

Internal Audit Standards Board,  
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Chairman CA Sanjiv Kumar Chaudhary and Members of ICAI's Internal Audit Standards Board –

We have reviewed the Institute of Chartered Accountants of India's (ICAI) Internal Audit Standards Board published exposure drafts covering proposed updates to its: Preface to the Framework and Standards on Internal Audit and Framework Governing Internal Audits. We welcome the opportunity to provide commentary on these important exposure drafts and submit this response on behalf of IIA Global.

The Institute of Internal Auditors (The IIA) is the internal audit profession's global standard-setting body, as well as its most widely recognized advocate, educator, and provider of guidance and certification. Established in 1941, The IIA today serves more than 190,000 members from more than 170 countries and territories, including 3,000 in India, operating under the same code of ethics and international standards for the internal audit profession. The IIA's International Professional Practices Framework (IPPF) includes a comprehensive set of internal audit standards and guidance (detailed as attached) which has been adopted by regulators and legislators worldwide.

**Therefore, The IIA's position is that the internal audit profession is best served if the IPPF is recognized and adopted as the single set of standards for internal audit practitioners in India as it is in other countries.** Rather than develop other or duplicative standards for the internal audit profession in India, we recommend that ICAI's Internal Audit Standards Board support the recognition of The IIA's IPPF and promulgate the widely accepted and existing IIA standards to internal auditors in India.

This is critical due to the following reasons:

- 1.** The development of separate internal audit standards in India would create conflicts for individuals involved in The IIA's standard-setting process, and for our Affiliate in India. It is important to note that over the years, including currently, highly respected internal audit practitioners from India have served

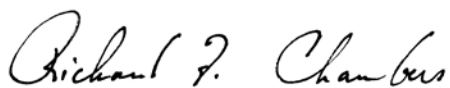
on The IIA's International Internal Auditing Standards Board (IIASB) and guidance committees. As a result, practicing Indian internal auditors have had a direct avenue to develop and influence the content of the entire IPPF. Our extensive due diligence process includes exposure for global comment prior to implementation. As added due diligence, The IIA established a separate, independent oversight body, the IPPF Oversight Council, whose mission is to evaluate and advise on the adequacy and appropriateness of The IIA's Standard- and Guidance-setting processes. The Council currently is chaired by a representative from the International Federation of Accountants (IFAC), of which ICAI is a member, and includes individuals from INTOSAI, NACD, the World Bank and the OECD.

2. All IIA members globally, as well as those holding The IIA's Certified Internal Auditor (CIA) designation, are required to conform to the mandatory elements of the IPPF. The development of different Standards in India would put our Indian members and practicing internal auditors at risk of non-conformance with global requirements and at odds with practitioners in other parts of the world. The development of additional and separate frameworks and standards for the internal audit profession also will create unnecessary challenges for Indian companies as they compete on a global stage. The risk of contradiction between ICAI's framework versus The IIA's globally recognized existing authoritative guidance does not best serve practicing internal auditors in India, or the Audit Committees and executive management they support.
3. Finally, the promulgation of separate internal audit Standards in India should consider the following risks. The first is the perception challenge that ICAI may encounter if seen as the body setting standards for another profession, particularly as internal audit must remain independent from the accounting and external audit functions as promulgated by the globally accepted Three Lines of Defense Model. This perceived conflict for an accounting body may challenge the integrity and independence of the internal audit profession in India. The second is the effort and resources related to development of content that is similar and duplicative. Although not part of ICAI's exposure at this time, its Standards Board's existing 18 Standards on Internal Audit (SIA's) are also largely duplicative to what The IIA's IPPF has published as, and considers, guidance as outlined below.

That said, The IIA recognizes that in some countries there may be laws or special circumstances that require adaptations or modifications to The IIA's global Standards and has implemented a special process for such requests to be considered and approved by The IIA's IIASB. In the spirit of partnership, and the long-standing relationship between The IIA and ICAI, we propose to engage in active dialogue to benefit the internal audit profession in India by us working collaboratively to enhance The IIA's IPPF.

On behalf of The IIA global body and its members (including those in India, and those serving Indian companies abroad), we offer our commitment to common aims, goals and desires as it relates to the internal audit profession. I make myself, members of my staff, key IIA volunteer leaders, and members of IIA-India available so that we can forge a mutually beneficial long-term solution.

Respectfully,



Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA  
President and Chief Executive Officer

The International Professional Practices Framework (IPPF) which comprises the following elements can be accessed via <https://global.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>

- Mission of Internal Audit
- Core Principles for the Professional Practice of Internal Auditing
- Definition of Internal Auditing
- Code of Ethics
- Standards for the Professional Practice of Internal Auditing
- Implementation Guidance and
- Supplemental Guidance

Specific examples of the duplicative nature between The IIA's IPPF and ICAI's proposed "Framework Covering Internal Audits" include the following:

- Definition of Internal Audit: consists of similar wording to The IIA's Definition of Internal Audit which was originally promulgated in 1999 and is codified in regulation and legislation around the world
- Reference to a Code of Ethics: The IIA's Code of Ethics addresses internal auditors' obligations around Integrity, Objectivity, Confidentiality, and Competency.
- Independence: addressed in IIA Standard 1110 entitled "Organizational Independence" and supported by Implementation Guide 1110
- Integrity & Objectivity: addressed in the IIA's Code of Ethics, IIA Standard 1120 "Individual Objectivity" and supported by Implementation Guide 1120
- Due Professional Care: addressed in IIA Standard 1220 "Due Professional Care" and supported by Implementation Guide 1220
- Confidentiality: addressed in the IIA's Code of Ethics
- Skills and Competence: addressed in IIA Standards 1210 "Proficiency" and 1230 "Continuing Professional Development" and supported Implementation Guides 1210 and 1230
- Risk Based Approach: addressed in IIA Standard 2010 "Planning" and supported by Implementation Guide 2010
- Participation in Decision Making: addressed in IIA Standard 1130 "Impairment to Independence or Objectivity" and supported by Implementation Guide 1130
- Quality and Continuous Improvement: addressed in IIA Standards 1300 through 1320 and supported by related Implementation Guides
- Internal Audit Charter: addressed in IIA Standards 1000 "Purpose, Authority, and Responsibility" and 1010 "Recognizing Mandatory Guidance in the Internal Audit Charter" and supported by Implementation Guides 1000 and 1010 as well as Model Charters