

Factsheet: The International Professional Practices Framework (IPPF)

Updated 2023

What is the IIA?

The Institute of Internal Auditors (IIA) is the global professional body for internal auditors, with global headquarters in the USA and affiliated Institutes and Chapters throughout the world including Australia.

As the chief advocate of the internal audit profession, the IIA serves as the profession's international standard-setter, sole provider of globally accepted internal auditing certifications, and principal researcher and educator.

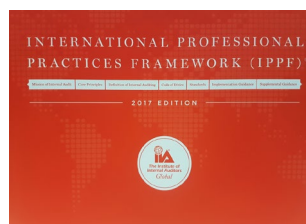
The IIA sets the bar for internal audit integrity and professionalism around the world with its 'International Professional Practices Framework' (IPPF), a collection of guidance specifically designed for internal auditors.

The IIA was established in 1941 and now has more than 200,000 members from 190 countries with hundreds of local area Chapters. Generally, members work in internal auditing, risk management, governance, internal control, information technology audit, education and security.

The IIA first issued international internal audit standards in 1978.

What is the IPPF?

The IPPF is the 'International Professional Practices Framework' issued by the IIA which provides a globally accepted basis for the operation of internal audit:



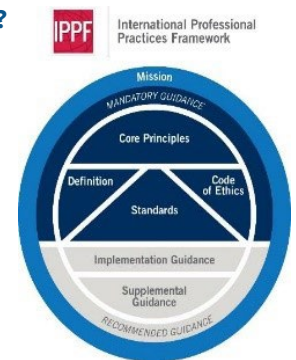
- › It operates the same worldwide and therefore eliminates the need for local standards development, thus reducing the cost of regulation.
- › It provides an international benchmark for establishing the quality of internal audit operations.
- › It facilitates trans-national operations by contributing to a uniform internal audit regime worldwide.

IPPF standards and guidance are developed by a series of technical committees. The level of control over development and publication of IPPF components is consistent with the authority the component has. The development process is supervised by an independent body, the IPPF Oversight Council of the IIA Global, appointed by the IIA Global Board of Directors and comprises stakeholder representatives.

What is Mandatory in the IPPF?

The IPPF contains four mandatory elements:

- › Core Principles for the Professional Practice of Internal Auditing.
- › Definition of Internal Auditing.
- › Code of Ethics.
- › International Standards for the Professional Practice of Internal Auditing.



Procedures for the mandatory IPPF provisions require public exposure and formal consideration of comments received from both IIA members and non-members.

Key Features

The **Mission Statement** reflects what the profession strives to accomplish, whereas the **Definition** focuses on what internal audit is. The **Code of Ethics** focuses on behaviour. Internal auditors rely on the **Internal Audit Standards** to guide the profession and how the profession is practiced. **Core Principles** highlight what effective internal audit looks like in practice as it relates to the individual internal auditor, the internal audit function, and Internal audit outcomes.

Regulatory Environment

Governments and regulators are increasingly mandating IPPF compliance as part of their laws, policies and regulations.

Recent History

- › Revised Internal Audit Standards implemented in 2001.
- › The IPPF released in 2009.
- › The IPPF reviewed in 2011, 2013, 2015.
- › Most recently updated with effect from 1 January 2017.
- › A major revision of the IPPF is planned in 2023.

IPPF Components

Mission Statement

To enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

Core Principles

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives, and risks of the organisation.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organisational improvement.

Definition

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

Code of Ethics

States the principles and expectations governing the behaviour of individuals and organisations in the conduct of internal auditing.

Describes the minimum requirements for conduct and behaviour expectations – (1) Principles and (2) Rules of Conduct.

Code of Ethics principles are:

- › Integrity.
- › Objectivity.
- › Confidentiality.
- › Competency.

Internal Audit Standards

The Standards for internal auditing worldwide are the 'International Standards for the Professional Practice of Internal Auditing' issued by the IIA. There are three types:

- › Attribute Standards – the internal audit foundations.
- › Performance Standards – for performing internal audit work.
- › Implementation Standards – expand attribute and performance standards to prescribe specific standards applicable to assurance and consulting engagements.

There are 11 overarching and 41 underlying attribute and performance standards

Recommended Guidance

Implementation Guidance

- › Implementation guides aligned to Internal Audit Standard numbers.
- › Guidance to assist internal auditors in applying the Internal Audit Standards and promoting good practices.
- › Addresses approach, methodology and considerations, not detailed processes and procedures.

Supplemental Guidance

Provides Practice Guides, Global Technology Audit Guides (GTAGs), Guides for the Assessment of IT Risk (GAITs) and other detailed guidance for conducting internal audit activities. Includes:

- › Topical areas.
- › Processes and procedures.
- › Programs and examples.
- › Tools and techniques.
- › Sector-specific issues.
- › Step-by-step approaches

Position Papers

IIA Global - Position Papers are issued periodically to help readers understand significant governance, risk or control issues as they pertain to internal audit. They are primarily focused on the internal audit stakeholder community, not necessarily internal auditors.

