November 3, 2014

The Institute of Internal Auditors, Global Headquarters

ATTN: IPPF “Re-look” Task Force

247 Maitland Avenue
Altamonte Springs, FL 32701

Dear IIA International Professional Practices Framework “Re-look” Task Force:

We respectfully submit our comments on The Institute of Internal Auditors’ (The IIA) exposure draft outlining proposed enhancements to the International Professional Practices Framework (IPPF). Our comments are based on our experiences in the role of advisor to our clients in a co-sourced, outsourced and QAR capacity. Protiviti and its independently owned Member Firms serve clients through a network of more than 70 locations in over 20 countries. We serve as internal advisors for hundreds of companies, ranging from large international public filers to small non-public entities. In conjunction with these experiences, we offer our thoughts and suggestions.

Overall, we applaud The IIA’s efforts in enhancing the existing IPPF. We believe that The IIA has taken a step in the right direction with proposing substantive enhancements to the IPPF’s content and structure in the following ways:

1. Introduce a Mission of Internal Auditing that underpins and supports the entire framework.
2. Introduce Core Principles for the Professional Practice of Internal Auditing.
3. Reposition the nomenclature of guidance elements “Practice Advisories” and “Practice Guides” to “Implementation Guidance” and “Supplemental Guidance,” respectively.
4. Introduce a new element of guidance to provide advice on emerging issues.
5. Remove “Position Papers” as a guidance element of the IPPF.
6. Change the existing IPPF classification of “Mandatory” and “Strongly Recommended” elements to “Required” and “Recommended,” respectively.

Our view is that these enhancements to the IPPF’s content and structure continue to provide a pathway for Chief Audit Executives to appropriately refocus the internal audit agenda in an environment of ever-changing expectations. Without a framework of this kind, internal audit organizations are unable to effectively gauge their efforts and engender quality and consistency for global internal audit functions. The IPPF also contains flexibility and adaptability that have served the profession extremely well in its evolution over time. This guidance reflects The IIA’s legacy of strong professional leadership.
RECOMMENDATIONS

We also believe there are opportunities for The IIA to further clarify and increase the impact of its proposed enhancements in specific areas. To that end, we offer the following recommendations for The IIA to consider.

- **Mission of Internal Auditing** – Protiviti is supportive of The IIA’s efforts to expand the IPPF to include a mission statement that supports the internal audit profession. We recommend The IIA consider clarifying in its guidance how internal audit departments should go about resolving inherent conflicts in their duties to multiple stakeholders across the organization.

- **Core Principles for the Professional Practice of Internal Auditing** – Protiviti is supportive of adding Principles to the IPPF that describe internal audit effectiveness and support the principles-based *Standards* and Code of Ethics. We also recommend The IIA consider the following:
  
  o **Additional Guidance on the 12 Principles** – We recommend developing additional guidance and supplemental information around the 12 Principles to help more internal audit organizations reach the goal of being considered “effective” by ensuring all 12 Principles are present and operating effectively. We also recommend that this additional guidance and supplemental information include a sufficient level of detail to support the Principles.
  
  o **Impact on the Quality Assessment Review (QAR) Process** – Currently, The IIA *Standards* require a QAR once every five years. Protiviti is supportive of this standard and believes it fosters continuous improvement within the internal audit organization. We recommend evaluating how the following statement in the proposed changes impacts The IIA’s current QAR methodology, assessment process and rating system: “The RTF believes that for an internal audit function to be considered effective, all 12 Principles must be present and operating effectively.” Currently, The IIA’s QAR methodology and assessment process asks the evaluator to assess whether an internal audit organization “generally conforms” to the *Standards*.
  
  o **Principle 3 “Demonstrates commitment to competence.”** – We recommend clarifying the language for this Principle to help determine if this includes demonstrating that the internal audit organization understands organizational goals and objectives.
  
  o **Principle 4 “Is appropriately positioned within the organization with sufficient organizational authority.”** – We recommend clarifying the language for this Principle to help determine the criteria for “appropriate” positioning, such as access to organizational goals and objectives and whether internal audit’s position within the organization supports their role.
  
  o **Principle 5 “Aligns strategically with the aims and goals of the enterprise.”** – We recommend clarifying the language for this Principle to clarify how the criteria for alignment considers all stakeholders and appropriately balances governance and assurance objectives along with the organization’s strategic objectives.
Principle 10 “Provides reliable assurance to those charged with governance.” – We recommend clarifying the language for this Principle, as it can be confusing to determine which key stakeholders are charged with governance in the organization. Does this expand the breadth of internal audit’s key stakeholders in the organization?

- Implementation Guidance and Supplemental Guidance – We support the change of terminology for Practice Advisories to Implementation Guidance, as this is a more intuitive descriptor. However, we recommend The IIA reconsider the proposal to change the name of Practice Guides to Supplemental Guidance. While the term “supplemental” is accurate, it loses the depth and richness contained within this technical guidance. We recommend instead that Practice Guides be named Technical Guidance, to provide a more accurate description of the tools, techniques, methodology and approaches these guides provide.

CLOSING

We appreciate the opportunity to submit our comments on The IIA’s proposed enhancements to the IPPF. We hope they are helpful to The IIA and to its staff. If the staff would like to discuss any of the points made in this letter, please contact Brian Christensen at (602) 273-8020.

Sincerely,

Protiviti Inc.

By:

Brian P. Christensen

Executive Vice President, Global Internal Audit