



# Revised IPPF Standard FAQ



## Frequently asked question Global Internal Audit Standards Public Comment Period

This document is a compilation of questions received throughout the period of public comment leading up to release of the new Global Internal Audit Standards on January 9, 2024.

Such input helps to ensure that the Standards reflect the needs of internal audit practitioners and their stakeholders globally and address the challenging and quickly evolving business environment.

### Frequently asked questions

#### **1 - Why are the Standards being updated at this time?**

The Standards Board periodically reviews the Standards and updates them when changes are considered necessary. Based on research done by the Standards Board and IIA staff, it became clear that the structure of the International Professional Practices Framework was not fully meeting the needs of the internal audit profession. Given the rapid changes in the global business environment, the Standards Board determined that it was time to significantly revise the Standards and other elements of the IPPF. Goals included elevating the profession of internal auditing and enhancing stakeholder recognition and understanding of the value internal auditing provides.

#### **2 - How will the Standards Board consider the public comments and survey results?**

The Standards Board follows a documented process of exposing the draft Standards for a 90-day public review and comment period. The IIA designed a survey to provide a systematic way to collect public comments, to measure the level of support for the various elements of the proposed Standards, and to understand areas that may need improvement or adjustment. Additionally, through various outreach efforts, stakeholder input and feedback was gathered during the drafting phase and continues to be gathered throughout the public comment period. The Standards Board has established working groups to review and consider the input and determine what changes to make to the draft.

**3 - Is conformance expected to increase or decrease once the new Global Internal Audit Standards become effective?**

The new Standards become effective one year after the final version is released to the public. This 12-month period is intended to give internal auditors time to make the changes needed to conform with the Standards. Thus, conformance is not expected to decline. The Standards Board believes the new principles and standards are consistent with common and current internal audit practices. The new structure integrates many diverse elements of the existing IPPF into the Standards and is expected to increase conformance and the level of professional performance globally.

**4 - Why is the draft so long?**

The exposure draft is long because of the additional content included in the Standards (for example, the Code of Ethics and much of the content from the Implementation Guides). One of the goals of the IPPF Evolution project was to make professional guidance more accessible by combining it in one place. In the past, the content of the Implementation Guides did not go through the public comment process.

**5 - There seems to be increased emphasis on the difference between requirements ("must") and considerations ("should"). Why the increase in emphasis?**

All requirements outlined in the Standards are necessary to achieve the stated principles. As a result, those requirements use the word "must" to emphasize the importance of conformance. The considerations are common and preferred practices and examples but may not be applicable in all cases. Hence, the word "should" is used to denote a recommended but not required practice.

**6 - How can internal audit standards create requirements for boards? Why would boards consider these requirements?**

In organizations that conform with the current Standards, most of the requirements are already being implemented by the board. The Standards Board believes that the structure of Domain III. Governing the Internal Audit Function will enhance the dialog between chief audit executives and their boards about the important partnership between the two and help clarify the expectations and conditions that enable effective internal audit functions. If a board supports the Purpose of Internal Auditing, it should embrace the newly articulated requirements. The evidence needed is not expected to be more burdensome than that which is currently completed as part of the chief audit executive's interaction with the board.

**7 - To whom do the Standards apply?**

The Standards may apply to any individual practicing internal auditing and any internal audit function, regardless of whether such individuals or functions are members of The IIA or hold IIA credentials. However, it is recognized that The IIA's enforcement mechanisms apply only to members and holders of or candidates for IIA credentials.

#### ***8 - What happened to the current Mission and Definition of Internal Auditing***

The Mission and Definition are now part of the Purpose of Internal Auditing, explained in Domain I. The new purpose statement more broadly reflects the importance of an effective internal audit function. The accompanying bullet points describe the benefits of internal auditing and the conditions necessary to optimize those benefits. Key elements of the previous Mission and Definition are embedded in these bullet points. The definition of internal auditing still appears in the Standards glossary. However, it is no longer a separate element of the framework.

#### ***9 - What happened to the risk-based auditing concept?***

The sentence "Internal auditing enhances the organization's success by providing the board and management with objective assurance and advice" achieved the goal of creating a concise, single statement of the Purpose of Internal Auditing that speaks easily to stakeholders. The phrase "risk-based" was not included in the description of internal auditing because it was recognized to be internal auditors' means of arriving at assurance and advice, but the phrase did not directly reflect how internal auditors help the organization be successful. Additionally, phrases such as "objectives-based" were considered, but this basis of internal audit performance again did not seem to be a concept essential to demonstrating to stakeholders directly how internal auditing supports organizational success. However, internal auditors' focus on objectives and risks remains a central concept in the Standards, as a means for developing audit plans, assigning resources, and planning and conducting audit engagements.

#### ***10 - Why was "insight" not included in the Purpose? It was an integral part of the old Mission.***

The Purpose statement was intended to include the best and most meaningful aspects of the Mission and Definition of Internal Auditing while remaining concise. The term 'insight' was removed because it was not clearly and distinctly different from 'advice.'

#### ***11 - What happened to the Code of Ethics for internal auditors? Doesn't a profession need a Code of Ethics?***

The existing Code of Ethics has been incorporated into the Ethics and Professionalism domain of the proposed Standards. This domain expands on the existing Code of Ethics' principles and rules of conduct and is considered to be the Code of Ethics for the profession.

#### ***12 - Why was a requirement for ratings, rankings, or other indication of priority added to engagement findings and conclusions?***

The requirement was intended to ensure that internal auditors clearly communicate to senior management and the board the significance of the findings as well as help management prioritize findings and action plans. Ratings and rankings are not required: they are options for indicating and communicating priorities.

***13 - Are two hours of ethics training still required, and if so, is that part of the 20-hour requirement in the Ethics and Professionalism domain?***

The proposed Standards require all internal auditors to complete 20 hours of continuing professional education annually. For those with professional certifications, there may be requirements for additional hours and hours that address specific areas. For instance, holders of the Certified Internal Auditor designation currently must obtain 40 hours, including two hours focused on ethics. These 40 hours meet and exceed the 20-hour minimum required by the Standards. The two hours of ethics-related continuing professional education is required specifically for IIA certifications, but this requirement is not part of the proposed Standards.

***14 - How many of the items listed in the Considerations for Evidence of Conformance are required?***

The Considerations for Evidence of Conformance are not requirements. They are examples of recommended ways to demonstrate that the requirements of the Standards have been implemented. Chief audit executives may identify other ways to effectively demonstrate conformance.

***15 - In a business world that is moving toward lean and agile concepts, isn't the level of documentation required too high to support these concepts?***

These principles-based standards allow for scaling the level of documentation in line with these concepts. However sufficient documentation to evidence conformance is still required.

***16 - In the proposed Standards, why is there no longer a distinction between the requirements for assurance and advisory services?***

The proposed Standards in Domain V. Performing Internal Audit Services focus on the elements deemed essential when performing internal audit engagements. Such elements are considered important whether the service provides assurance or advice. The Standards clearly state when exceptions to the requirements can be made for advisory engagements.

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