The New IPPF: What to Expect
Agenda

• Reminder – the previous IPPF
• Why a new IPPF?
• What is not changing
• What’s new (and why)
• What to expect going forward …
Reminder – the Previous IPPF
Why a new IPPF?

• Questions surfacing …
  – Should we revise the Definition?
  – Should we react to the elevated regulatory pressure in the Banking/FS sector?
  – Are the Standards too easy? Too hard?
  – Should the Standards be the minimum, or should they be more aspirational?
  – Can The IIA be quicker to market with guidance?
  – And so on …
Why a new IPPF?

- Nov, 2013 - Global Taskforce first convened
- July, 2014 - Global Board approved potential changes for exposure
- August – November, 2014
  Global exposure of possible changes
- March, 2015 - Evaluation of responses and final proposal to Global Board
- July, 2015 – Launch of new Framework
Why a new IPPF?

• What was exposed?
  – A possible addition to the IPPF of a Mission of Internal Audit
  – A possible addition to the IPPF of Core Principles for the Professional Practice of Internal Auditing
  – A possible restructure of Practice Advisories to become Implementation Guidance
  – A possible restructure of Practice Guides to become Supplemental Guidance
  – A possible addition to the IPPF of Emerging Issues Guidance
  – The potential removal of Position Papers from The IPPF
  – A renaming of the Mandatory and Strongly Recommended Layers to Required and Recommended
Why a new IPPF?

- What was the feedback from the exposure?
  - A possible addition to the IPPF of a Mission of Internal Audit = YES!
  - A possible addition to the IPPF of Core Principles for the Professional Practice of Internal Auditing = YES!
  - A possible restructure of Practice Advisories to become Implementation Guidance = YES!
  - A possible restructure of Practice Guides to become Supplemental Guidance = YES!
  - A possible addition to the IPPF of Emerging Issues Guidance = Yes and no ...
  - The potential removal of Position Papers from The IPPF = OK
  - A renaming of the Mandatory and Strongly Recommended Layers to Required and Recommended = NO! and yes ...
The Final Result …
The Final Result …

Mandatory
Required

Strongly Recommended
Recommended

International Professional Practices Framework

MANDATORY GUIDANCE

Core Principles
Definition
Standards

Implementation Guidance
Supplemental Guidance

RECOMMENDED GUIDANCE

The Institute of Internal Auditors
What’s Not Changed?
The addition of a:
Mission of Internal Audit

“To enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.”
What’s New and Why?

The addition of:

Core Principles for the Professional Practice of Internal Auditing

- Integrity
- Objectivity
- Resourcing
- Cont. Imp.
- Insightful
- Competence
- Risk-based
- Quality
- Proactive
- Due Care
- Positioning
- Assurance
- Org. Imp.
What’s New and Why?

The Core Principles

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives and risks of the organization
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused
- Promotes organizational improvement
What’s New and Why?

The repositioning of Practice Advisories to: **Implementation Guidance**

To better help practitioners with guidance to achieve conformance with the **Standards**.
What’s New and Why?

Implementation Guidance

• Two released July 2015
  – IG 1000 – Purpose, Authority and Responsibility
  – IG 2110 – Governance

Implementation Guide 1000

Standard 1000 - Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Interpretation:

The Internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter outlines the internal audit activity's position within the organization, including the nature of the audit activity, the relationship between the board and the internal audit activity, and the responsibilities with respect to personnel, personnel, and physical properties relevant to the performance of the audit activity. Final approval of the internal audit charter resides with the board.

Getting Started

The internal audit charter is a critical document, as it ensures the agreed-upon purpose, authority, and responsibility of an organization's internal audit activity. To ensure this document, the chief audit executive (CAE) must understand the mandatory elements of The IIA's International Professional Practice Framework (IPPF).— including the Definition of Internal Auditing, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the Standards.

This understanding is the foundation for a discussion among the CAE, the board, and senior management.

Implementation Guide 2110

Standard 2110 - Governance

The internal audit activity must assess and make appropriate considerations for improving the governance process in its accomplishment of the following objectives:

• Promoting appropriate ethics and values within the organization;
• Ensuring effective organizational performance and accountability;
• Communicating risks and controls information to appropriate areas of the organization; and
• Coordinating the activities and communicating information among the board, external and internal auditors, and management.

Getting Started

To fulfill this standard, the chief audit executive (CAE) must be clear on the understanding of governance and how internal audit processes relate. The definition of governance in the Standards guide should be considered, along with governance frameworks and models published globally.

Governance frameworks, models, and requirements vary according to organization type and industry. As an organization, design, and practice, the principles of effective governance also depend on such factors as size, complexity, life cycle industry, and stakeholder structure, and the legal and cultural requirements to which the organization is subject. The CAE's approach to assessment will vary based on the framework or model the organization uses.
What’s New and Why?

The repositioning of Practice Guides to:

**Supplemental Guidance**

Initially, all Practice Guides and GTAGs are part of the Supplemental Guidance layer.
What’s New and Why?

The removal of Position Papers from the IPPF:

Step 1 – Removal.
Step 2 – Reassignment.
Step 3 – Restoration.
What’s New and Why?

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Learn More and Stay Up-to-Date

www.theiia.org/goto/IPPF

Fun Video and 5 Hyperlinks Offer More Information

- Get to Know the New Framework
- Download Implementation Guidance
- Access the FAQs
- Learn More on What to Expect
- Understand How This Framework was Established
FAQs

These questions are answered and kept up-to-date online.

- When will The IIA’s *International Standards for the Professional Practice of Internal Auditing (Standards)* be revised? Will there be any changes as a result of the launch of the new International Professional Practices Framework (IPPF)?
- What happens to existing guidance upon launch of the new International Professional Practices Framework (IPPF)?
- When will the International Professional Practices Framework (IPPF) 2013 Edition be updated to reflect the new IPPF?
- When will the Quality Assessment Manual for the Internal Audit Activity be updated to reflect the new IPPF?
- When will the changes to the International Professional Practices Framework (IPPF) be tested on certification exams?
- When will the changes to the International Professional Practices Framework (IPPF) be integrated into existing training courses?
What to Expect Going Forward

- Standards
- Implementation Guides
- Red Book
- Certifications
- Quality Assurance Reviews
- Committees structures
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  • Red Book
  • Certifications
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Questions?

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