

31 May 2017

Neil Usher
Project manager – INTOSAI Professional Standards Committee project
Member of the Forum for INTOSAI Professional Pronouncements

Dear Neil,

I am pleased to respond to INTOSAI's Professional Standards Committee's *Liaison with external stakeholders* proposal on behalf of The Institute of Internal Auditors (IIA). The IIA greatly values its relationship with INTOSAI and appreciates this opportunity to share its views on this important issue.

The IIA strongly endorses the proposal's primary thrust of expanding INTOSAI's stakeholder universe "to provide feedback and valuable input to the PSC's standard-setting work." The proposal somewhat mirrors the IIA's efforts since 2010 to bring expanded views into its own standard-setting process through our International Professional Practices Framework Oversight Council (IPPFOC).

The IIA's Board of Directors created the IPPFOC to provide desired and necessary external assessment of its standard-setting practices. This international, independent body evaluates and advises on the adequacy and appropriateness of the processes used by The IIA to set global standards and develop guidance. In 2016, The IPPFOC's work included, monitoring the exposure of the revised *International Standards for the Professional Practice of Internal Auditing* (Standards), and validating conformance with the standards-setting due diligence process.

The eight-member council includes representatives from INTOSAI, the International Federation of Accountants (IFAC), World Bank, the National Association of Corporate Directors (NACD), and the Organisation for Economic Co-operation and Development (OECD). The IIA is grateful for the work of all IPPFOC members, including INTOSAI representative Jacek Jezierski.

The PSC's proposal looks to expand INTOSAI's current external stakeholder advisory process by adding to its current list, which includes The IIA, IFAC, and the World Bank. It wisely foresees the potential for straining its current mechanisms for soliciting, assessing and delivering opinions from an expanded group of stakeholders. The IIA believes the proposed solution of creating two distinct stakeholder groups – consultative bodies and advisory partners – has merit.

As outlined in the proposal under the heading, "Benefits of a two-level configuration," the solution maintains its current valued relationships with World Bank, IFAC and The IIA, and broadens the range of external stakeholders while minimizing the potential impact on existing INTOSAI resources.

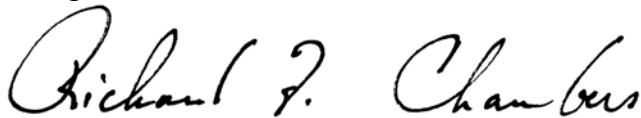
As an Advisory Partner, The IIA would be pleased to participate in periodic external consultation exercises for developing INTOSAI's strategic development plan. The pending review of the existing Memorandum of Understanding (MOU) between our organizations provides an ideal opportunity to reflect the expanded role The IIA would play. The review also provides an opportunity to better clarify opportunities for expanding cooperation and recognition of each organization and the standards they promulgate.

The IIA recommends the PSC consider two changes to the proposal draft:

- Adding the Chartered Institute of Public Finance and Accounting (CIPFA) to its lists of potential consultative bodies.
- Changing paragraph 16 to eliminate the word "conceptual" ahead of *International Professional Practices Framework* (IPPF). While the IPPF is a conceptual framework that organizes authoritative guidance promulgated by The IIA, the placement of the word conceptual ahead of *International Professional Practices Framework* could cause confusion as to whether it exists beyond concept.

Thank you again for the opportunity to comment on the *Liaison with external stakeholders* proposal. Such opportunities embody the mutual recognition and respect our two organizations have for the other and the support we can provide for achieving our respective goals.

Best regards,

A handwritten signature in black ink that reads "Richard F. Chambers". The signature is written in a cursive, flowing style.

Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA
President and Chief Executive Officer