

The relationship between the new IIA Standards and the internal auditing profession

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Abstract

The Institute of Internal Auditors is in the process of developing new standards for the internal auditing profession. The first set of these standards will be implemented with effect from 1 January 2002. The purpose of professional standards is to lay down the minimum requirements to be maintained for acceptable practice. In June 1999, a new formal definition of internal auditing was adopted to address relevant issues with which internal auditing is currently faced. Existing standards, when read in conjunction with the new definition, have deficiencies and these deficiencies have led to the development of new standards for the profession.

The purpose of this article is to discuss the limitations of the current standards, to identify the changes incorporated in the new standards, and to evaluate the changes. The article evaluates whether the new standards address the changes in the new definition and highlights the influence of the changes in the standards on the internal auditing profession. The findings are that the new standards are difficult to analyse, especially because the current standards must still be used in conjunction with the new standards, yet the changes successfully address the challenges facing the internal auditing profession.

Key words

Standards for the Professional Practice of Internal Auditing
Risk Management
Governance
Control
Consulting
Assurance

1 Introduction

The Institute of Internal Auditors Inc. (IIA Inc.) was established in the United States of America in 1941 (Kiger & Scheiner 1997). The initial purpose of the IIA Inc. was to provide internal auditors with an opportunity to share their common interests and concerns. Today the IIA Inc. is an international association that is dedicated to the continuing professional development of the individual internal auditor and the internal auditing profession (Sawyer *et al* 1996).

The IIA Inc. has 70 000 members in 120 countries and territories (The Institute of Internal Auditors Inc. www 2001a). Members are served by *inter alia* providing opportunities for professional association; sponsoring and publishing research; setting and continuously improving standards and ethical codes; conducting conferences and continuing education seminars; and administering certification programmes for internal auditors.

The IIA Inc. publishes professional regulatory documents, called the Framework for the Standards for the Professional Practice of Internal Auditing, to promote professionalism (Sawyer *et al* 1996). These documents include:

- The Statement of Responsibilities of Internal Auditing, first published in 1947;
- the Standards for the Professional Practice of Internal Auditing, first published in 1978; and
- the Code of Ethics for Internal Auditors, first published in 1968.

According to Robert Mautz *et al* (1982), internal auditing was a well-established and well-respected activity, but there was little indication that it was well defined or clearly directed. The Statement of Responsibilities of Internal Auditing was prepared by the research committee of the IIA Inc. and approved by the Board of Directors at its meeting on 15 July 1947. The purpose of the Statement was to establish a set of guidelines that defined the proper role and responsibilities of the internal auditing function within an organisation (Flesher 1996). One of the elements of the Statement was the first formal definition of internal auditing (Sawyers 1973), namely:

Internal auditing is an independent appraisal function established within an organisation to examine and evaluate its activities as a service to the organisation.

This definition led to the following statement of objective and scope:

The objective of internal auditing is to assist members of the organisation, including those in management and on the board, in the

effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost.

Substantial developments in the profession, and the corporate world in general, over the past few years have led to a revised definition that incorporates the new and changing responsibilities of the internal auditor. One of these developments was the Competency Framework for Internal Auditing (CFIA). A research team studied the internal auditing profession from several perspectives, e.g. the global profession, internal auditing knowledge, the future of the profession, etc. The study concluded among other things that the then prevailing definition of internal auditing was insufficient to articulate the modern internal auditing profession (McIntosh 1999). On 26 June 1999, the IIA Inc. Board of Directors unanimously approved the following new definition of internal auditing (Krogstad *et al* 1999):

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The new definition encompasses all the dimensions of the internal auditing function, suggesting a profession that is characterised by broad business parameters and technical skills. Internal auditors should understand business strategy. The definition envisions internal auditors that have a focus of adding value by facilitating change through advice and counsel, in some cases even providing assurance to parties outside the organisation, for example trading partners. It expands the scope of internal auditing to recognise its major role in corporate governance and risk management.

This was the first of a number of changes that resulted in a review of the status of guidance provided to internal auditors. The new definition highlighted the wider responsibilities of internal auditing and therefore necessitated a revision of the current guidelines as embodied in the Standards for the Professional Practice of Internal Auditing.

The purpose of this article is to compare the current standards of internal auditing to the new standards and to evaluate the changes. Debatable issues in internal auditing are reviewed in order to evaluate whether these issues are addressed in the new standards. To achieve this objective, the current standards were used as a basis for comparison with the new standards, and all changes and improvements were identified and evaluated (See appendix A as an example of the methodology applied).

Although the process of developing a new definition and new standards was a comprehensive and long exercise, the process is not discussed in detail as it falls beyond the scope of this article.

2 Background

2.1 Debatable and current issues in the internal auditing profession

The issue of independence and objectivity has been debated since 1947 (The Institute of Internal Auditors 1999). The profession distinguishes between independence, as applicable to the internal auditing function, and objectivity, as an attribute of the internal auditor. The issue of objectivity is easily addressed in practice as it relates to an individual person. Adequate supervision should be enough to identify potential conflict in this regard. On the other hand, independence is more challenging to define and control.

The American Accounting Association, sponsored by the Institute of Internal Auditors Inc., was appointed to investigate the issues of objectivity and independence (AAA 2001). The research concluded that a conceptual framework for the provision of guidance on objectivity and independence should be developed for individuals, the internal auditing function and value-adding auditing activities.

The original purpose of internal auditing was to provide assurance concerning historical activities in the organisation. Management's concept of internal auditing broadened over the years, which led to internal auditors also fulfilling a consulting role. The new definition incorporated this added responsibility in the concept of consulting activities. Furthermore, there was a move from the original "watchdog" role to a more futuristic approach that is based on adding value.

In a Delphi study that was undertaken in 1996, 77% of the respondents indicated that assurance about the efficiency and effectiveness of risk management was the key task of internal auditing. In addition, 75% of the respondents indicated that internal auditing would fulfil a consultative/facilitating/educational role in future (Burkett *et al* 1999a).

The need to understand and manage risk has become a key concern for management. The Delphi study indicated the necessity of continuously improving risk management in the midst of ongoing change (Burkett *et al* 1999a).

A major influence on the internal auditing profession is corporate governance. It is a global issue in the business world and refers to the proper management of organisations and public sector enterprises (Burkett *et al* 1999b). Various committees in a number of countries have

been commissioned to promote the highest standards of corporate governance (For example, the King Report on Corporate Governance in South Africa). The implementation of corporate governance principles enhances the importance of internal auditing in organisations.

2.2 Factors that necessitated the changes in the standards

2.2.1 Limitations of the current standards

After the new definition of internal auditing was submitted to a significant majority of IIA Inc. members, they indicated that the current standards were not in line with the new definition (The Institute of Internal Auditors 2001c). The previous definition explained how internal auditors do their job, while the new definition focuses on the value that internal auditors can and should add to the organisation and on what internal auditors can do for senior management, directors, shareholders and other parties in a complex corporate environment.

A comparison of the new and the previous definitions reveals the following major changes (Krogstad *et al* 1999):

- According to the previous definition, independence was achieved through organisational status. The new definition broadens the scope by stating that all activities performed by internal auditors should be objective. The new definition therefore shifts independence from a structure to an individual frame of mind.
- The new definition describes the work of internal auditors as assurance and consulting activities. This is in contrast to the reference in the previous definition to an appraisal function, which limited value-adding activities.
- Adding value and improving an organisation's operations replaces the previous approach to examining and evaluating activities as a service to the organisation.
- Assisting members of an organisation in the execution of their responsibilities has been broadened to include assistance to an organisation in achieving its objectives. This addition increases the strategic responsibilities of internal auditing.
- Detailed activities regarding control, as well as the manner in which the activities should be accomplished, have been substituted by a systematic, disciplined approach that should be followed in order to encompass risk management and governance processes.

These changes in the new definition led to an investigation by the Guidance Task Force (GTF) of the IIA Inc. into the compatibility of the current standards with the new definition. The GTF is a multi-national group, comprising practitioners, academics and consultants and, was

established by the IIA Inc. According to the GTF, it was necessary to address the following statements (Krogstad *et al* 1999):

- The modern internal auditing profession will be judged by how well it performs activities , and not by whom they are performed or by the methods used;
- internal auditing activities should emphasize value adding;
- internal auditors should always bear the bigger picture in mind while performing their activities; and
- standards and other professional guidance should indicate the way for the profession and ensure the market place of quality.

The IIA Inc's Standards Board (IASB), the body responsible for drafting the new standards, used the input and recommendations of the GTF as guidelines for the new standards (Chapman 2001). Members of the profession were also invited to comment on the draft standards (Moore 2001). These comments were evaluated and, where applicable, incorporated in the new standards.

Professional bodies incorporate standards in order to lay down the minimum requirements to be maintained for acceptable practice within a profession. Using this measurement, the scope of the current standards was considered to be too limited, and the changing business environment, that gave rise to a new definition, also obliged the IIA Inc. to address new issues in the new standards.

2.2.2 Uniqueness of the new standards

The formulation of the new standards had a much broader focus, prescribing a more pro-active role for internal auditors in risk management and governance processes. Whereas the current standards addressed the internal auditor's role as that of an assurance provider, the new standards take a more strategic view of the profession in an organisation by clearly distinguishing between this role and non-assurance activities. This distinction resulted in the standards being grouped into the various subsections that are discussed in subsequent sections (The Institute of Internal Auditors Inc. www 2001b).

The new standards consist of various elements as illustrated in figure 1. Attribute standards (made up of the 1000 series) and performance standards (addressed in the 2000 series) form the basis of these standards. The attribute standards focus on the characteristics of the internal auditing activity as well as on the individuals that perform the internal auditing activities. These standards are addressed in the 1000 series of the new standards. The performance standards focus on internal auditing services and the measurement of the quality thereof. These represent the 2000 series of the new standards.

The implementation standards apply the attribute and performance standards to various types of activities, such as compliance audits, fraud investigation, etc. Various sets of implementation standards are to be developed. The assurance implementation standards (e.g. either series.A1 or series.A2) were accepted by the Standards Board, while comments may still be submitted on the proposed consulting implementation standards (e.g. either series.C1 or series.C2) (Moore 2001). The implementation standards are divided into assurance implementation standards and consulting implementation standards.

Assurance standards deal with the objective evaluation of evidence to provide an independent assessment of risk management, control or governance processes. According to the IIA Inc., risk management is the process that management puts into operation to address risk. Risk refers to the uncertainty that an event could occur that could have an impact on the achievement of objectives. Control refers to actions taken by management, the board or other parties to address risk management and to enhance the achievement of organisational objectives and goals. Governance processes are the procedures that have been introduced by the organisation's stakeholders to provide an overview of the risk and control processes that are administered by management (www.theiia.org, 2001).

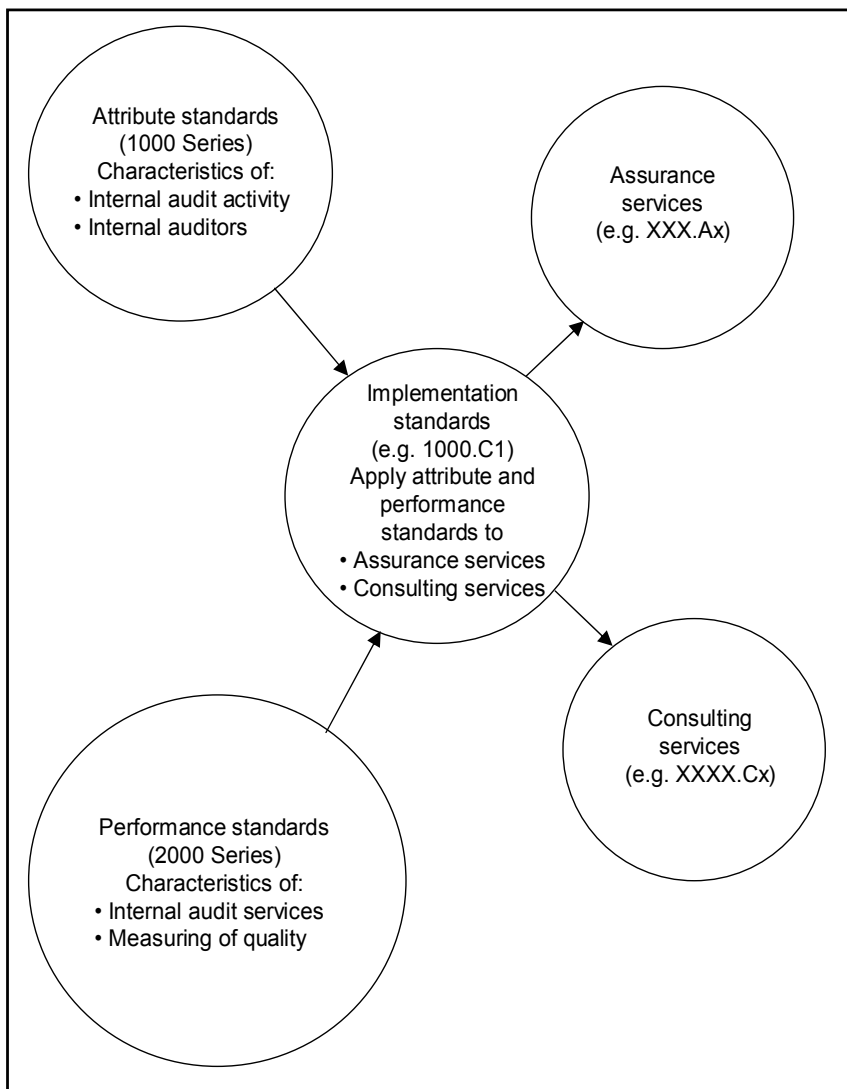
Consulting standards focus on consulting services, which are activities beyond traditional assurance work, as requested by management to assist them to achieve the organisation's objectives.

It is important to note that the implementation standards are still in the developmental phase and are currently being developed for assurance and consulting services. These standards may ultimately also distinguish between industry-specific, regional and speciality auditing services.

The revised standards represent a significant step forward in guiding internal auditors in respect of fulfilling their increased responsibilities as dictated by the business world and incorporated in the new definition.

Figure 1: Interaction of the subelements of the new standards

Coetzee & du Bruyn (2001)



3 Comparison of the new and the previous standards

3.1 Potential value of the comparison for the internal auditing profession

The new standards incorporate the guidance stated in the current standards and as documented in the Standards for the Professional Practice of Internal Auditing. The format of the current and of the new standards differ considerably. The new standards come into effect on 1 January 2002, although earlier adoption by practitioners is encouraged (The Institute of Internal Auditors Inc. www 2001b). Adherence to this request to incorporate the two sets into practice is a lengthy and time-consuming task.

The purpose of this study is to link the two sets of standards and to identify the major changes to be addressed by internal auditors. The study also evaluates and interprets these changes and their effect on the profession and the business environment.

3.2 Method used in the comparison

The current standards were used as a basis for the study (Institute of Internal Auditors Inc. 1998). The new accepted attribute, performance and assurance implementation standards as well as the proposed new consulting implementation standards were downloaded from the IIA Inc. website on the Internet (The Institute of Internal Auditors Inc. www 2001b).

A table format was used for the comparison (See, for example, Appendix A). The first column of the table represents the current standard. In the second column, changes in the current standards, as addressed in the accepted assurance implementation standards, are explained. Only changes that affect current standards are explained in this column. Where the principles remain similar, the relevant standard number is indicated in column two, but without an explanation. In column three, the proposed new consulting implementation standards are discussed. As consulting activities represent a new concept that is addressed by the standards, the entire impact of these implementation standards is discussed. Reference is made to the current standards to which the specific consulting standard is linked. Only column three is discussed in detail (See 3.3.2).

3.3 Comparison, evaluation and interpretation of the changes

Firstly, changes of a general nature to the standards are discussed. These changes include new wording, changes of concept and general layout. Secondly, specific changes and additions to the new standards are identified and discussed (see 3.2: Method used in the comparison). Thirdly, current and debatable issues that are incorporated in the new standards are evaluated.

3.3.1 General

The authors did not consider the exposition of the new standards to be sufficiently user friendly. In the current standards, a clear distinction is made between the areas that are addressed by the standards. The new implementation standards that distinguish between assurance and consulting activities encompass both attribute and performance standards, leading to overlapping of concepts and creating difficulties for the users of the new standards.

The fact that the new standards distinguish between the two major services rendered by internal auditors, namely assurance services and consulting services, is a very positive development. This development fulfils the requirements addressed in the new definition of internal auditing.

Another positive change is the introduction of standards regarding risk management and governance processes, whereas the current standards focus mainly on internal control, assurance and compliance. The nature of internal auditing activities has been broadened to include elements such as planning, reporting etc. for risk management and governance activities. These changes increase internal auditing responsibilities and should therefore change the emphasis on the types of activities that internal auditing should engage in.

The changes that lead to increased involvement in risk management and governance processes have elevated internal auditing to a more strategic level in the organisation. Internal auditors should in future understand the culture and business characteristics of the organisation, and therefore have a comprehensive understanding of organisational objectives and goals.

The term internal auditing department, which is no longer an adequate description of the structure of many internal auditing functions, has been replaced by the term internal auditing activity. This change could be as a result of the increase in internal auditing outsourcing and co-sourcing and the move by major auditing firms to enter the internal auditing

market. Organisations can therefore now have an internal auditing activity without having an in-house internal auditing department.

The term director of internal auditing, as used in the current standards, often confused dilettantes, because the term director normally refers to a board member of an organisation. This term has been replaced by chief audit executive, a term that is more fitting for the position of head of internal auditing.

3.3.2 The standards that address independence

The new standards that deal with independence, distinguish between the independence of the internal auditing activity and the objectivity of the individual internal auditor. There are also additional specific guidelines in respect of defining independence and objectivity:

Assurance standards

The nature of the assurance services provided should be defined in the audit charter (1000.A1), and possible impairment, either factual or by appearance, should be disclosed to relevant parties (1130). Internal auditors should refrain from auditing activities for which they had responsibility within the previous year (1130.A1), while the auditing of functions for which the chief audit executive has responsibility should be overseen by an outside party (1130.A2).

Consulting standards

The nature of consulting services must be defined in the audit charter (1000.C1), while, in contrast to the assurance standards, internal auditors are permitted to audit operations for which they previously had responsibility, as a consulting service as long as objectivity is maintained (1130.C1). Should objectivity in respect of a consulting service be threatened, disclosure should be made to the client prior to acceptance of the consulting engagement (1130.C2).

3.3.3 Standards that address proficiency and due professional care

Although the current standards are considered to be adequate to address the knowledge and skills required by the internal auditing activity and for individual internal auditors to be able to perform their responsibilities with due professional care, minor additions have been made to the new standards to accommodate the new responsibilities associated with risk management and governance processes.

Assurance standards

When internal auditing staff members lack the knowledge and skills required for an assurance engagement, assistance may be obtained from either an outside service provider or another employee of the organisation (1210.A1). It is noteworthy that the new standards clearly

state that it is not expected of internal auditors to be experts in the detection and investigation of fraud (1210.A2).

The complexity of matters to be audited; adequacy and effectiveness of risk management; and governance processes are addressed as part of normal assurance engagements (1220.A1). Although the internal auditor should be alert to significant risks that affect the objectives, operations or resources of the organisation, no guarantee should be given that all significant risks have been identified (1220.A2).

Consulting standards

When the members of the internal auditing staff lack the knowledge and skills required for a consulting service, assistance may be obtained from either an outside service provider or another employee of the organisation. Where this measure is not possible, the consulting engagement should be declined (1210.C1). During a consulting engagement, the internal auditor should address the needs and expectations of the client; complexity and extent of the work; and the cost versus the potential benefit (1220.C1).

3.3.4 Standards that deal with the scope of internal auditing activities.

To remain competitive, organisations should constantly improve their activities by addressing the economy, efficiency and effectiveness of their operations. The current standards do not provide guidelines in terms of which internal auditors can evaluate these activities. The scope of internal auditing has now been broadened to add value to and to improve the operations of an organisation:

Assurance standards

Audit activities should address risk management, control and governance systems (2100). This task implies that internal auditing should contribute to the identification and evaluation of risk and improve the system of risk management and control (2110). The risk management system should be monitored and evaluated by means of internal auditing (2110.A1). Therefore the evaluation of risk exposure in respect of operations and information systems (2110.A2) and the evaluation of controls in operation to address the identified risks (2120.A1) should be included in the internal auditing activities.

Contributions to the governance process should be done by reviewing operations and programmes (2130.A1), which ensure that (2130):

- Values and goals are established and communicated;
- achievement of goals is monitored;
- accountability is ensured; and
- values are preserved.

If no criteria for the evaluation of controls exist, internal auditors and management should combine efforts to develop such criteria (2120.A4).

Consulting standards

Risks identified in the course of consulting engagements should be incorporated in the overall risk management process (2110.C1), while these risks should also be addressed as part of the current engagement (2110.C2). In addition, knowledge regarding controls identified in the course of a consulting engagement should be incorporated in the risk management process (2120.C1).

It is important to note that consulting activities should be aligned with the values and goals of the organisation (2130.C1).

3.3.5 Standards that deal with the execution of an internal auditing engagement

The fact that a distinction is now made between consulting services and assurance services has led to increased adaptability in the new standards. Selected guidelines have been incorporated as criteria and the wording has been generalised to be applicable to all types of internal auditing engagements. The major changes are as follows:

Assurance standards

The following should be considered in the planning of an assurance audit (2201):

- Objectives and the means of controlling performance of the activity;
- significant risk to the activity;
- risk management and control systems of the activity; and
- potential improvement of the risk management and control system of the activity.

Audit objectives should therefore address risks as well as control and governance processes for each assurance activity (2210), and the probability of errors, irregularities, non-compliance etc. should be reflected in the audit objectives (2210.A2). Background information that influences the scope should include physical properties and assets, and information on site or in control of third parties should also be considered (2220.A1).

Reports containing errors and omissions should be corrected by the issuing of correct information to all recipients of the original report (2421). Non-adherence to the standards, reasons for the non-adherence and the impact thereof in respect of a specific engagement should be disclosed (2430). The appropriate results of the audit performed should

be distributed (2440) to individuals that are able to give due consideration to the results (2440.A1).

Should management accept an unacceptable level of risk, the fact should be discussed with senior management. If the matter remains unresolved, it should be reported to the board (2600).

Consulting standards

Before a consulting engagement is accepted, agreement should be reached (in writing or orally) on the expectations regarding the consulting engagement (2201.C1). The planning stage of the activities should address the objectives of the consulting engagement (2210.C1), and the scope of a consulting engagement should be sufficient to address these objectives. If this does not occur, the auditor should decide whether to continue. Should he or she continue, the particular reservations should be communicated to the relevant parties (2220.C1).

Work programmes for consulting engagements will depend on the nature of the engagement (2240.C1). Approval for the release of records to other parties should be approved by the client, in respect of a consulting engagement, or by the legal counsel concerned (2330.C1). Normal retention requirements are also applicable to the records of consulting engagements (2330.C2).

Progress in respect of a consulting engagement and the results of the engagement should be communicated to the client. However, there is no set format for the consulting report (2410.C1). Risk, control and governance issues identified in the course of a consulting engagement, and that may influence the organisation as a whole, should be communicated to senior management and the board (2440.C2).

The follow-up of a consulting engagement is subject to the agreement reached with the client (2500.C1).

3.3.6 Standards that deal with the management of an internal auditing activity

Although the current standards address certain issues, such as quality assurance, the new standards provide more detailed guidelines and specifically address quality assurance, management of risks related to the internal auditing activity and the mandating of compliance with the standards. The fact that duplication of internal and external auditing activities should be eliminated has obliged external auditors to increasingly use internal auditor's work. The standards applicable to external auditors compel them to evaluate the work of internal auditors before relying on the work. Therefore external auditors continually perform informal quality assurance reviews. The new standards reflect this trend by relaxing the stipulations for a quality assurance programme. The detailed changes include the following:

Assurance standards

The management of the internal auditing activity should be done in such a way that value is added to the organisation (2000). An annual risk assessment, that takes the input of management and the board into account, should form the basis for the internal auditing activity plan (2010.A1).

Activity reports should address the purpose, authority and responsibility of the internal auditing activity, as well as the risk exposures, control issues, corporate governance and other information needed by the board and senior management (2060).

The duplication of the efforts involving external auditors has been broadened to address all the internal and external providers of relevant assurance and consulting services (2050).

The quality assurance programme that is to be developed and maintained should also address the continuous improvement of the internal auditing activity (1300). Previously, supervision as well as internal and external reviews were elements of the quality assurance programme. Now the function of the internal and external reviews is to assess the quality program (1310). Internal reviews comprise ongoing reviews (supervision) and periodic reviews performed through self-assessment or by other employees of the organisation (1311). Whereas it was previously required that external reviews should be done at least once every three years, the frequency has been changed to once every five years (1312). The final results of the external review should be communicated to the board by the chief audit executive (1320).

The use of the words "Conducted in Accordance with the Standards" in audit reports is encouraged, subject to compliance with the standards stated in the assessment of the quality programme (1330). Although compliance with the standards and the code of ethics is expected, instances of non-compliance, in which the scope or operations of audit activities are affected, should be disclosed to senior management and the board (1340).

Consulting standards

Consulting engagements that are anticipated should be taken into account in the setting of the internal auditing activities plan (2010.C1). The potential to add value, mitigate risk and improve the organisation's operations should be the criteria for deciding whether to include consulting engagements (2010.C2).

3.3.7 Debatable and current issues addressed

The issues of independence and objectivity are addressed in the new standards. Objectivity is dealt with comprehensively (see 3.3.2), but independence remains a vague concept. This specifically applies where

consulting services are incorporated in the internal auditing function. For instance, can an outsourced internal auditing function be independent if the engagement fee exceeds 50% or more of that organisations income?

The distinction made in the new standards between assurance services and consulting services is a much-needed addition. The inclusion of risk-management, governance processes and value adding in the new standards is to be welcomed. Organisations demand the addition of value in respect of every activity. If internal auditors should ignore this demand, they could be replaced (Rittenberg 1997). The new standards and other guidelines therefore aim to assist internal auditors to add value to their organisations.

The future will reveal the practical interpretation of the new standards and the new issues that internal auditors address in respect of them.

4 Conclusion

Internal auditing is a dynamic profession that has grown to address the changes that occur both within the organisations that it serves and the business environment as a whole. The new definition of internal auditing was the first step in aligning internal auditing with these challenges. The revision of the current standards, guided by the new definition, was the logical next step in the extension of the functions of the internal auditing profession.

The challenge for the IIA Inc. was to develop new standards that address extended activities that will secure the role of internal auditing in the new millennium. The new structure of the standards succeeds in addressing the variety of activities performed by internal auditing. The fact that no restrictions are placed on the development of future implementation standards enhances the possibility that standards will be generated for any new challenge that may arise in our changing world.

The change in respect of both the language used in the standards and the fact that a process of continuous development for the provision of guidance to the profession was laid down can only benefit a profession as dynamic as internal auditing. In addition to revised guidance on traditional internal auditing activities, the inclusion of standards for consulting activities (or any other activity that may be incorporated in future) has enhanced the image of internal auditing in the eyes of management and other external parties. The new standards succeed in describing how internal auditing can serve the needs of senior management, directors and other stakeholders by communicating to them the benefits of internal auditing activities.

APPENDIX A

EXTRACT FROM THE WORK SHEET USED FOR THE COMPARISON

Current standards	Accepted new attribute, performance and assurance implementation standards	Proposed new consulting implementation standards
100. Internal auditors should be independent of the activities that they audit	1100	
110. Organisational status – The support of management and the board of directors as well as reporting channels are discussed. This should be documented in a formal charter.	1000, 1000.A1 1110, 1110.A1, 2020 The nature of assurance services provided should be defined in the audit charter.	1000.C1 The nature of consulting services should be defined in the audit charter.
120. Objectivity – Conflict of interest as well as the role that internal auditors should play regarding new controls and/or procedures – recommend and not implement	1120, 1130, 1130.A1, 1130.A2 Possible impairment, either factual or by appearance, should be disclosed to relevant parties. (1130) Internal auditors should refrain from auditing activities for which they had responsibility in the previous year. (1130.A1) The auditing of functions for which the chief audit executive has responsibility should be overseen by an external party. (1130.A2)	1130.C1, 1130.C2 Internal auditors are permitted to audit operations for which they had previous responsibilities, provided objectivity is maintained. (1130.C1) Should objectivity be threatened, disclosure should be made to the client prior to accepting the consulting engagement. (1130.C2)

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