due to non-compliance with Section 4(c)(3) of this Act or the Government passes legislation to supersede this Act.

#### COMMENTARY

Sections 4(c)(4) establishes a process whereby the designated Government official can investigate the National Institute for non-compliance with the Act. This is an important safeguard for the trust that has been given to the National Institute to act as a self-regulatory professional body.

The provision is designed to ensure timely notification to the National Institute of any investigation, provide a process for the National Institute to rectify any shortcomings, and for any investigation to be launched and completed in a relatively short time frame (105 days or less). If the National Institute is not in compliance, it risks the suspension of its recognition as the professional body. Given the reputational damage of such a suspension, the provision serves as a strong incentive for the National Institute to meet all its financial, organizational governance, reporting, and oversight obligations.

#### (5) DISSOLUTION AND RECONSTITUTION OF THE NATIONAL INSTITUTE.—

- (A) DISSOLUTION.— In the event that the **[TITLE OF GOVERNMENT OFFICIAL]** has reason to believe that a majority of the Board of Directors has engaged in financial mismanagement and/or professional misconduct in their duties overseeing the National Institute, the **[TITLE OF GOVERNMENT OFFICIAL]** shall conduct an investigation of the Board of Directors.



- (i) Within five days of initiating an investigation, the [TITLE OF GOVERNMENT OFFICIAL] shall inform all members of the Board of Directors, in writing, of the investigation and invite them to respond.
- (ii) The [TITLE OF GOVERNMENT OFFICIAL] is authorized to request additional information and evidence from the Board of Directors and third parties as part of this investigation.
- (iii) During an investigation, the Board of Directors may take remedial actions to address inquiries by the [TITLE OF GOVERNMENT OFFICIAL] and may report such actions, in writing, to the [TITLE OF GOVERNMENT OFFICIAL].
- (iv) Within 90 days of initiating an investigation, the [TITLE OF GOVERNMENT OFFICIAL] shall complete the investigation and shall explain, in writing, to the Board of Directors the findings of the investigation.
- (v) If the [TITLE OF GOVERNMENT OFFICIAL] determines that a majority of the Board of Directors has engaged in financial mismanagement or professional misconduct in their duties overseeing the Board, such that the continued successful operations and/or the professional reputation of the National Institute is in significant jeopardy, the [TITLE OF GOVERNMENT OFFICIAL] may order the following remedies—
  - (I) the resignation of those members of the Board of Directors found to have engaged in financial mismanagement or professional misconduct and a ban on those members serving on the Board of Directors again; or
  - (II) the dissolution of the National Institute.

(B) RECONSTITUTION OF THE NATIONAL INSTITUTE.— In the event of the dissolution of the National Institute, any corporate body meeting the criteria of this Act shall be eligible to apply for recognition as the professional body for internal auditing of [COUNTRY] except Section 4(c)(1)(D) shall not apply.



## COMMENTARY

While it is expected that a National Institute will always operate with a strong Board of Directors, demonstrating financial acumen and strong ethics, Section 4(c)(5) creates a process, in the unlikely event that a majority of the Board of Directors of the National Institute has engaged in financial mismanagement or professional misconduct, for the designated Government official to remove the problematic board members from their positions. In extreme cases, the Government official could also act to dissolve the National Institute, allowing for a new National Institute to form and seek recognition as a successor professional body.

- (6) **RIGHT TO A JUDICIAL APPEAL.** Nothing in this Act shall abrogate the right of the National Institute to appeal a decision of the **[TITLE OF GOVERNMENT OFFICIAL]** to the appropriate judicial body.

## COMMENTARY

In nearly all cases in this Act, the designated Government official is the final decisionmaker, expected to interpret this Act and oversee the compliance of the professional body. However, because this is a great degree of responsibility vested in one official, it is important to give the National Institute a right of appeal in those cases where the Government official is misinterpreting the law, acting overly harshly, or otherwise incorrectly fulfilling the role as required.



## SECTION 5. REQUIREMENTS FOR RECOGNITION AS THE PROFESSIONAL BODY FOR INTERNAL AUDITING IN [COUNTRY].

To qualify for and maintain recognition by the National Institute as the professional body for internal auditing of [COUNTRY] under section 4(c) of this Act, the following provisions shall apply—

### COMMENTARY

Section 5 lays out the requirements for the National Institute to be eligible to become a professional body for internal auditing. In particular, it requires the National Institute to have bylaws and a robust disciplinary and oversight (D&O) framework, approved by the National Institute's membership. The section aims to avoid being overly prescriptive with those requirements, allowing the National Institute to periodically update the bylaws and D&O framework, as warranted, subject to a) a vote of the membership and b) confirmation by the designated Government official that the updated bylaws and/or D&O framework comply with the requirements of this Act.

Section 5 also sets parameters around membership in the National Institute and establishes certain safeguards and public protections, including requirements for:

- an annual membership meeting;
- a public registry of members in good standing;
- a process for the public to request information on disciplinary and oversight actions taken by the National Institute against members;
- an annual financial audit of the National Institute;
- an internal audit function within the National Institute;
- a mutual recognition agreement between the National Institute and The Institute of Internal Auditors; and
- an annual report on the National Institute's activities, goals, and strategies.

Further edifying the link between the designated Government official and the National Institute, the Government official is authorized to appoint an individual to serve on the National Institute's Board of Directors and an individual to serve on the National Institute's disciplinary and oversight committee.

Collectively, these provisions are designed to help give public policymakers, the profession, and the public confidence in the financial health, organizational governance, on-going operations, accountabilities, and strategy of the National Institute.



(a) **BYLAWS OF THE NATIONAL INSTITUTE.—**

(1) **QUALIFICATIONS FOR RECOGNITION.** The National Institute shall have a set of bylaws, approved by a majority vote of its members in good standing. The bylaws shall provide for—

(A) **A BOARD OF DIRECTORS.** The Board of Directors shall have at least six members elected by majority vote from among the National Institute’s membership and one person appointed by the **[TITLE OF GOVERNMENT OFFICIAL]**. Board Members shall be limited to no more than six years of service on the Board. One of the elected members shall be designated as the Chair of the Board of Directors. No person shall be eligible to serve as Chair of the Board for longer than two years. The bylaws may also specify additional officers of the Board.

(B) **A SECRETARIAT.** The bylaws shall authorize the Board of Directors to employ a secretariat to provide for the effective management and day-to-day operations of the National Institute. One of the employees shall be appointed by the Board of Directors as the Executive Director of the National Institute. The Board of Directors shall have the sole authority to hire or terminate the employment of the Executive Director but may delegate other personnel decisions to the Executive Director. No Board Member may serve as an employee or contracted service provider of the National Institute while serving on the Board of Directors.

(2) **UPDATES TO THE BYLAWS.—**

(A) Any updates to the bylaws must—

(i) be approved by a majority vote of the membership of the National Institute; and

(ii) be sent, in writing, to the **[TITLE OF GOVERNMENT OFFICIAL]** within 30 days of the vote to approve.

(B) Within 30 days of receipt of a proposal to update the bylaws, the **[TITLE OF GOVERNMENT OFFICIAL]** shall review the updates to ensure that they are in compliance with this Act. Within 15 days of that completed review, the **[TITLE OF GOVERNMENT OFFICIAL]** shall respond, in writing, to the National Institute, explaining if the updates are in compliance. If the updates are deemed in compliance, they shall take immediate effect. If the updates are found not to be in compliance, they shall be considered not approved and the **[TITLE OF GOVERNMENT OFFICIAL]** shall explain how the proposed updates violate the Act.



- (C) If updates to the bylaws are not approved, the National Institute may submit additional updates without restrictions.

**(b) MEMBERSHIP IN THE NATIONAL INSTITUTE.—**

- (1) **CATEGORIES OF MEMBERSHIP.—** The National Institute shall have the following classes of membership—

- (A) regular membership;
- (B) honorary membership;
- (C) student membership;
- (D) retired or emeritus membership; and
- (E) such other classes of membership as approved by the Board of Directors.

- (2) **MEMBERSHIP DUES.—** The Board of Directors of the National Institute is authorized to set reasonable annual membership dues and to raise or lower them.

- (3) **ANNUAL MEMBERSHIP MEETING.—** The National Institute shall hold an annual membership meeting open to all members in good standing. All members shall receive notice of the membership meeting, in writing, and the notice shall be posted to the National Institute’s website not less than 30 days before the meeting.

- (4) **PROOF OF MEMBERSHIP.—** The National Institute is authorized to issue annual physical and/or digital membership certificates to members in good standing.

- (5) **PUBLIC REGISTER OF MEMBERS IN GOOD STANDING.—** The National Institute shall maintain a publicly available register or a link to such a register on its website which shall provide the names of all members in good standing.

- (A) The register shall be updated for accuracy not less than once a month.

- (B) The register shall include information about how to request information about disciplinary and oversight actions of the National Institute taken against its members.

**(c) AUDITS AND ANNUAL REPORT OF THE NATIONAL INSTITUTE.—** The National Institute shall—

- (1) engage a professional accounting firm to perform an annual financial audit;

- (A) The professional accounting firm of the National Institute shall be appointed annually by a majority vote of the membership at the annual membership meeting;



(B) A summary of the annual financial audit shall be sent, in writing, to the members of the National Institute and made available on the National Institute’s public website within 30 days of its completion;

(2) have an internal audit function; and

(3) release an annual report on its activities, goals, and strategies, which shall be made available on the National Institute’s public website within 30 days of its completion.

(d) **AFFILIATION OF THE PROFESSIONAL BODY WITH THE INSTITUTE OF INTERNAL AUDITORS.—**

(1) The National Institute shall maintain a mutual recognition agreement in good standing with The Institute of Internal Auditors.

(2) Nothing in this Act shall abrogate the intellectual property rights of The Institute of Internal Auditors, including the right to grant, deny, limit, or rescind a license in [COUNTRY] for the use of —

(A) its copyrighted intellectual property;

(B) the organizational name “The Institute of Internal Auditors of [COUNTRY];” or

(C) any other certification issued by The Institute of Internal Auditors, including those for which it has not obtained official copyright or trademark recognition in [COUNTRY].

#### COMMENTARY

National Institutes in Africa are part of a global federation of 117 National Institutes from Mongolia to Morocco, from Botswana to Belgium, and from Saudi Arabia to South Africa. Membership in this federation ensures that internal auditors in Africa have access to the same high-quality, globally accepted standards and certifications as all other internal auditors around the world. As such, a mutual recognition agreement with The Institute of Internal Auditors should be considered an essential part of any internal audit legislation. It ensures that a National Institute is integrated as part of the global internal auditing community.

Furthermore, it sends an important message to global organizations such as the **World Bank**, the **International Monetary Fund**, and the **United Nations** that a country’s National Institute is committed to promoting universal best practices in internal auditing and has a globally aligned strategy to ensure the success of the profession in that country. On the global stage, failure to be a member in good standing of the federation would be viewed with suspicion of and skepticism about the National Institute.

Section 5(d) also includes a provision to underscore the intellectual property rights of The Institute of Internal Auditors. While nothing precludes anyone from starting a professional association for internal auditors in any country, to avoid confusion and to respect international trademarks/branding/reputation, only those organizations formally affiliated with The Institute of Internal Auditors may adopt the name “The Institute of Internal Auditors of [COUNTRY].”





(e) **PROFESSIONAL MISCONDUCT AND A DISCIPLINARY AND OVERSIGHT FRAMEWORK.**— The National Institute shall adopt and implement a disciplinary and oversight framework for investigating and sanctioning members found guilty of professional misconduct.

(1) **REQUIREMENTS OF THE FRAMEWORK.**— The disciplinary and oversight framework shall—

- (A) require the approval of a majority vote of the National Institute’s membership;
- (B) be posted and remain available on the public website of the National Institute;
- (C) define reportable allegations;
- (D) provide for the confidential reporting of allegations, with the option for anonymity;
- (E) explain the due process rights of the accused, including the right to—
  - (i) a presumption of innocence;
  - (ii) know the allegations and see related evidence;
  - (iii) respond to the allegations and address the validity and veracity of the evidence;
  - (iv) a hearing before a committee of the National Institute established for such purposes; any such committee shall consist of an odd number of members with—
    - (I) at least four members, in good standing, of the National Institute; and
    - (II) a representative appointed by the **[TITLE OF GOVERNMENT OFFICIAL]**;
  - (v) obtain legal counsel and have counsel present at all hearings, with the right of counsel to address the committee on behalf of the accused;
  - (vi) appeal a decision of the committee to the Board of Directors, with the same attendant rights; and
  - (vii) request a reinstatement after a suspension or ban as provided for under Section 5(e)(1)(F); and
- (F) explain the penalties under the framework, which shall include, but are not limited to—
  - (i) letters of warning;
  - (ii) remedial education or training;



- (iii) a suspension or ban from participating in events or activities of the National Institute;
- (iv) revocation of awards/honors;
- (v) suspension or termination of membership;
- (vi) referrals for additional investigations to The Institute of Internal Auditors for violations related to that organization's International Professional Practices Framework, certifications, and other intellectual property; and
- (vii) referrals of suspected criminal wrongdoing to the appropriate judicial and/or law enforcement authorities.

**(2) UPDATES TO THE DISCIPLINARY AND OVERSIGHT FRAMEWORK.—**

- (A) Any updates to the disciplinary and oversight framework must—
  - (i) be approved by a majority vote of the membership of the National Institute; and
  - (ii) be sent, in writing, to the **[TITLE OF GOVERNMENT OFFICIAL]** within 30 days of the vote to approve.
- (B) Within 30 days of receipt of a proposal to update the disciplinary and oversight framework, the **[TITLE OF GOVERNMENT OFFICIAL]** shall review the updates to ensure they are in compliance with this Act. Within 15 days of that completed review, the **[TITLE OF GOVERNMENT OFFICIAL]** shall respond, in writing, to the National Institute, explaining if the updates are in compliance. If the updates are deemed in compliance, they shall take immediate effect. If the updates are found not to be in compliance, they shall be considered not approved and the **[TITLE OF GOVERNMENT OFFICIAL]** shall explain how the proposed updates violate the Act.
- (C) **RIGHT TO A JUDICIAL APPEAL.—** Nothing in this Section shall abrogate the right of a member to appeal a final decision of the National Institute to the appropriate judicial body.

**COMMENTARY**

Just as the National Institute has a right of appeal to the judiciary in cases where it disagrees with a decision of the designated Government official, members of the National Institute are also provided with a right of judicial appeal after a final decision has been made by the National Institute in a disciplinary and oversight or other proceeding.



## SECTION 6. ADOPTION OF A PRACTICE AND STANDARDS FRAMEWORK FOR THE INTERNAL AUDIT PROFESSION.

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The most recently published International Professional Practices Framework™ (also referred to as the IPPF), as promulgated by The Institute of Internal Auditors, including the Global Internal Audit Standards™, is adopted for the practice of internal auditing in [COUNTRY]. Notwithstanding any laws or regulations to the contrary, the use of the IPPF does not preclude the use of other supplemental standards, guidance, and frameworks, as appropriate, as long as such supplemental materials do not conflict with the IPPF.

### COMMENTARY

The IIA's International Professional Practices Framework (IPPF), including the Global Internal Audit Standards, have been developed through robust international stakeholder input, including the participation of all African National Institutes. As such, the framework ensures consistency, quality, and reliability when applied to the practice of internal auditing. Within the framework, the Global Internal Audit Standards embody essential best practices, including ethical guidance, for practitioners. Therefore, the adoption of the IPPF, in its entirety, including the Standards, is considered essential to any internal auditing legal and regulatory framework.

As written, this provision adopts the IPPF in an “evergreen” form; that is to say, it will not be necessary to update the law again if the IPPF undergoes further revision at some point in the future because the “most recently published” version of the IPPF is always in effect. This is preferable because, while it may be necessary to update the IPPF from time to time, finding a legislative window of opportunity to update a corresponding statute can require significant effort. Therefore, the language resolves this concern in perpetuity.

Of additional note, this language also recognizes The IIA's intellectual property (i.e., the trademarks (™) for the IPPF and the Standards) and explicitly allows for the use of other frameworks, guidance, and standards. This is helpful because it makes it clear that adoption of The IIA standards does not preclude these other tools which may already be in use by internal auditors in a country. (Examples of other frameworks and standards that internal auditors may use include those related to accounting, sustainability reporting, and cybersecurity.)

## SECTION 7. REQUIREMENTS FOR INTERNAL AUDITORS.

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- (a) **IN GENERAL.** Any person engaged in the practice of internal auditing in **[COUNTRY]** shall—
- (1) have received a post-secondary degree from an accredited university or college;
  - (2) hold the Internal Audit Practitioner and/or Certified Internal Auditor credential in good standing;
  - (3) obtain a minimum of **[NUMBER]** annual hours of continuing professional education as approved through a program administered by the National Institute or its designee; and
  - (4) be a member, in good standing, of the professional body, if such a body is recognized.
- (b) **TEMPORARY MEMBERSHIP EXEMPTIONS.**— In any calendar year, any foreign national engaged in the practice of internal auditing and temporarily domiciled in **[COUNTRY]** is exempted from Section 7(a)(4) for a cumulative period not to exceed 90 days.

### COMMENTARY

Section 7 sets up four **essential** criteria for internal auditors practicing within the country. The first two requirements — a university/college degree and the holding, at a minimum, of the Internal Audit Practitioner (IAP) credential — are designed to ensure minimum education requirements and demonstrated competency are met for all internal auditors practicing in the country. The third requirement, annual continuing professional education, is included to ensure that internal auditors are constantly learning and staying current on trends, best practices, and skills related to their roles. Finally, the last requirement — that internal auditors be members of the professional body — is an **important public protection** because it places all internal auditors operating within the country under the disciplinary and oversight framework of the National Institute and ensures they are included in the National Institute’s public registry of members in good standing. If membership was not required, some internal auditors would be able to escape discipline and oversight over their performance and it would be impossible to warn the public about certain unqualified, incompetent, and/or unethical members of the profession.

As a matter of practicality, given that foreign nationals may, from time to time, come into a country to assist with an internal audit — for example, in the case of a multinational company with a presence in the country — Section 7(b) provides a 90-day grace period where that temporary visitor would not have to become a member of the National Institute.



As also mentioned in the COMMENTARY in Section 3, in certain limited instances, it may not always be appropriate to require an internal auditor to hold an IAP and/or CIA. Such a requirement could be seen as redundant or even monopolistic in nature. Therefore, Section 7(c) of this Act allows for individuals who hold a professional credential that is substantially equivalent to the IAP or to the CIA or of appropriate relevance to the practice of internal auditing to be exempted from the IAP and/or CIA requirements. This is to account for instances, for example, where a Certified Public Accountant/Chartered Accountant is already performing the role of CAE and is deemed sufficiently qualified without a CIA, or a specialist in, for example, cybersecurity or sustainability reporting holds a specialty credential in their area of expertise, but does not necessarily hold an IAP.

(Please note that the Act also provides for a transition grace period in Section 13 for up to three years for those internal auditors who do not yet meet these requirements to obtain the IAP and/or CIA or an acceptable alternative.)

As mentioned earlier in the COMMENTARY, unfortunately, in some countries, it may not be politically feasible to include a requirement for all internal auditors to hold the IAP (or a substantially equivalent alternative). In those cases, while strongly discouraged, National Institutes may opt to drop the requirement entirely for a certification.

**(c) EXEMPTIONS.—**

**(1) CRITERIA.—** A person shall be exempted from Section 7(a)(2) and/or Section 3(t)(1)(B)(1) if the person holds a professional credential that is substantially equivalent or of appropriate relevance to the practice of internal auditing.

**(2) LIST OF APPROVED EXEMPTIONS.—**

**(A)** Not less than 30 days within the effective date of this Act, the National Institute shall submit to the [TITLE OF GOVERNMENT OFFICIAL] a proposed list of professional certifications and professional qualifications to be exempted under Sections 7(a)(2) and Section 3(t)(1)(B)(1) of this Act and provide an explanation for how those certifications and professional qualifications meet the requirements of Section 7(c)(1).

**(B)** Within 30 days of receipt of the proposed exemptions, the [TITLE OF GOVERNMENT OFFICIAL] shall respond, in writing, to the National Institute, explaining if the [TITLE OF GOVERNMENT OFFICIAL] approves the list. If the proposed exemptions are approved, the list shall take immediate effect. If the list of exemptions is not approved, the [TITLE OF GOVERNMENT OFFICIAL] shall explain why the list of exemptions was not approved.

**(C)** The National Institute, if denied approval by [TITLE OF GOVERNMENT OFFICIAL], may resubmit a proposed list of approved exemptions without restrictions.

**(D)** Upon acceptance of the list by the [TITLE OF GOVERNMENT OFFICIAL], such recognition shall remain in effect for 10 years unless the National Institute submits an updated list of proposed exemptions



approved by the [TITLE OF GOVERNMENT OFFICIAL] or the Government passes legislation to supersede this provision.

(E) The National Institute shall publish and maintain on its website the most current list of approved exemptions.

**(3) UPDATES TO THE APPROVED EXEMPTIONS.—**

(A) Any proposed updates to the list of approved exemptions must—

(i) be approved by the Board of Directors of the National Institute.

(ii) be sent, in writing, to the [TITLE OF GOVERNMENT OFFICIAL] within 30 days of the vote by the Board of Directors to approve.

(B) Within 30 days of receipt of a proposal to update the list of approved exemptions, the [TITLE OF GOVERNMENT OFFICIAL] shall review the updates to ensure they are in compliance with this Act. Within 15 days of that completed review, the [TITLE OF GOVERNMENT OFFICIAL] shall respond, in writing, to the National Institute, explaining if the updates are approved. If the updates are approved, they shall take immediate effect.

(C) The National Institute, if denied approval by the [TITLE OF GOVERNMENT OFFICIAL], may resubmit an updated list of approved exemptions without restrictions.

(D) Upon acceptance of an updated list of exemptions by the [TITLE OF GOVERNMENT OFFICIAL], such recognition shall remain in effect for 10 years unless the National Institute successfully submits an updated list of approved exemptions for review or the Government passes legislation to supersede this provision.

**COMMENTARY**

The marketplace for certifications and professional qualifications is constantly evolving. Sometimes, they may lose their prestige over time, and, in other cases, new certifications and professional qualifications may emerge that did not previously exist. Section 7(c)(3)(D) puts a time limit of no more than 10 years on any approved list of alternative certifications and professional qualifications to the IAP and CIA. This is designed to ensure that the National Institute, in coordination with the designated Government official, revisits the list of approved alternatives, on a regular basis, to keep it up-to-date and relevant.



## SECTION 8. ESTABLISHMENT OF AN INTERNAL AUDITING CURRICULA AND EXAMINATIONS BOARD.

There is established a board to be known as the Internal Auditing Curricula and Examinations Board, also referred to as the IACEB, of [COUNTRY].

### COMMENTARY

Section 8 creates a government-recognized curricula and examinations board to establish and approve the recommended syllabi and curricula used in the preparation for examinations given at universities and colleges for those taking or majoring in internal auditing and related courses. The section also requires that recommended syllabi and curricula be developed such that students complete their studies prepared to seek the Internal Audit Practitioner (IAP), the Certified Internal Auditor (CIA), and/or other professional certifications related to internal auditing.

The primary purpose of this section is to ensure that post-secondary education in internal auditing is meeting the highest standards necessary for the success of new internal auditors entering the profession.

The IACEB has all the powers of any body corporate and is overseen by a Board of Directors appointed by the designated Government official. The IACEB Board of Directors may hire a Secretary, if warranted, to oversee the administration and duties of the IACEB.

The IACEB does not have oversight over examinations or other requirements related to the issuance of private sector credentials.

- (a) The IACEB shall be a body corporate with perpetual succession and a common seal, capable of suing and being sued in its corporate name and with power, subject to this Act, to—
- (1) undertake all activities that a body corporate may, by law, do or perform;
  - (2) enter into any contracts or partnerships that are directly or otherwise reasonably related to the discharge of its function;
  - (3) borrow, lend, or otherwise raise money, including by way of executing securities and guarantees, as it may from time to time determine to be necessary;
  - (4) acquire, hold, and dispose of investments in other enterprises; and
  - (5) acquire, hold, manage, and dispose of movable or immovable properties by whatever lawful means in connection with the pursuit of its purposes.





**(b) MEMBERSHIP OF THE IACEB.—**

**(1) BOARD OF DIRECTORS.—** The IACEB Board of Directors shall consist of seven members appointed by the [TITLE OF GOVERNMENT OFFICIAL], of whom—

- (A)** at least four shall have been recommended by the National Institute for their expertise in internal auditing;
- (B)** two shall have expertise in the development of educational programs and/or post-secondary curriculum; and
- (C)** two shall have expertise in the development of examinations.

Appointments shall be for a two-year period and no Board Member shall serve more than six years on the Board. One of the members shall be designated by the [TITLE OF GOVERNMENT OFFICIAL] as the Chair of the Board of Directors. No person shall be eligible to serve as Chair of the Board for longer than two years.

**(2) SECRETARY OF THE IACEB.—**

- (A)** There shall be a Secretary of the IACEB who shall be appointed by the IACEB Board of Directors.
- (B)** The Secretary of the IACEB shall hold and vacate the office in accordance with the terms specified in the contract for employment. However, the IACEB Board of Directors shall have the right to terminate the Secretary's employment for cause.
- (C)** The Secretary of the IACEB may attend meetings of the IACEB and may, with the consent of the Chair, take part in deliberations on any matter arising at the meeting, but shall not be entitled to vote on any such matter.

**(3) FUNCTIONS OF THE IACEB.—**

- (A)** The functions of the IACEB shall be to—
  - (i)** prepare, approve, and update recommended syllabi and curricula for post-secondary professional examinations in internal auditing and related disciplines;
  - (ii)** to align recommended syllabi, curricula, and post-secondary professional examinations to prepare students to obtain the Internal Audit Practitioner, the Certified Internal Auditor, and/or other professional credentials related to internal auditing and recommended by the National Institute;
  - (iii)** promote the publication of books, research, and other materials relevant to internal auditing;



- (iv) liaise with the **[MINISTRY OF EDUCATION]** in the accreditation of post-secondary institutions offering instruction and training in the practice of internal auditing; and
  - (v) perform any other activities incidental or conducive to the performance of any of the preceding functions.
- (B) The IACEB shall consult with the National Institute and other appropriate stakeholders, as often as it considers necessary to do so for the purpose of performing its functions.
- (C) The IACEB may establish such committees as it considers necessary for the purpose of performing its responsibilities.
- (4) **LIMITATIONS IN SCOPE.**— Nothing in this Section shall give the IACEB any authority or oversight responsibilities over examinations or other requirements related to the Internal Audit Practitioner, the Certified Internal Auditor, or any other internal auditing professional qualification issued by The IIA or another non-governmental organization.



## SECTION 9. INTERNAL AUDIT REQUIREMENTS IN THE PUBLIC INTEREST.

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- (a) Any covered entity under this Act must maintain an internal audit function.
- (b) EXEMPTIONS.— Any covered entity is exempted from Section 9(a) of this Act if—
- (1) it has a market capitalization less than **[INSERT AMOUNT]**;
  - (2) it has annual revenues of less than **[INSERT AMOUNT]**;
  - (3) it is a government ministry, agency, or department with a total annual government appropriation less than **[INSERT AMOUNT]**; or
  - (4) it is otherwise exempted under law.

### COMMENTARY

As mentioned earlier in this document, because of the ways in which internal audit can instill greater trust and confidence in organizational controls and processes, policymakers are encouraged to require internal audit functions in certain sectors of the economy as a way to enhance certain investor, taxpayer, consumer, and/or public protections. Such mandates by governments are not to be taken lightly but can be a powerful tool available to policymakers to protect the public and achieve certain policy goals.

Section 9 of this Act, as written, provides a comprehensive approach to establishing internal audit functions throughout key components of the national economy. **However, policymakers, in conversation with their National Institute and affected stakeholders, may choose to modify the scope of this provision to meet the unique policy goals and political environment in their country.**

As written, Section 9 would require an internal audit function for:

- companies, government agencies, or other entities providing or supporting critical infrastructure (e.g., water and wastewater systems, electricity generation and distribution, dams, health care and hospital systems, etc.);
- certain technology companies (those providing cybersecurity, artificial intelligence, quantum computing, and IT infrastructure and operations (including cloud computing services); and
- public interest entities (companies publicly traded on a stock exchange, financial services or credit lending institutions, insurance providers, cryptocurrency exchanges, and large data holders).



Since it is not always appropriate to include smaller companies, non-profits, or government agencies in these requirements due to questions related to cost, value, and/or feasibility, this section also provides an optional set of exclusions whereby certain smaller entities can be exempted from the internal audit function requirement. Policymakers will need to determine appropriate thresholds for such exemptions in line with the nature of their national economy.

For a more extensive discussion on the public interest protections that inform the rationale for Section 9, please see The IIA's [Global Public Policy Position Paper](#), beginning on page 14.



## SECTION 10. PROTECTIONS FOR INTERNAL AUDITORS.

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Whoever—

- (a) threatens, seeks, or engages in retaliation, demotion, denial of employment benefits, or loss of employment; intimidates, bullies, or harasses; bribes or attempts to bribe a person within an internal audit function or a member of that person's immediate family with the intent to alter or seek retribution for the activities, findings, or reporting of the internal audit function shall be fined under this Act, up to [AMOUNT], or be imprisoned up to [X] years, or both.
- (b) assaults, kidnaps, or kills, or attempts or conspires to assault, kidnap, or kill a person within an internal audit function or a member of that person's immediate family with the intent to alter the activities, findings, or reporting of the internal audit function shall be fined under this Act, up to [AMOUNT], or be imprisoned up to [X] years, or both.

### COMMENTARY

While most internal auditors can do their jobs successfully, free from interference, undue pressure, or coercion, it is a disturbing reality that some internal auditors around the world operate in organizational cultures where they face reprisals, bullying, harassment, potential termination of employment, and, in some cases, even threats, violence, or murder for trying to perform their duties fully and properly. Indeed, many of these cases have been documented worldwide. Every internal auditor should feel safe at work. Harassment and threats against internal auditors in the performance of their duties should be illegal.

Section 10 is an optional provision which establishes specific penalties for those who would threaten or assault, kidnap, or kill an internal auditor or an internal auditor's immediate family members in retaliation for an internal auditor performing his/her duties. Career-specific protections in law are not without precedent in law across the globe. Indeed, in some jurisdictions, there are additional or specific penalties for threatening, harassing, or harming police officers, judges, flight attendants, parking enforcement officers, and individuals in other industries or professions vulnerable to such attacks.

Policymakers are encouraged to look at their current criminal code to determine what would constitute appropriate fees and/or jail time for this provision.



## SECTION 11. REPEAL OF PRIOR LAW.

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- (a) In Section [X] of the [RELEVANT ACCOUNTANCY ACT], the definition of accountancy, is amended by striking “internal auditing.”
- (b) All other acts or parts of acts in conflict with this law are hereby repealed. However, the enactment of this Act shall not nullify or invalidate any judicial proceeding adjudicated during or prior to its effective date.

### COMMENTARY

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This section is designed to accomplish two goals.

First, it provides an optional model to repeal any reference to internal auditing within a country’s definition of accountancy, if it is currently included. Unfortunately, in a handful of cases around the world, internal auditing has been inappropriately swept up in a definition of the practice of accountancy and limited to accountants. While many internal auditors possess various accounting-related skills and designations, internal auditing is a different profession and not a subset of accountancy. Internal auditors do not just examine financial statements and internal controls over financial processes. They look holistically at an organization, offering advice, insight, and assurance over diverse areas such as cybersecurity, data protection, climate disclosures, corporate governance best practices, risk management, legal and regulatory compliance, supply chain and economic risks, and many other areas essential to the organization’s operations and success.

Second, this provision ensures that, if there are existing provisions in law that conflict with this Act, they are hereby repealed, even if the Act does not explicitly reference them.

To avoid confusion and ensure legal certainty, if there are on-going court cases underway related to previous (but now repealed) provisions of law, passage of this Act allows for the resolution of those cases under the previous laws.



## SECTION 12. SEVERABILITY.

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If any provision of this Act or its application is found to be unconstitutional, invalid, or otherwise in violation of the laws of [COUNTRY], all other provisions of and amendments by this Act and their application shall not be affected.



## SECTION 13. EFFECTIVE DATE.

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This Act shall take effect on **[DATE]**, except—

- (a) Section 3(t)(1)(B)(1) and Section 7(a)(2) which shall take effect three years after the effective date of this Act; and
- (b) Section 9(a) which shall take effect 365 days after the effective date of this Act.

### COMMENTARY

In most jurisdictions, a bill takes effect on the day it is passed into law. However, Section 13 allows for the possibility of implementation delays if there are certain preparations necessary before the application of the law.

More specifically, this section provides for up to three years for internal auditors to meet the new professional qualification requirements — for all internal auditors, a requirement to hold the Internal Audit Practitioner (or an approved alternative) and for Chief Audit Executives, a requirement to hold the Certified Internal Auditor (or an approved alternative).

It also provides a window of up to 365 days (one year) for any company, non-profit, or government agency required to have an internal function to establish that function if they did not previously have one.

These delays are intended to provide a reasonable amount of time for all affected stakeholders to meet the new higher standards and comply with the new requirements of the law.





### About AFIIA

The African Federation of Institutes of Internal Auditors (AFIIA) is a regional organization, associated with The IIA, that facilitates the coordination and implementation of development initiatives by working with its constituent member national institutes to advocate and enhance the profession. Established in 2009, AFIIA provides a unified voice of the members of the African continent on common issues and collaborates to promote the internal audit profession and serve the interests of all African IIA members. For more information, please visit [www.africaiaa.org](http://www.africaiaa.org).

### About The IIA

The IIA is an international professional association that serves more than 265,000 global members and has awarded more than 200,000 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 [www.theiia.org](http://www.theiia.org).

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