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Proposed Changes to the IIA *Standards* Roundtable

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Objectives

1

Obtain an overview of the proposed changes to the IIA *Standards*.

2

Review the Auditing & Accounting Principles Committee's recent survey results soliciting feedback from membership on the changes.

3

Discuss pros and cons, and how to prioritize implementation of the proposed changes with fellow colleagues.



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Overview of Proposed Changes to the IIA *Standards*



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Timeline



2021

- Research and benchmarking as input for revisions to framework and standard-setting process.



2022

- Outreach and engagement to receive input from broad variety of stakeholders.
- Revisions and development of new Standards.



2023 – Q1 - Q3

- Translation and release of draft for 90 days of public comment.
- Analysis and disposition of results.



2023 – Q4

- Approval of final draft. Translations begin.



2024

- Target publication dates:
 - Digital – January
 - Print – March



2024

- Updated Quality Assessment manual to be finalized, Q1.
- New IIA instructor-led training and updated learning library, Q1.
- Updated Internal Audit Practitioner exam to be ready, Q3.



2025

- New Standards become effective 12 months from the release date.



2025

- Updated CIA Exam and study materials expected to be available March or later.



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Overview of Proposed Changes to the IIA Standards





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Major Changes to the IIA *Standards*

- Name
- Structure
- Sections in each standard
- Purpose of internal auditing
- Ethics and Professionalism domain & standards





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Major Changes to the IIA *Standards*



- Governing domain & standards
- Quality assurance & improvement program
- Special attention to the public sector
- Increased stakeholders & public interest
- New terms & revised & expanded Glossary



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Topical Requirements

Ensure that all internal audit functions apply consistent audit methodology when assessing the effectiveness of governance, risk management, and controls of a particular topical area.

- Organizational Governance
- Cybersecurity
- Fraud Risk Management
- Information Technology Governance
- Privacy Risk Management
- Sustainability: ESG
- Third-party Management
- Public Sector-specific: Performance Audits



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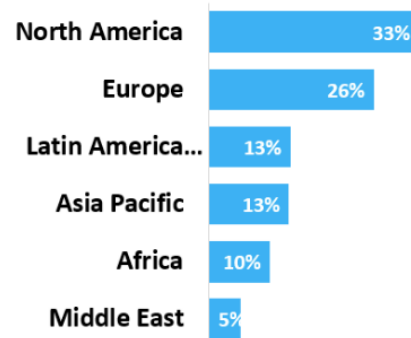


Results From the IIA Public Comment Survey

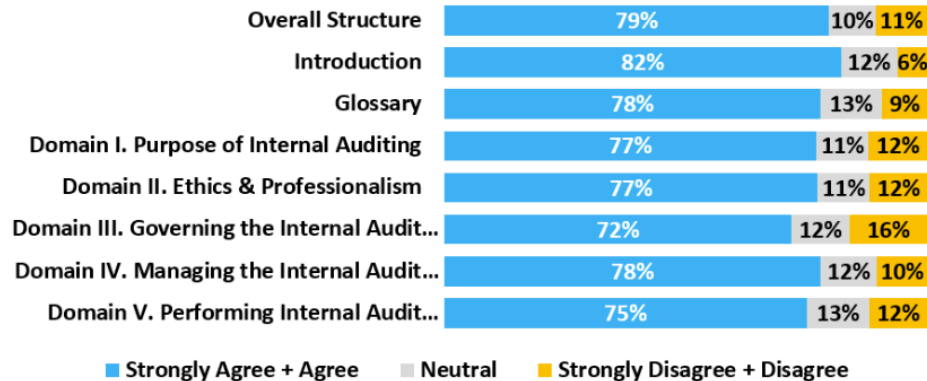
Global Internal Audit Standards: Topline Results of the 2023 Public Comment Survey

Total Completed Surveys: **1,612**
Countries & Territories Represented : **135**
Number of Specific Comments: **19,000**

Region Response Rate



Level of agreement among respondents answering required questions





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Auditing & Accounting Principles Committee Survey Results



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Survey Results: Top Concerns

Domain III: Governing the Internal Audit Function

59% of respondents question whether the IIA has the authority to mandate specific requirements of board members

- Board members are not typically IIA members
- CAEs do not have authority over boards and should not be held responsible if the board does not follow the *Standards*



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Survey Results: Top Concerns

Standard 8.4: External Quality Assurance

41% of respondents disagreed with the proposed requirements, specifically:

- performance of an external review every ten years
- preference that the review team lead holds an active CIA designation
- independent assessment teams completion of a training recognized by the IIA



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Survey Results: Top Concerns

Standard 15.1: Final Engagement Communication

21% of respondents were concerned with the proposed requirement that audit findings be ranked by significance.

- Rankings are subjective and may cause unnecessary conflict between the internal audit function and management
- Some members also objected to the requirement to include due dates and key management contacts in the final report, having concerns regarding the perception that internal audit was inserting itself in the management decision process



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Survey Results: Other Concerns

Domain I: Purpose of Internal Auditing

- 10% of respondents expressed concern that the inclusion of "enhancing the organization's success" and "serving the public interest" in the new purpose statement presents a conflict of interest and a shift in priorities from the current mission statement that includes "providing a risk-based independent and objective service."

Standard 2.1: Individual Objectivity

- 10% of respondents felt the statement, "internal auditors must be aware of and manage potential biases," implies internal auditors are inherently biased instead of fair and impartial. A lack of conceptual framework for identifying and evaluating threats to independence and applying safeguards was noted.



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Survey Results: Small Shop Concerns

Standard 2.2: Safeguarding Objectivity

- Internal auditors not being able to provide assurance over an activity where they provided advisory services within the last year is too restrictive and limiting

Standard 10.2: Human Resource Management

- The requirement that the CAE "must establish a program to recruit, develop, and retain qualified internal auditors" is overly-burdensome to the CAE and small shops

Standard 12.1 Internal Quality Assessment

- The suggested alternative for small shops "to consider requesting assistance from others within the organization to conduct periodic assessments, such as former internal auditors or others with suitable knowledge of internal auditing" and increase the use of checklists or automated tools seem to offer little value relative to the resources required to complete these activities

Standard 12.2 Performance Measurement

- The requirement that the CAE develops and reports on a performance management methodology—in an effort for accountability of internal audit to both the board and senior management—creates an administrative burden



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Roundtable Discussion Topics



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Pros & Cons of the Proposed Changes to the IIA *Standards*

- First Breakout
 - What are some of the changes you are most excited or concerned about?



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Prioritizing Implementation of the Proposed IIA *Standards*

- Second Breakout
 - What are your thoughts on how to prioritize the implementation of the changes to the IIA *Standards*?



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Questions,
Comments, or
Insight

