

March 1, 2023

## **Letter from the Chairman of the International Internal Audit Standards Board Requesting Public Comment on Proposed Changes to the Standards**

For more than two years, the International Internal Audit Standards Board (IIASB) of The Institute of Internal Auditors has been engaged in an extensive project to review and update the International Professional Practices Framework (IPPF), including the *International Standards for the Professional Practice of Internal Auditing*. In accordance with due process requirements, a draft of the newly proposed standards is being released with a request for public comment. **The public comment period begins March 1 and continues for 90 days, closing May 30, 2023.** In addition to English, the draft will be available in numerous other languages.

The efforts of the IIASB and technical staff were informed by extensive research and engagement of internal audit practitioners and internal and external stakeholders. And as you'll see, the changes have completely transformed the *Standards*. We believe the proposed changes provide significant enhancements to ensure the quality, relevance, and effectiveness of internal audit services globally. The changes are so extensive that the *Standards* even have a new name, which we're excited to share: the ***Global Internal Audit Standards***<sup>™</sup>.

The Standards Board respectfully requests that all parties interested in or affected by the new *Standards* closely read, analyze, and comment on the draft and share their thoughts using the survey tool.

Below, you'll see brief instructions about how to access the draft and the survey through which comments will be collected and learn about some of the most notable changes to the structure and content of the *Standards*.

### **How to Review and Comment**

Respondents are invited to review the entire draft of the *Global Internal Audit Standards*. Because a high volume of responses to the public comment draft is expected, a survey is considered the most efficient tool for collecting and consolidating all feedback to be considered when creating the final draft. The survey requires respondents to answer 10 pages of content-related questions, along with a few demographic questions. Other pages are optional. The IIA has taken great care to craft a robust draft review and survey experience, one that allows for quantitative measurement of responses and open-ended comments about each element of the proposed *Standards*. To learn more, view the draft, and take the survey, please visit <https://www.theiia.org/en/standards/ippf-evolution/>. Below, I highlight some of the changes to note when you review the draft.

### **Notable Changes in the Proposed Standards**

One of the most significant changes is both structural and fundamental. The content from six elements of the current IPPF (Mission, Definition, Code of Ethics, Core Principles, Standards, and Implementation Guides) has been incorporated into the *Global Internal Audit Standards* and organized into the following five domains:

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

These domains house the proposed purpose, principles, and standards that will be referenced collectively as the *Standards*.

Other proposed changes include:

- The addition of the Purpose of Internal Auditing to better reflect the value of the internal audit function (includes elements of the current Mission and Definition).
- The incorporation of the Code of Ethics and individual Attribute Standards into the Ethics and Professionalism domain.
- The creation of 15 Principles, which are directly tied to groups of standards, with all standards aligned under relevant Principles.
- The addition of a section called “Considerations for Implementation” to each standard, which offers common and preferred practices for implementing the requirements. This section incorporates information from the current Implementation Guides and other authoritative guidance and includes nuances in public sector and small internal audit functions, when appropriate.
- The addition of a section called “Considerations for Evidence of Conformance” to each standard, which gives examples of recommended ways to demonstrate that the requirements of each standard have been implemented.
- Increasing the level of detail and adding content to clarify responsibilities and enhance the quality of internal audit engagements.
- Enriching ethical and professional standards by adding due professional care, professional skepticism, details about handling information appropriately, and minimum requirements for continuing professional education for all internal auditors.



- Clarifying the definition and use of “board” (particularly when the body governing the internal audit function is not referred to as such in an organization) and the board’s role and responsibilities in governing the internal audit function.
- More directly stating board responsibilities related to the internal audit function, which were implied or indirectly indicated in the existing *Standards*.
- Spelling out board responsibilities related to overseeing the quality and performance of the chief audit executive and the internal audit function, including external quality assessments.
- Broadening the concepts that reflect the board’s significant role in ensuring the internal audit function’s success. For example, recognizing the board’s role in establishing the internal audit mandate, including its authority, role, and responsibilities.
- Elevating and clarifying the responsibilities and roles of the chief audit executive in managing the internal audit function. Expanding content on managing the internal audit function to include concepts such as internal audit strategy, methodologies, effective communication, and management of financial, human, and technological resources.
- Adding details to describe performance requirements and measurements to raise the quality of internal audit services.
- Enhancing content to give internal auditors stronger guidance for performing high-quality internal audit services. New requirements are included related to engagement communication; planning, analyzing, and evaluating information; providing engagement findings, recommendations, and conclusions; and documenting engagement work.
- Updating terminology and adding new terminology used by internal auditors in practice.
- Changing the term “consulting” to “advisory” and removing the Implementation Standards, which used “A” to denote assurance standards and “C” to denote consulting standards. The change emphasizes the quality performance of all engagements, no matter the type. The proposed *Standards* refer to advisory engagements only when a distinction is truly significant.

### **Topical Requirements**

The survey also contains several questions about another potential element of the IPPF that is still in preliminary stages of development. Separate from the *Global Internal Audit Standards* being proposed for review, the survey will ask about the idea of adding “Topical Requirements” to the IPPF.

The concept arose from the recognition of a need to provide minimum requirements and authoritative guidance for conducting internal audit engagements on specific topics, such as emerging or pervasive risks. A task force was formed to consider the best approach, one that could be timelier than that required to establish, review, and revise the *Global Internal Audit Standards*. The task force is proposing the addition of “Topical Requirements” to the IPPF to address emerging topics in a timely and authoritative way. These requirements would apply only when internal auditors determine they need to



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provide assurance on a certain topic and that the requirements are applicable to their situation. The requirements will tell internal auditors the aspects of governance, risk management, and controls that must be examined when providing assurance on that topic.

**In Closing**

Thank you for being a part of this historic development for our profession. The input you provide will help the Standards Board develop the most relevant, useful standards for the internal audit profession. In turn, those standards will help internal audit practitioners maximize the effectiveness of their work to serve their organizations and stakeholders.

Sincerely,

A handwritten signature in black ink that reads "J. Michael Peppers". The signature is written in a cursive, flowing style.

J. Michael Peppers, CIA, QIAL, CRMA  
Chairman, IIASB