

International Standards for the professional practice of internal auditing



WHAT YOU SHOULD KNOW

1

Two new standards are introduced:

1112 – Chief Audit Executive roles beyond internal auditing

1130.A3 – Impairment to independence or objectivity relating to consulting services performed by the internal auditor

2

Alignment of the Standards to core principles: **“aligns with the strategies, objectives, and risks of the organisation”** and **“is insightful, proactive, and future-focused”**.

3

Revised standards become effective **1 January 2017**.



1112 – Chief Audit Executive roles beyond internal auditing



Standard

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.

1130 – Impairment to independence or objectivity



Standard

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.



Implementation – 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.

2050 – Coordination and Reliance



Standard

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.

**STILL HAVE QUESTIONS?
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