

# Framework for Setting Internal Audit Standards in the Public Interest

Second Edition

April 2025



*IPPF Oversight Council*



# Contents

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<b>Introduction.....</b>	<b>1</b>
Role of the IPPF Oversight Council.....	2
<b>A Framework for Setting Standards in the Public Interest.....</b>	<b>3</b>
Stakeholders Served by the Standards.....	3
Principles for Enhancing Stakeholder Trust in the Standards .....	4
Structure and Process to Set Standards in the Public Interest.....	5
Oversight and Assessment of the Standards’ Responsiveness to Stakeholders.....	6
<b>Conclusion.....</b>	<b>8</b>



# Introduction

The International Professional Practices Framework® (IPPF®) is the world’s most widely recognized framework for the professional practice of internal auditing. The IPPF organizes the authoritative body of knowledge promulgated by The Institute of Internal Auditors® (The IIA®) and includes Global Internal Audit Standards™, Topical Requirements, and Global Guidance.

The Global Internal Audit Standards include principles, requirements, considerations for implementation, and examples of evidence of conformance that together help internal auditors fulfill the Purpose of Internal Auditing. The standards also serve as a basis for evaluating and elevating the quality of the internal audit function.

Topical Requirements are designed to enhance the consistency and quality of internal audit services related to specific audit subjects and support internal auditors performing engagements in those risk areas. Internal auditors must apply Topical Requirements in conformance with the Global Internal Audit Standards when providing assurance services on the topic.

Global Guidance provides recommended information, advice, and best practices for performing internal audit services.

The second edition of *Framework for Setting Internal Audit Standards in the Public Interest* presents the recommendations of the IPPF Oversight Council for strengthening standard-setting processes and ensuring the processes serve the public interest.

## Purpose of Internal Auditing

Internal auditing strengthens the 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.

Internal auditing enhances the organization’s:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

*Global Internal Audit Standards, 2024*

**Note:** In this document, the term “standard-setting committees” refers collectively to the International Internal Audit Standards Board and the Global Guidance Council. The term “standards” refers to the mandatory elements of the IPPF: Global Internal Audit Standards and Topical Requirements.



## Role of the IPPF Oversight Council

The IPPF Oversight Council advises on, evaluates, and makes recommendations regarding the adequacy and appropriateness of The IIA's standard-setting processes and structures. The Oversight Council ensures that the processes and structures are inclusive and transparent, which ultimately serves the public interest and increases stakeholder confidence in the standards.

Members of the Oversight Council include representatives from organizations that are invested in ensuring the standards consider and incorporate the public interest:

- **Global Network of Director Institutes (GNDI)** – An international collaboration that shares expertise in directorship and corporate governance.
- **International Federation of Accountants (IFAC)** – The accountancy profession's global voice, serving the public interest through advocacy, development, and support for member organizations and millions of accountants.
- **International Foundation for Ethics and Audit (IFEA)** – A nonprofit organization that serves the public interest internationally through independent, high-quality ethics, audit, and assurance standards that inspire confidence in corporate information and the world's economies.
- **International Organization of Supreme Audit Institutions (INTOSAI)** – An autonomous, independent, nonpolitical professional organization that provides support to supreme audit institutions and sets standards for public sector auditing.
- **Organisation for Economic Co-operation and Development (OECD)** – An intergovernmental organization that provides a forum for countries to share data and best practices related to public policies and international standards that stimulate trade and economic progress and foster prosperity, equality, opportunity, and well-being for all.
- **The World Bank** – A global partnership of institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.

In addition, The IIA appoints two individuals to represent the internal audit profession. The IIA is an international professional association and the internal audit profession's leader in standards, certifications, education, research, and technical guidance worldwide.



# A Framework for Setting Standards in the Public Interest

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This document presents a framework for establishing high-quality standards, worthy of extensive global adoption and implementation. The standard-setting framework helps The IIA demonstrate its responsiveness to those who have a stake in international standard-setting for internal auditing.

The standard-setting framework addresses:

- Stakeholders served by the standards.
- Principles for enhancing stakeholder trust in the standards.
- Structure and process to set standards in the public interest.
- Oversight and assessment of the standards' responsiveness to stakeholders.

## Stakeholders Served by the Standards

The process of setting globally relevant standards should demonstrate responsiveness to the internal audit profession and its stakeholders, including the public. This framework identifies the profession and its stakeholders as follows:

- **The internal audit profession** – All internal auditors and providers of assurance and advisory services who apply the standards. They are the direct users of the standards.
- **Direct stakeholders** – Receivers of the internal audit function's assurance and advisory services, generally the organization's board (which the Global Internal Audit Standards define as including the audit committee or other governing body) and senior management (including the chief executive officer or head of the organization), employees, and other internal and external assurance providers. These parties are direct stakeholders served by the standards.
- **Indirect stakeholders** – The internal audit function provides the board with objective assurance for governance, risk management, and control processes. In turn, the board represents the organization's stakeholders, including shareholders, investors, customers, third parties, regulators, and the public. These parties are the indirect stakeholders served by the standards.



This figure depicts the direct and indirect stakeholders served by the standards.



In addition, other indirect stakeholders, such as international standard-setters, professional organizations, public sector bodies, and global governance bodies that support the public interest, have a stake in and may rely on, the standards for promoting transparency and governance in organizations.

The standard-setting framework seeks to recognize the importance of all stakeholders while focusing primarily on fulfilling the needs of internal auditors and their direct stakeholders.

## Principles for Enhancing Stakeholder Trust in the Standards

To enhance trust in the standards and the internal audit function's assurance and advisory services, the structures and processes should adhere to these principles.

- The standard-setting committees must carefully identify the varying perspectives and needs of stakeholders regarding each pronouncement and consider input from identified stakeholders throughout the development process.
- The standards should demonstrate a measurable degree of responsiveness to the needs of stakeholders.
- The standards should promote consistent practice and behaviors by internal auditors in the private and public sectors, regardless of the size of the internal audit function.
- The standards should guide internal auditors in identifying the positive and negative effects of uncertainty on objectives (i.e. risks) most relevant to the organization and promoting effective ways to respond to those risks. The standards and the practice of internal auditing should remain relevant and responsive to changes in society.
- The standards should require internal auditors to evidence the practice of due professional care and the provision of independent and objective assurance and advice that prompt the proactive adoption of appropriate actions by the board, thus enhancing organizational value.



- The standards should require that the internal audit function’s conformance with the standards be independently assessed so that the organization’s board, senior management, and other stakeholders are confident in the quality of internal audit services provided.

## Structure and Process to Set Standards in the Public Interest

To enhance trust in the standards and the internal audit function’s assurance and advisory services, standard-setting should have a permanent structure and rigorous process that is responsive to changes in the profession, business, and society.

This section describes the structure and processes necessary for setting standards in the public interest.

### ***Structure***

The standard-setting structure should explicitly demonstrate commitment to incorporating the public interest by having the following characteristics:

- Permanent standard-setting committees, established by The IIA’s Global Board of Directors, that have the authority to make independent decisions regarding the standards.
- A governance structure that includes oversight of the process for nominating members to the standard-setting committees to ensure that the committees’ membership represents the global membership.
- Standard-setting committee membership that is established by evaluating nominees against specified criteria to ensure diverse and relevant expertise, varied perspectives, appropriate competencies, objectivity, and independence.
- Standard-setting committee membership, drawn from the direct and indirect stakeholder categories, including internal auditors and others who are not internal auditors.
- Standard-setting committees that ensure balanced, diverse, and global participation of stakeholder groups and are free from undue and dominant influences.
- Standard-setting committee structures and governance that ensure transparency and accountability throughout the standards-setting and maintenance processes.
- Standard-setting committees that are supported by adequate resources and appropriately skilled and experienced staff.
- A structure that includes these criteria for developing and maintaining the standards:
  - Relevance, timeliness, and quality in response to identified needs, changes in the risk landscape, and developments in internal auditing practices and technology.
  - Completeness and comprehensiveness in reflecting the results of broad consultation, balancing stakeholder priorities, and limiting exceptions to conformance with the standards.
  - Cohesiveness in that the standards fit logically within the structure of the IPPF.
  - Clarity and conciseness in identifying the key issues and applicability of each standard to enable proper implementation.



## ***Processes***

The standard-setting processes are documented and transparent and are approved by The IIA's Global Board and the Oversight Council. The processes demonstrate a commitment to serving stakeholders and the public interest by:

- Promoting the development and maintenance of timely, relevant, and high-quality standards that keep current with relevant changes to the internal audit profession and its stakeholders.
- Proactively soliciting input from the Oversight Council, the Global Board, and other stakeholders during the planning of the standard-setting committees' work.
- Including a period of public consultation (also called “public comment” or “exposure”) to solicit broad input from all stakeholders on proposed new standards or changes to current standards.
- Evidencing fair consideration of input from the profession and its stakeholders by appropriately addressing the needs of stakeholders without undue influence by any single stakeholder group.
- Defining how the committees draft and update standards, how often the content is reviewed, how input from the identified stakeholder groups is solicited and considered, and how updates are proposed, considered, and accepted or rejected.
- Incorporating ongoing monitoring of changes to keep the standards relevant, while maintaining continuity, credibility, and stakeholder confidence.

The Oversight Council is responsible for reviewing compliance with the standard-setting processes.

## **Oversight and Assessment of the Standards' Responsiveness to Stakeholders**

The IIA Global Board of Directors established the IPPF Oversight Council to promote inclusiveness and transparency in the standard-setting process. This increases stakeholder confidence that the outputs of the standard-setting committees serve the internal audit profession and its global stakeholders.

The Oversight Council is a competent, alert, and well-informed body mandated to provide assurance that the standard-setting committees adhere to sound governance and due process, consider input that represents all stakeholders, and ultimately serves the public interest. For that purpose, the Oversight Council has full access to all necessary information on the standard-setting committees, their membership, and their processes.

The IPPF Oversight Council and the standard-setting committees should share a mutual understanding of their mandates, roles, and responsibilities. This includes a shared approach for defining and achieving responsiveness to stakeholders and the public interest. The committees should also commit to transparency and ongoing dialogue throughout the standard-setting process and work collaboratively with the IPPF Oversight Council.





To evaluate how well the standard-setting committees respond to the public interest, the Oversight Council will assess whether the standard-setting committees:

- Create, document, and adhere to a due process for developing, exposing, and releasing standards that includes outreach to stakeholders and due consideration of stakeholder input.
- Identify and incorporate the varying perspectives and needs of stakeholder groups regarding the standards throughout the full cycle of their development.
- Are responsive to stakeholders throughout the process and ensure that the standards appropriately address the needs of stakeholders without any single stakeholder group exhibiting undue influence.



# Conclusion

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The IPPF Oversight Council recognizes that the standards are important to organizations and diverse stakeholders, including governments, businesses, and the public. Since its inception in 2011, the Oversight Council has been committed to advancing the public interest in standard-setting and has overseen the standard-setting committees through several iterations of the International Professional Practices Framework. The Oversight Council examines the standard-setting committees' structure and processes for revising, exposing, and promulgating the standards. By ensuring these structures and processes promote inclusiveness and transparency, leading to enhanced stakeholder confidence, the standards serve the public interest.

The IPPF Oversight Council has provided The IIA and its standard-setting committees with recommendations to enhance the breadth, depth, and rigor with which the standard-setting processes address the public interest. The Oversight Council continues to focus on strong oversight to further enhance the credibility and stature of the standards globally. The Oversight Council's members believe that an internal audit function aligned with the standards is more likely to protect the public interest and achieve the purpose of internal auditing.



#### About The Institute of Internal Auditors

The Institute of Internal Auditors (IIA) is an international professional association that serves more than 260,000 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 [theiia.org](http://theiia.org).

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