

February 25, 2010

Hapenga M KABETA
Secretary and Chief Executive
Zambia Institute of Chartered Accountants
Joseph Mwilma Road
Rhodes Park
PO Box 32005
Lusaka
Zambia

Re: Practice Guidance Note No.2

Dear Mr. Kabeta:

The Institute of Internal Auditors (The IIA) is the recognized authority, acknowledged leader, principal educator, and standard-setter for the internal auditing profession worldwide. Our professional, non-for-profit membership association includes over 110 IIA Institutes around the world who serve The IIA's 170,000 members. In Zambia, the IIA is represented by the Zambian Institute of Internal Auditors (IIA Zambia) which has been affiliated with The IIA since June 2nd 1998.

Our affiliate in Zambia forwarded to us a copy of an advertisement recently placed in the local newspaper. The IIA is very concerned about the Zambia Institute of Chartered Accountants' decision to revise Practice Guidance Note No. 2 to include the practice of internal auditing within the definition and scope of its chartered accountancy registration requirements. Internal auditing is a unique profession from the practice of accounting and, unlike chartered accountancy, internal auditing is not subject to the licensure or jurisdiction of another body in other countries. This practice would conflict with generally accepted practices worldwide.

As members of a self-regulated profession, internal audit practitioners conform to The IIA's globally recognized *International Standards for the Professional Practice of Internal Auditing* and abide by the following definition of internal auditing:

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The IIA's definition of internal auditing, which is recognized and accepted around the world, demonstrates that internal auditing is quite different from accounting and external auditing. The scope of internal auditor's work is broad and may cover various business functions within an organization. Examples of the areas are the efficacy of operations, the reliability of financial reporting, safeguarding assets, and compliance with laws and regulations. Implicit in this definition is that the results of the internal auditor's work are for the organization's management, not the general public or investors as is the case with the work of the external auditors.

Furthermore, to perform their roles and responsibilities, internal auditors must have an expertise in risk management, internal control, governance, operations, compliance, fraud, ethics, and information technology. Although some internal auditors do have a chartered accountancy designation, such licensing is not a prerequisite for internal auditors. The

globally recognized certification for internal auditors is the Certified Internal Auditor (CIA), which is held by over 94,000 internal auditors around the world. The IIA currently has over 500 examination sites established around the globe and the closest geographical locations to Zambia are in Lusaka, Harare and Malawi.

Finally, we would like to bring to your attention the information contained in the following appendices:

Appendix 1: List of IIA Institutes.

Appendix 2: Information about *The Standards*

Appendix 3: Memoranda of Understanding with IFAC, ACCA and INTOSAI.

Under the Zambia Accountants Bill, 2008, accountancy includes audit. In the same Bill, audit is defined as “independent examination of evidence from which the financial statements of an enterprise are derived in order to give the reader of the statements confidence as to the truth and fairness of the state of affairs which the financial statements disclose, but doesn’t include book-keeping, cost accounting and business or cost systems”. This is generally accepted definition of **external** auditors. We believe that it is not the intent of the Zambian Institute of Chartered Accountants to regulate all internal auditors employed by companies and other organizations throughout Zambia who do not practice any form of public accounting or provide services that are relied upon by the public.

Many of our IIA Institutes around the world maintain close relations with their local accounting association to promote mutual goals and interests. We hope that ZICA and IIA Zambia will explore similar opportunities in order to benefit the development of internal auditing profession in Zambia as a separate and unique profession.

As the globally recognized standard-setting body for the internal auditing profession, The IIA collaborates with other major standards-setters and regulators around the world. The IIA has Memoranda of Understanding and Cooperation with The International Federation of Accountants (IFAC), the Association of Chartered Certified Accountants (ACCA) and The International Organization of Supreme Audit Institutions (INTOSAI). We are sending copies of this letter to the representatives of these organizations so that they may be aware of this communication.

Should you have any questions, please do not hesitate to contact me.

Yours Sincerely

Richard F. Chambers, CIA, CGAP, CCSA
President and Chief Executive Officer
The Institute of Internal Auditors – Global Headquarters
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+1 407 937 1205

cc: Mr. Ian Ball, Executive Director, International Federation of Accountants – IFAC
Helen Brand, Chief Executive, Association of Chartered Certified Accountants – ACCA
Dr. Josef Moser, Secretary General, International Organization of Supreme Audit Institutions - INTOSAI

APPENDIX 1

List of IIA Institutes			
Algeria	Denmark	Kenya	Qatar
Argentina	Dominican Republic	Korea, Republic of	Romania
Aruba	Ecuador	Latvia	Russia
Australia	Egypt	Lebanon	Saudi Arabia
Austria	El Salvador	Lithuania	Senegal
Azerbaijan	Estonia	Luxembourg	Serbia
Bahamas	Ethiopia	Malawi	Singapore
Bangladesh	Fiji	Malaysia	Slovakia
Barbados	Finland	Mali	Slovenia
Belgium	France	Mauritius	South Africa
Bermuda	Georgia	Mexico	Spain
Bolivia	Germany	Montenegro	Sri Lanka
Bosnia & Herzegovina	Ghana	Morocco	Sweden
Botswana	Greece	Mozambique	Switzerland
Brazil	Guatemala	Netherlands	Tanzania
Bulgaria	Guyana	New Zealand	Thailand
Cameroon	Haiti	Nicaragua	Trinidad & Tobago
Canada	Honduras	Nigeria	Tunisia
Chile	Hong Kong	Norway	Turkey
China	Hungary	Oman (Sultanate of)	Turks & Caicos
Chinese Taiwan	Iceland	Pakistan	Uganda
Colombia	India	Panama	Ukraine
Congo	Indonesia	Papua New Guinea	United Arab Emirates
Costa Rica	Israel	Paraguay	United Kingdom & Ireland
Croatia	Italy	Peru	United States
Curacao	Ivory Coast	Philippines	Uruguay
Cyprus	Jamaica	Poland	Venezuela
Czech Republic	Japan	Portugal	Zambia
	Kazakhstan	Puerto Rico	Zimbabwe

APPENDIX 2

The Institute of Internal Auditors has been maintaining the International Standards for the Professional Practice of Internal Auditing since 1978 applying a rigorous standard setting process under the oversight of The International Standards Board.

The Professional Issues Committee which establishes the Practice Advisories and Practice Guides comprises of 50 highly experienced professionals from all continents, who work on a continuous basis to develop further guidance for the profession. The International Standards Board of The IIA meets twice a year when the standards are reviewed and amended to keep abreast with the evolution of regulations, expectations and practices. The standards are used internationally and recognized by a range of major stakeholders around the world.

The IIA's Standards as the preferred source of guidance for the internal audit profession. Some examples include the General Accounting Office of the United States of America which references the IIA standards in the government auditing standards (yellow book), the Philippines Stock Exchanges requiring all listed companies to establish an internal audit function operating in compliance with the IIA standards, the United Nations Central Internal Audit bureau which adopted the IIA standards for all the internal audit offices of each UN agencies and the Federal Government of Canada that has adopted the IIA Standards as the only standards for practicing internal audit in the entire Canadian public sector. The UK Treasury has also adopted our Standards for use by all public sector auditors.

There are currently 36 Universities around the World (including of the with an Internal Auditing Education Partnership (IAEP) program where Internal Auditing is taught using as a reference material the International Standards for the Professional Practices of Internal Auditing maintained by The IIA.

Those standards have officially been translated into 23 languages Azeri, Bosnian, Bulgarian, Chinese Unsimplified, Czech, Dutch, Estonian, Finnish, French, German, Hungarian, Italian, Japanese, Korean, Latvian, Norwegian, Polish, Portuguese, Romanian, Russian, Slovenia, Spanish and Ukrainian.



MEMORANDUM OF UNDERSTANDING



APPENDIX 3

**Memorandum of Understanding
between
The Institute of Internal Auditors
and
The International Federation of Accountants**

PURPOSE

1. Both IFAC and the IIA, with their respective perspectives, are currently heavily engaged in restoring confidence of the general public in business reporting and enhancing governance processes in general in both the private and public sector. Both bodies have overlapping interests and they already collaborate and share their expertise when governance issues and assessment of internal controls over financial reporting are involved.
2. The collaboration of both organizations should better address and reflect the reality of the field and the interest of the respective professionals. As a consequence, IFAC and the IIA agree to set a formal cooperation forum, which will include a portfolio of actions and initiatives (meetings, organized exchange of information, ad hoc task forces etc...) to enhance their respective impact on issues and topics where both organizations have common interest.
3. The purpose of this Memorandum of Understanding is to create a project structure and co-operation process that will enable IIA to benefit from the work of IFAC, and IFAC from IIA involvement in the development of IFAC publications.
4. Background information on IIA and the IFAC is provided in an appendix to this Memorandum of Understanding.

AREAS OF COMMON INTEREST

5. Several areas of professional interest are currently shared. These include:
 - **Governance:** Both organizations are strong advocates of sound governance as a key element in the restoring of credibility in financial reporting. Their contribution and added value into the governance process could be further reinforced if both organizations proactively coordinate their activities to achieve a common view and voice in speaking out on matters of mutual concern.

- **IT auditing:** IT is intrinsic in the entities that members of both organizations serve. IT security (integrity, confidentiality and timely availability of data) is a universal concern. To properly address this issue, IT auditing requires standards and professional guidance, which could be mutually beneficial to both external and internal auditors.
- **Auditing in the public sector:** although less scrutinized by the media and the general public, public sector governance represents a major issue. Governance failures in the public sector are numerous and directly impact the stability, political decision-making and citizens' well-being around the world. Internal auditing in the public sector is geared to both financial auditing and performance auditing.
- **Mutual awareness and recognition of professional standards:** The organizations will also endeavor to provide a suitable environment for interaction between internal auditors and accountants in their respective activities leading the respective professionals when dealing with each other in the field.

Both organizations also have an interest in narrative reporting and sustainability reporting. These are matters on which cooperation could be further considered in the future.

6. The two organizations also share an interest in association issues, reflecting that both are international, non-profit professional associations. Both organizations share an interest in attaining compliance by members (or member bodies) with obligations of membership and in supporting the global development of, and convergence to high quality and consistent standards of practice.

CO-OPERATION PROCESS

7. To facilitate the development of joint projects, the IIA and IFAC will create structures appropriate to the respective projects. They will generally involve:
 - a Working Group responsible for developing the appropriate output or publication,
 - a Reference Panel of interested parties from both organizations who will agree that publications are of a quality worthy of dissemination to the public at large and that they contain information and facts that will advance the public understanding and appreciation of the matters addressed, and
 - a Project Secretariat who will support the Working Party in the development of the relevant materials.



MEMORANDUM OF UNDERSTANDING



Various mechanisms can be undertaken to support initiatives in regards the above mentioned topics. Through this agreement both parties intend to cooperate via a three step process, in which the topics and possible actions below will be addressed:

1. In the first stage there will be a focus on achieving awareness of the nature of each organizations activities in the topics of common interest below. This mutual awareness will be achieved principally through attendance at committee or board meetings, as appropriate, and through meetings between the organizations at the technical staff level. It is anticipated that this first stage would last approximately six months;
2. On the basis of experience gained in the first step, the two organizations will jointly re-assess the nature and level of participation in the topic areas identified, and also determine whether there are other areas in which cooperation may be warranted;
3. The third step is for the two organizations to give effect to the levels of participation in each other's activities, as agreed in stage 2 above.

TOPIC	POSSIBLE ACTION
IT auditing	IFAC Technical representative on IIA “Advanced Technology Committee” Staff liaison on IT issues, including an annual technical meeting at staff level. IAASB staff to receive briefing from IIA on IT activities of IIA.
Public sector	IFAC public sector committee chair/representative to sit within the IIA “government relation committee IIA to be a member of the PSC CAG IFAC to nominate a representative to the IIA “International Certified Government Auditing” task force The global curriculum of the IIA to be reviewed with the Education Committee technical staff.
Professional awareness and recognition	<ul style="list-style-type: none"> • A meeting of the IIA Standards Board and the IAASB to be held alongside one another, with a one-day overlap, enabling liaison between the chairs and/or committees • IFAC Technical Director or deputy to sit as Observer at IIA standard Board meetings • IIA to continue participation in the IAASB CAG and to accept an invitation to join the Ethics Committee CAG • Regular meetings between IFAC Technical Director and Deputies where appropriate and IIA Professional Practices unit (Standards, Professional Issues, Ethics) • IIA to have membership of relevant IFAC Task Forces (e.g. ISA 260 project) • Combined team when rewriting ISA 610 Reliance on the Work of Internal Auditors • Co-produced and simultaneously promulgated guidance to respective profession members <p>Ex: identical standards incorporated into IFAC standards and IIA standards regarding the collaboration between external auditors and internal auditors (use of work, respective oversight etc...)</p>
Governance	Promulgate common pronouncements and position papers on an ad hoc basis with full due process
Compliance and global development	Sharing experience and procedures through annual technical staff meeting.
Ethics	IIA member of the IFAC Ethics Committee CAG and internal audit representation on Ethics Committee. The objective should be agreement that IIA will seek to converge with the IFAC Code of Ethics



MEMORANDUM OF UNDERSTANDING



The activities above will be monitored and the achievements assessed on an on-going basis and reported to the IFAC and the IIA Boards respectively.

As evidence of our commitment toward mutual benefit to our professions, we hereby affix our signatures:

Paris November 11, 2004

Paris November 11, 2004

David A. Richards
President
The Institute of Internal Auditors

Rene Ricol
Chairman
International Federation of Accountants

Paris November 11, 2004

Ian Ball
Chief Executive
International Federation of Accountants



MEMORANDUM OF UNDERSTANDING



APPENDIX

THE INTERNATIONAL FEDERATION OF ACCOUNTANTS (IFAC) is the global organization for the accountancy profession. It works with its 159 member organizations in 118 countries to protect the public interest by encouraging high quality practices by the world's accountants. IFAC members represent 2.5 million accountants employed in public practice, industry and commerce, government, and academe. Its structure and governance provide for the representation of its diverse constituencies and interaction with external groups that rely on or influence the work of accountants.

IFAC's overall mission is to serve the public interest, strengthen the worldwide accountancy profession, and contribute to the development of strong international economies

Established in 1941, THE INSTITUTE OF INTERNAL AUDITORS (IIA) currently serves members in 140 countries worldwide engaged in chapters or institutes in more than 90 countries worldwide. The Institute has a network of 243 affiliates, which equates to approximately 93,000 members worldwide.

The IIA serves these members in internal auditing, governance and internal control, IT audit, education, and security worldwide.

The IIA's mission is to be the primary international professional association, organized on a worldwide basis, dedicated to the promotion and development of the practice of internal auditing.



Memorandum of Understanding between
The Institute of Internal Auditors (IIA)
and the
Association of Chartered Certified Accountants (ACCA)

Purpose

1. Both ACCA and The IIA, with their respective perspectives, have complementary interests and see a collaboration of efforts to be mutually beneficial to their members.
2. Such collaboration will initially begin with the areas outlined below and may expand into others that both organizations find to be of mutual interest.
3. The purpose of this Memorandum of Understanding is to create a project structure and cooperation process that will enable IIA and ACCA to benefit from each other's work.
4. It is expected that the intent of this memorandum of understanding is applied at the global level of both organizations, as well as at the local level by our affiliates and national offices around the world.

Background

Internal auditing is a profession with a distinct body of knowledge, a systematic method of working and particular behaviours. It is self-regulated and currently globally represented by The IIA, which is the recognized source worldwide for the standards and guidance for the internal audit profession.

The IIA believes that everyone active in internal audit should:

- Demonstrate a minimum level of knowledge through obtaining an appropriate certification;
- Keep up to date through CPD activities;
- Operate according to The IIA's Code of Ethics and *International Standards for the Professional Practice of Internal Auditing*; and as a result, undergo regular external quality assessments.

The IIA also believes that being a member of The IIA and its affiliates worldwide is a minimum commitment that can be expected from a professional internal auditor.

ACCA believes that professional accountants should demonstrate that they have the knowledge and experience they need to be competent in whatever role they undertake. After they qualify, ACCA expects its members to undertake the appropriate type and amount of CPD. ACCA also expects its members to operate in accordance with its code of ethics.

There are three main ways in which ACCA members will interact with the profession of internal auditing.

1. As accountancy professionals within organisations or as external auditors to them, accountants interact with internal auditors, exchanging information and coordinating governance efforts. In particular, internal and external audit work over those areas of common interests should be coordinated to ensure adequate coverage and to minimize duplicate effort. In that respect, sharing a common language is critical for the efficient coordination between both professionals.
2. Occasionally, accountants may perform internal audit type assignments over a limited period of time. Although internal auditing is not their primary profession, it is critical for such individuals to use the appropriate professional standards to maximize the quality of their undertaking.
3. Finally, some accountants may choose to become internal auditors. Under those circumstances, ACCA highly recommends that such individuals consider obtaining further appropriate professional qualification and become a member of The IIA. This would help ACCA members to maintain professional expertise through appropriate exposure to relevant professional guidance, educational material and networking opportunities. As members of The IIA, such individuals are expected to comply with The IIA's Code of Ethics and the *International Standards for the Professional Practice of Internal Auditing*.

Whether or not ACCA members go on to become members of The IIA, ACCA members will at all times be required to comply with ACCA's Rulebook. If, after careful consideration, an ACCA member chooses not to join



The IIA, that member will be strongly advised to apply the IIA Professional Practices Framework when engaged in internal audit. Members of both bodies would of course be covered by both bodies' codes of ethics. ACCA and The IIA see no conflict between their respective codes of ethics: the two bodies will work together to resolve any questions that may arise.

Proposal

1. ACCA to recognise the Professional Practices Framework (PPF) as authoritative guidance for internal auditors. Those performing internal audit activities will be strongly advised to apply the *International Standards for the Professional Practice of Internal Auditing*.
2. ACCA to encourage its members, through its CPD process, to consider obtaining further professional qualifications in internal auditing where appropriate to their existing knowledge and level of involvement in internal auditing.
3. ACCA to require its members to undertake CPD appropriate to their involvement in internal auditing.
4. ACCA to encourage its members who are involved in internal auditing activities as a high proportion of their work to consider demonstrating their commitment to the internal audit profession by joining The IIA.

Areas of Common Interest

Several areas of professional interest are currently shared. These include:

- **Academic Relations and Accounting/Internal Audit Curricula:** Both organizations have a keen interest in growing the accounting and internal auditing professions.
- **Ethics for Professionals:** Both organizations believe their members and candidates must have strong ethical values and promote such within their organizations and services.
- **Research:** Both organizations recognize the importance and value of timely research and the impact it has on guidance for the professions. Areas of common interest are sustainable development, risk management and governance.

Co-operation Process

To facilitate the development of joint projects and leveraging, The IIA and ACCA will create structures appropriate to their respective projects.

1. The first stage should focus on achieving awareness of the nature of each organization's activities in the topics of common interest listed above. This mutual awareness will be achieved principally through meetings between the organizations at the technical staff level.
2. Once a common awareness has been established, the two organizations will jointly assess the nature and level of participation in the topic areas identified and will review proposed actions for each accordingly and proceed in an agreed upon manner. This may include participation on volunteer committees, task forces, etc.
3. Oversight of the alignment relationship and status of projects will be reviewed by the Senior Executive of both organizations at least annually and by a global steering committee comprised of senior level technical staff on an ongoing basis.
4. The activities above will be monitored and the achievements assessed on an on-going basis and reported to the ACCA Council and IIA Board respectively.



Other Alignment Matters

Professional Practices Framework (PPF)

This includes the mandatory elements – the Definition, the Code of Ethics and the *International Standards for the Professional Practice of Internal Auditing* – and those considered best practice - Practice Advisories and the various resources in the development and practice aids.

For ACCA, recognition of the Professional Practices Framework would:

- Provide a standard for ACCA members performing internal audit activities.
- Constitute a benchmark for ACCA members to apply to evaluate the professionalism of their internal auditing.
- Provide a standard for ACCA members to refer to when pressed by others to act inappropriately.
- Provide a benchmark for third parties to assess what is expected of ACCA members performing internal audit activities.
- Provide standards for quality assurance reviews of internal audit functions run by, or comprising ACCA members.
- Provide a standard to be applied by ACCA's disciplinary processes to assess the professional conduct of ACCA members acting as internal auditors when this conduct is called into question.

How this recognition is given is a matter for the ACCA. The IIA does not itself require the elements of the PPF to be included in the rule book.

Qualifications and CPD in Internal Auditing

ACCA's new CPD process requires its members to be appropriately qualified and to undertake appropriate professional development, whatever their role.

ACCA will provide through its web-based CPD knowledge centre information to its members on the qualifications and other training that The IIA and its affiliates provide and on the knowledge and competencies that they need to develop, depending on their level of engagement with internal auditing. One key element of this will be the mandatory elements of the PPF.

ACCA and The IIA will work together to provide ACCA members with qualifications that are appropriate to the country in which members are located and which are appropriate to ACCA members' qualifications and job responsibilities. The IIA will coordinate the efforts of the affiliates so that the information provided on ACCA's global knowledge centre and The IIA's web site is fully informative.

The IIA will provide information on best practices in internal auditing for inclusion on the CPD knowledge centre, as appropriate.

Membership of The IIA

ACCA recognises the distinct nature of the internal auditing profession and will recommend to its members who are engaged in internal audit activity for a significant proportion of their work to consider becoming members of The IIA (through the local affiliate).

The IIA and its affiliates will work with ACCA to ensure that membership categories, benefits and fees are set appropriately.

As evidence of our commitment toward mutual benefit to our professions, we hereby affix our signatures. Signed and dated this day, August, 2, 2005:

David A. Richards, CIA, CPA
President
The Institute of Internal Auditors

Allen Blewitt,
Chief Executive
Association of Chartered Certified Accountants



Appendix

IIA (The Institute of Internal Auditors)

Established in 1941, THE INSTITUTE OF INTERNAL AUDITORS (IIA) currently serves members in 140 countries worldwide engaged in chapters or institutes in more than 90 countries worldwide. The Institute has a network of 243 affiliates, which equates to approximately 108,000 members worldwide.

The IIA serves these members in internal auditing, governance and internal control, IT audit, education, and security worldwide. The IIA's mission is to be the primary international professional association, organized on a worldwide basis, dedicated to the promotion and development of the practice of internal auditing.

ACCA (THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS)

ACCA is the largest and fastest-growing international accountancy body with over 345,000 students and members in 170 countries. It aims to be the leading global professional accountancy body by size, influence and reputation, offering the first choice qualification to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA delivers its qualifications in partnership with many organisations. It operates 21 joint examination schemes and works closely with nearly 400 registered tuition providers and over 6,500 employers of accountants and finance professionals. ACCA delivers services to students and members through a network of over 75 offices and other centres, aiming to support them throughout their careers. ACCA was established in 1904.



**MEMORANDUM OF UNDERSTANDING BETWEEN
THE PROFESSIONAL STANDARDS COMMITTEE (PSC) OF
THE INTERNATIONAL ORGANIZATION OF SUPREME AUDIT INSTITUTIONS (INTOSAI)
AND THE INSTITUTE OF INTERNAL AUDITORS (IIA)**

Taking into consideration that INTOSAI is the worldwide professional organization of supreme audit institutions (SAI) in 185 countries. Considering that SAIs play a major role in auditing government accounts and operations and in promoting sound financial management and overall accountability in their governments.

Taking into consideration that IIA with more than 120 000 members in 246 affiliates in more than 91 countries, is the global voice of the internal audit profession (in both private and public sector). Considering that the mission of IIA is to provide dynamic leadership for the global profession of internal auditing.

Recognizing that an effective internal audit function is a fundamental component of good governance. That it can provide senior management and audit committees with assurance about the efficiency and effectiveness of key financial, administrative and operational activities and the organization's management practices, along with suggestions for improvement. Recognizing that internal audit is one of several tools that an organization may use to assess and monitor management practices and the achievement of its objectives.

Recognizing the importance for SAIs to be able to rely on the work of the internal auditors, it is in the interest of SAIs and the IIA that they share a common language (standards) and understand respective roles, responsibilities and expectations.

Since PSC and IIA believe that goals of both organizations are strongly linked and that mutual support on their strategic directions would benefit organizations.

That, in particular, IIA is well positioned to support PSC and goal 1 of the strategic plan of INTOSAI: *"Accountability and professional standards: promote strong, independent and multidisciplinary SAIs by (1) encouraging SAIs to lead by example and (2) contributing to the development and adoption of appropriate and effective professional standards."*

That, in particular, the INTOSAI Subcommittee on Internal Control Standards is well positioned to support IIA's strategic mission to "develop and sustain the internal audit profession globally through appropriate infrastructure, coordination, support and communication."

Therefore IIA and PSC on behalf of the INTOSAI Subcommittee on Internal Control Standards will create a co-operation process that will enable PSC and IIA to benefit from their respective work and involvement.

- Whenever appropriate, PSC and IIA will look for the possibility to use or reference to existing standards from other standards setting bodies.
- IIA and PSC are willing to share experiences in developing professional practices framework and are willing to ensure mutual reference of standards and guidelines as well as congruence of standards and guidelines to facilitate the dialogue between SAIs and internal auditors in the public sector.
- IIA has an interest in appropriate inclusion of public sector perspective in this field and recognizes PSC as an important source of that public sector perspective.
- The PSC recognizes the important role of internal auditors in the public sector and will consider IIA's role in this respect.

In order to realize above mentioned purposes IIA and PSC on behalf of the INTOSAI Subcommittee on Internal Control Standards agree:

ARTICLE 1

In order to facilitate congruence on standards and guidelines on an on-going basis and to provide each other with additional input, experience and recommendations whenever appropriate:

- a. An IIA representative participates as observer in the PSC Steering committee and in the INTO-SAI Subcommittee on Internal Control Standards.
- b. A representative from the PSC participates as observer in the IIA-Standards Board and other theme related IIA Professional Committees.

ARTICLE 2

IIA and the INTOSAI Subcommittee on Internal Control Standards could put at each other's disposal appropriate tools and resources to facilitate their work.

ARTICLE 3

IIA and the INTOSAI Subcommittee on Internal Control Standards could circulate in advance for review, and in its final version for reference, all relevant key material they developed.

ARTICLE 4

All members of the PSC Steering Committee and the INTOSAI Subcommittee on Internal Control Standards will get the quarterly newsletter (GAP news) and will be informed of all initiatives of the IIA relating to the public sector.

ARTICLE 5

The PSC has the opportunity to participate in an observing or active capacity to the IIA Government auditing initiative aimed at developing and providing to internal auditors in the public sector the relevant technical guidance and professional services.

