

The Institute of Internal Auditors (IIA) issued revisions to existing standards eligible for testing on the IIA's Certified Internal Auditor (CIA) exam on and after January 1, 2017. These revisions and changes primarily focus on expanding and clarifying the interpretations of the existing standards.

This document will provide you with a summary of the substantive changes made to those standards which could impact your exam experience.

1. Introduction:
  - a. The first purpose of the *Standards* listed was changed from "Delineate basic principles that represent the practice of internal auditing" to "Guide adherence with the mandatory elements of the International Professional Practices Framework" (IPPF).
  - b. A paragraph was added that states that the *Standards* and the *Code of Ethics* are considered mandatory elements of the IPPF.
2. 1000 – Purpose, Authority, and Responsibility: The IPPF full mandatory guidance includes:
  - a. Mission of Internal Audit
  - b. Core Principles for the Professional Practice of Internal Auditing,
  - c. Code of Ethics,
  - d. *Standards*, and
  - e. Definition of Internal Auditing
3. 1010 –Recognizing Mandatory Guidance in the Internal Audit Charter: clarification of standards to ensure the mandatory guidance listed in standard 1000 is recognized in the internal audit charter.
4. 1110 – Organizational Independence: Disclosure requirements of any interference have been added to 1110.A1
5. 1112 – Chief Audit Executive Roles Beyond Internal Auditing: This standard is new. It expresses the need to maintain independence and objectivity of the chief audit executive.
6. 1130 – Impairment to Independence or Objectivity: Paragraph 1130.A3 in the interpretations is new. It grants permission to perform assurance services for a former consulting client provided there is no impairment of objectivity.
7. 1210 – Proficiency: Interpretation expanded to include "consideration of current activities, trends, and emerging issues".
8. 1300 – Quality Assurance and Improvement Program: Interpretation expanded to encourage board oversight of quality assurance and improvement program.
9. 1312 – External Assessments: Interpretation expanded to state that the external assessor may comment on operations or strategy and the assessor must comment on the conformance with the Standards and Code of Ethics. The interpretation was also expanded to encourage board oversight of the external assessment.
10. 1320 – Reporting on the Quality Assurance and Improvement Program: The Standard was expanded to include four minimum disclosure requirements such as the scope and frequency of assessments, the qualifications and independence of assessors, conclusions of assessors, and corrective action plans.

11. 2000 – Managing the Internal Audit Activity: The interpretation has narrowed the term “individuals” to “individual members”. The interpretation was also expanded to include the consideration of impactful trends and emerging issues as a fourth interpretation of an effectively managed internal audit activity. The final paragraph of the interpretation was expanded to include the consideration of “strategies, objectives, and risks” in a value-adding internal audit activity.
12. 2050 – Coordination and Reliance: “and Reliance” was added to the standard title. An interpretation was added to help better understand the standard.
13. 2060 – Reporting to Senior Management and the Board: The Standard was expanded to include a statement on the conformance with the Standards and the Code of Ethics in the report to senior management and the board. The interpretation was expanded to include required report information.
14. 2100 – Nature of Work: The interpretation was expanded to include a statement that the credibility and value of the work is enhanced when the internal auditor is proactive and consider future impact in their evaluations.
15. 2110 – Governance: The standard was expanded to include two additional governance tasks: the process for making strategic and operational decisions as well as the process for risk management and control oversight.
16. 2200 – Engagement Planning: The standard was expanded to explicitly state that the engagement plan must include the organization’s strategies, objectives, and risks.
17. 2210 – Engagement Objectives: The interpretation of this standard was expanded to include three types of evaluation criteria such as internal, external, and leading practices.
18. 2230 – Engagement Resource Allocation: An interpretation was added to this standard.
19. 2330 – Documenting Information: The standard was expanded to include sufficient, reliable, and useful to the description of “relevant information”.
20. 2410 – Criteria for Communicating: Additions were made to 2410.A1 to be more specific and make mandatory about the inclusion of any applicable conclusions, recommendations, and/or action plans in the final engagement communication.
21. 2450 – Overall Opinions: The standard was expanded to include “strategies, objectives, and risks” in the overall opinion. The interpretation was expanded to require that a summary of the information that supports the opinion be included.
22. Glossary Changes: the following glossary terms have been clarified or added
  - a. Board
  - b. Chief Audit Executive
  - c. Core Principles for the Professional Practice of Internal Auditing (new)
  - d. International Professional Practices Framework

Two new terms “Mission” and “Core Principles” are added to the new IPPF of 2017, as follows:

The *Mission of Internal Audit* articulates what internal audit aspires to accomplish within an organization. Its place in the new IPPF of 2017 is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the Mission.

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

A set of ten *Core Principles* (CPs) comprise the fundamentals essential to the effective practice of internal auditing. They are the foundational underpinnings of the Code of Ethics and the Standards, reflecting the primary requirements for the professional practice of internal auditing now and in the future. The Core Principles can be used as a benchmark against which to gauge the effectiveness of an internal audit activity. Thus, the Core Principles should be well expressed throughout the Code of Ethics and the Standards.

CP1: Demonstrates integrity

CP2: Demonstrates competence and due professional care

CP3: Is objective and free from undue influence (independent)

CP4: Aligns with the strategies, objectives, and risks of the organization

CP5: Is appropriately positioned and adequately resourced

CP6: Demonstrates quality and continuous improvement

CP7: Communicates effectively

CP8: Provides risk-based assurance

CP9: Is insightful, proactive, and future-focused

CP10: Promotes organizational improvement