

Get to Know the Global Internal Audit StandardsTM



The Institute of
Internal Auditors
Malaysia

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WEBINAR



Today's Speaker

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Thank you for joining us!

- **New IPPF and Global Internal Audit Standards – Structure**
- **Global Internal Audit Standards – Contents**
- **What's Next?**

New IPPF and Global Internal Audit Standards – Structure



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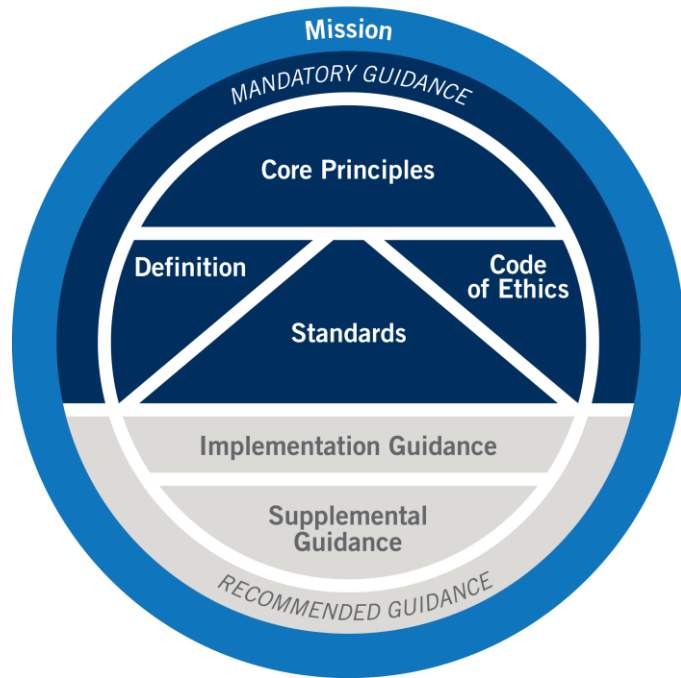
The IPPF Evolution



2017



International Professional Practices Framework



2024



International Professional Practices Framework[®]
(IPPF)

5 Domains

- **15 Principles**

- **52 Standards**

- Requirements
- Considerations for Implementation
- Examples of Evidence of Conformance

Additional features:

- Fundamentals
- Applying the Global Internal Audit Standards in the Public Sector
- Glossary



5 Domains, 15 Principles

Domain I: Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate Integrity
2. Maintain Objectivity
3. Demonstrate Competency
4. Exercise Due Professional Care
5. Maintain Confidentiality

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. Plan Strategically
10. Manage Resources
11. Communicate Effectively
12. Enhance Quality

V. Performing Internal Audit Services

13. Plan Engagements Effectively
14. Conduct Engagement Work
15. Communicate Engagement Conclusions and Monitor Action Plans

Global Internal Audit Standards – Contents



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Internal Auditing and the Public Interest

- Describes the commitment of The IIA and the responsibility of the IASB to set standards in the public interest.
- Defines public interest and internal auditing's role in enhancing an organization's ability to serve the public interest.

Demonstrating Conformance with the Standards

- Internal auditors may be unable to conform with a requirement yet still achieve the standard's intent.
- Chief audit executive is responsible for documenting, conveying the rationale and the alternative actions for EQA.
- Details in relevant Standards.

Application in Small Internal Audit Functions

- Too many variables to define "small." However, single-person functions need assistance to implement an adequate QAIP.
- Additional details in Standards 10.1 Financial Resource Management, 12.1 Internal Quality Assessment, and 12.3 Oversee and Improve Engagement Performance.

Application in the Public Sector

- Mentioned in Fundamentals and has its own section, "Applying the Global Internal Audit Standards in the Public Sector," following Domain V: Performing Internal Audit Services.

Applying the Global Internal Audit Standards in the Public Sector



Internal auditors in the public sector operate in a **political environment**, which sometimes differs from private sector in how they apply the Standards and use **terminology**, specifically related to the following areas:

Laws and/or Regulations

- Acknowledges the legal framework under which internal auditors in the public sector work.
- Recognizes conform or explain approach, as described in Fundamentals and the Standards.

Governance and Organizational Structure

- Explanations and examples describing governance and organizational structures in the public sector.
- Situations to be aware of and ideas for internal audit functions to adjust the application of certain standards while safeguarding independence.

Funding

- Some structures do not give the board and senior management authority over the budget.
- Chief audit executives in the public sector may have limits on the way they may access and use resources.
- Examples to be aware of and ways to adapt.

Global Internal Audit Standards – Glossary



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Glossary



<u>Old Term or Concept</u>	<u>Updated Term</u>
consulting services	advisory services
engagement opinion	engagement conclusion
internal audit activity	internal audit function
purpose, authority, responsibility	internal audit mandate
policies and procedures (internal audit)	methodologies

Existing Terms With New Definitions
board
control processes
fraud
internal auditing
risk appetite

New to the Glossary				
Assurance	engagement supervisor	Internal audit charter	public sector	risk tolerance
competency	finding	internal audit manual	residual risk	root cause
condition	impact	internal audit plan	results of internal audit services	senior management
criteria	inherent risk	likelihood	risk and control matrix	stakeholder
engagement planning	integrity	may	risk assessment	workpapers

*Not a comprehensive list.

Global Internal Audit Standards – Domain I. Purpose of Internal Auditing



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Domain I. Purpose of Internal Auditing



Purpose Statement:

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organization's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals 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 undue influence and committed to making objective assessments.

Global Internal Audit Standards – Domain II. Ethics and Professionalism



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Domain II: Ethics and Professionalism



1. Demonstrate Integrity

Internal auditors demonstrate integrity in their work and behavior.

1.1 Honesty and Professional Courage

1.2 Organization's Ethical Expectations

1.3 Legal and Ethical Behavior

2. Maintain Objectivity

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

2.1 Individual Objectivity

2.2 Safeguarding Objectivity

2.3 Disclosing Impairments to Objectivity

3. Demonstrate Competency

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

3.1 Competency

3.2 Continuing Professional Development

4. Exercise Due Professional Care

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

4.1 Conformance with Global Internal Audit Standards

4.2 Due Professional Care

4.3 Professional Skepticism

5. Maintain Confidentiality

Internal auditors use and protect information appropriately.

5.1 Use of Information

5.2 Protection of Information

Global Internal Audit Standards – Domain III. Governing the Internal Audit Function



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Domain III standards include “essential conditions” for an effective internal audit function.

6. Authorized by the Board

The board establishes, approves, and supports the mandate of the internal audit function.

6.1 Internal Audit Mandate

6.2 Internal Audit Charter

6.3 Board and Senior Management Support

7. Positioned Independently

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

7.1 Organizational Independence

7.2 Chief Audit Executive Qualifications

8. Overseen by the Board

The board oversees the internal audit function to ensure the function’s effectiveness.

8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Quality Assessment

Global Internal Audit Standards – Domain IV. Managing the Internal Audit Function



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9. Plan Strategically

The chief audit executive plans strategically to position the internal audit function to fulfill its mandate and achieve long-term success.

9.1 Understanding Governance, Risk Management, and Control Processes

9.2 Internal Audit Strategy

9.3 Methodologies

9.4 Internal Audit Plan

9.5 Coordination and Reliance

10. Manage Resources

The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate.

10.1 Financial Resource Management

10.2 Human Resource Management

10.3 Technological Resources

11. Communicate Effectively

The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.

11.1 Building Relationships and Communicating with Stakeholders

11.2 Effective Communication

11.3 Communicating Results

11.4 Errors and Omissions

11.5 Communicating the Acceptance of Risks

12. Enhance Quality

The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.

12.1 Internal Quality Assessment

12.2 Performance Measurement

12.3 Oversee and Improve Engagement Performance

Global Internal Audit Standards – Domain V. Performing Internal Audit Services



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13. Plan Engagements Effectively

Internal auditors plan each engagement using a systematic, disciplined approach.

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

14. Conduct Engagement Work

Internal auditors implement the engagement work program to achieve the engagement objectives.

14.1 Gathering Information for Analyses and Evaluation

14.2 Analyses and Potential Engagement Findings

14.3 Evaluation of Findings

14.4 Recommendations and Action Plans

14.5 Developing Engagement Conclusions

14.6 Documenting Engagements

15. Communicate Engagement Conclusions and Monitor Actions Plans

Internal auditors communicate the engagement results to the appropriate parties and monitor management's progress toward implementation of recommendations or action plans.

15.1 Final Engagement Communication

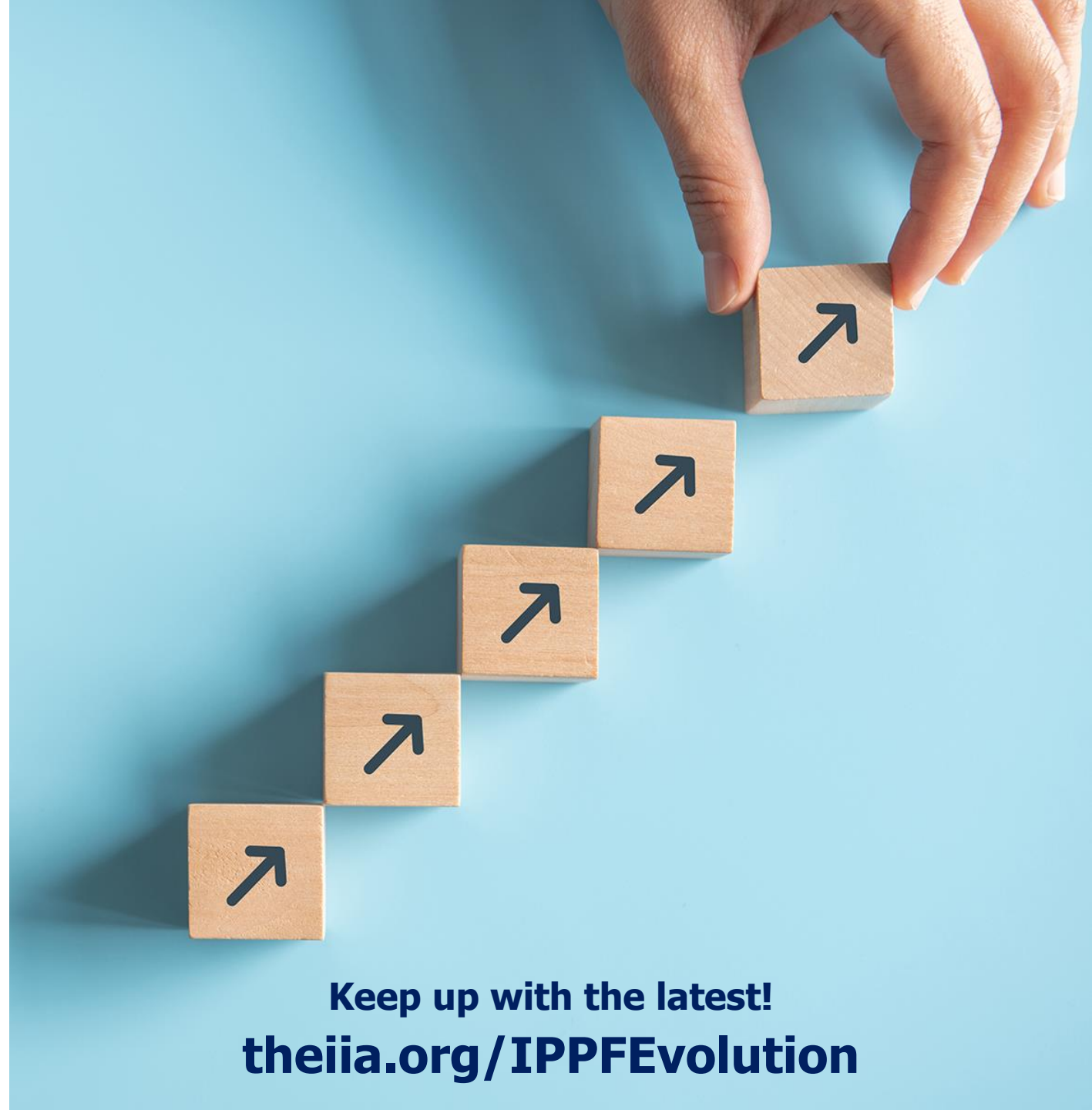
15.2 Confirming the Implementation of Action Plans

What's Next?

- **IPPF Evolution Timeline**
- **Topical Requirements**
- **Quality Assessments**
- **Certifications**
- **Learn More**



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Keep up with the latest!
theiaa.org/IPPFevolution

IPPF Evolution Timeline



Here is an overview of IPPF-related resources and when you can expect to see them.

Now Available	Feb 2024	Mar 2024	Q2-Q4 2024	Q1-Q2 2025
<ul style="list-style-type: none"> • Global Internal Audit Standards™ basic PDF • Condensed version of the Global Internal Audit Standards • Report on the Standard-setting and Public Comment Processes for the Global Internal Audit Standards • Institute and chapter leader graphics, presentations, resources 	<ul style="list-style-type: none"> • Tools: 2-Way Standards and Glossary Mapping • Tool: Model Internal Audit Charter • Webinar: What the New Standards Mean to Quality Assessments (Feb 13) • Updated Learning Library (2 new courses) • Publication: Insights to Quality • <i>Internal Auditor</i> magazine special issue. iia.mydigitalpublication.com/february-2024 	<ul style="list-style-type: none"> • Tools: for CAE communication with board and senior management about Domain III. • Tool: Key Standards Changes Summary • GAM Conference pre-conference workshop (Mar 10) & multiple sessions • Global Internal Audit Standards digitally enhanced e-book (Mar) • 5 updated Practice Guides 	<ul style="list-style-type: none"> • Translated Standards (Q2) • Quality assessment readiness tool (Q2) • Topical Requirement on Cybersecurity – issued for public comment (Apr), followed by release (Q3) • Global Internal Audit Standards (The Redbook) hardcover book (Q3, June) • Quality Assessment Manual (Q3) • International Conference Workshop (Jul 14) • New GTAG & Practice Guide 	<ul style="list-style-type: none"> • New Standards become effective Jan 9, 2025 • CIA® exam: no changes before May 2025 • Updated Internal Audit Practitioner exam: no changes before effective date. • New Topical Requirements – issued for public comment, followed by release

Topical Requirements Defined

- Required when auditing an identified topic.
 - Cover aspects of governance, risk management, and control processes.
 - Also includes considerations.
 - In development.
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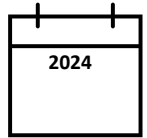
Topics Under Consideration

- Cybersecurity
- Sustainability: Environmental, Social & Governance
- Third-party Management
- Information Technology Governance
- Assessing Organizational Governance
- Fraud Risk Management
- Privacy Risk Management
- Public Sector: Performance Audits



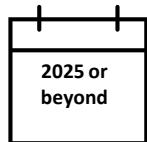
Options for Planning EQAs

based on the January 2024 issuance of the Global Internal Audit Standards and the effective date of 2025.



If the EQA is due in 2024:

- The quality assessment should be conducted as scheduled in conformance with the current IPPF.
- A gap assessment should be considered in 2024 in addition to the current EQA to prepare for the transition.



If the EQA is due in 2025 or beyond:

- The quality assessment can be accelerated into 2024 to allow for the assessment to be conducted in conformance with the current IPPF.
- A readiness assessment can be conducted in 2024 to identify any gaps for the implementation of the Global Internal Audit Standards.

Changes to Examinations for IIA Credentials



Exam

- No changes before May 2025.
- More information to come in early 2024.

Transition period

- Information about changes will be communicated at least 1 year in advance.
- In-process candidates will receive detailed information.

Study materials

- Not before March 2025.



- No changes before effective date.



- Not affected; remains the same.

More information

theiia.org/cia2025

IIA Malaysia Webinar

- *What the New Standards Mean to Quality Assessments* (on March 27, 2024)

IIA Malaysia Gap Assessment & EQA Readiness Assessment Services

- *Make an appointment at technical@iia.com.my*

IIA Malaysia Courses

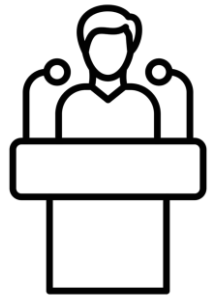
- *Ethically Mastering the Global Internal Audit Standards* (8 CPD points, in-person on April 4, 2024)
- *Navigating the Global Internal Audit Standards* (16 CPD points, in-person on 22nd & 23rd April 2024)

Check Professional Development on iia.com.my website for more details on offering dates.

IIA Malaysia Conference

- *Audit Committee* (in-person on September 5, 2024)
- *Navigating the Global Internal Audit Standards* (in-person on 30th September & 1st October 2024)

Check Professional Development on iia.com.my website for more details on offering dates.





Q & A



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Thank you!

**Elevating the Standards.
Elevating the Profession.
Elevating Impact!**



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