

Proposed New Global Internal Audit Standards

Medlemsmøte IIA Norge 19. april 2023



Formål med medlemsmøtet

- Å gi medlemmer en kort innføring i endringer og konsekvenser de nye globale internasjonale standardene vil medføre for internrevisjoner i privat og offentlig sektor.
- Få medlemmers støtte og forslag til eventuelle prinsipielle innspill som skal innarbeides i høringssvar fra IIA Norge. Vi kan også søke støtte i øvrige nordiske og andre Europeiske land, samt ECIIA.
- Dere kan også selv gi innspill direkte til IIA globalt innen 30. mai.

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Mapping Current IPPF to New Standards

Current IPPF

New Standards



5 Domains & 15 Principles



I. Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate Integrity

2. Maintain Objectivity

3. Demonstrate Competency

4. Exercise Due Professional Care

5. Maintain Confidentiality

III. Governing Internal Audit Function

6. Authorized by the Board

7. Positioned Independently

8. Overseen by the Board

IV. Managing Internal Audit Function

9. Plans Strategically

10. Manages Resources

11. Communicates Effectively

12. Enhances Quality

V. Performing Internal Audit Services

13. Plan Engagements Effectively

14. Conduct Engagement Work

15. Communicate Engagement Conclusions and Monitor Action Plans

Hovedpunkter

- Ryddig å innarbeide formål, kjerneprinsipper, definisjon av internrevisjon, etiske regler og egenskaps- og utøvelsesstandarder i en helhetlig struktur!
- *Purpose* erstatter *Mission Statement* (Formål med internrevisjon).
- Etiske regler blir et eget domene nr. 2 bestående av fem prinsipper.
- Flere vesentlige endringer av definisjoner i ordlisten.
- Innholdet i dagens standarder er i hovedsak videreført, men flere detaljer og MÅ-krav enn tidligere.
- Standardene deles ikke lenger inn i egenskaps- og utøvelsesstandarder.
- *Governing* skilles ut som eget element og flere MÅ-krav tillegges styrene.
- Dagens *Implementation Guides* innarbeides i hver standard under *Considerations for Implementations* (glossary: common and preferred practices for implementing the requirements of each standard) med tilhørende eksempler på *Evidence of Conformance* (glossary: examples of ways to show that the requirements of each standard have been implemented.)
 - risiko for at veiledende praksis blir å anse som et krav
 - risiko for at opplisting av eksempler blir en sjekklister

Domain I. Purpose of Internal Auditing

**Internal auditing enhances the organization's success
by providing the board and management with objective assurance and advice.**

Internal auditing strengthens the organization's:

- Value creation, protection, and sustainability.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by qualified internal auditors in conformance with the Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from bias and undue influence and committed to making objective assessments.

NY: Purpose

Internal auditing enhances the organization's success
by providing the board and management with objective assurance and advice.

Skal erstatte: Mission Statement

The mission of internal audit is to enhance and protect organizational value by providing
risk-based and objective assurance, advice, and insight.

Internrevisjonens formål:

Å fremme og beskytte organisasjonens verdier gjennom å gi risikobaserte og objektive
bekreftelser, råd og innsikt.

Format of Domains II. – V.

- **Principles** – broad descriptions of a basic assumption or rule summarizing the standards that follow.
- **Standards**
 - **Requirements** for the professional practice of internal auditing.
 - **Considerations for Implementation** – common and preferred practices for implementing the requirements.
 - Including some call-outs for considerations for public sector, small functions, and outsourced services.
 - **Considerations for Evidence of Conformance** - examples of recommended ways to demonstrate that the requirements of the Standards have been implemented.

Domain II. Ethics and Professionalism

5 Principles

All Internal Auditors

1. Demonstrate Integrity

Internal auditors demonstrate integrity in their work and behavior.

1.1 Honesty and Courage

1.2 Organization's Ethical Expectations

1.3 Legal and Professional Behavior

2. Maintain Objectivity

Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.

2.1 Individual Objectivity

2.2 Safeguarding Objectivity

2.3 Disclosing Impairments to Objectivity

3. Demonstrate Competency

Internal auditors apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully.

3.1 Competency

3.2 Continuing Professional Development

4. Exercise Due Professional Care

Internal auditors apply due professional care in planning and performing internal audit services.

4.1 Conformance with Global Internal Audit Standards™

4.2 Due Professional Care

4.3 Professional Skepticism

5. Maintain Confidentiality

Internal auditors use and protect information appropriately.

5.1 Use of Information

5.2 Protection of Information

Domain III. Governing the Internal Audit Function

3 Principles

Board/AC and Chief Audit Executives

6. Authorized by the Board

The board establishes, approves, and supports the authority, role, and responsibilities of the internal audit function.

6.1 Internal Audit Mandate

6.2 Board Support

7. Positioned Independently

The board establishes and protects the internal audit function's independence.

7.1 Organizational Independence

7.2 Chief Audit Executive Roles, Responsibilities, and Qualifications

7.3 Safeguarding Independence

8. Overseen by the Board

The board oversees the internal audit function to ensure the function's effectiveness.

8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Quality Assessment

Domain IV. Managing the Internal Audit Function

4 Principles

Chief Audit Executives

9. Plans Strategically

The chief audit executive plans strategically to ensure the internal audit function fulfills its mandate and is positioned for long-term success.

9.1 Understanding GRC Processes

9.2 Internal Audit Strategy

9.3 Internal Audit Charter

9.4 Methodologies

9.5 Internal Audit Plan

9.6 Coordination and Reliance

10. Manages Resources

The chief audit executive manages resources to implement the internal audit function's strategy, complete its plan, and achieve its mandate.

10.1 Financial Resource Management

10.2 Human Resource Management

10.3 Technological Resources

11. Communicates Effectively

The chief audit executive ensures the internal audit function communicates effectively with its stakeholders.

11.1 Building Relationships and Communicating with Stakeholders

11.2 Effective Communication

11.3 Communicating Results

11.4 Errors and Omissions

11.5 Communicating the Acceptance of Risks

12. Enhances Quality

The chief audit executive ensures conformance with the Global Internal Audit Standards™ and continuously improves the internal audit function's performance.

12.1 Internal Quality Assessment

12.2 Performance Measurement

12.3 Ensuring and Improving Engagement Performance

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Domain V. Performing Internal Audit Services

3 Principles

All Internal Auditors

13. Plan Engagements Effectively

Internal auditors plan each engagement using a systematic, disciplined approach.

13.1 Engagement Communication

13.2 Engagement Risk Assessment

13.3 Engagement Objectives and Scope

13.4 Evaluation Criteria

13.5 Engagement Resources

13.6 Work Program

14. Conducting Engagement Work

Internal auditors implement the engagement work program to achieve the engagement objectives.

14.1 Gathering Information for Analysis and Evaluation

14.2 Analyses and Potential Engagement Findings

14.3 Evaluation of Findings

14.4 Recommendations and Action Plans

14.5 Developing Engagement Conclusions

14.6 Documenting Engagements

15. Communicate Engagement Conclusions and Monitor Actions Plans

Internal auditors communicate the engagement findings and conclusions to the appropriate parties and monitor management's progress toward the completion of action plans.

15.1 Final Engagement Communication

15.2 Confirming the Implementation of Action Plans

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Standards

- Principles
- Standards
- Requirements
- Considerations for Implementation
- Considerations for Evidence of Conformance

Purpose of Internal Auditing

1

Ethics and Professionalism

2

Governing the Internal Audit Function

3

Managing the Internal Audit Function

4

Performing Internal Audit Services

5

Topical Requirements

- Requirements when providing assurance on the topics
- Clarifications and Recommended Practices
- Covering aspects of Governance, Risk Management and Controls
- Applicable for a specific audit topic / engagement

- Cybersecurity
- Sustainability: Environmental, Social & Governance
- Third Party Management
- Information Technology Governance
- Assessing Organizational Governance
- Fraud Risk Management
- Privacy Risk Management
- Public Sector: Performance Audits

Synspunkter fra arbeidsgruppen

- I hovedsak enig i foreslåtte prinsipper og ny struktur er ryddig.
- Nasjonal selskapsrett og regulering av styrets plikter og ansvar varierer fra land til land. Pålegger styrene plikter (MÅ-krav) utover nasjonal lov og NUES.
- Generelt høy detaljeringsgrad og mange MÅ-krav i forhold til dagens standarder.
- Uklart i hvilken grad *Considerations for Implementations* og blir å anse som veiledende praksis eller krav. Mest bør-krav, noe må-krav og enkelte beskrivelser alla «is the responsibility of (...)».
- Fare for at opplisting av eksempler i *Evidence of Conformance* blir rene sjekklister. Eksemplene er ikke uttømmende.
- Fravær av et forholdsmessighetsprinsipp (små internrevisjoner) med egen veiledning for små internrevisjoner som ikke tilfører reell verdi.
- Egen veiledning for offentlig sektor som egentlig ikke sier annet enn at «her kan andre krav gjelde».
- Er høringsutkastet mindre fremtidsfokusert enn dagens standarder...?

Domain II. Ethics and Professionalism

5 Principles

All Internal Auditors



Eksempler på hva som er nytt:

- Alle internrevisorer **BØR** ha 2 årlige etikkpoeng. (1.1) og **MÅ** ha minimum 20 timers kompetanseheving årlig. (3.2)
- *Due professional care: (4)*
 - også legge kunder/brukere og interessenters hensikt til grunn
 - kost/nytte av IRs tjenester
 - sannsynligheten for vesentlige feil, misligheter, manglende etterlevelse
- Ny standard: Professional skepticism (4.3)
- *Tydligere ansvar pålegges internrevisjonslederen.*
 - must maintain a work environment where IA feels supported. (1.1)
 - must provide policies, procedures and training to support and promote objectivity. (2.1)
 - help IA build their competency related to professional skepticism. (4.3)
 - should periodically assess and confirm need for access to info and if controls work effectively. (5.2)

Eksempler på uklarheter:

- IA must assess and make recommendations to improve objectives (...) for promoting appropriate ethics and values = betyr det at IR skal vurdere etikk i ethvert oppdrag? (1.2)
- Internrevisor **bør** ikke bruke insideinformasjon til personlig vinning => hvorfor er ikke dette et «MÅ-krav»? (5.1)

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7.3 Safeguarding Independence

8. Overseen by the Board

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8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Quality Assessment

Eksempler på hva som er nytt:

- The CAE must collaborate with other internal and external assurance providers. (6.1)
- CAE må legge frem ressursstrategi for styret. (8.2)
- Styret “should” motta dokumentasjon og analysere ressurser/IRs evne til å gjennomføre planen. (8.2)
- Minimum årlig ressursdiskusjon, men ledende praksis hvert kvartal. (8.2)
- Kvalitet: krav til både etterlevelse og performance. Styret må godkjenne internrevisjonens KPI-er. (8.3)
- Styret skal årlig evaluere “CAE’s performance”. The assessment should contain qualitative and quantitative measures. (8.3)
- Krav til eksternt kvalitetsteam der bl.a teamet må ha gjennomført QA-kurs hos IIA og en på teamet må være CIA. (8.4)
- Kun adgang til egenevaluering hvert 10. år dvs. full ekstern annen hver gang. (8.4)

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Domain IV. Managing the Internal Audit Function

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Chief Audit Executives

12. Enhances Quality

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12.1 Internal Quality Assessment

12.2 Performance Measurement

12.3 Ensuring and Improving Engagement Performance

Eksempler på hva som er nytt:

- CAE må utvikle og implementere en strategi som skal inneholde visjon, strategiske mål og handlinger. Strategien må gjennomgås av styret og toppledelsen minimum årlig. (9.2) Det fremgår ingensteder at KPI-er bør lenkes til internrevisjonens strategi.
- Kvalitetsarbeidet skal omtales i instruksen. (9.3)
- CAE må koordinere og ha en metodikk for å evaluere andre interne/eksterne bekræftelsesfunksjoner inklusive kriterier for å bygge på arbeidet. (9.6)
- Budsjett skal godkjennes av styret. (10.1)
- The CAE must regularly evaluate the technology used and communicate the impact of technology limitations to the board. (10.3)
- Quality = Conformance + Performance (12)
- CAE must develop objectives to evaluate the IA function's performance and identify KPI's that include operational and strategic outcomes. (12.2)

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Domain V. Performing Internal Audit Services

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All Internal Auditors

15. Communicate Engagement Conclusions and Monitor Actions Plans

Internal auditors communicate the engagement findings and conclusions to the appropriate parties and monitor management's progress toward the completion of action plans.

15.1 Final Engagement Communication

15.2 Confirming the Implementation of Action Plans

Eksempler på hva som er nytt:

- Eksplisitte krav til risikovurderinger på oppdragsnivå. (13.2)
- IA must identify the **root cause**, determine the potential effects and evaluate the significance of the issue. Must consider the likelihood of the risk and the impact on governance, RM and IC processes (14.3)
- IA must provide rating, ranking or other priority of each finding. (14.3)
- A statement that the engagement is conducted in conformance with the standards must be included in the final communication. (15.1)
- Tydeligere krav til at IR må bekrefte oppfølging av handlingsplaner. (15.2)

Glossary

Eksempler:

- Consulting (rådgivning) erstattes med advisory services (bekreftelsestjenester). Innholdet i oppgaven/arbeidet er likevel den samme.
- Hva som legges i «success» ikke definert.
- Internal audit activity erstattes med internal audit function.
- Principles: forvirrende at definisjon av prinsipp i ordlisten er forskjellig fra det som står innledningsvis i dokumentet.
- Egen standard om overall opinion utgår, men medtas likevel som en ide under standard 11.3 «CAE may communicate a conclusion (comprehensive, macro-level or organisation-wide) based on the results of multiple engagement.
- Risk assessment – risk management – risk tolerance