



**ISSUE 2 | FEBRUARY 2024**

## At-A-Glance

In the January 2024 issue, the role of the independent auditor was considered. When an organization reaches a certain size, resources are available to bring the audit function in house. Internal auditors focus on reviewing internal controls and processes that enhance the organization’s ability to operate accurately and appropriately. The Institute of Internal Auditors has recently issued new internal audit standards to support internal auditors as they carry out their responsibilities. When an effective internal audit function is in place, the external auditor, drawing from experience, can direct more forward-looking focus on areas that help the organization pursue its goals, rather than just checking past results. This issue highlights the new internal audit standards.

Also, our Worldwide Update covers news from organizations across the globe.



**Gerald Herter - Editor**

# New Global Internal Audit Standards Issued

The Institute of Internal Auditors publishes the latest directives



The Institute of Internal Auditors (IIA) is the international association serving the internal audit profession throughout the world. Formed in 1941, the IIA today serves almost a quarter million members with certification as Certified Internal Auditors (CIA), as well as continuing education, standards development, and technical research assistance.

In 1978, the IIA issued the initial International Standards for the Professional Practice of Internal Auditing, as an update of the International Professional Practices Framework (IPPF), designed to provide a principles-based framework for performance of the internal audit function. These standards were updated in 2017. The Global Internal Audit Standards were issued on January 9, 2024, to broaden the reach of the standards.

As the title indicates, the standards apply to the internal audit function throughout the world. The standards are arranged into five areas or “domains”: 1) Purpose of Internal Auditing; 2) Ethics and professionalism; 3) Governing the Internal Audit Function; 4) Managing the Internal Audit Function; and 5) Performing Internal Audit Services.

The first domain includes a Purpose Statement which expresses that “Internal audit strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.” The other domains describe the fifteen guiding principles:

Ethics and Professionalism “ covers behavioral expectations at all levels, replacing the Code of Ethics

1. Demonstrating Integrity
2. Maintain Objectivity
3. Demonstrate Competency
4. Exercise Due Professional Care
5. Maintain Confidentiality

Governing the Internal Audit Function -covers the relationship between the internal auditors and the Board

6. Authorized by the Board
7. Positioned Independently
8. Overseen by the Board

Managing the Internal Audit Function “ covers the chief audit executive responsibilities

9. Plan Strategically
10. Manage Resources
11. Communicate Effectively
12. Enhance Quality

Managing the Internal Audit Function “ covers the chief audit executive responsibilities

13. Plan Engagements Effectively
14. Conduct Engagement Work
15. Communicate Engagement Results and Monitor Action Plans

After a one-year transition period, the new standards will go into effect in January 2025.

Further details can be found at [2024 Global Internal Audit Standards](#).

## Worldwide Update



Periodic roundup of recent and upcoming actions and activities by auditing and accounting organizations throughout the world.

## International

IASB “ International Accounting Standards Board ([www.ifrs.org](http://www.ifrs.org))

- *No new developments.*

IFAC “ International Federation of Accountants ([www.ifac.org](http://www.ifac.org))

- **The International Auditing and Assurance Standards Board (IAASB) - Exposure Draft - Proposed International Standard on Auditing 240 (Revised) - The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements and Proposed Conforming and Consequential Amendments to Other ISAs**, issued February 6, 2024. “These proposed revisions significantly strengthen the IAASB’s standard on auditors’ responsibilities related to fraud by defining the expectations in relation to fraud, delineating more robust procedures, and increasing transparency about the auditors’ responsibilities and fraud-related procedures in the auditor’s report.” Comments Due: June 5, 2024.
- **The International Auditing and Assurance Standards Board (IAASB) - Exposure Draft - Proposed Narrow Scope Amendments to: “ International Standards on Quality Management; “ International Standards on Auditing; and “ International Standard on Review Engagements 2400 (Revised), Engagements to Review Historical Financial**

**Statements as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code**, issued January 8, 2024. These proposed revisions have two key objectives. First, they would align definitions and requirements in IAASB standards with new definitions for publicly traded and public interest entities in the IESBA Code. Second, the amendments would extend the applicability of existing differential requirements for listed entities to meet heightened stakeholder expectations regarding audits of public interest entities (PIE). Comments Due: April 8, 2024.

- **The International Ethics Standards Board for Accountants (IESBA) - Exposure Drafts - International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA)** and **Using the Work of an External Expert**, issued January 29, 2024, aims to foster greater trust in all publicly communicated sustainability information through the application of a consistent ethical approach. Comments Due: April 8, 2024.
- **International Public Sector Accounting Standards Board (IPSASB) – Exposure Draft 86, Exploration for and Evaluation of Mineral Resources**, issued January 31, 2024, proposes a standard on accounting for the costs incurred in the exploration and evaluation of mineral resources, based on the selection of an accounting policy specifying which expenditure should be recognized as exploration and evaluation assets. ED 86 is aligned with the private sector requirements in IFRS 6, **Exploration for and Evaluation of Mineral Resources**, with limited changes for the public sector context. Comments Due: May 31, 2024.
- **International Public Sector Accounting Standards Board (IPSASB) – Exposure Draft 87**, issued January 31, 2024, proposes adding an authoritative appendix to IPSAS 12, **Inventories**. The proposed guidance clarifies when to capitalize or expense costs incurred to remove waste material in surface mining operations. ED 87 is aligned with the guidance in IFRIC 20, **Stripping costs in the Production Phase of a Surface Mine**, with limited changes for the public sector context. Comments Due: May 31, 2024.

#### **IFR4NPO - International Financial Reporting for Non-Profit Organisations ([www.ifr4npo.org](http://www.ifr4npo.org))**

- *No new developments.*

#### **IOSCO – International Organization of Securities Commissions ([www.iosco.org](http://www.iosco.org))**

- *No new developments.*

#### **ACCA – Association of Chartered Certified Accountants ([www.accaglobal.com](http://www.accaglobal.com))**

- *No new developments.*

## **Africa, Europe, India and the Middle East (AEIME)**

#### **FRC – Financial Reporting Council of the UK ([www.frc.org.uk](http://www.frc.org.uk))**

- **Revised Ethical Standard 2024**, issued January 15, 2024, has simplified the existing ethical standard and provided additional clarity in a limited number of areas to respond to helpful feedback from auditors; takes into account recent revisions made to the international IESBA Code of Ethics; has added a new targeted restriction on fees from entities related by a single controlling party. Effective December 15, 2024.

#### **ICAEW - Institute of Chartered Accountants in England and Wales (<https://www.icaew.com/>)**

- *No new developments.*

#### **EC – European Commission (<https://ec.europa.eu/>)**

- *No new developments.*

#### **EFRAG – European Financial Reporting Advisory Group ([www.efrag.org](http://www.efrag.org))**

- **Exposure Draft ESRS for listed SMEs (ESRS LSME ED) and the Exposure Draft for the voluntary reporting standard for non-listed SMEs (VSME ED)** issued January 22, 2024. The purpose of the ESRS LSME ED is to set reporting requirements that are proportionate and relevant to the scale and complexity of the activities and to the capacities and characteristics of LSMEs, while the VSME ED proposes a simple reporting tool to assist non-listed micro-, small- and medium-sized enterprises (non-listed SMEs) in responding to

requests for sustainability information that they receive from business counterparts (i.e., banks, investors or larger companies for which non-listed SMEs are suppliers) in an efficient and proportionate manner as well as to facilitate their participation in the transition to a sustainable economy.â€ Comments Due: May 31, 2024.

## Americas, Asia, Australia and New Zealand (AAANZ)

AICPA & CIMA â€ American Institute of Certified Public Accountants ([www.aicpa.org](http://www.aicpa.org))

- *No new developments*

FASB â€ Financial Accounting Standards Board ([www.aicpa.org](http://www.aicpa.org))

- *No new developments*

GASB â€ Governmental Accounting Standards Board ([www.gasb.org](http://www.gasb.org))

- **Statement No. 102 - Certain Risk Disclosures**, issued January 8, 2024, â€requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.â€ Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

COSO - The Committee of Sponsoring Organizations of the Treadway Commission ([www.coso.org](http://www.coso.org))

- *No new developments*

PCAOB â€ Public Company Accounting Oversight Board ([www.pcaob.org](http://www.pcaob.org))

- *No new developments*

SASB â€ Sustainability Accounting Standards Board ([www.sasb.org](http://www.sasb.org))

- *No new developments*

SEC â€ Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov))

- *No new developments*

## Additional A&A News

[Are accountants underutilising AI in the realm of risk assessment](#)

[Complexities abound in debt and equity accounting and valuation](#)

[Do audit opinions even matter anymore?](#)

[Why ESG reporting matters](#)

[SEC Accountant Calls on Auditors to Exercise More Skepticism](#)

[What Is Deferred Revenue - Accounting Principles and Tax Treatment](#)



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