1. **DISPOSITION ON THE 2016 STANDARDS EXPOSURE RESULTS/COMMENTS**

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

**Introduction to the International Standards**

Internal auditing is conducted in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with *The IIA’s International Standards for the Professional Practice of Internal Auditing (Standards)* is essential in meeting the responsibilities of internal auditors and the internal audit activity activities.

If internal auditors or the internal audit activity is prohibited by law or regulation from conformance with certain parts of the Standards, conformance with all other parts of the Standards and appropriate disclosures are needed.

If the Standards are used in conjunction with standards issued by other authoritative bodies, internal audit communications may also cite the use of other standards, as appropriate. In such a case, if inconsistencies exist between the Standards and other standards, internal auditors and the internal audit activity must conform with the Standards, and may conform with the other standards if they are more restrictive.

The purpose of the Standards is to:

1. **Delineate basic principles that represent the practice of internal auditing.**
   1. Provide a framework for performing and promoting a broad range of value-added internal auditing activities.
   2. Establish the basis for the evaluation of internal audit performance.
   3. Foster improved organizational processes and operations.

The Standards is a set of are principles-based, 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 Standards.

The Standards, together with the Code of Ethics, encompass mandatory elements of the International Professional Practices Framework (IPPF); therefore, conformance with the Standards and Code of Ethics indicates conformance with mandatory elements of the IPPF.

The Standards employs terms that have been given specific meanings that are included in the Glossary. Specifically, it is necessary to consider the Standards and their Interpretations as well as the specific meanings from the Glossary to understand and apply the Standards correctly. Furthermore, the Standards uses the word “must” to specify an unconditional requirement and the word “should” where conformance is expected unless, when applying professional judgment, circumstances justify deviation.
It is necessary to consider the Statements and their Interpretations as well as the specific meanings from the Glossary to understand and apply the Standards correctly.

The structure of the Standards is divided between Attribute and Performance Standards. Attribute Standards address the attributes of organizations and individuals performing internal auditing. The Performance Standards describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured. The Attribute and Performance Standards are also provided to apply to all internal audit services.

Implementation Standards are also provided to expand upon the Attribute and Performance Standards by providing the requirements applicable to assurance (.A) or consulting (.C) activities. Assurance services involve the internal auditor’s objective assessment of evidence to provide independent opinions or conclusions regarding an entity, operation, function, process, system, or other subject matters. The nature and scope of the assurance engagement are determined by the internal auditor. Generally, three parties involved are participants in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are 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. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility.

The Standards apply to individual internal auditors and internal audit activities. All internal auditors are accountable for conforming with the Standards related to individual objectivity, proficiency, and due professional care. In addition, internal auditors are accountable for conforming with the Standards which are relevant to the performance of their job responsibilities. Chief audit executives are additionally accountable for overall conformance by the internal audit activity with the Standards.

If internal auditors or the internal audit activity are prohibited by law or regulation from conformance with certain parts of the Standards, conformance with all other parts of the Standards and appropriate disclosures are needed.

If the Standards are used in conjunction with standards issued by other authoritative bodies, internal audit communications may also cite the use of other standards, as appropriate. In such a case, if the internal audit activity indicates conformance with the Standards and inconsistencies exist between the Standards and other standards, internal auditors and the internal audit activity must conform with the Standards, and may conform with the other standards if they are more restrictive.

The review and development of the Standards is an ongoing process. The International Internal Audit Standards Board engages in extensive consultation and discussion prior to issuing the Standards. This includes worldwide solicitation for public comment through the exposure draft process. All exposure drafts are posted on The IIA’s Website as well as being distributed to all IIA institutes.
Disposition on the 2016 Standards Exposure Results/Comments

**Rationale:**

Updates are proposed to the Introduction to the Standards to address the July 2015 changes to the International Professional Practices Framework, such as the addition of Core Principles. In addition, minor changes were made to the organization of the introduction to improve clarity.

**Exposure Survey Results**

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**Summary of Key Comments from the Exposure**

Several comments noted that International should not be removed from the title line, as this assists to reinforce these are international standards.

Several comments recommended we refer to mandatory guidance, not just the Standards and clarify that conformance with the Standards and the Code indicate conformance with all mandatory elements of the IPPF.

Several comments reflected confusion to the Standards being used in the singular.

Comments noted confusion with the use of the term “activities” when describing consulting and whether it was referring to the internal audit activity or services.

Commenters noted confusion in 2nd last paragraph regarding the use of Standards for both the IIA Standards and other regulatory standards.

**Standards Board Disposition**

International has been removed from title line to remain consistent with how the standards are referenced throughout the International Professional Practices Framework. All elements of the IPPF are considered International.

Language has been modified in the paragraph related to the purpose of the Standards to reflect all mandatory elements of IPPF.

Introduction to the Standards has been modified to reflect the Standards as plural.

To avoid confusion with the use of the term “activities” when describing consulting, the reference has been changed to services.
To avoid confusion in 2nd last paragraph regarding the use of Standards for both the IIA Standards and other regulatory standards, the word standards was replaced with requirements when referencing requirements of another source.

Standards Board Decision

Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Introduction to the Standards:

Introduction to the Standards

Internal auditing is conducted in diverse legal and cultural environments; for organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with The IIA’s *International Standards for the Professional Practice of Internal Auditing* (Standards) is essential in meeting the responsibilities of internal auditors and the internal audit activity.

The purpose of the *Standards* is to:

2. Provide a framework for performing and promoting a broad range of value-added internal auditing services.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organizational processes and operations.

The *Standards* are a set of principles-based, mandatory requirements consisting of:

- Statements of core requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance that are internationally applicable at organizational and individual levels.
- Interpretations clarifying terms or concepts within the *Standards*.

The *Standards*, together with the Code of Ethics, encompass all mandatory elements of the International Professional Practices Framework; therefore, conformance with the Code of Ethics and the *Standards* demonstrates conformance with all mandatory elements of the International Professional Practices Framework.

The *Standards* employ terms as defined specifically in the Glossary. To understand and apply the *Standards* correctly, it is necessary to consider the specific meanings from the Glossary. Furthermore, the *Standards* use
the word “must” to specify an unconditional requirement and the word “should” where conformance is expected unless, when applying professional judgment, circumstances justify deviation.

The Standards comprise two main categories: 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. Attribute and Performance Standards apply to all internal audit services.

Implementation Standards expand upon the Attribute and Performance Standards by providing the requirements applicable to assurance (.A) or consulting (.C) services.

Assurance services involve the internal auditor’s objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system, or other subject matters. The nature and scope of an assurance engagement are determined by the internal auditor. Generally, three parties are participants in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are 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. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility.

The Standards apply to individual internal auditors and the internal audit activity. All internal auditors are accountable for conforming with the Standards related to individual objectivity, proficiency, due professional care, and the Standards relevant to the performance of their job responsibilities. Chief audit executives are additionally accountable for the internal audit activity’s overall conformance with the Standards.

If internal auditors or the internal audit activity is prohibited by law or regulation from conformance with certain parts of the Standards, conformance with all other parts of the Standards and appropriate disclosures are needed.

If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications may also cite the use of other requirements, as appropriate. In such a case, if the internal audit activity indicates conformance with the Standards and inconsistencies exist between the Standards and other requirements, internal auditor and the internal audit activity must conform with the Standards and may conform with the other requirements if such requirements are more restrictive.

The review and development of the Standards is an ongoing process. The International Internal Audit Standards Board engages in extensive consultation and discussion before issuing the Standards. This includes worldwide solicitation for public comment through the exposure draft process. All exposure drafts are posted on The IIA’s website as well as being distributed to all IIA institutes.

**Brief rationale/reason for the change to Introduction:**
Modification was made to improve clarity of the Introduction to the Standards based on comments received during exposure.
2. EXPOSED CHANGE – Change to Standard 1000

1000 - Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Interpretation:

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.

Rationale:

The new IPPF has introduced Core Principles that guide all internal audit activities and should be considered when determining the content of the charter.

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Summary of Key Comments from the Exposure

Some commenters noted that the Core Principles appear redundant with other elements of IPPF and given this redundancy, just requiring the Standards in this standard should be sufficient.

Commenters noted that Core Principles are too subjective to be mandatory and expressed concern with how compliance would be evaluated.

Additionally, commenters noted that Core Principles have not been adequately defined by The IIA to be added as a requirement to the charter.
Commenters questioned why the Definition of Internal Audit remains in this standard but was removed from others.

Other commenters suggested that the new Mission of Internal Audit, or concepts from the Mission, should be included in this standard.

Standards Board Disposition

The Mission of Internal Audit is not specified as a mandatory element of the IPPF. However, we recognize the value of the Mission of Internal Audit and its value for discussion with stakeholders and have added the Mission.

The Standards Board determined that this Standard should reference the mandatory elements of the IPPF.

Standards Board Decision

Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of Standard 1000:

1000 – Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Interpretation:

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive’s functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.

Brief rationale/reason for the change to Standard 1000:

The change in terminology is to improve clarity of the Standard.
3. **EXPOSED CHANGE – Change to Standard 1010**

1010 - Recognition of the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter

The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Standards must be reflected in the internal audit charter. The chief audit executive should discuss the Mission, the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards with senior management and the board.

**Rationale:**

The purpose and role of an internal audit activity are based on its Mission. The Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and the Standards are all mandatory elements of the IPPF and are worthy of discussion with senior management and the board.

### Exposure Survey Results - Standard

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### Summary of Key Comments from the Exposure

Some commenters noted that the concepts in the Core Principles are already covered in the Standards.

Some commenters noted that this standard is duplicative of Standard 1000.

Commenters expressed that the internal audit charter is meaningless to the audit committee and therefore creates a waste of time and impractical requirement.

Other commenters noted that the proposed addition is important for consideration but suggested requiring additional time to discuss these items with the Board.

Some commenters expressed concern that the majority of internal audit activities will not be in conformance.
### Standards Board Disposition

Modification was made to change the order of the mandatory elements.

Additionally, the term mandatory element has been introduced to eliminate listing the mandatory elements in the title and standard.

Additional clarification should be included in Implementation Guidance.

### Standards Board Decision

**Options:**
1. Adopt the change
2. Reject the change
3. Modify the change

**Here is the final approved wording of Standard 1010:**

**1010 - Recognizing Mandatory Guidance in the Internal Audit Charter**

The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.

**Brief rationale/reason for the change to Standard 1010:**

The change in terminology is to improve clarity of the Standard.
4. **EXPOSED CHANGE – Change to Implementation Standard 1110.A1**

The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications.

**Rationale:**

This change clarifies that the CAE is required to discuss interference that affects the scope, performance, or communication of internal audit activities with the board.

**Exposure Survey Results - Standard**

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**Summary of Key Comments from the Exposure**

Commenters suggested that “must” should be replaced with “should” because in some cases the CAE may resolve issues and interference without needing to alert the board.

Commenters also noted that interference does not necessarily mean lack of cooperation.

Some commenters suggested to keep the word “must” to express the mandatory nature, but to add specifics about the severity of interference that needs reported to the board.

**Standards Board Disposition**

Standard received 94% positive feedback. Additional clarification will be added to Implementation Guide.
Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Implementation Standard 1110.A1:

1110.A1 – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications.

Brief rationale/reason for the change to Implementation Standard 1110.A1:
Modification accepted as proposed. No additional rationale.
5. **EXPOSED CHANGE – New Standard 1112**

**1112 - Chief Audit Executive Roles Beyond Internal Auditing**

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

**Interpretation**

*The chief audit executive may be asked to take on additional roles and responsibilities outside of internal auditing, such as responsibility for compliance or risk management activities. These roles and responsibilities may impair, or appear to impair, the organizational independence of the internal audit activity, or the individual objectivity of the internal auditor. Safeguards are those oversight activities, often undertaken by the board, to address these potential impairments, and may include such activities as periodically evaluating reporting lines and responsibilities, and developing alternative processes to obtain assurance related to the areas of additional responsibility.*

**Rationale:**

Over the course of recent years, the CAE has been asked or expected to take on additional risk management and/or internal control related responsibilities. Although the requirements for organizational independence and individual objectivity are well known, they may be challenged when internal audit activities are combined with other organizational activities.

### Exposure Survey Results - Standard

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**Summary of Key Comments from the Exposure**
Some commenters noted that this standard is vague and should provide additional interpretation.

Commenters suggested that the standard should include mention of conflict of interest because not all additional responsibilities should be of concern. (i.e., when other responsibilities result in a conflict of interest or impairments to independence is the concern).

Commenters suggested that this standard should explicitly state that the role of owning governance, risk management, and compliance (GRC) functions is concerning and differs from providing assurance that the function is effective.

Some commenters suggested that the standard should specify the roles of concern that are outside of role of providing assurance.

**Standards Board Disposition**

While the Standards Board would not want to identify a specific list of roles that fall outside of internal auditing, the Standards Board understands the concerns and has modified to reflect that the CAE should avoid conflicts of interest when possible. Additional clarification regarding specific conflicts of interest should be included in Implementation Guidance.

**Standards Board Decision**

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<th>Options</th>
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<td>3. Modify the change</td>
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Here is the final approved wording of Standard 1112:

**Chief Audit Executive Roles Beyond Internal Auditing**

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

**Interpretation:**

The chief audit executive may be asked to take on additional roles and responsibilities outside of internal auditing, such as responsibility for compliance or risk management activities. These roles and responsibilities may impair, or appear to impair, the organizational independence of the internal audit activity or the individual objectivity of the internal auditor. Safeguards are those oversight activities, often undertaken by the board, to address these potential impairments, and may include such activities as periodically evaluating reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.

**Brief rationale/reason for the change to Standard 1112:**
Modification accepted as proposed. No additional rationale.

Internal audit may provide assurance services where they had previously performed consulting services, provided the nature of the consulting did not impair objectivity, and provided individual objectivity is managed when assigning resources to the engagement.

**Rationale:**

The current standard 1130 does not address assurance following consulting. The proposed change adds clarity to reiterate the need to maintain objectivity.

**Exposure Survey Results - Standard**

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**Summary of Key Comments from the Exposure**

Commenters suggested that any level of involvement in consulting could impair, or at least be perceived as impairing, objectivity.

Several commenters suggested that the wording should specifically address time period.

Commenters recommended referring to “internal auditor,” rather than “internal audit.”

**Standards Board Disposition**

To clarify and be consistent with the rest of the Standards, “internal audit” was changed to “internal audit activity.” Additional clarification regarding time period should be addressed in Implementation Guidance.

**Standards Board Decision**
Options:
   1. Adopt the change
   2. Reject the change
   3. Modify the change

Here is the final approved wording of Implementation Standard 1130.A3:

1130.A3 – The internal audit activity may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.

Brief rationale/reason for the change to Implementation Standard 1130.A3:
The change in terminology is to improve clarity of the Standard.
### 7. EXPOSED CHANGE – Change to Standard 1210

**1210 - Proficiency**

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

**Interpretation:**

*Proficiency is a collective term that refers to the knowledge.* Knowledge, skills, and other competencies is a collective term that refers to the professional proficiency required of internal auditors to effectively carry out their professional responsibilities. It encompasses consideration of current activities, trends, and emerging issues, to enable relevant advice and recommendations. Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor designation and other designations offered by The Institute of Internal Auditors and other appropriate professional organizations.

**Rationale:**

The responsibilities of an internal auditor include providing insight and future-focused advice. The internal auditor should help management solve the problems that are identified. Implicit in this is the acquisition of qualifications that are appropriate to the forward-looking analyses and advice that the organization will need.

### Exposure Survey Results - Standard

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### Summary of Key Comments from the Exposure
No significant comments to address from exposure. Standard received 97% positive feedback.

**Standards Board Disposition**

No change required.

**Standards Board Decision**

Options:

1. Adopt the change
2. Reject the change
3. Modify the change

*Here is the final approved wording of Standard 1210:*

**Proficiency**

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

**Interpretation**

Proficiency is a collective term that refers to the knowledge, skills, and other competencies required of internal auditors to effectively carry out their professional responsibilities. It encompasses consideration of current activities, trends, and emerging issues, to enable relevant advice and recommendations. Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor designation and other designations offered by The Institute of Internal Auditors and other appropriate professional organizations.

**Brief rationale/reason for the change to Standard 1210:**

Modification accepted as proposed. No additional rationale.
8. EXPOSED CHANGE – Change to Standard 1300

Quality Assurance and Improvement Program

The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

Interpretation

_A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement._

Rationale:

The “Definition of Internal Auditing” is proposed for deletion from the Interpretation as it is embodied in the Standards and Code of Ethics. It does not need to be evaluated separately in order to demonstrate conformance with the mandatory elements of the IPPF.

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Summary of Key Comments from the Exposure

Commenters noted that conformance should be with all the Mandatory Guidance.

Many commenters noted that the definition should not be deleted from the guidance.

Commenters noted that the statement in Interpretation to Standard 1312 “CAE should encourage board participation in QAIP” should be moved into the main part of Stand 1300.
The Statement “The chief audit executive should encourage board oversight in the quality assurance and improvement program to reduce perceived or potential conflicts of interest.” has been moved to Standard 1300, as oversight should occur throughout the QAIP.

### Standards Board Decision

**Options:**
1. Adopt the change
2. Reject the change
3. Modify the change

**Here is the final approved wording of the Standard 1300:**

**Quality Assurance and Improvement Program**

The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

**Interpretation:**

*A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity’s conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The chief audit executive should encourage board oversight in the quality assurance and improvement program.*

**Brief rationale/reason for the change to Standard 1300:**

Additional language was added to improve clarity of the Standard.
9. **EXPOSED CHANGE – Change to Standard 1311**

**Internal Assessments**

Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.

**Interpretation:**

*Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the [Definition of Internal Auditing](#), the Code of Ethics, and the Standards.*

*Periodic assessments are conducted to evaluate conformance with the [Definition of Internal Auditing](#), the Code of Ethics, and the Standards.*

*Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.*

**Rationale:**

The “Definition of Internal Auditing” is proposed for deletion from the Interpretation as it is embodied in the [Standards](#) and Code of Ethics. It does not need to be evaluated separately in order to demonstrate conformance with the mandatory elements of the IPPF.
Commenters proposed reordering “Code of Ethics and Standards” to “Standards and “Code of Ethics” because Standards are listed first in Standard 1300.

Several commenters noted that the Definition should not be removed from the Standards.

Commenter suggested that the word “also” was missing from the statement “Periodic assessments are conducted to evaluate conformance.”

### Standards Board Disposition

No change required.

### Standards Board Decision

**Options:**
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 1311:

**Internal Assessments**

Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity.
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.

**Interpretation:**

*Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics and the Standards.*

*Periodic assessments are conducted to evaluate conformance with the Code of Ethics and the Standards.*

*Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.*
Brief rationale/reason for the change to Standard 1311:

Modification accepted as proposed. No additional rationale.
10. EXPOSED CHANGE – Change to Standard 1312

External Assessments

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

Interpretation:

External assessments enhance a complete quality assurance and improvement program and may be accomplished through can be in the form of a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the Standards; the external assessment may also include operational or strategic comments.

A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or industry, and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.

An independent assessor or assessment team means not having either an actual or a perceived real or an apparent conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs. The chief audit executive should encourage board participation in the quality assurance and improvement program to reduce perceived or potential conflicts of interest.

Rationale:

The revisions simplify language and clarify the purpose of the external assessor's report and the intent of the standard to increase independence of the quality assurance program.

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Disposition on the 2016 Standards Exposure Results/Comments

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Summary of Key Comments from the Exposure

Commenters noted that language in the Interpretation that the external assessor must conclude not only the Standards but also Code of Ethics.

Some commenters suggest that the assessor should only conclude as to conformance with Standards, excluding operational and strategic comments. However, other commenters noted that operational or strategic comments should be only included at the request of the board or CAE. It was also noted in this statement the “may” should be replaced with “should.”

Standards Board Disposition

Clarification made in the Interpretation that the external assessor must conclude not only the Standards but also Code of Ethics.

Standards Board Decision

Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 1312:

External Assessments
External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

Interpretation:

External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the Code of Ethics and the Standards; the external assessment may also include operational or strategic comments.

A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or
industry, and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.

An independent assessor or assessment team means not having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs. The chief audit executive should encourage board oversight in the external assessment to reduce perceived or potential conflicts of interest.

**Brief rationale/reason for the change to Standard 1312:**
The change in terminology is to improve clarity of the Standard.
11. EXPOSED CHANGE – Change to Standard 1320

Reporting on the Quality Assurance and Improvement Program

The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:

- The scope and frequency of both the internal and external assessments.
- Conclusions of assessors.
- Corrective action plans.
- The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.

Interpretation:

The form, content, and frequency of communicating the results of the quality assurance and improvement program is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the assessor’s or assessment team’s evaluation with respect to the degree of conformance.

Rationale:

The revised language clarifies what is expected to be disclosed by the CAE to board and senior management with respect to QAIP. The “Definition of Internal Auditing” is proposed for deletion from the Interpretation as it is embodied in the Standards and Code of Ethics. It does not need to be evaluated separately in order to demonstrate conformance with the mandatory elements of the IPPF.

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### Summary of Key Comments from the Exposure

Commenters proposed reordering “Code of Ethics and Standards” to “Standards and “Code of Ethics” because Standards are listed first in Standard 1300.

### Standards Board Disposition

While the new content did not change, the order of the bullets was modified to reflect the chronological order of events.

### Standards Board Decision

**Options:**

1. Adopt the change  
2. Reject the change  
3. Modify the change

Here is the final approved wording of the Standard 1320:

**Reporting on the Quality Assurance and Improvement Program**

The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:

- The scope and frequency of both the internal and external assessments.
• The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.
• Conclusions of assessors.
• Corrective action plans.

Interpretation:

The form, content, and frequency of communicating the results of the quality assurance and improvement program is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the Code of Ethics and the Standards, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the assessor’s or assessment team’s evaluation with respect to the degree of conformance.

Brief rationale/reason for the change to Standard 1320:

Modification accepted as proposed. No additional rationale.
12. EXPOSED CHANGE – Change to Standard 1321

Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”

The chief audit executive may state that indicating that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if the results of the quality assurance and improvement program support this such a statement.

Interpretation:

The internal audit activity conforms with the Standards when it achieves the outcomes described in the Definition of Internal Auditing, Code of Ethics and the Standards. The results of the quality assurance and improvement program include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.

Rationale:

The revised language clarifies that references to conformance are not limited to the CAE. The “Definition of Internal Auditing” is proposed for deletion from the Interpretation as it is embodied in the Standards and Code of Ethics. It does not need to be evaluated separately in order to demonstrate conformance with the mandatory elements of the IPPF.

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Summary of Key Comments from the Exposure
Commenters proposed reordering “Code of Ethics and Standards” to “Standards and “Code of Ethics” because Standards are listed first in Standard 1300.

Several commenters noted that the Definition should not be removed from the Standards.

Commenters suggested that “Stating” should be used instead of “Indicating.” Stating is also used in Standard 2430.

**Standards Board Disposition**

For consistency, language in the standard has been simplified. The Code of Ethics has been included in the Interpretation to better align with the Standards.

**Standards Board Decision**

**Options:**
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 1321:

**Use of “Conforms with the *International Standards for the Professional Practice of Internal Auditing*”**

Indicating that the internal audit activity conforms with the *International Standards for the Professional Practice of Internal Auditing* is appropriate only if supported by the results of the quality assurance and improvement program.

**Interpretation:**

*The internal audit activity conforms with the Code of Ethics and the Standards when it achieves the outcomes described therein. The results of the quality assurance and improvement program include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.*

**Brief rationale/reason for the change to Standard 1321:**

The change in terminology is to improve clarity of the Standard.
13. EXPOSED CHANGE – Change to Standard 1322

Disclosure of Nonconformance

When nonconformance with the **Definition of Internal Auditing**, the Code of Ethics or the **Standards** impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.

**Rationale:**

The “**Definition of Internal Auditing**” is proposed for deletion from the standard as it is embodied in the **Standards** and Code of Ethics. It does not need to be evaluated separately in order to demonstrate conformance with the mandatory elements of the IPPF.

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**Summary of Key Comments from the Exposure**

Commenters proposed reordering “**Code of Ethics and Standards**” to “**Standards and Code of Ethics**” because Standards are listed first in Standard 1300.

Several commenters noted that the Definition should not be removed from the Standards.

**Standards Board Disposition**

No change required.
Options:

1. Adopt the change
2. Reject the change
3. Modify the change

**Here is the final approved wording of the Standard 1322:**

When nonconformance with the Code of Ethics or the *Standards* impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.

**Brief rationale/reason for the change to Standard 1322:**

Modification accepted as proposed. No additional rationale.
14. **EXPOSED CHANGE – Change to Standard 2000**

Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.

**Interpretation:**

*The internal audit activity is effectively managed when:*

- The results of the internal audit activity’s work achieve the purpose and responsibility included in the internal audit charter.
- The internal audit activity conforms with the Definition of Internal Auditing and the Standards.
- The individuals who are part of the internal audit activity demonstrate conformance with the Code of Ethics and the Standards.
- The internal audit activity considers trends and emerging issues that could impact the effectiveness of the internal audit activity.

*The internal audit activity adds value to the organization (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes; and objectively provides relevant assurance.*

**Rationale:**

The “Definition of Internal Auditing” is proposed for deletion from the Interpretation as it is embodied in the Standards and Code of Ethics. It does not need to be evaluated separately in order to demonstrate conformance with the mandatory elements of the IPPF. The proposed additions to the Interpretation are to better reflect the Core Principles, such as aligning work with strategies, objectives, and risks of the organization; providing risk-based assurance; and being insightful, proactive, and future-focused.

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<th>Exposure Survey Results - Interpretation</th>
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<tr>
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<tr>
<td><strong>Agree</strong></td>
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**Summary of Key Comments from the Exposure**
Commenters did not agree with the rationale that the Definition of Internal Auditing can be deleted from the Interpretation because it is a key mandatory element of the IPPF that should therefore be assessed for conformance.

Commenters questioned the new bullet discussing whether trends and emerging issues should be expressed to management. Clarification is needed as to whether the trends and emerging issues are related to the business, the audit, or both?

Commenters suggested that Standard 2000 should be consistent with the Mission of Internal Audit, which states that the audit activity “protects and enhances” organizational value, rather than the internal audit activity “adds value to the organization…”

<table>
<thead>
<tr>
<th>Standards Board Disposition</th>
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<tbody>
<tr>
<td>The Standards Board supports the decision to remove the Definition of Internal Auditing. The Standards Board believes that conformance with the Standards and Code of Ethics would support conformance with the Definition.</td>
</tr>
<tr>
<td>Clarification was added to the fourth bullet regarding consideration of trends and emerging issues that impact the organization. The Interpretation was simplified to avoid restating internal audit activity. Additional clarification will be include in Implementation Guidance.</td>
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<tbody>
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<td>Options:</td>
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<tr>
<td>2. Reject the change</td>
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<tr>
<td>3. Modify the change</td>
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**Here is the final approved wording of Standard 2000:**

**2000 – Managing the Internal Audit Activity**

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.

**Interpretation:**

*The internal audit activity is effectively managed when:*

- It achieves the purpose and responsibility included in the internal audit charter.
- It conforms with the Standards.
- Its individual members conform with the Code of Ethics and the Standards.
- It considers trends and emerging issues that could impact the organization.

*The internal audit activity adds value to the organization and its stakeholders when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance.*
Brief rationale/reason for the change to Standard 2000:

Additional language was added to improve clarity of the Standard.
Planning

The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.

Interpretation

To develop the risk-based plan, the chief audit executive first considers the risk management framework and consults with senior management and the board and then draws conclusions reached from internal audit’s risk assessment. The chief audit executive is responsible for developing a risk-based plan. The chief executive takes into account the organization’s risk management framework, including using risk appetite levels set by management for the different activities or parts of the organization. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls.

Rationale:

The language included in the Interpretation is simplified to avoid use of certain risk management concepts (e.g., risk appetite) that are not universally defined or understood in all industry sectors. The change also clarifies that the final assessment of risk is based on conclusions reached from internal audit’s risk assessment process, which does consider input from senior management and the board.
Several commenters expressed concerns regarding removing the term risk appetite. Risk appetite is a concept recognized in a variety of frameworks including COSO ERM and ISO31000.

Commenters were concerned that the standard assumes that an organization will have formal risk management framework/mature processes and would then hinder small organizations where risk management frameworks do not exist. Consideration should be given to what an internal audit activity should do if a framework does not exist.

Commenters noted that the new language is not detailed enough to properly apply to the risk-based plan, and many examples of wording changes were provided.

Commenters noted that employing a risk management framework may lead to gaps since the framework only considers areas that are perceived as important. The internal audit risk-based plan should be comprised of all processes in the organization.

Commenters suggested that risk management framework should be better defined.

**Standards Board Disposition**

The Standards Board modified the language to address the concerns noted and provide additional details. Additional information will also be included in an implementation guide to assist with the concerns noted during the exposure.

The Standards Board addressed the concerns noted related to when a risk management framework does not exist. Additional clarification will be included in Implementation Guidance.

**Standards Board Decision**

**Options:**
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of Standard 2010:

**Planning**

The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.

**Interpretation:**

*To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organization’s strategies, key business objectives, associated risks, and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls.*
Brief rationale/reason for the change to Standard 2010:

Additional language was added to improve clarity of the Standard.
16. EXPOSED CHANGE – Change to Standard 2050

Coordination and Reliance

The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.

Interpretation

In coordinating activities, the chief audit executive may rely on the work of other assurance and consulting service providers. A consistent process for the basis of reliance should be established, and the chief audit executive should consider the competency, objectivity, and due professional care of the assurance and consulting service providers. The chief audit executive should also have a clear understanding of the scope, objectives, and results of the work performed by other providers of assurance and consulting services. Where reliance is placed on the work of others, the chief audit executive is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

Rationale:

As there are number of assurance functions within an organization, the potential for duplicating efforts through an inefficient silo approach exists. The potential for duplicating efforts and inefficiencies is further increased with assurance and consulting services by external providers. Collaboration between the internal audit activity and other organization risk and control functions (e.g., compliance, ERM, financial controls, legal, health & safety, quality assurance/quality control) can potentially reduce inefficiencies, save costs, increase the level of assurance, and better leverage subject matter expertise. Recognizing that there are other competent assurance functions responsible for assessing organization risks, mandatory guidance clearly articulating internal audit responsibilities related to other internal and external providers of assurance and consulting services is essential.

Exposure Survey Results – Standard

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Disposition on the 2016 Standards Exposure Results/Comments

Exposure Survey Results - Interpretation

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Summary of Key Comments from the Exposure

Commenters noted that it is unclear whether the CAE or management establishes the criteria for reliance and recommend it should be clarified that it is the CAE. Commenters noted that coordination is not synonymous with reliance. While reliance was added to the title of the standard, it was not explicitly referenced in the standard or interpretation.

Commenters noted that it is difficult to exert the concept of reliability as it is currently worded; additional clarity is needed regarding when the internal audit activity can rely on work of other assurance providers.

Commenters expressed concern that sharing of information with other assurance providers should be limited to what is relevant and appropriate information.

Standards Board Disposition

To address the concerns regarding who is responsible for activities related to reliance and to ensure reliance is specifically addressed in the Standard, clarification was added that the CAE is responsible for considering relying on the work of other assurance providers. Additional clarification will be provided in Implementation Guidance.

Standards Board Decision

Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of Standard 2050:

Coordination and Reliance

The chief audit executive should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.
**Interpretation:**

In coordinating activities, the chief audit executive may rely on the work of other assurance and consulting service providers. A consistent process for the basis of reliance should be established, and the chief audit executive should consider the competency, objectivity, and due professional care of the assurance and consulting service providers. The chief audit executive should also have a clear understanding of the scope, objectives, and results of the work performed by other providers of assurance and consulting services. Where reliance is placed on the work of others, the chief audit executive is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

**Brief rationale/reason for the change to Standard 2050:**

Additional language was added to improve clarity of the Standard.
Reporting to Senior Management and the Board

The chief audit executive must report periodically to senior management and the board on the internal audit activity’s purpose, authority, responsibility, and performance relative to its plan, and on its conformance with the Standards. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by that require the attention of senior management and/or the board.

Interpretation

The frequency and content of reporting are determined collaboratively by the chief audit executive, in discussion with senior management, and the board. The frequency and content of reporting and depend on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and/or the board. The chief audit executive’s reporting and communication to senior management and the board must include information about:

- The audit charter.
- Independence of the internal audit activity.
- The audit plan and progress against the plan.
- Resource requirements.
- Results of audit activities.
- The level of conformance with the Standards and action plans to address any significant conformance issues.
- Risk accepted by management that may be unacceptable to the organization.

These and other chief audit executive communication requirements are referenced throughout the Standards.

Rationale:

The proposed changes consolidate various reporting requirements that are dispersed throughout the Standards to facilitate conformance. The changes also further clarify specific information that the CAE must communicate to the board, including level of conformance with the Standards.
Disposition on the 2016 Standards Exposure Results/Comments

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Summary of Key Comments from the Exposure

Commenters noted that the additional language in the interpretation is already implied in existing standard and the change may not be necessary. Others noted that the changes were too restrictive and increased time commitment, increasing requirements on CAE, which may not be feasible for those with smaller budgets, smaller audit shop sizes, and less time.

Commenters noted that requirement related to risk accepted by management can be difficult to achieve. Commenters questioned how the CAE knows if the risk is unacceptable to the organization; is this necessary since Standard 2600 already directs the CAE to report acceptance of risk.

Standards Board Disposition

The Standards Board recognized that the items included in the interpretation are implied in the existing standard, however, feels that pulling the list together is beneficial for internal auditors. Additional clarification will be included in the Implementation Guide.

Bullet on risk accepted by management has been clarified to reflect “when management’s response indicates acceptance of risk that, in the CAE’s judgment, may be unacceptable.”

Additionally, based on modifications to the Standards, level of conformance with the Code of Ethics and Standards must be communicated as part of the Standard. Code of Ethics has been added to this Interpretation accordingly.

Standards Board Decision

Options:
1. Adopt the change
2. Reject the change
3. Modify the change
Here is the final approved wording of Standard 2060:

**Reporting to Senior Management and the Board**

The chief audit executive must report periodically to senior management and the board on the internal audit activity’s purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board.

**Interpretation:**

The frequency and content of reporting are determined collaboratively by the chief audit executive, senior management, and the board. The frequency and content of reporting depends on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and/or the board.

The chief audit executive’s reporting and communication to senior management and the board must include information about:

- The audit charter.
- Independence of the internal audit activity.
- The audit plan and progress against the plan.
- Resource requirements.
- Results of audit activities.
- Conformance with the Code of Ethics and the Standards, and action plans to address any significant conformance issues.
- Management’s response to risk that, in the chief audit executive’s judgment, may be unacceptable to the organization.

These and other chief audit executive communication requirements are referenced throughout the Standards.

**Brief rationale/reason for the change to Standard 2060:**

Additional language was added to improve clarity of the Standard.
18. **EXPOSED CHANGE – Change to Standard 2070**

**External Service Provider and Organizational Responsibility for Internal Auditing**

When an external service provider serves as the internal audit activity, the provider must make the organization aware that the organization has the responsibility for maintaining an effective internal audit activity.

**Interpretation**

*This responsibility is demonstrated through the quality assurance and improvement program which assesses conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.*

**Rationale:**

The “Definition of Internal Auditing” is proposed for deletion from the Interpretation as it is embodied in the Standards and Code of Ethics. It does not need to be evaluated separately in order to demonstrate conformance with the mandatory elements of the IPPF.

**Exposure Survey Results - Interpretation**

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**Summary of Key Comments from the Exposure**

Commenters suggested that if this is mandatory, there should be confirmation.

Other notes that the Standards should state clearly that these functions are not internal audit activities and cannot be construed as such.

Commenters noted that this is not an external assessment issue; rather, it is an outsourcing issue that does not go away regardless of whether a QAIP is performed on the internal audit activity every 5 years.

Commenters noted that responsibility is demonstrated through the QAIP – also demonstrated in the audit charter.
Commenters noted agreement with concept, but could use more clarification.

Standards Board Disposition

No change required. Additional clarification should be included in Implementation Guidance.

Standards Board Decision

Options:

1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of Standard 2070:

External Service Provider and Organizational Responsibility for Internal Auditing

When an external service provider serves as the internal audit activity, the provider must make the organization aware that the organization has the responsibility for maintaining an effective internal audit activity.

Interpretation

This responsibility is demonstrated through the quality assurance and improvement program which assesses conformance with the Code of Ethics, and the Standards.

Brief rationale/reason for the change to Standard 2070:

Modification accepted as proposed. No additional rationale.
Nature of Work

The internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic, and disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

Rationale:

The proposed changes are to better reflect the new Mission statement and Core Principles, including the principles that require the internal audit activity to provide risk-based assurance and to be insightful, proactive, and future-focused.

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Summary of Key Comments from the Exposure

Some comments received during exposure were unclear regarding use of term “new” insight, suggesting clarification or removal.

Some comments received reflected that adding risk-based is redundant with risk management, and the newly added sentence should be recommended not mandatory.

Standards Board Disposition
As a result of feedback during exposure process, the Standards Boards clarified that organization should be added in audits roles to evaluate and contribute to the improvements of the organization in governance, risk management and control processes.

### Standards Board Decision

**Options:**

1. Adopt the change  
2. Reject the change  
3. Modify the change

**Here is the final approved wording of the Standard 2100:**

**Nature of Work**

The internal audit activity must evaluate and contribute to the improvement of the organization’s governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

**Brief rationale/reason for the change to Standard 2100:**

Additional language was added to improve clarity of the Standard.
20. **EXPOSED CHANGE – Change to Standard 2110**

**Governance**

The internal audit activity must assess and make appropriate recommendations to improve the organization’s governance processes for: in its accomplishment of the following objectives:

- Making strategic and operational decisions.
- Overseeing risk management and control.
- Promoting appropriate ethics and values within the organization.
- Ensuring effective organizational performance management and accountability.
- Communicating risk and control information to appropriate areas of the organization.
- Coordinating the activities of, and communicating information among, the board, external and internal auditors, other assurance providers, and management.

**Rationale:**

The changes will allow better alignment with the Glossary definition for “governance.” Specifically, sound decision making processes drive the activities of the organization toward the achievement of its objectives. Risk management and control processes enable comprehensive management and monitoring of the activities of the organization. Moreover, as established in the three lines of defense model, other assurance providers’ activities and information should be taken into consideration.

This change will also allow the standard to better reflect the Core Principles such as aligning work with the strategies, objectives, and risks of the organization.

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## Exposure Survey Results - Standard

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**Summary of Key Comments from the Exposure**
Some comments proposed minor wording changes to consider, specifically regarding term assurance providers.

Some comments proposed splitting between Standard and Interpretation.

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<td>3. Modify the change</td>
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**Here is the final approved wording of the Standard 2110:**

**Governance**

The internal audit activity must assess and make appropriate recommendations to improve the organization’s governance processes for:

- Making strategic and operational decisions.
- Overseeing risk management and control.
- Promoting appropriate ethics and values within the organization.
- Ensuring effective organizational performance management and accountability.
- Communicating risk and control information to appropriate areas of the organization.
- Coordinating the activities of, and communicating information among, the board, external and internal auditors, other assurance providers, and management.

**Brief rationale/reason for the change to Standard 2110:**

**Modification accepted as proposed. No additional rationale.**
Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations. The plan must consider the organization’s strategies, objectives, and risks relevant to the engagement.

Rationale:

The proposed changes are to better reflect the Core Principles such as aligning work with the strategies, objectives, and risks of the organization.

Exposure Survey Results - Standard

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Summary of Key Comments from the Exposure

Some comments noted that strategies and objectives should be considered in the annual planning and not during engagement planning.

Additional comments noted that the organization’s strategies and objectives may not be clear and that it may be difficult to relate the organization’s strategy, objectives, and risks to an individual engagement.

Standards Board Disposition

No change required. Additional clarification should be included in Implementation Guidance.
Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 2200:

**Engagement Planning**

Internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations. The plan must consider the organization’s strategies, objectives, and risks relevant to the engagement.

**Brief rationale/reason for the change to Standard 2200:**

Modification accepted as proposed. No additional rationale.
22. EXPOSED CHANGE – Change to Standard 2201

Planning Considerations

In planning the engagement, internal auditors must consider:

- The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance.
- The significant risks to the activity’s objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.
- The adequacy and effectiveness of the activity’s governance, risk management, and control processes compared to a relevant framework or model.
- The opportunities for making significant improvements to the activity’s governance, risk management, and control processes.

Rationale:

The proposed changes are to better reflect the Core Principles, such as aligning work with the strategies, objectives, and risks of the organization.

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Summary of Key Comments from the Exposure

Some comments noted that strategies and objectives should be considered in the annual planning and not during engagement planning.
No change required. Additional clarification should be included in Implementation Guidance.

Standards Board Decision

Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 2201:

Planning Considerations

In planning the engagement, internal auditors must consider:

- The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance.
- The significant risks to the activity’s objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.
- The adequacy and effectiveness of the activity’s governance, risk management, and control processes compared to a relevant framework or model.
- The opportunities for making significant improvements to the activity’s governance, risk management, and control processes.

Brief rationale/reason for the change to Introduction:
Modification accepted as proposed. No additional rationale.
Adequate criteria are needed to evaluate governance, risk management, and controls. Internal auditors must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must work with management and/or the board to develop appropriate evaluation criteria and/or identify appropriate evaluation criteria in discussion with management and/or the board.

**Interpretation**

*Internal auditors may leverage different types of evaluation criteria such as:*

- Internal criteria (e.g., policies and procedures of the organization).
- External criteria (e.g., laws and regulations imposed by statutory bodies).
- Leading practices criteria (e.g., industry and professional guidance).

**Rationale:**

The changes reinforce that internal auditors must consider criteria established by management and/or the board, and if the criteria is inadequate, internal auditors must identify appropriate evaluation criteria with management and/or the board. Internal auditors do not develop the criteria.

The interpretation helps internal auditors to leverage different types of evaluation criteria.

### Exposure Survey Results - Standard

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### Exposure Survey Results - Interpretation

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**Summary of Key Comments from the Exposure**
Comments received expressed concerns related to responsibility associated with identifying criteria. The revised standard appears to place responsibility on internal audit and may lead to independence issues.

Comments received noted that the term “leverage” may not be the appropriate word and suggested other wording.

Comments received requested additional clarification regarding “criteria.”

**Standards Board Disposition**

The proposed changes were not intended to imply a requirement for internal audit to assume responsibility to identify criteria but work with management/board to identify criteria. Interpretation has been modified to better address concerns.

Leverage means using the knowledge of management/board but also to apply professional judgment. Standard has been modified to remove term “leverage.”

The examples of “criteria” are intended to serve as a guide, and not an exhaustive list. Additional clarification should be included in Implementation Guidance.

**Standards Board Decision**

Options:

1. Adopt the change  
2. Reject the change  
3. Modify the change

**Here is the final approved wording of the Implementation Standard 2210.A3**

Adequate criteria are needed to evaluate governance, risk management, and controls. Internal auditors must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must identify appropriate evaluation criteria through discussion with management and/or the board.

**Interpretation:**

*Types of criteria may include:*

- Internal (e.g., policies and procedures of the organization).
- External (e.g., laws and regulations imposed by statutory bodies).
- Leading practices (e.g., industry and professional guidance).

**Brief rationale/reason for the change to Introduction:**

Additional language was added to improve clarity of the Standard.
24. EXPOSED CHANGE – Change to Standard 2230

Engagement Resource Allocation

Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

**Interpretation:**

*Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the engagement. Sufficient refers to the quantity of resources needed to accomplish the engagement with due professional care.*

**Rationale:**

The interpretation is to better reflect the Core Principles such as demonstrating competence and due professional care.

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**Summary of Key Comments from the Exposure**

Comments received noted concern over the definition included in the interpretation of the terms “appropriate” and “sufficient.” Some commenters did not agree with the definition or proposed alternative wording or were seeking additional clarification.

**Standards Board Disposition**

No change required.

**Standards Board Decision**
Options:

1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard:

Engagement Resource Allocation

Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

Interpretation:

*Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the engagement. Sufficient refers to the quantity of resources needed to accomplish the engagement with due professional care.*

Brief rationale/reason for the change to Introduction:
Modification accepted as proposed. No additional rationale.

### 2410 - Criteria for Communicating

Communications must include the engagement’s objectives, **and** scope, **and** results. **as well as** applicable conclusions, recommendations, **and** action plans.

**2410.A1** - Final communication of engagement results must include applicable conclusions. **Final communication of engagement results must also include all applicable recommendations and/or action plans.** Where appropriate, the internal auditors’ opinion should be provided. **contain the internal auditors’ opinion and/or conclusions.** When issued, **An opinion or conclusion must take into account of the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.**

**Rationale:**

As written, Standard 2410 requires all services — both assurance and consulting — to include engagement conclusions, recommendations, and action plans. However, some consulting engagements that are strictly advisory may not require conclusions, recommendations, or action plans. Therefore, this proposed change moves the requirements for conclusions, recommendations, and/or action plans to supporting assurance Standard 2410.A1, but still specifies that all engagement communications must include objectives, scope, and results. Further, it is not always appropriate or necessary to include both recommendations and action plans in assurance engagement communications, so "and/or" is used to signal that either or both are acceptable.

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**Summary of Key Comments from the Exposure**
Comments on Standard 2410 suggested keeping the language “applicable conclusions, recommendations, and action plans.” This language was removed from 2410 but added in 2410.A1.

Several commenters noted that the standards should mandate an opinion except in circumstances the CAE considers an opinion to be inappropriate.

**Standards Board Disposition**

*During the Standards Board final review, modifications were made to the Implementation Standard 2410.A1 to simplify the wording.*

No content change required. Additional clarification should be included in Implementation Guide.

**Standards Board Decision**

**Options:**
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 2410 and 2410.A1:

**2410 - Criteria for Communicating**

Communications must include the engagement’s objectives, scope, and results.

**2410.A1** – Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans. Where appropriate, the internal auditors’ opinion should be provided. An opinion must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

**Brief rationale/reason for the change to Standard 2410 and 2410.A1:**

Modifications were made to improve clarity of the Standard.
26. **EXPOSED CHANGE – Change to Standard 2430**

**Use of “Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing”**

Stating Internal auditors may report their engagements are “conducted in conformance with the International Standards for the Professional Practice of Internal Auditing” is appropriate only if the results of the quality assurance and improvement program support the statement.

**Rationale:**

This change is to simplify the language in Standard 2430, consistent with Standard 1321.

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**Summary of Key Comments from the Exposure**

No significant comments to address from exposure. Standard received 95% positive feedback.

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**Standards Board Disposition**

For consistency with Standard 1321, it was determined that “indicating” should be used in place of “stating”.

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**Standards Board Decision**
Options:

1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 2430:

Use of “Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing”

Indicating that engagements are “conducted in conformance with the International Standards for the Professional Practice of Internal Auditing” is appropriate only if supported by the results of the quality assurance and improvement program.

Brief rationale/reason for the change to Standard 2430:

Modification was made to improve consistency of the Standard.
27. **EXPOSED CHANGE – Change to Standard 2431**

**Engagement Disclosure of Nonconformance**

When nonconformance with the **Definition of Internal Auditing**, the Code of Ethics or the **Standards** impacts a specific engagement, communication of the results must disclose the:

- Principle(s) or rule(s) of conduct of the Code of Ethics or the standard(s) **Standard(s)** with which full conformance was not achieved.
- Reason(s) for nonconformance.
- Impact of nonconformance on the engagement and the communicated engagement results.

**Rationale:**

The “Definition of Internal Auditing” is proposed for deletion from the standard as it is embodied in the **Standards** and Code of Ethics. It does not need to be evaluated separately in order to demonstrate conformance with the mandatory elements of the IPPF.

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### Exposure Survey Results - Standard

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### Summary of Key Comments from the Exposure

Some commenters noted that the Definition should not be removed.
Standard should remain capitalized. Additional clarification should be included in Implementation Guidance.

Standards Board Decision

Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 2431:

Engagement Disclosure of Nonconformance

When nonconformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:

- Principle(s) or rule(s) of conduct of the Code of Ethics or the Standard(s) with which full conformance was not achieved.
- Reason(s) for nonconformance.
- Impact of nonconformance on the engagement and the communicated engagement results.

Brief rationale/reason for the change to Introduction:
Corrected. Standards Board agrees with the capitalization of Standards.
28. **EXPOSED CHANGE – New Standard 2450**

**Overall Opinions**

When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.

**Interpretation:**

*The communication will identify include:*

- The scope, including the time period to which the opinion pertains.
- Scope limitations.
- Consideration of all related projects, including the reliance on other assurance providers.
- A summary of the information that supports the opinion.
- The risk or control framework or other criteria used as a basis for the overall opinion; and
- The overall opinion, judgment, or conclusion reached.

*The reasons for an unfavorable overall opinion must be stated.*

**Rationale:**

The proposed change to the Standard better demonstrates linkage to the new Principle, “Aligns with the strategies, objectives, and risks of the organization.” The proposed change to the interpretation identifies that it is important for opinions to be supported by sufficient evidence so that the users of the communication have confidence that they can rely on the results.

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**Exposure Survey Results - Standard**

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Disputation on the 2016 Standards Exposure Results/Comments

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Summary of Key Comments from the Exposure

Commenters expressed confusion about the difference between engagement opinions and overall opinions and noted that the proposed changes do nothing to address that.

Some commenters expressed uncertainty over the linkage to the strategies, objectives, and risks of the organization.

Standards Board Disposition

No changes needed. Additional comments should be clarified in Implementation Guidance.

Standards Board Decision

Options:

1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Standard 2450:

Overall Opinions

When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.

Interpretation:

The communication will include:

- The scope, including the time period to which the opinion pertains.
- Scope limitations.
- Consideration of all related projects, including the reliance on other assurance providers.
Disposition on the 2016 Standards Exposure Results/Comments

- A summary of the information that supports the opinion.
- The risk or control framework or other criteria used as a basis for the overall opinion.
- The overall opinion, judgment, or conclusion reached.

The reasons for an unfavorable overall opinion must be stated.

Brief rationale/reason for the change to Standard 2450:

Modification accepted as proposed. No additional rationale.
29. **EXPOSED CHANGE – Modification to the Glossary**

**Board**

The highest level of governing body charged with the responsibility to direct and/or oversee the activities and hold senior management of the organization. Typically, this includes an independent group of directors accountable (e.g., a board of directors, a supervisory board, or a board of governors or trustees). If such a group does not exist, the “board” may refer to the head of the organization. “Board” may refer to an audit committee to which the governing body has delegated certain functions. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management and is not solely comprised of members of management. If a board does not exist, the word “board” in the *Standards* refers to a group or person charged with governance. Furthermore, “board” in the *Standards* may refer to a committee or another body to which the governing body has delegated certain functions (e.g. an audit committee or risk committee).

**Rationale:**

The changes remove the suggestion that the ‘head of an organization’ is viewed as an acceptable alternative to an independent board. Although governance arrangements vary significantly, an independent governing body is preferable. The underlying principle is that the independence of the CAE is safeguarded when the CAE is not subject to inappropriate influence by board members who are subject to audit.

**Exposure Survey Results - Board**

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**Summary of Key Comments from the Exposure**

Comments related to the Glossary definition of Board include the following topics:

- Concerns raised about using risk committee as an example since in many companies, this refers to a management committee, not a board committee.
- Some believed a head of an organization can be the board.
- Some suggested clarifying whether governance refers to that of the organization or of the audit function.
- Some questioned and expressed concerns related to references to members of management.
- Some were concerned that definition doesn’t broadly cover key aspects of governance.
- Others questioned whether supervisory board or management board is more appropriate.

Overall, comments from non-U.S. commenters centered on the concern that the definition may not work in the public sector. There were also positive comments that the suggested changes clarify the term for the public sector.
Standards Board Disposition

To address the risks noted above, the IIASB determined the following modifications were needed:

- Deleted risk committee as an example.
- Deleted reference to “not solely comprised of management” as it is covered in the first part.

It was further determined that additional discussions are needed with the Public Sector Committee to resolve some of the challenges encountered in public sector organizations.

Standards Board Decision

Options:
1. Adopt the change
2. Reject the change
3. Modify the change

Here is the final approved wording of the Glossary term:

Board
The highest level governing body (e.g., a board of directors, a supervisory board, or a board of governors or trustees) charged with the responsibility to direct and/or oversee the organization’s activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management. If a board does not exist, the word “board” in the Standards refers to a group or person charged with governance of the organization. Furthermore, “board” in the Standards may refer to a committee or another body to which the governing body has delegated certain functions (e.g., an audit committee).

Brief rationale/reason for the change to Glossary definition for Board:

The change in terminology is to improve clarity of the glossary term.
30. **EXPOSED CHANGE – Modification to Glossary**

**Chief Audit Executive**

Chief audit executive describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the Definition of Internal Auditing, the Code of Ethics, and the *Standards*. The chief audit executive or others reporting to the chief audit executive will have appropriate professional certifications and qualifications. The specific job title *and/or role* of the chief audit executive may vary across organizations.

**Rationale:**

Over the course of recent years, some chief audit executives have been given expanded roles and responsibilities in risk management that extend beyond internal audit. Further, the chief audit executive is increasingly an organizational manager and not a professional auditor. This prompts reconsideration of the definition of a chief audit executive.

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**Exposure Survey Results - CAE**

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**Summary of Key Comments from the Exposure**

Several respondents disagreed or questioned the “*and/or role*” insertion. Specifically, some commenters do not believe the CAE should have a role beyond internal auditing.

Some commenters questioned why the Definition of Internal Audit was not removed from the CAE definition, although it was removed from other areas of the *Standards* in this exposure.

Some commenters noted that specific certification requirements should be included (CIA, QIAL).

Commenters also suggested that since CAE is referenced in the standard, we should add the acronym to heading.
## Standards Board Disposition

Modifications were made to the proposed glossary definition. While the “and/or role remains, we clarified the standard by moving the term “role” to the beginning of the definition to describe the role of the CAE.

Modifications made to the proposed glossary term to reference the International Profession Practices Framework, rather than the elements in the IPPF.

No changes required to specify certification requirements for the CAE.

## Standards Board Decision

**Options:**
- 1. Adopt the change
- 2. Reject the change
- 3. Modify the change

**Here is the final approved wording of the Glossary term:**

**Chief Audit Executive**
Chief audit executive describes the role of a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The chief audit executive or others reporting to the chief audit executive will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the chief audit executive may vary across organizations.

**Brief rationale/reason for the change to Glossary definition for Chief Audit Executive:**
The change in terminology is to improve clarity of the glossary term.
31. **EXPOSED CHANGE – Addition to the Glossary**

**Core Principles for the Professional Practice of Internal Auditing**

The Core Principles for the Professional Practice of Internal Auditing (Core Principles) are the key elements that describe internal audit effectiveness. The Core Principles underpin the Code of Ethics and the *Standards*.

**Rationale:**

This addition defines a new element of the New IPPF introduced in July 2015.

### Exposure Survey Results

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### Summary of Key Comments from the Exposure

Comments addressed concerns about proposed modifications that included the Core Principles within several standards.

Comments noted among the proposed modifications included:
- Core Principles don’t describe effectiveness.
- The term “key elements” is too limiting.
- Code of Ethics should not precede *Standards*.
- The term “underpin” did not resonate with commenters.

### Standards Board Disposition

No changes required related to removing Core Principles from the Glossary. This was established by the IPPF Relook Task Force and communicated in July 2015.

Modifications to the definition of Core Principles include:
- No change on effectiveness;
- The term “key elements” has been modified to “foundation;”
- Modified “underpin” to “support.”
Disposition on the 2016 Standards Exposure Results/Comments

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<td>3. Modify the change</td>
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Here is the final approved wording of the Glossary:

**Core Principles for the Professional Practice of Internal Auditing**

The Core Principles for the Professional Practice of Internal Auditing are the foundation for the International Professional Practices Framework and support internal audit effectiveness.

**Brief rationale/reason for the change to Glossary term Core Principles for the Professional Practice of Internal Auditing:**

The change in terminology is to improve clarity of the Glossary term.
32. **EXPOSED CHANGE – Modification to Glossary**

**International Professional Practices Framework**

The conceptual framework that organizes the authoritative guidance promulgated by The IIA. Authoritative Guidance is comprised of two categories – (1) mandatory and (2) strongly recommended.

**Rationale:**

This reflects the change to the title of the recommended element of the New IPPF, which was launched in July 2015.

**Exposure Survey Results - IPPF**

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**Summary of Key Comments from the Exposure**

Comments noted that the acronym IPPF should be in the term title to link to other references to the acronym throughout guidance.

Comments noted that “comprised of” does not appear to be grammatically correct. Commenters proposed modifying to “composed of”.

**Standards Board Disposition**

Modifications made to change the language from “comprised of” to “composed of” two categories.
### Standards Board Decision

**Options:**

1. Adopt the change  
2. Reject the change  
3. Modify the change

Here is the final approved wording of the Glossary term:

**International Professional Practices Framework**  
The conceptual framework that organizes the authoritative guidance promulgated by The IIA. Authoritative guidance is composed of two categories – (1) mandatory and (2) recommended

**Brief rationale/reason for the change to Glossary term International Professional Practice Framework (IPPF):**

The change in terminology is to improve clarity of the glossary term.