

What Colour Are You? How to Integrate the IPPF (Red Book)

IIA Kenya National Conference

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Mombasa



Tarling Assurance Risk
& Control Services



Presenter



IIA Global Chairman – 2012-2013
ECIIA President 2010-2011
IIA UK and Ireland President 2005-2006

Holder of the CIA, CMIIA, CRMA, QIAL qualifications

33 years experience in Internal Audit
28 years at managerial level

IA Project Expert for the EC and the OECD

Experience in the Public and Private sectors, including spells as:

- VP Capability & Head of the Centre of Internal Audit Excellence - Huawei
- Head of Internal Audit for a number of Health organisations in the UK
- Head of Internal Audit for the UN Special Tribunal for the Lebanon
- Head of Internal Audit for the UN War Crimes Tribunal for Bosnia Herzegovina
- Project Manager for EC funded projects in Poland, Romania, Turkey
- Project Manager for Development Agency funded projects in Kenya, South Africa and Botswana
- Project Expert for EC/OECD funded projects in Croatia, Kosovo, Serbia, Hungary, Latvia, Estonia, Lithuania, Czech Republic, Macedonia



Agenda

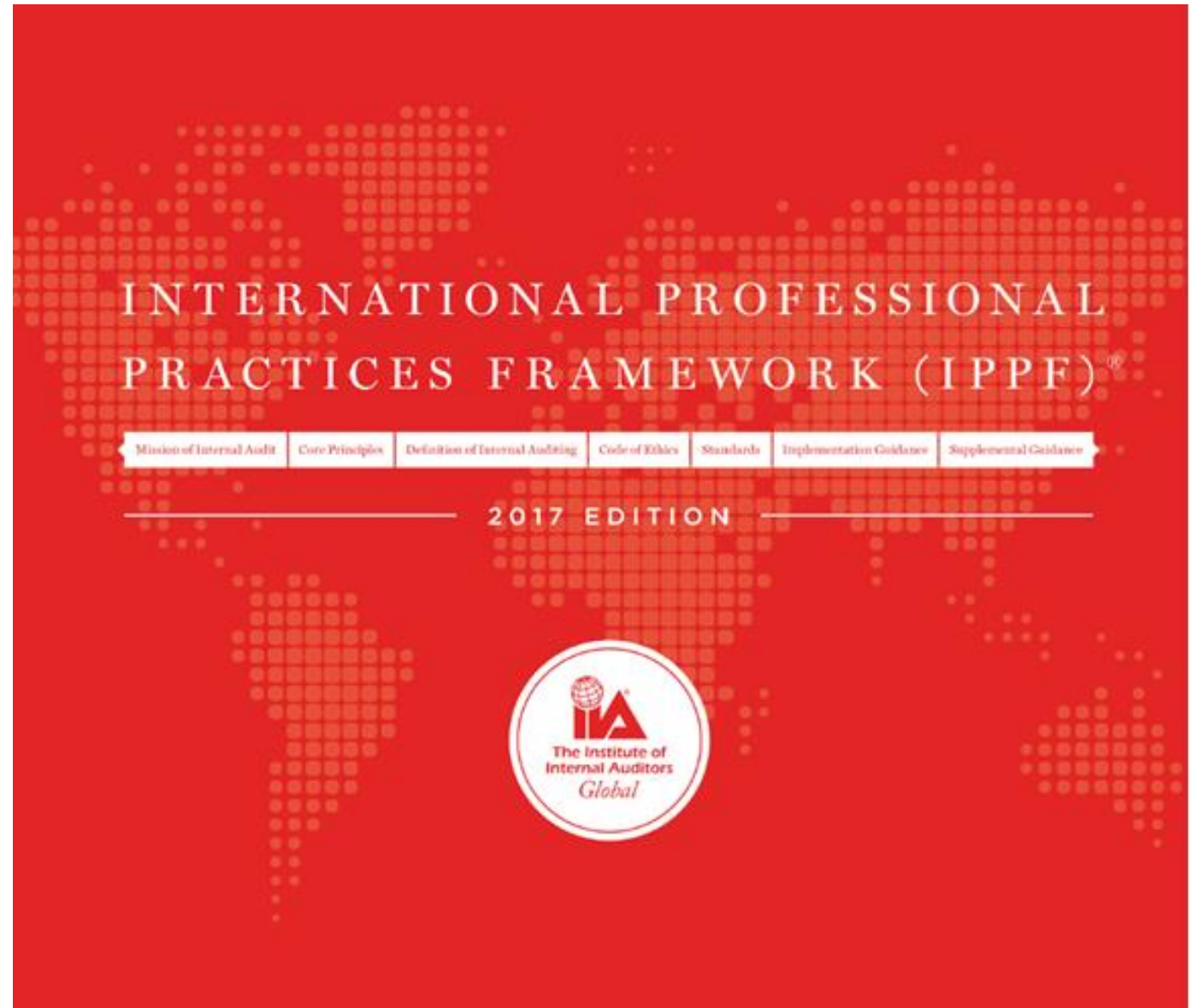
1. A Brief Introduction to the IPPF
2. Why do we need Standards
3. How can we use the IPPF in our work
4. Conclusion



The IPPF



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What are the Standards 1

The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) is essential in meeting the responsibilities of internal auditors and the internal audit activity.



What are the Standards 2

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 organisational processes and operations.



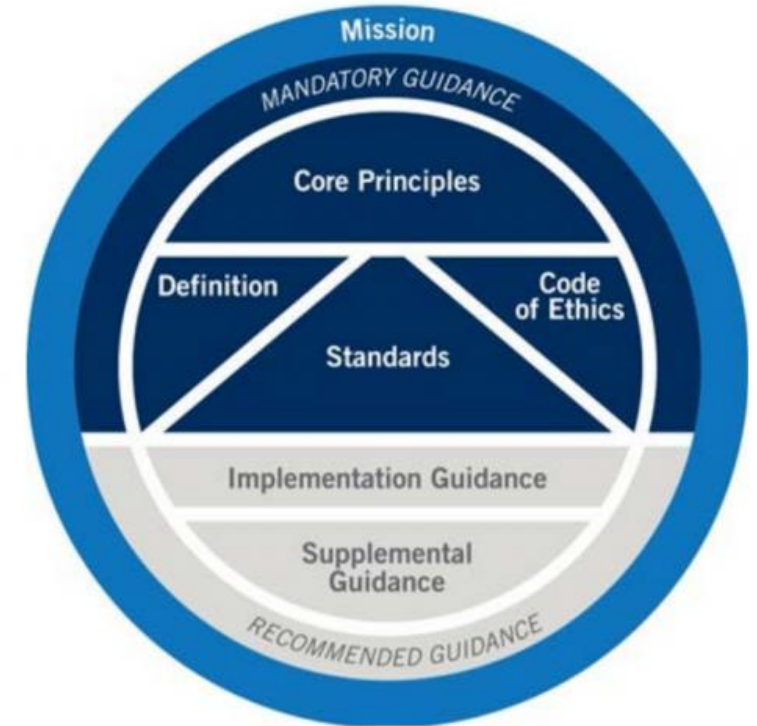
IPPF current version

It changed in 2017

Usual to have an update of the IPPF every 3 years so that Internal Audit reflects the changing environment.

However the changes are few as Risk, Control and Governance rarely change fundamentally

From the Previous IPPF ... To the New IPPF



The Major Changes

Mandatory Guidance consists of the Core Principles

includes

- The Definition
- The Code of Ethics
- The Standards



Expectations

The Mandatory Elements

Statements of core requirements

Interpretations clarifying terms or concepts

These are the elements that are considered to be absolutely necessary to conduct Internal Audit anywhere in the world.



Attribute & Performance Standards

The Standards
are divided into

Attribute
Standards
And
Performance
Standards

Attribute

a quality or feature regarded as a characteristic or inherent part of someone or something.

Performance

the action or process of performing a task or function.



General Scope of the Attribute Standards

1000 – Purpose, Authority, and Responsibility

1200 – Proficiency and Due Professional Care

1300 – Quality Assurance and Improvement Programme



General Scope of the Performance Standards 1

2000 – Managing the Internal Audit Activity

2100 – Nature of Work

2200 – Engagement Planning

2300 – Performing the Engagement



General Scope of the Performance Standards 2

2400 – Communicating Results

2500 – Monitoring Progress

2600 – Communicating the Acceptance of Risks



Why Do We Need Standards



The Need for Standards

How do you know what you are meant to accomplish?

How do you know when you have finished?

How does anyone else know what it is that you are meant to do?

It determines that you are a professional

In a building, Standards ensure the structural integrity

In much the same way, the IPPF ensures the integrity of the Internal Audit service



Standards are Important

They are the platform where all internal auditors worldwide meet on common ground.

They define the profession.

They are the one component of the Professional Practices Framework that governs the profession



How Can We Use the IPPF in Our Work



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How can the IPPF be used – with Customers

- They tell the Customer what to expect from a professional Internal Audit Service
- They give the customers you are auditing peace of mind and confidence they are getting a quality product
- They allow the Customer to make a informed decision about your performance against a benchmark



Educating your Customers

Build strong relationships with the audit committee and key stakeholders (sections 1000 and 1100).

Educate committee members on their responsibilities

Orient new members; give updates on changes

Prepare the agenda; send concise but meaningful pre-meeting package

Help the committee chair prepare for each meeting

The Professional Practices Framework

1000 – Purpose, Authority, and Responsibility

1100 – Independence and Objectivity



How can the IPPF be used – in the audits

- Provide a framework for performing a broad range of value-added internal audit activities.
- They give a broad perspective on what you're supposed to be doing
- They provide the groundwork, around which the audit engagement is planned



Providing scope for your audits

Understand what matters to your key stakeholders.

Make sure that risks are correctly identified and that business objectives are fully understood

Embrace innovation in the internal audit process.

Use the power of technology, develop and leverage knowledge management, and seek out the best audit practices to benefit your organisation (2200, 2300).



The Professional Practices Framework

2200 - Engagement Planning

2300 - Performing the engagement

How can the IPPF be used – in gaining resource

As a profession, the IPPF requires you to have trained and qualified members of staff to carry out the assignments

The IPPF can be used to make the case to have professional staff to undertake the work

The IPPF requires Due Professional Care which means that you need to staff with Experts not Trainees

The IPPF encourages you to reward creativity



Gaining Expertise in the team

It is critical to have the right resources linked to risk, and to attract and develop high quality resources.

Ensure that you have a pay and rewards structure that allows you to get the people you need

Trained staff are vital for you to be able to deliver the service (1200 and 1220)

Do not fear using out or co-sourcing to get the needed resources (1200).

The Professional Practices Framework

1200 -	Proficiency and Due Professional Care
1220 -	Due Professional Care



How the IPPF can be used – Improving the service

Have a proactive internal quality assessment and improvement programme

Fully embrace the spirit and the letter of the external quality standards (1300, 2200, 2300).

Establish and document a Quality Assurance and Improvement Programme

Implement an ongoing internal quality assessment process with the use of performance metrics



Providing back up for your Quality

The Quality Assurance and Improvement Programme is key to:

Establishing for customers how good your service is.

Providing proof of compliance with the Standards

Offering ways to improve the service

The
Professional
Practices
Framework

1300 – Quality Assurance
and Improvement
Programme

Without a Quality Assurance Review (QAR) conducted at least every 5 years you cannot use the term

“Operating in accordance with the International Standards”

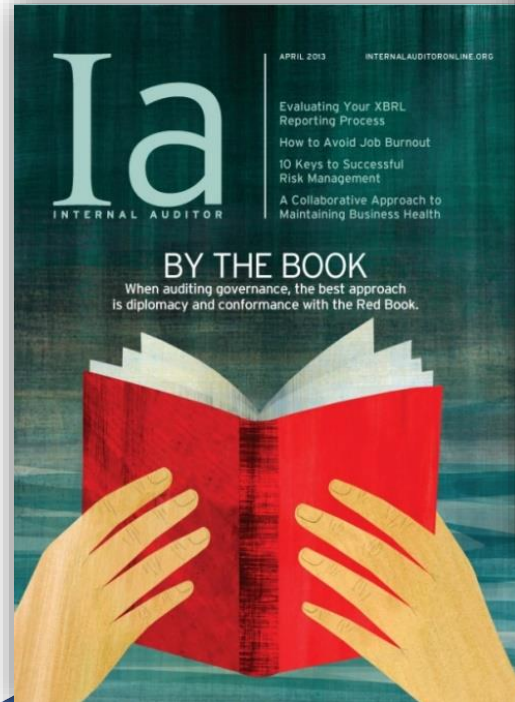


CONCLUSION



Using the Standards to improve your work

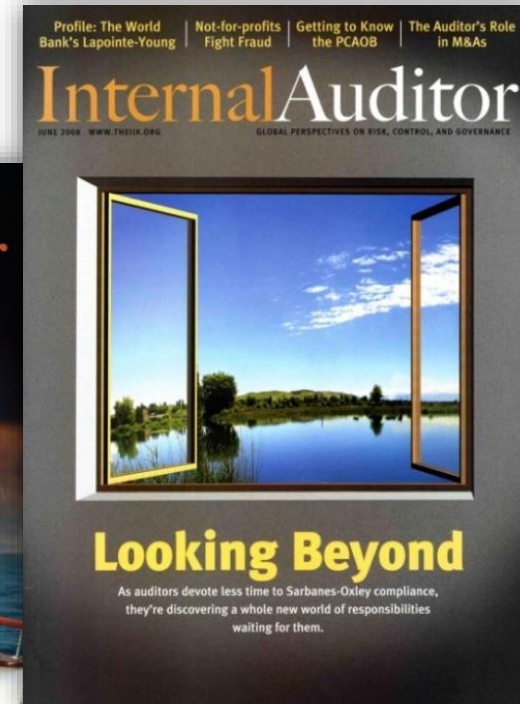
With the QAR requirement, the Attribute Standards, the Performance Standards and the Interpretation of the Standards, the IPPF offers the CAE the way forward to move from Hindsight to Foresight



Hindsight



Insight



Foresight



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Constant Improvement

Ensure that you have a QAR at least once every Five years

And

Have a Continuous Improvement Programme operating all the time

In this way, you will truly meet the necessary Standards and prove to the world that you are a professional Internal Auditor



Thank You

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