

**INTERNATIONAL PROFESSIONAL
PRACTICE FRAMEWORK (IPPF)
@ 2015 (THE NEW VERSION)**

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THE COMPONENTS OF THE NEW IPPF 2015

❖ Two main components:

✓ Mandatory

- Core Principles
- Definition
- Standards
- Code of Ethics

✓ Non-Mandatory

- Implementation guidance
- Supplemental guidance



International Standards for the Professional Practice of Internal Auditing



MISSION AND CORE PRINCIPLES

- ❖ **Mission** → “To enhance and protect organizational value by providing risk-based and objective assurance, advice and insight”

- ❖ **Core Principles**
 - Demonstrates integrity
 - Demonstrates competence and due professional care
 - Objective and Independent
 - Aligns with the strategies, objectives, and risks of the organization
 - Appropriately positioned and adequately resourced
 - Demonstrates quality and continuous improvement
 - Communicates effectively
 - Provides risk-based assurance
 - Insightful, proactive, and future-focused
 - Promotes organizational improvement

DEFINITION OF INTERNAL AUDITING

❖ Internal auditing is

“An independent, objective assurance and 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. ”

CODE OF ETHICS

Rule	Principle
Integrity	The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.
Objectivity	Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.
Confidentiality	Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
Competency	Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services

CODE OF ETHICS

Principle	Rules of Conduct
Integrity	<ul style="list-style-type: none">✓ Perform with honesty, diligence and responsibility✓ Disclose information expected by law and the profession✓ Not involve in illegal activity or acts that discreditable to the profession of internal audit or to the organization✓ Respect and contribute to ethical objectives of the organization
Objectivity	<ul style="list-style-type: none">✓ Not participate in any relationship that may impair or be presumed to impair the unbiased assessment✓ Not accept anything that may impair or be presumed to impair the professional judgment✓ Disclose all material facts that if not disclosed, may distort the reporting

CODE OF ETHICS

Principle	Rules of Conduct
Confidentiality	<ul style="list-style-type: none">✓ Be prudent in the use and protection of information✓ Not use information for personal gain
Competency	<ul style="list-style-type: none">✓ Engage only in the services for which they have the necessary knowledge, skills and experience✓ Perform internal auditing services in accordance with the International Standards for Professional Practice of Internal Auditing (The Standards)✓ Continually improve their proficiency and the effectiveness and quality of their services

**INTERNATIONAL STANDARDS FOR
THE PROFESSIONAL PRACTICE OF
INTERNAL AUDITING (REVISED 2013)**

PURPOSE OF THE STANDARDS

- ✓ To delineate basic principles that represent the practice of internal auditing
- ✓ To provide a framework for performing and promoting a broad range of value-added internal auditing
- ✓ To establish the basis for the evaluation of internal audit performance
- ✓ To foster improved organizational processes and operations

NATURE OF THE STANDARDS

- ❖ The Standards are **principles-focused**.
- ❖ Mandatory requirements consisting of:
 - **Statements of basic requirements** for the professional practice of internal auditing and for evaluating the effectiveness of performance, which are internationally applicable at organizational and individual levels.
 - **Interpretations**, which clarify terms or concepts within the Statements.

NATURE OF THE STANDARDS (CONT.)

- ❖ The structure of the *Standards* is divided between **Attribute** and **Performance** Standards.
 - **Attribute Standards** → address the attributes of organizations and individuals performing internal auditing
 - **Performance Standards** → describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured

NATURE OF THE STANDARDS (CONT.)

- ❖ Standards provide the requirements applicable to **Assurance (A)** or **Consulting (C)** activities.
 - Assurance services
 - ✓ Provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter
 - ✓ Nature and scope of the assurance engagement are determined by the internal auditor.
 - ✓ Three parties involved:
 - (1) **the process owner** → the person or group directly involved with the entity, operation or process
 - (2) **the internal auditor** → the person or group making the assessment
 - (3) **the user** → the person or group using the assessment

NATURE OF THE STANDARDS (CONT.)

■ Consulting services

- ✓ Advisory in nature, and are generally performed at the specific request of an engagement client
- ✓ The nature and scope of the consulting engagement are subject to agreement with the engagement client.
- ✓ Generally involve two parties: (1) **the internal auditor** → the person or group offering the advice
(2) **the engagement client**
→ the person or group seeking and receiving the advice

ATTRIBUTE STANDARDS (CODE 1000+)

Code	Topic	Code	Topic
1000	Purpose, Authority, and Responsibility	1200	Proficiency and Due Professional Care
1010	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter	1210	Proficiency
1100	Independence and Objectivity	1220	Due Professional Care
1110	Organizational Independence	1230	Continuing Professional Development
1111	Direct Interaction with the Board		
1120	Individual Objectivity		
1130	Impairment to Independence or Objectivity		

ATTRIBUTE STANDARDS (CODE 1000+)

Code	Topic	Code	Topic
1300	Quality Assurance and Improvement Program	1320	Reporting on the Quality Assurance and Improvement Program
1310	Requirements of the Quality Assurance and Improvement Program	1321	Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”
1311	Internal Assessments	1322	Disclosure of Nonconformance
1312	External Assessments		

PERFORMANCE STANDARDS (CODE 2000+)

Code	Topic	Code	Topic
2000	Managing the Internal Audit Activity	2100	Nature of Work
2010	Planning	2110	Governance
2020	Communication and Approval	2120	Risk Management
2030	Resource Management	2130	Control
2040	Policies and Procedures		
2050	Coordination		
2060	Reporting to Senior Management and the Board		
2070	External Service Provider and Organizational Responsibility for Internal Auditing		

PERFORMANCE STANDARDS (CODE 2000+)

Code	Topic	Code	Topic
2200	Engagement Planning	2300	Performing the Engagement
2201	Planning Considerations	2310	Identifying Information
2210	Engagement Objectives	2320	Analysis and Evaluation
2220	Engagement Scope	2330	Documenting Information
2230	Engagement Resource Allocation	2340	Engagement Supervision
2240	Engagement Work Program		

PERFORMANCE STANDARDS (CODE 2000+)

Code	Topic	Code	Topic
2400	Communicating Results	2431	Engagement Disclosure of Nonconformance
2410	Criteria for Communicating	2440	Disseminating Results
2420	Quality of Communications	2450	Overall Opinions
2421	Errors and Omissions	2500	Monitoring Progress
2430	Use of “Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing”	2600	Communicating the Acceptance of Risks

PERFORMANCE STANDARDS (CODE 2000+)

