Message from The IIA’s International Internal Audit Standards Board (IIASB)

The IIASB would like to thank the more than 1,100 people in 76 countries who completed the survey and provided comments on the 2016 Standards Exposure. Our proposed changes to the International Standards for the Professional Practice of Internal Auditing (Standards) were released for comment on 1 February for a 90-day period, ending 30 April. Overall, there was overwhelming support for the proposed modifications, and we appreciate your feedback.

This overview summarizes the results of the survey and key themes received from the feedback. Two additional documents provide details: (1) the quantitative summary of survey results and (2) the qualitative disposition tables, which summarize our deliberations and reasons for any changes we ultimately made to the Standards, based on comments received.

We proposed 42 changes involving the introduction to the Standards, certain individual standards and interpretations, and glossary terms. An overwhelming majority of the matters proposed received greater than 90 percent support; the lowest approval rating received — which was for the interpretation of Standard 1112 — was 86 percent. In addition to considering the survey results, the IIASB reviewed all comments and evaluated each to clarify and improve the proposed revisions to the Standards.

As a result of the exposure, we identified some common themes and areas that require additional clarification:

- It is the view of the IIASB that if the Code of Ethics and Standards are adhered to by the internal audit activity, the activity will be in conformance with all of the mandatory elements of the International Professional Practices Framework (IPPF). Some respondents suggested clarification of this matter, and we have revised the Introduction to the Standards accordingly. This also explains some of the changes to the 1300 section in the Exposure Draft.

- The Core Principles for the Professional Practice of Internal Auditing were added to the IPPF in July 2015. The mandatory IPPF elements include the Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, Standards, and the Definition of Internal Auditing.

- The roles and responsibilities of the chief audit executive (CAE) are ever changing to meet the needs of different types of organizations worldwide. As such, the Standards must also evolve in order to continue to support internal auditing around the world. While Standard 1112: Chief Audit Executive Roles Beyond Internal Auditing does not promote multiple roles for the CAE, organizations or boards may require a CAE to undertake roles or additional responsibilities that fall outside of internal audit. Because the roles and responsibilities of a CAE have evolved over the years, Standard 1112 was added to ensure that there are safeguards in place when this situation occurs.
Several commenters suggested modifications to apply a more rules-based stance to various standards. The Standards are intended to be principles-based by design, which allows for the use of the Standards in a broad context and requires the use of judgment by the internal audit professional. This also allows the Standards to be applied globally.

From the comments received, it would appear that there is confusion among some individuals with respect to the term independence, as some commenters mistakenly use it as a proxy for objectivity. We direct readers to the Standards glossary to ensure those terms are understood in the context of the Standards.

Several concerns were raised that the term board, as defined in the glossary, is not suitable for all organizations — most notably in the public sector or when organizations report to supervisory boards. Although there was overwhelming support for the proposed modification, we recognize that even the modified definition may not be suitable for every organization. Additional guidance will be developed in the future to better support the application of the term board.

In addition to the large number of responses we received, the quality of feedback we received through this process was impressive. There was a great demand for information about the proposed revisions, and our communications offerings drew a wide audience. More than 3,000 global IIA members attended our online webinar, over 8,000 watched the video on AuditChannel.tv about the impact of the proposed changes, and the Exposure Draft for public comment itself received more than 35,000 unique web page visits. Once again, the IIASB would like to extend our sincere gratitude to all who participated in this exposure process, which impacts the internal audit profession on a global scale. The modified Standards will be formally announced on 1 October and will become effective on 1 January, 2017. To see a marked-up version of the revised Standards, click here. If you have any questions or concerns, please contact us via email at guidance@theiia.org.