



THE MANDATORY ELEMENTS OF IPPF

- 1. CODE OF ETHICS**
- 2. THE STANDARDS**

By CPA Dorothy Chepkoech

IPPF – THE FRAMEWORK



International Professional
Practices Framework



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PART I: CODE OF ETHICS



What: The principles and expectations governing behavior of individuals and organizations in the conduct of internal auditing.

Why: The Code of Ethics promotes an ethical culture in the profession of internal auditing, which is founded on the trust placed in its objective assurance about governance, risk management and control.

How: Through two components

1. Principles relevant to the profession and practice of internal auditing.
2. Rules of conduct that describe behavior norms expected of internal auditors.

Whom; Entities and individuals that perform internal audit services.

Internal Auditors: *Institute members, candidates or recipients of IIA professional certifications and those who perform Internal Auditing services.*

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PRINCIPLES & RULES



PRINCIPLE	RULES OF CONDUCT
1. Integrity Establishes trust and provides basis for reliance on their judgement	<p>1.1. Shall perform their work with honesty, diligence, and responsibility.</p> <p>1.2. Shall observe the law and make disclosures expected by the law and the profession.</p> <p>1.3. Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organization.</p> <p>1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization</p>
2. Objectivity <ul style="list-style-type: none">✓ IAs exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information.✓ Make a balanced assessment of all the relevant circumstances and✓ Are not unduly influenced by their own interests or by others in forming judgments.	<p>2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.</p> <p>2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.</p> <p>2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.</p>

PRINCIPLES & RULES



PRINCIPLE	RULES OF CONDUCT
3. Confidentiality Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.	3.1. Shall be prudent in the use and protection of information acquired in the course of their duties. 3.2. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.
4. Competency Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.	4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience. 4.2. Shall perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing. 4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.

PRINCIPLES & RULES



For IIA members and recipients of or candidates for IIA professional certifications, breaches of the Code of Ethics will be evaluated and administered according to:

1. The IIA's Bylaws,
2. The Process for Disposition of Code of Ethics Violation, and
3. The Process for Disposition of Certification Violation.

The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

PART II: THE STANDARDS

Introduction | Attribute Standards | Performance Standards | Glossary



There are 11 overarching Standards and 41 underlying Standards

Introduction

Attribute Standards

Performance Standards

Implementation Standards

Glossary

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INTRODUCTION



The International Internal Audit Standards Board (IIASB) released the revision to the Standards following consideration and approval by the International Professional Practice Framework Oversight Council (IPPFOC). The revised Standards, are effective January 1, 2017;

The purpose of the Standards is to:

1. Guide adherence with the mandatory elements of the International Professional Practices Framework.
2. Provide a framework for performing and promoting a broad range of value-added internal auditing services.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organizational processes and operations.

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- ***Attribute Standards (1000-1300)*** address the ***characteristics of organizations and parties*** performing internal audit activities.
- ***Performance Standards (2000-2600)*** describe the ***nature of internal audit activities and provide criteria*** against which the performance of these services can be evaluated.
- ***Implementation Standards*** expand upon the Attribute and Performance Standards by providing the requirements applicable to ***assurance (.A)*** or ***consulting (.C)*** services.
- ***Glossary*** defines the specific meaning of the various terms employed by the standards.

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Assurance services (.A); objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system, or other subject matters.

Consulting services (.C); are advisory in nature, generally performed at the specific request of an engagement client.

Accountability; While ***ALL internal auditors*** are accountable for conforming with the standards related to individual objectivity, proficiency, and due professional care and the standards relevant to the performance of their job responsibilities, ***Chief Audit Executives (CAE)*** are additionally accountable for the internal audit activity's overall conformance with the Standards.

Note; *If internal auditors or the internal audit activity is prohibited by law or regulation from conformance with certain parts of the Standards, conformance with all other parts of the Standards and appropriate disclosures are needed.*

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ATTRIBUTE STANDARDS

Standards 1000 - 1300



Attribute Standards – Internal Audit Foundations

1. 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 Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the Standards. The CAE must periodically review the Internal Audit Charter and present it to senior management and the Board for approval.

1010 – Recognizing Mandatory Guidance in the Internal Audit Charter

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ATTRIBUTE STANDARDS

Standards 1000 - 1300



2. 1100 – Independence and Objectivity

The Internal Audit activity must be independent, and Internal Auditors must be objective in performing their work.

1110 – Organizational Independence

1111 – Direct Interaction with the Board

1112 – Chief Audit Executive Roles Beyond Internal Auditing

1120 – Individual Objectivity

1130 – Impairment to Independence or Objectivity

ATTRIBUTE STANDARDS

Contd.



3. 1200 – Proficiency and Due Professional Care

Engagements must be performed with proficiency and due professional care.

1210 – Proficiency

1220 – Due Professional Care

1230 – Continuing Professional Development

ATTRIBUTE STANDARDS

Contd.



4. 1300 – Quality Assurance and Improvement Program

The Chief Audit Executive must develop and maintain a Quality Assurance and Improvement Program that covers all aspects of the Internal Audit activity

1310 – Requirements of the Quality Assurance and Improvement Program

1311 – Internal Assessments

1312 – External Assessments

1320 – Reporting on the Quality Assurance and Improvement Program

1321 – Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"

1322 – Disclosure of Nonconformance

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PERFORMANCE STANDARDS

Standards 2000 - 2600



How Internal Auditors do their work

5. 2000 – Managing the Internal Audit Activity

The CAE must effectively manage the IA activity and ensure it adds value to the organization

2010 – Planning

2020 – Communication and Approval

2030 – Resource Management

2040 – Policies and Procedures

2050 – Coordination and Reliance

2060 – Reporting to Senior Management and the Board

2070 – External Service Provider and Organizational Responsibility for Internal Auditing

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PERFORMANCE STANDARDS

Contd.



6. 2100 – Nature of Work

The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

2110 – Governance

2120 – Risk Management

2130 – Control

PERFORMANCE STANDARDS

Contd.



7. 2200 – Engagement Planning

Internal Auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives, and risks relevant to the engagement.

2201 – Planning Considerations

2210 – Engagement Objectives

2220 – Engagement Scope

2230 – Engagement Resource Allocation

2240 – Engagement Work Program

PERFORMANCE STANDARDS

Contd.



8. 2300 – Performing the Engagement

Internal Auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.

2310 – Identifying Information

2320 – Analysis and Evaluation

2330 – Documenting Information

2340 – Engagement Supervision

PERFORMANCE STANDARDS

Contd.



9. 2400 – Communicating Results

Internal Auditors must communicate the results of engagements.

2410 – Criteria for Communicating

2420 – Quality of Communications

2421 – Errors and Omissions

2430 – Use of “Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing”

2431 – Engagement Disclosure of Nonconformance

2440 – Disseminating Results

2450 – Overall Opinions

PERFORMANCE STANDARDS

Contd.



10. 2500 – Monitoring Progress

The Chief Audit Executive must establish and maintain a system to monitor the disposition of results communicated to management.

11. 2600 – Communicating the Acceptance of Risks

When the Chief Audit Executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, the Chief Audit Executive must discuss the matter with senior management. If the Chief Audit Executive determines that the matter has not been resolved, the Chief Audit Executive must communicate the matter to the Board.

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SUMMARY & CONCLUSION



Summary

1. **Code of ethics** ; The principles and expectations governing behavior of individuals and organizations in the conduct of internal auditing. The principles are: ***Integrity, Objectivity, Confidentiality & Competence***
2. **Standards**; There are 11 overarching Standards and 41 underlying Standards
 - ✓ ***Attribute Standards*** address the ***characteristics of organizations and parties*** performing internal audit activities.
 - ✓ ***Performance Standards*** describe the ***nature of internal audit activities and provide criteria*** against which the performance of these services can be evaluated.
 - ✓ ***Implementation Standards*** expand upon the Attribute and Performance Standards by providing the requirements applicable to ***assurance (.A)*** or ***consulting (.C)*** services.

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SUMMARY & CONCLUSION



Acknowledgement; this presentation is based on the IPPF, IIA guidelines, experience, and other freely available material on the internet.

THANK YOU

Q & A