



INTERNATIONAL PROFESSIONAL PRACTICES FRAMEWORK (IPPF) WEBINAR

Theme: The Framework for Internal Audit Effectiveness

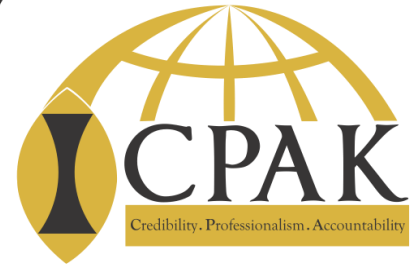
**Topic: Mandatory elements of the IPPF: Core Principles and
Definition of Internal Auditing**

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Presentation Agenda



- ❖ Introduction
- ❖ Core Principles for the Professional Practice of Internal Auditing
- ❖ Definition of Internal Auditing

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INTRODUCTION

Introduction



❖ The mission for internal auditing is to **enhance and protect organisational value** by providing risk-based and objective assurance, advice and insight.

❖ We rely on a framework of principles and standards to help us achieve this – the International Professional Practices Framework.



Mandatory Guidance



Conformance with the principles set forth in mandatory guidance is **required** and **essential** for the professional practice of internal auditing. The mandatory elements of the IPPF are:

- ❖ Core Principles for the Professional Practice of Internal Auditing
- ❖ Definition of Internal Auditing
- ❖ Code of Ethics and
- ❖ International Standards for the Professional Practice of Internal Auditing





CORE PRINCIPLES FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

Why Principles?



The Core Principles, taken as a whole, **articulate internal audit effectiveness**. For an internal audit function to be considered effective, all Principles should be **present and operating effectively**. How an internal auditor, as well as an internal audit activity, demonstrates achievement of the Core Principles may be quite different from organization to organization, but failure to achieve any of the Principles would imply that an internal audit activity was not as effective as it could be in achieving **internal audit's mission**.

What is a Principle?



Core values are the fundamental beliefs of a person or organization. They are **guiding principles** that dictate **behaviour** and can help people understand the difference between right and wrong. Core values also help Organizations to determine if they are on the right path and fulfilling their goals by creating an unwavering guide

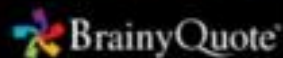


Why are Principles Important?



**A people that values its
privileges above its
principles soon loses both.**

Dwight D. Eisenhower



Quotable Quotes



“It is always easier to fight for one's principles than to live up to them”.

- Alfred Adler

“I am a man of fixed and unbending principles, the first of which is to be flexible at all times”.

- Everett Dirksen

10 Core Principles (I)



1. Demonstrates integrity –code of ethics.
2. Demonstrates competence and due professional care –code of ethics and standards 1200, 1210, 1220 & 1230.
3. Is objective and free from undue influence (independent) –code of ethics and standard 1100.
4. Aligns with the strategies, objectives, and risks of the organization – standard 2201.
5. Is appropriately positioned and adequately resourced –standards 1110 and 2030.



10 Core Principles (II)



6. Demonstrates quality and continuous improvement –standards 1300, 1310, 1311, 1312 & 1320.
7. Communicates effectively –standards 2400, 2410 & 2420.
8. Provides risk-based assurance –standard 2120.
9. Is insightful, proactive, and future-focused –the mission of internal audit and standard 2100.
10. Promotes organizational improvement –definition of internal auditing.





DEFINITION OF INTERNAL AUDITING

Definition of Internal Auditing



- ❖ The Definition of Internal Auditing states the fundamental purpose, nature, and scope of Internal Auditing
- ❖ Internal Auditing is an *independent, objective assurance & consulting* activity designed to add value *and improve* an organization's operations. It helps an organization accomplish its objectives by *bringing a systematic, disciplined approach* to *evaluate and improve* the effectiveness of risk management, control and governance processes.

Key Terms from the Definition of Internal Auditing



- ❖ Independent – Freedom to work in an unbiased manner.
- ❖ Objective – Unbiased mental attitude with no compromises.
- ❖ Assurance – Objective assessment of evidence to provide an independent opinion or conclusion.
- ❖ Consulting – Advisory in nature and generally performed at the specific request of a client.
- ❖ Add value – Providing objective and relevant assurance, and contributing to effectiveness and efficiency of governance, risk management and control processes.
- ❖ Systematic, disciplined approach–Leads to reliability and trustworthiness, and distinguishes an internal audit engagement from a casual enquiry.
- ❖ Evaluate and improve – Internal Audit needs to have an improvement focus.

A Systematic, Disciplined Approach



- ❖ According to the Guidance Task Force that framed the definition, this distinctive approach is the “heart and soul of internal auditing’s unique franchise” and “the primary basis for the profession’s success”(IIA, 1999a, 8). The approach is applicable to the entire range of assurance and consulting activities encompassed by the definition.
- ❖ Standard 2200 on engagement planning require that for each engagement, a plan is developed and documented. Refer also to standards 2201, 2210, 2220, 2230 & 2240.
- ❖ Standard 2300 requires that internal auditors identify, analyse, evaluate, and document sufficient information to support the results of an engagement and the internal auditors' conclusions. Refer also to standards 2310, 2320 & 2330

Value Addition



- ❖ Providing objective and relevant assurance, and contributing to effectiveness and efficiency of governance, risk management and control processes should result in improved organization's operations. It helps an organization accomplish its objectives when appropriate planning considerations are made to give the assurance engagement proper focus.
- ❖ Advisory and related client service activities are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.
- ❖ <https://na.theiia.org/periodicals/Public%20Documents/Deliver%20Audit%20Value%20IIA%20Ia%20Magazine.pdf>

Conclusion



“Audit findings are easy to come up with, successful change from a finding is true internal audit value.”



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Interactive Session

