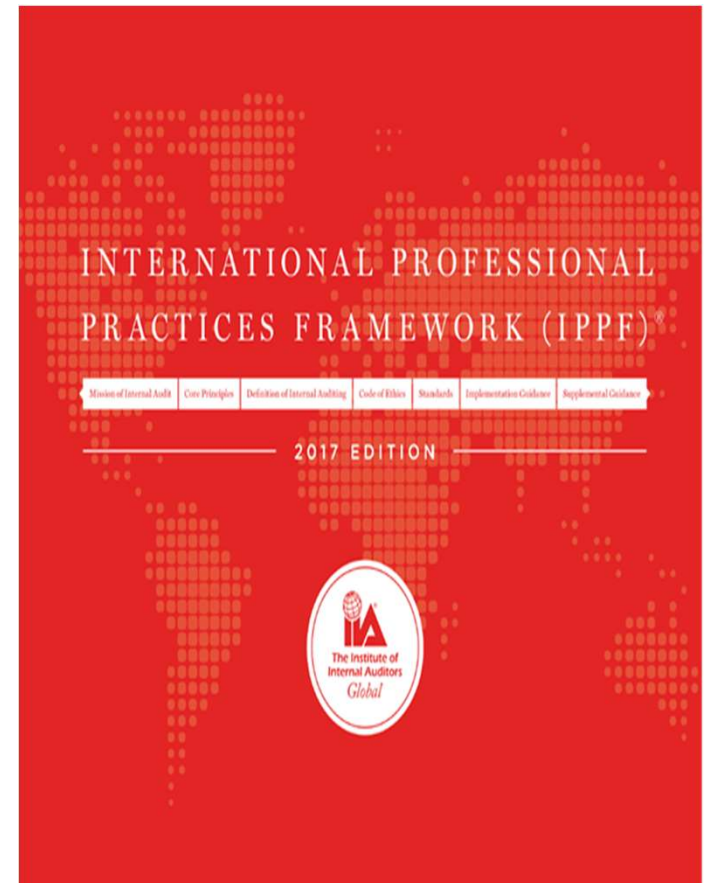


International Professional Practices Framework (IPPF)

ICPAK Virtual Seminar, 17th
March 2021

CPA George Mang'oka



Presentation outline

- IPPF Alignment with the legal framework
- Overview of Performance and Attribute Standards
- Implementation challenges

IPPF alignment with the legal framework

Public Sector Accounting Standards Board (PSASB) Mandate

- The Public Finance Management Act, 2012 (PFM) section 192-195 provides for the establishment of PSASB, functions, appointment of Board Members and establishment of a secretariat
- The Board provide frameworks and sets generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities, including [internal audit procedures which comply with this Act](#)
- Through a Gazette notice No. 5440 dated 8th August 2014, the Board prescribed the International Professional Practice Framework (IPPF) for Internal Auditing Standards for use by public sector entities

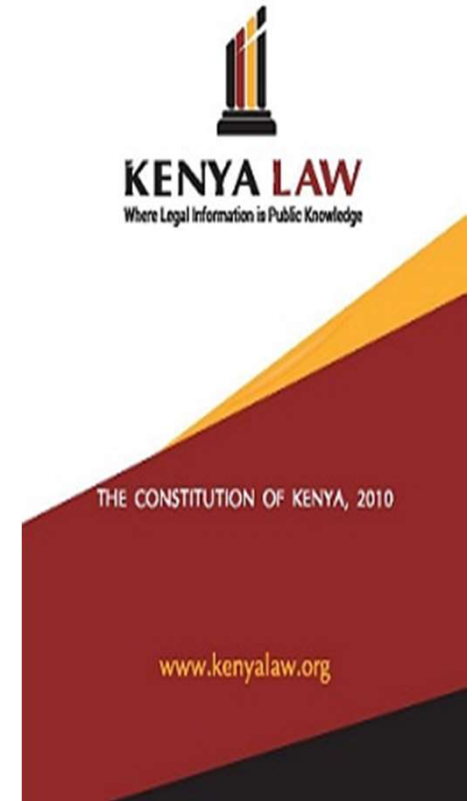
Constitution of Kenya 2010

Article 201 -Principles of public Finance

- Openness and accountability
- Equitable society
- Prudent and responsible use of use of public finance
- Fiscal reporting

Article 232 -Values and principles of public service

- Professional ethics
- Efficient, effective and economical use of resources
- Accountability
- Transparency
- Equal opportunities



PFM Act 2012

- **Section 73** - (1) Every **national government entity** shall ensure that it complies with this Act and (a) has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board
- PFMA National Government Regulations, 2015, **No.34**
- **Section 155** - A **county government entity** shall ensure that it complies with this Act and— (a) has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board
- PFMA County Government Regulations, 2015, **No.35**



Implementation tools issued by PSASB

- Internal Audit guidelines issued in 2016 to operationalize the Act and assist the Internal Audit staff interpret the PFM Act, 2012 and its regulations and comply with IPPF
- National and County Government Internal Audit Manuals and over 40 templates
- Audit committee guidelines issued through published in Gazette Notice No.2690 dated 15th April 2016
- Model Internal Audit Charter
- Model Audit Committee Charter



IPPF Overview

The IIA's authoritative guidance



The purpose of the *International standards for the professional practice of internal auditing (standards)*

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

Code of ethics

- Integrity
- Objectivity
- Competence
- Confidentiality

Application of the standards

Standards apply to :

- **Internal audit activity** all organizations irrespective of purpose, size, complexity, and structure
- **persons** within or outside the organization.
- **Conformance** with the Standards and the code of ethics demonstrates conformance with the IPPF
- Conformance with the Standards is appropriate only if supported by the results of the **quality assurance and improvement program**.

Proficiency in the standards, 1200

IIA Competency Framework
INTERNAL AUDIT STANDARDS, THEORY, AND METHODOLOGY
 Specific principles and procedures established by and for the internal audit profession

Legend

- 1 = Awareness only
- 2 = Basic competence and knowledge with support from others
- 3 = Independently competent in routine situations
- 4 = Independently competent in unique and complex situations



	CAE	Director	Audit Manager	Audit Senior Supervisor	Internal Audit Staff	New Internal Auditor (Less than 1 year)	Self Assessment
	CAE		Experienced		New Internal Audit Staff		
International Standards for the Professional Practice of Internal Auditing	4	4	3	3	2	1	0
Definition of Internal Auditing	4	4	3	3	3	2	0
Code of Ethics	4	4	4	4	4	2	0
Attribute Standards							
1000 Purpose, Authority, and Responsibility	4	4	4	3	3	2	0
1000.A1 Purpose, authority, and responsibility for assurance	4	4	4	3	3	2	0
1000.C1 Purpose, authority, and responsibility for consulting	4	4	4	3	3	2	0
1010 Recognition of the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> in the Internal Audit Charter	4	4	4	3	3	2	12 0

Attribute Standards address the attributes of organizations and individuals performing internal auditing.

1000 Purpose, Authority and Responsibility

1010 Recognizing Mandatory Guidance in the Internal Audit Charter

1100 Independence and Objectivity

1110 – Organizational Independence

1111 – Direct Interaction with the Board

1112 – Chief Audit Executive Roles Beyond Internal Auditing

1120 – Individual Objectivity

1130 – Impairments to Independence or Objectivity

1200 Proficiency and Due Professional Care

1210 – Proficiency

1220 - Due Professional Care

1230 – Continuing Professional Development

1300 Quality Assurance and Improvement Program

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 Noncompliance

Performance Standards describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured.

2000 Managing the Internal Audit Activity

2010 – Planning

2020 – Communication and Approval

2030 – Resource Management

2040 – Policies and Procedures

2050 – Coordination and reliance

2060 – Reporting to the Board and Senior Management

2070 – External Service Provider and Organizational Responsibility for Internal Auditing

2100 Nature of Work

2110 – Governance

2120 – Risk Management

2130 – Control

2200 Engagement Planning

2201 - Planning Considerations

2210 – Engagement Objectives

2220 – Engagement Scope

2230 – Engagement Resource Allocation

Slide 14 2240 – Engagement Work Program

Performance Standards (Cont'd):

2300 Performing the Engagement

- 2310 – Identifying Information
- 2320 – Analysis and Evaluation
- 2330 – Documenting Information
- 2340 – Engagement Supervision

2400 Communicating Results

- 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 Non Conformance
- 2440 – Disseminating Results
- 2450 – Overall Opinions

2500 Monitoring Progress

2600 Communicating the Acceptance of Risks

Implementation standards

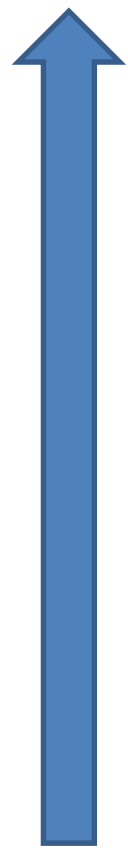
- Attribute and Performance Standards apply to all internal audit services.
- Implementation Standards expand upon the Attribute and Performance Standards by providing the requirements applicable to:
 - assurance (.A) or
 - consulting (.C) services.

The latest standards can downloaded from
www.theeia.org

[Non-mandatory guidance](#) is a benefit to IIA members

Implementation challenges

Path to Quality - Levels of Maturity



Level 5: Advanced - IAA has a active and fully integrated Quality Assurance & Improvement Program, external quality review conducted every 3 years

Level 4: Progressive - QAIP is now a well developed, defined and documented program, external quality review conducted every 3 years

Level 3: Established - Annually obtain internal independent validation of IAA ongoing self-assessment

Level 2: Emerging - Compliance monitoring with the *Standards* is in place

Level 1: Introductory – Adopting standards

Some implementation challenges

- Support of top management in implementing quality assurance and improvement programs
- Low number of CIA / internal audit degree holders
- Independence of Internal Auditors and Audit Committees
- CIA not mandatory in scheme of service
- CIA not legally recognized as a profession in law
- High turnover of internal auditors in counties

*Thank
you*

