



IPPF

*International Professional
Practices Framework*

2024 Report

**IPPF OVERSIGHT
COUNCIL**



The Institute of
Internal Auditors

theiia.org

Internal Auditing and Standard Setting

Internal auditing provides boards and management with risk-based and objective assurance, advice, and insight to enhance organizations' success. It contributes to economic stability and social well-being by helping organizations perform reliably, ethically, and sustainably in pursuit of their objectives. The profession serves leaders and decision-makers and builds stakeholder trust and confidence by providing greater transparency and insight.

The professional practice of internal auditing is most effective when it conforms to authoritative, internationally recognized professional standards. An independent, competent, and trusted internal audit function is essential for effective organizational governance, risk management, and control. This applies to all entities, regardless of size or sector, where internal auditing's mission is to protect and enhance an organization's value. All stakeholders, including employees, customers, service users, vendors, investors, taxpayers, and citizens, benefit from ethical and sustainable practices contributing to improved organizational performance, position, and prospects.

The International Professional Practices Framework® (IPPF®) organizes the mandatory and recommended pronouncements of The Institute of Internal Auditors (The IIA) applicable to internal audit professionals worldwide. In this report, the term "Standards" refers to the mandatory elements of the IPPF, including the Global Internal Audit Standards™ and Topical Requirements. Global Guidance is a recommended element of the IPPF.

The IPPF Oversight Council

The IIA is an international professional association that is the internal audit profession's leader in standards, certification education, research, and technical guidance worldwide. In 2010, The IIA's Global Board of Directors established the IPPF Oversight Council (IPPFOC) to promote inclusiveness, transparency, and other qualities important to the multiple stakeholders who benefit from having confidence that the IPPF serves the public interest. The IPPFOC evaluates and advises on the appropriateness of The IIA's structure and standard-setting process.

The IPPFOC is a competent, alert, and well-informed independent oversight body mandated to provide assurance that the International Internal Audit Standards Board (IIASB) and the Global Guidance Council (GGC) adhere to sound governance and due process, consider input representing all stakeholders, and ultimately serve the public interest. Members of the IPPFOC include representatives from organizations operating in the public and private sectors that are invested in ensuring the Standards reflect the public interest. Membership comprises representatives of these organizations:

- **Global Network of Director Institutes (GNDI)** – An international collaboration of membership organizations sharing expertise in directorship and corporate governance.
- **International Federation of Accountants (IFAC)** – The accountancy profession's global voice, serving the public interest through advocacy, development, and support for professional accountancy organizations and millions of accountants crucial to the global economy.
- **International Foundation for Ethics and Audit (IFEAA)** – The Foundation supports international ethics, audit, and assurance standards developed in the public interest.
- **International Organization of Supreme Audit Institutions (INTOSAI)** – An autonomous, independent, nonpolitical professional organization that provides support to supreme audit institutions and sets standards for public sector auditing.
- **Organisation for Economic Co-operation and Development (OECD)** – An intergovernmental organization that provides a forum for countries to share data and best practices related to public policies and international standards that stimulate trade and economic progress and foster prosperity, equality, opportunity, and well-being for all.
- **The World Bank** – A global partnership of institutions working for sustainable solutions that reduce poverty and build shared prosperity in developing countries.

The IIA also appoints two members to the IPPFOC to ensure that the internal audit profession is represented.

The IPPFOC provides oversight to help ensure the IPPF is:

- Developed and maintained through due process, with wide exposure, broad input, and fairness.
- Of high-quality, principles-based, and globally applicable.
- Relevant to the public interest.

The IPPFOC reports its evaluations and recommendations to The IIA's Global Board of Directors, as illustrated.

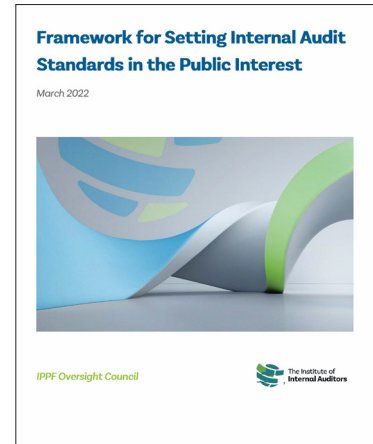


Setting Internal Audit Standards in the Public Interest

Given the importance of the Standards to governments, businesses, and society, the IPPFOC invests its efforts in enhancing the credibility and stature of the Standards. The IPPFOC believes an internal audit function aligned with the Standards is more likely to achieve internal auditing’s mission of enhancing and protecting an organization’s value and serving the public interest.

The IPPFOC and The IIA established the *Framework for Setting Internal Audit Standards in the Public Interest* in 2022 to strengthen stakeholder engagement in internal audit standard-setting and better serve the public interest. It was updated in 2024 to reflect the structures and processes for Topical Requirements, a new, mandatory element of the IPPF.

The *Framework* supports the development by the IPPF standards- and guidance-setting committees of high-quality standards and their global adoption and implementation. It includes a structure and due process to facilitate stakeholder responsiveness to international standard-setting for internal auditing.

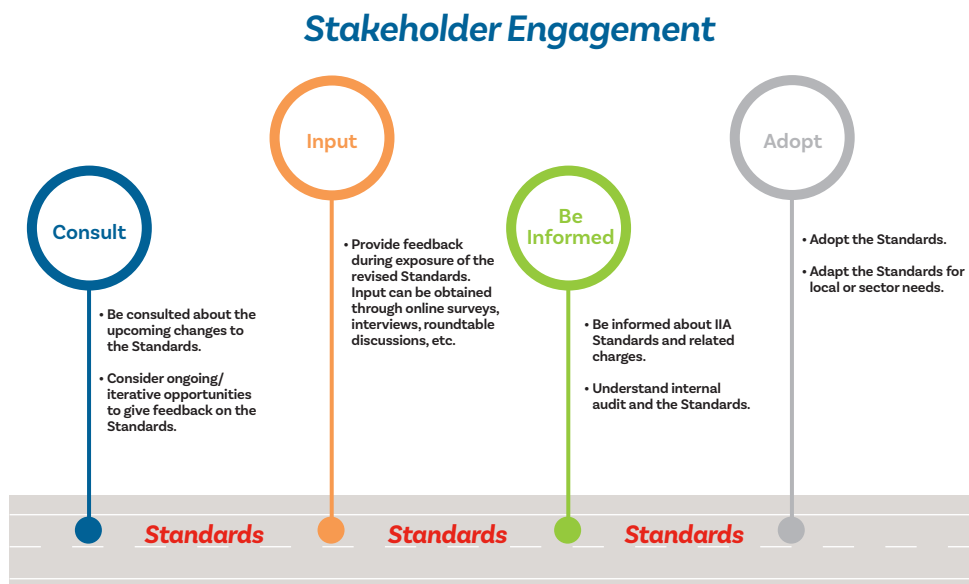


The *Framework* outlines how the public interest is served through four key components:

- Consideration of and engagement with the stakeholders of the Standards.
- Principles for enhancing stakeholder trust in the Standards.
- A structure and process to set standards in the public interest.
- Oversight and assessment of the Standards’ responsiveness to stakeholders’ needs.

Oversight of the Stakeholder Engagement Process in Serving the Public Interest

The IIA has implemented IPPFOC recommendations to strengthen the stakeholder engagement process and incorporate it throughout the development of the Standards. The process includes various levels of stakeholder engagement, as shown:



Impact and Continuous Improvement

Since establishing the IPPFOC, The IIA has continuously improved the quality of its standard-setting process, resulting in increased confidence in the IPPF. As the demand for internal audit services continues to evolve and grow, the profession can adapt with nimble maturity and optimum performance because it is subject to the IPPF, which includes a vibrant, inclusive, and responsive set of global standards developed under the IPPFOC's oversight and with its insight.

IPPFOC Priorities, Activities, and Conclusions

IPPFOC Priorities

During 2024, the IPPFOC provided oversight of:

- The due processes for standard-setting and stakeholder engagement in serving the public interest.
- The composition and functioning of the IASB and GGC, including the role of The IIA's Global Nominating Committee (GNC).
- The finalization and promulgation of IPPF pronouncements, including the Global Internal Audit Standards.
- The development of Topical Requirements, the first of which will be Cybersecurity.
- The development of the updated *Quality Assurance Manual*.

In accordance with the *Framework* and the IPPFOC's oversight role, the IPPFOC analyzed whether the IASB and GGC standard-setting process:

- Demonstrated adequate responsiveness to the internal audit profession and its direct and indirect stakeholders through continuous engagement and transparency.
- Is supported by a permanent structure and a rigorous approach responsive to changes in the profession, business, and society to enhance trust in the Standards and internal auditing's assurance and advisory services.
- Identified stakeholders' varying perspectives and needs in relation to each Standard and considered their input.

IPPFOC Activities

During 2024, the IPPFOC:

- Expanded its membership by appointing a representative from the International Foundation for Ethics and Audit.
- Attended a meeting of the IASB and GGC chairs to discuss and agree on the standards and guidance work plan for 2025, which has informed the priorities and work plan for the IPPFOC. At this meeting, a model was developed to organize oversight of the Global Internal Audit Standards, Topical Requirements, and Global Guidance.

Oversight of Standards & Guidance Development

Global Internal Audit Standards (mandatory)	Topical Requirements (mandatory)	Global Guidance (recommended)
Approve any changes to due process for setting Standards	Approve any changes to due process for setting Topical Requirements	Approve any changes to due process for setting Global Guidance
Review process for identifying and prioritizing revisions to Standards or new Standards	Review process for identifying, prioritizing, and developing Topical Requirements	Review process for identifying, prioritizing, and developing Global Guidance
Receive presentation on key issues at planning, development, and final stages of final stages of standard setting	Receive presentation on key issues at planning, development, and final stages of Topical Requirements being set	Receive confirmation from GGC Chair that due process was followed in setting the Global Guidance (IPPF OC may identify Global Guidance to review due process compliance)
Review due process compliance	Review due process compliance	

- Undertook a comprehensive review of the IASB standard-setting process to confirm that due process had been followed for the disposition, finalization, and publication stages of the Global Internal Audit Standards.
- Provided oversight of the development of the Topical Requirement for Cybersecurity.
- Observed the IASB and GGC in-person meetings in 2024. These meetings included consideration of the proposed indicators for measuring the successful implementation of the *Framework* addressing:
 - o Stakeholder input.
 - o Internal auditor satisfaction and confidence.
 - o Conformance rates.
 - o Endorsement rates of standards.
 - o Quality of standards.
 - o Public trust and confidence.
- Undertook a comprehensive review of the processes for developing and publishing the updated *Quality Assessment Manual* to confirm that the guidance-setting processes had been followed.

IPPF OC Conclusions

In January 2024, following extensive research and engagement with stakeholders, The IIA released the Global Internal Audit Standards, with supporting tools and resources. The structure and processes that underpinned the development of the Standards demonstrated a commitment to incorporating the public interest, as defined in the *Framework for Setting Internal Audit Standards in the Public Interest*. The IPPF OC acknowledges the work involved by the standards- and guidance-setting committees that resulted in this successful outcome and their commitment to implementing the IPPF OC recommendations during the development of the Standards. The IPPF OC will continue to have oversight of the due processes for the promulgation, adoption, and maintenance of the Standards.

The IPPF OC noted that the IASB and GGC followed through on their commitment to accept the recommendations noted in the 2023 Annual Report by taking these actions:

- The IASB Chair confirmed in writing to the IPPF OC that due process was followed in developing or revising the Standards.

- A disposition paper and report were produced with the final Global Internal Audit Standards.
- The IASB and GGC undertook extensive outreach and stakeholder engagement with various stakeholders, including other standards-setting bodies, regulators, professional associations, and government organizations, to ensure conformance with the stakeholder engagement requirements of the *Framework* in the development of the Global Internal Audit Standards.
- The processes for onboarding new IASB and GGC members were strengthened, and the performance evaluation policy was implemented. The policy will be updated in 2025 to reflect new IIA governance requirements.

The *Framework for Setting Internal Audit Standards in the Public Interest* was widely promoted. The IPPFOC observed that the IASB and GGC members are familiar with the *Framework* and understand how its application leads to internal auditors acting in the public interest. They also understand their essential role in applying it.

Roles and responsibilities are clearly defined for the IASB and GGC, respective working groups, and IIA staff to balance the quality and speed of developing standards. The IASB and GGC operate at a strategic level, the IASB staff at a technical level, and the IASB and GGC working groups bridge the two.

In addition, the IPPFOC noted:

- The IPPFOC, IASB, and GGC charters were updated to reflect the IPPF changes.
- A strategy to gauge the *Framework's* impact and measure the success of the new IPPF was initiated.
- Criteria for IASB and GGC membership have been established, the tenets of which are applied when calling for and assessing nominations for membership. The IPPFOC also commends the GGC for its efforts in ensuring the IASB and GGC's representativeness.
- Due process was followed for the development of the *Quality Assessment Manual*.
- The charter and process flow for developing the Topical Requirement for Cybersecurity were presented to the IPPFOC and approved.

Key Recommendations of the IPPFOC for 2025

Having observed the IASB and GGC meetings and reviewed due process, the IPPFOC recommends:

- Drafting conventions for the Global Internal Audit Standards, Topical Requirements, and Global Guidance be prioritized. The same conventions should be applied to the Global Internal Audit Standards and Topical Requirements. The drafting conventions for Global Guidance should be considered carefully to avoid any implied requirements (Ref: IPPFOC Annual Report 2023).
- Setting minimum targets for professional, geographical, gender, and other forms of representation on both the GGC and IASB (Ref: IPPFOC Annual Report 2023).
- Incorporating a risk assessment as part of the planning process for developing standards and guidance.
- Seeking stakeholder input during the development process of Global Guidance and through a post-implementation feedback mechanism.
- Including non-internal auditors on the IASB and GGC, drawn from the direct and indirect stakeholder categories (two to three positions on each committee).
- Creating opportunities for talented individuals who might be unable to join either committee due to factors such as the high cost of participation.
- Ensuring that the IASB and GGC are supported by adequate resources and appropriately skilled and experienced staff. The IPPFOC welcomes the additional staff appointed to effectively manage the work of Standards and Guidance and will continue to monitor resourcing, as it is a key requirement of the *Framework*.