

CHARTERED INSTITUTE OF INTERNAL AUDITORS

Response from the Chartered Institute representing the views of 8500 members in the UK and Ireland.

<http://iasurvey.theiia.org/flashsurvey/se.ashx?s=0B87D7847D37362808D1C2657DD41D8209>

EXPOSURE DRAFT SURVEY QUESTIONS

1. MISSION OF INTERNAL AUDITING

1.1 To what extent do you support the addition of a Mission of Internal Auditing to the IPPF?

Completely Support

Do Not Support

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Comments:

We are disappointed that the RTF did not revise the definition. We recognise the reasons why they decided not to change the definition to reflect the developing role of internal audit. But if we accept that the role is changing, then do we not want the definition of internal audit in national laws and regulations to change in future. A revised, updated definition would help stimulate those necessary changes. At worst, a new definition might be ignored in those laws and regulations. But that would still leave us with the current definition. So changing the definition would be a positive sum game.

By adding a mission statement but leaving the definition untouched there is a danger that we are helping to preserve an out-dated role for our members. The two also overlap and having both could cause confusion.

Taken in isolation however the mission statement is clear and appropriate with the exception of the word "reliable" which should be deleted.

1.2 To what extent do you agree that the proposed Mission of Internal Auditing captures what internal audit strives and/or aspires to accomplish in organizations?

Completely Agree

Do Not Agree

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Comments:

"Reliable" should be deleted as it is tautological. Assurance should inherently be reliable.

2. CORE PRINCIPLES FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

2.1 To what extent do you support adding Core Principles for the Professional Practice of Internal Auditing as an element of the IPPF?

Completely Support					Do Not Support
5	4	3	2	1	

Comments:

Having a set of principles is a good idea. It is a pity that the exercise to produce principles-based standards did not start with the principles. But we are where we are, and the re-fresh has picked out the right headings from the Code of Ethics and the Standards.

One issue that is not addressed is whether the principles are in the gift of internal auditors themselves. It might be useful to divide the principles into those that internal auditors can aspire to and attain through their own efforts and those where third party support is needed, in particular from executives and boards. Principles 4 and 6 are in the latter category.

2.2 Do you agree with the three “input-related” Principles as proposed?

Completely Agree					Do Not Agree
5	4	3	2	1	

Comments:

We question the need for “uncompromised”. Is integrity not an absolute concept? Is there such a thing as compromised integrity – one either has integrity or not.

Should the principle of competence also not be absolute? A commitment to competence suggests that it is acceptable not to be competent as long as one is on a journey towards it. Indeed should the principle not be one of excellence, with mere competence being second best?

2.3 Do you agree with the six “process-related” Principles as proposed?

Completely Agree					Do Not Agree
5	4	3	2	1	

Comments:

Principle 4 is too subjective. What do “sufficient” and “appropriate” mean? As a principle should we not be more specific about internal audit being positioned with a functional reporting line independent of the executive and with the authority to question all aspects of the executive’s operations?

Principle 5 “Enterprise” should be replaced by “organisation” in order to make clear that the principles also cover the public sector.

2.4 Do you agree with the three “output-related” Principles as proposed?

Completely Agree					Do Not Agree
5	4	3	2	1	

Comments:

Replace “reliable” in principle 10 with “independent” or “objective”.

2.5 Do you agree with the order of the 12 Principles as proposed?

Completely Agree					Do Not Agree
5	4	3	2	1	

Comments:

We recognise that the order is based on input, process and output and so is logical. But does the order really matter? Are some principles more important than others? If so we should say so.

2.6 To what extent do you agree with the view that all Principles must be “present and operating effectively” for an internal audit function to be considered effective?

Completely Agree					Do Not Agree
5	4	3	2	1	

Comments:

2.7 Do you agree that the Principles, if adopted, would require guidance to help demonstrate to practitioners what the Principles might look like in practice?

Completely Agree					Do Not Agree
5	4	3	2	1	

Comments:

The standards, supported by the re-titled implementation and supplemental guidance, do this already, and if they do not, they should.

3. IMPLEMENTATION GUIDANCE & SUPPLEMENTAL GUIDANCE

3.1 To what extent do you support the restructure of guidance elements from “Practice Advisories” to a more comprehensive layer entitled “Implementation Guidance” as part of the framework?

Completely Support

Do Not Support

5 4 3 2 1

Comments:

An excellent idea

3.2 To what extent do you support the restructure of guidance elements from “Practice Guides” to “Supplemental Guidance” as part of the framework?

Completely Support

Do Not Support

5 4 3 2 1

Comments:

Much clearer

4. ADDRESSING EMERGING ISSUES

4.1 To what extent do you support the introduction of a new IPPF element to address emerging issues?

Completely Support

Do Not Support

5 4 3 2 1

Comments:

It is not clear why this sort of guidance has to be in the IPPF. Much of the emerging issues guidance will be about local issues and will need to be produced by national institutes. Where global guidance is required there is nothing to stop IIA Global providing it outside of the IPPF. If it is developed more quickly and less authoritatively than existing guidance then it certainly does not belong in the IPPF, whose authority should not be undermined.

4.2 To what extent do you agree that Emerging Issues Guidance, due to its quicker development process, should be less authoritative than Supplemental Guidance as part of the framework?

Completely Agree

Do Not Agree

5 4 3 2 1

Completely Agree

Do Not Agree

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Comments:

Is the hierarchy right? Are the core principles not fundamental to the other elements of the IPPF, just as the mission is? If so they should also encircle the definition, standards and code of ethics.

7.3 To what extent do you agree that the pictorial representation of the proposed new IPPF is visually appealing?

Completely Agree

Do Not Agree

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Comments:

The writing is smaller than in the current IPPF diagram and may not be readable from a distance in projected Powerpoint presentations.