

To:
International Internal Audit Standards Board (IIASB)

2023, May 30th

Comments from IIA Sweden to the draft of the proposed Global Internal Audit Standards

The Professional Development Committee of IIA Sweden have been working with the translation of the proposed Global Internal Audit Standards. In this work, views on structure and content have emerged which we would like to pass on to the Standard Board in this way.

We are aware of the survey to provide detailed feedback, but there are some important issues IIA Sweden would like to bring to your attention in this way.

1. Overall, we do find the new structure of incorporating the mandatory elements and the code of ethics into five domains to be a clearer and more suitable structure than the framework of today offers. But we do have two fundamental remarks to the draft. First, standards have more rule based whereas the old standards are principle based internal auditing: The standards apply to all internal audit function regardless of sector, size and the maturity and complexity of organisations. The Proposed GIAS includes more rigid internal audit practices by including more rules-based (must-based) than principle-based requirements. We also note several new requirements added to the proposed GIAS. When rule-based is applied, it can be perceived that what is not expressed in the regulations is neither a requirement nor best practice (recommended). Finally, we have noted that sections that are not part of standards many times use the word must when it is not considered to be mandatory, which makes it unclear.

Secondly the introduction of Implementation Guidance makes the standards too comprehensive. If the ambition is to revise standards more often, we fear that this means that future process of regularly revising the standards will not be able to capture the necessary changes quickly enough because of the size and degree of details.

2. Domain III Governing the internal Audit Function: Parts of this domain regulate the responsibilities of the board, which we find complicated since the standards apply to individual internal auditors and audit functions, but not external bodies as boards. We don't think that this part, in the way it is written in the draft, will help internal auditors to interact with boards.
3. The use of the term Public interest for example in Purpose of Internal Auditing: We understand the ambition to broaden the circle of stakeholders. However, we believe that using the term public interest to describe the circle of stakeholders for all activities, not just those that are state/federal, is misdirected. It can easily be misunderstood, and we are not sure that it is valid all over the world.

4. The Language: In general, we believe that the proposed Standards contain many long sentences, usually with subordinate clauses, which makes it difficult to understand what the purpose is. With shorter sentences, the purpose becomes clearer. Furthermore, in the glossary there is no definition of the difference between Conformance and Compliance. It is difficult to understand when the respective expressions should be used.
5. New name: Regarding the new name: We do not understand the change from International to Global. IPPF is a well-known acronym we cannot see what justifies the change. International is a word that refers to the whole world, not a particular place or country. Thus, we have the International Monetary Fund (IMF) and the International Court of Justice (ICJ).
6. Self-assessment with independent validation only permitted every 10 years: From our experience a self-assessment with independent validation is not always a limited quality assessment. On the contrary, the self-assessment team sometimes can create greater commitment to the quality issues when the self-evaluation covers the whole operation and when feedback is given to the engagement leaders.
7. Standard 7.3 Safeguarding independence: It is not clear what the concept of independence means. To our opinion the section mainly covers what could be defined as objectivity. This section must be developed to be better understood. Please shorten section 7.3 and make sure that it elaborates on independence and not objectivity and is in line with the definition in the glossary.

We are looking forward to the release of the new standards, but we think it would be appropriate to allow members to provide feedback or to have a new period for public review and comment after the final draft has been published.

IIA Sweden



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