

# The IPPF Evolution to Global Internal Audit Standards

*Elevating the Profession for the Future*

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Chairman, International Internal Audit Standards Board

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# Agenda

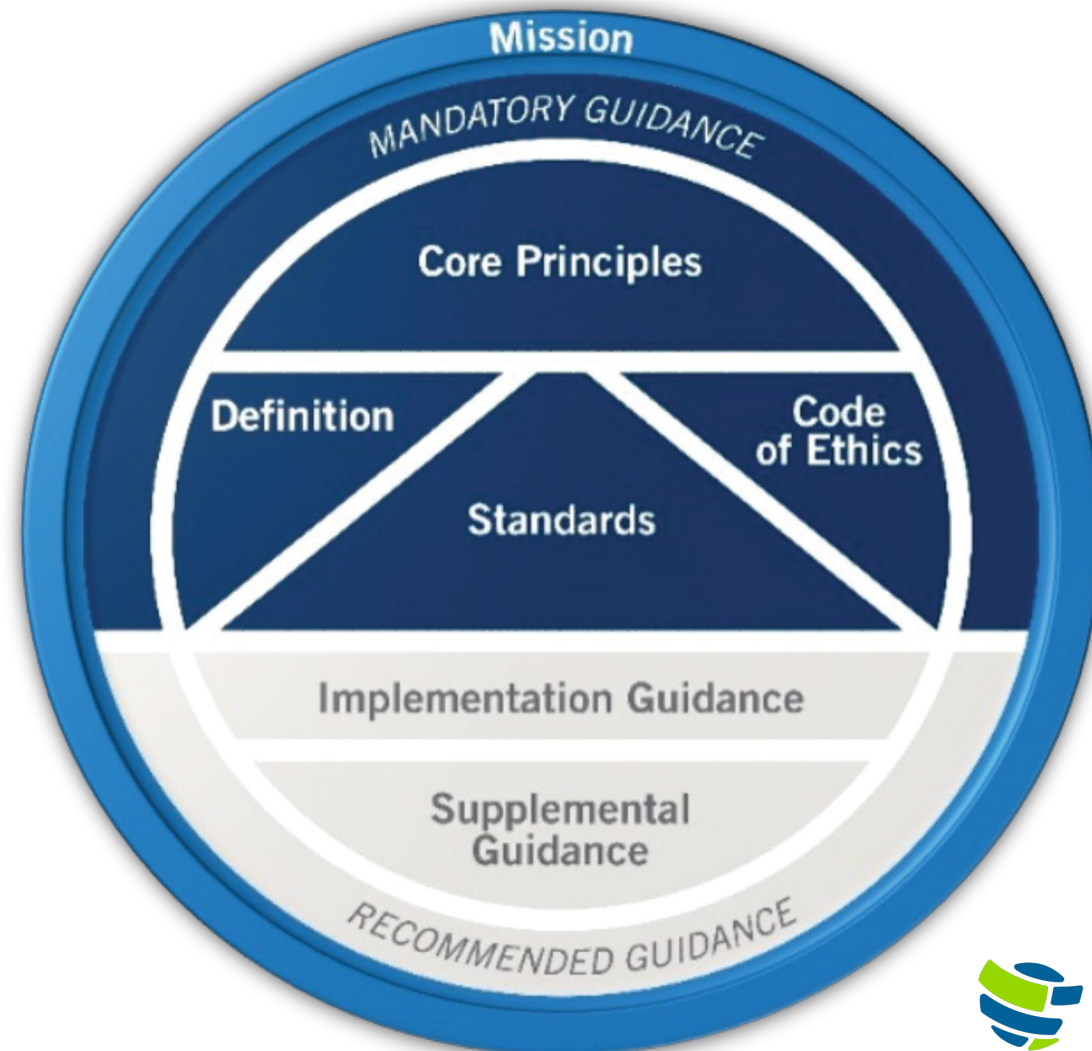
- A.** IPPF Evolution Project
- B.** Why Standards?
- C.** Structure of Proposed New IPPF and Standards
- D.** Proposed New Global Internal Audit Standards
- F.** Key Impacts for the Profession

# IPPF Evolution Project

# Current IPPF

## • Current IPPF

- Mission
- Mandatory Guidance
  - Core Principles
  - Definition
  - Code of Ethics
  - Standards
- Recommended Guidance
  - Implementation Guidance
  - Supplemental Guidance



# Feedback

Simplify structure

Clarify and align elements

Include timely and/or emerging topical areas

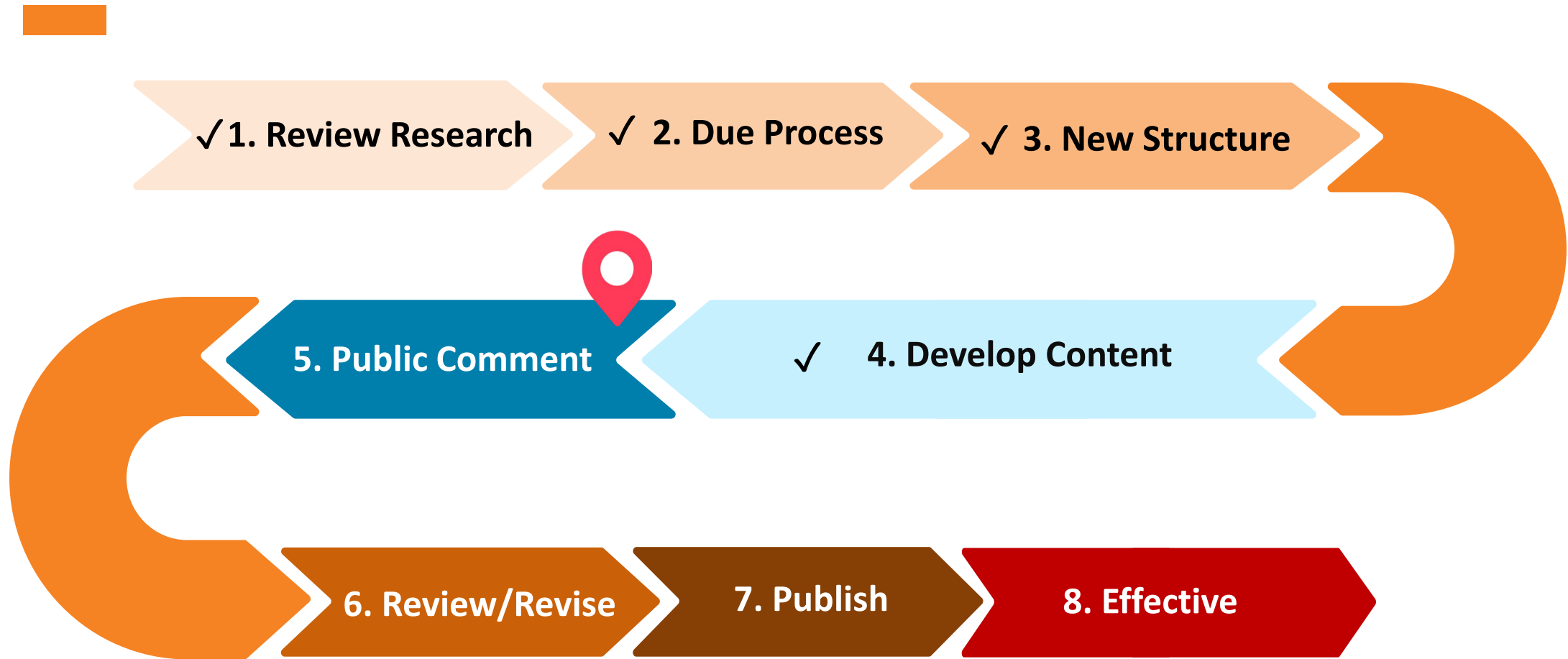
More practical and applicable guidance  
regardless of size, industry, maturity

Communicate and advocate

with internal audit, stakeholders, regulators, etc.

“IPPF is  
no longer  
meeting  
expectations.”

# Progress (Standards Development)



# Why Standards?

# Why Standards?

- They set the bar that every auditor should comply with.
- They give you a reference guide for how to conduct yourself and your work.
- They lay the groundwork, but are not the ultimate goal.
- They give our customers peace of mind and confidence they're getting a quality product.

**The Standards elevate the Profession**



# Structure of Proposed New IPPF and Standards

# Proposed New IPPF Structure

## *Global Internal Audit Standards™*

- Requirements for all internal auditing
- Universally applicable
- Covering core internal audit elements

## **Topical Requirements**

- Requirements when auditing the topics
- Applicable for a specific audit topic
- Covering aspects of Governance, Risk Management and Controls

## **Guidance**

- Detailed guidance for conducting internal audit activities
- Covering processes and procedures, tools and techniques, programs, step-by-step approaches, and examples of deliverables

# Mapping IPPF to New Standards

## Global Internal Audit Standards™





# The New Structure

## DOMAINS

- Principles
- Standards
- Requirements
  - Considerations for implementation
  - Evidence of Conformance



# Five Domains, Fifteen Principles

## I. Purpose of Internal Auditing

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## II. Ethics and Professionalism

1. Demonstrate Integrity

2. Maintain Objectivity

3. Demonstrate Competency

4. Exercise Due Professional Care

5. Maintain Confidentiality

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### III. Governing the Internal Audit Function

6. Authorized by the Board

7. Positioned Independently

8. Overseen by the Board

### IV. Managing the Internal Audit Function

9. Plans Strategically

10. Manages Resources

11. Communicates Effectively

12. Enhances Quality

### V. Performing Internal Audit Services

13. Plan Engagements Effectively

14. Conduct Engagement Work

15. Communicate Engagement Conclusions  
and Monitor Action Plans

# Proposed Global Internal Audit Standards

# I. Purpose of Internal Auditing



**Internal auditing enhances the organization's success by providing the board and management with objective assurance and advice.**



# I. Purpose of Internal Auditing

## Internal auditing strengthens the organization's:

- Value creation, protection, and sustainability.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.

## Internal auditing is most effective when it is:

- It is performed by qualified internal auditors in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from bias and undue influence and committed to making objective assessments.

# II. Ethics and Professionalism

## PRINCIPLE 1

### Demonstrate Integrity

- 1.1. Honesty and Courage
- 1.2. Organization's Ethical Expectations
- 1.3. Legal and Professional Behavior

“Internal auditors demonstrate integrity in their work and behavior.”

## PRINCIPLE 2

### Maintain Objectivity

- 2.1. Individual Objectivity
- 2.2. Safeguarding Objectivity
- 2.3. Disclosing Impairments to Objectivity

“Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.”

# II. Ethics and Professionalism

## PRINCIPLE 3

### Demonstrate Competency

- 3.1. Competency
- 3.2. Continuing Professional Development

“Internal auditors apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully.”

## PRINCIPLE 4

### Exercise Due Professional Care

- 4.1. Conformance with Global Internal Audit Standards
- 4.2. Due Professional Care
- 4.3. Professional Skepticism

“Internal auditors apply due professional care in planning and performing internal audit services.”

## PRINCIPLE 5

### Maintain Confidentiality

- 5.1. Use of Information
- 5.2. Protection of Information

“Internal auditors use and protect information appropriately.”

# III. Governing the Internal Audit Function

## PRINCIPLE 6

### Authorized by the Board

6.1. Internal Audit Mandate

6.2. Board Support

“The board establishes, approves, and supports the authority, role, and responsibilities of the internal audit function.”

## PRINCIPLE 7

### Positioned Independently

7.1. Organizational Independence

7.2. CAE Roles, Responsibilities, and Qualifications

7.3. Safeguard Independence

“The board establishes and protects the internal audit function’s independence.”

## PRINCIPLE 8

### Overseen by the Board

8.1. Board Interaction

8.2. Resources

8.3. Quality

8.4. External Quality Assessment

“The board oversees the internal audit function to ensure effectiveness.”

# IV. Managing the Internal Audit Function

## PRINCIPLE 9

### Plans Strategically

- 9.1. Understanding GRC Processes
- 9.2. Internal Audit Strategy
- 9.3. Internal Audit Charter
- 9.4. Methodologies
- 9.5. Internal Audit Plan
- 9.6. Coordination and Reliance

“The CAE plans strategically to ensure the internal audit function fulfills its mandate and is positioned for long-term success.”

## PRINCIPLE 10

### Manages Resources

- 10.1. Financial Resource Management
- 10.2. Human Resource Management
- 10.3. Technological Resources

“The CAE manages resources to implement the internal audit function’s strategy, complete its plan, and achieve its mandate.”

# IV. Managing the Internal Audit Function

## PRINCIPLE 11

### Communicates Effectively

11.1. Building Relationships and Communicating with Stakeholders

11.2. Effective Communication

11.3. Communicating Results

11.4. Errors and Omissions

11.5. Communicating Acceptance of Risks

“The CAE ensures the internal audit function communicates effectively with its stakeholders.”

## PRINCIPLE 12

### Enhances Quality

12.1. Internal Quality Assessment

12.2. Performance Measurement

12.3. Ensuring and Improving Engagement Performance

“The CAE ensures conformance with the Global Internal Audit Standards™ and continuously improves the internal audit function’s performance.”

# V. Performing Internal Audit Services

## PRINCIPLE 13

### Plan Engagements Effectively

- 13.1. Engagement Communication
- 13.2. Engagement Risk Assessment
- 13.3. Engagement Objectives and Scope
- 13.4. Evaluation Criteria
- 13.5. Engagement Resources
- 13.6. Work Program

“Internal Auditors plan each engagement using a systematic, disciplined approach.”

## PRINCIPLE 14

### Conduct Engagement Work

- 14.1. Gathering Information
- 14.2. Analyses and Potential Findings
- 14.3. Evaluation of Findings
- 14.4. Recommendations and Action Plans
- 14.5. Developing Engagement Conclusions
- 14.6. Documenting Engagements

“Internal Auditors implement the engagement work program to achieve the engagement objectives.”

# V. Performing Internal Audit Services

## PRINCIPLE 15

### Communicate Engagement Conclusions and Monitor Action Plans

15.1. Final Engagement Communication

15.2. Confirming the Implementation of Action Plans

“Internal Auditors communicate the engagement findings and conclusions to the appropriate parties and monitor management’s progress toward the completion of action plans.”



# Key Impacts for the Profession

# Summary of Changes

## New Structure

- Consolidating and streamlining six elements (Mission, Definition, Code of Ethics, Core Principles, Standards, and Implementation Guides) into the Standards
- Aligning the Standards with the Principles
- Adding considerations for implantation and evidence of conformance for each standard

## New Contents, e.g.

- Purpose of Internal Auditing
- 15 Principles
- Board (Audit Committee) role in governing the internal audit function
- Considerations for Public Sector, small functions, and others

## Changes and Clarifications, e.g.

- Clarifying the role of Chief Audit Executives in managing the internal audit function
- Incorporating new performance requirements to ensure quality of internal audit services

**Quality = Conformance + Performance**

# Impacts

- Easy to learn, easy to use and easy to implement
- Better conformance with the Standards
- Inspire quality internal audit services
- Elevate internal auditing and its impacts
- Broad recognition and adoption by stakeholders globally





# CLOSING



# The Standards Board

# How to Support the New Standards



**Inform your board**

**Encourage your team**

**Make your voice heard**

**[www.theiia.org/ippfevolution](http://www.theiia.org/ippfevolution)**

The image features a vibrant red background. On the left side, there are several large, white, abstract, curved shapes that resemble stylized brushstrokes or segments of a larger graphic. These shapes are arranged in a roughly circular pattern, with some overlapping. The text on the right is in a bold, white, italicized sans-serif font.

*Elevating the  
Profession.  
Elevating Impact!*