

## **Professional Concerns**

It is clear from the above description that professional association is already a well-established process among internal auditors. This aspect probably makes the most important contribution to professional prestige, since professional concerns of all kinds are dealt with at the association level. These concerns include the following:

### **a. Membership**

The establishment of the IIA led to one of the most important requirements for professionalism, namely the organisation of the members of the profession into a professional body, being met. Membership of the association is restricted to persons with the required knowledge and skills, and members are expected to conform to the association's professional code of ethics and international standards.

Members who comply with the educational and practical criteria can adopt the designation Certified Internal Auditor (CIA).

An important requirement for full professionalism is that the professional body should have the power to take disciplinary action against members who contravene the code of ethics and the international standards. In the case of internal auditing, the IIA can discipline its own members, but it cannot discipline people working as internal auditors who are not members of the IIA.

The IIA's mission is to provide dynamic leadership for the global profession of internal auditing. This includes,

- advocating and promoting the value that internal audit professionals add to their organisation
- providing comprehensive professional education and development opportunities, standards and other professional practice guidance, and certification programmes
- researching, disseminating and promoting knowledge about internal auditing and its rightful role in control, risk management and governance among practitioners and stakeholders
- educating practitioners and other relevant audiences on best practices in internal auditing

- bringing together internal auditors from all countries to share information and experiences

## **b. The establishment of a Code of Ethics and International Standards**

After the IIA was founded, a number of years passed before the first Statement of Responsibilities (1947), the first Code of Ethics (1968) and the first Standards (1978) were adopted. These publications were subsequently amended and expanded into a series of Statements on Internal Auditing Standards (SIAS), which were integrated with the professional standards and published as the International Standards for the Professional Practice of Internal Auditing. These standards were regarded as the cornerstone of professional internal auditing.

A professional practices framework (PPF) was approved by the board of directors of the International Institute of Internal Auditors in June 1999. This framework provides a structural blueprint of how a body of knowledge and practical guidance can be integrated. A number of modifications and additions to the standards were made subsequently, and became effective in January 2004.

The new International Professional Practices Framework (IPPF) was introduced in January 2009. Changes made to the 2002 standards were:

- interpretations to certain standards
- new standards and amended wording of the 2002 standards
- new terms and modifications to existing terms within the glossary.

Compliance with the definition of internal auditing, the International Standards and the Code of Ethics in the framework is mandatory for all the members of the IIA. The Position Papers, Practice Advisories and Practice Guides are strongly recommended. The public sector in South Africa is required by the Public Finance and Management Act (PFMA) and the Municipal Finance Management Act (MFMA) to comply with the standards described in this framework. The King III Report also recommends compliance.

## **c. Education and training**

In 1972, thirty years after its founding, the IIA issued the first formal requirements for a common body of knowledge for internal auditors. This was an important milestone along the road to professionalism, because this step identified and made known the important specialised knowledge internal auditors should have in order to render their specialised service. This publication set out the important skills the internal auditor needs.

The second publication of this nature appeared in 1985. The stated aim of the researchers investigating this body of knowledge was to ascertain what professional knowledge practising internal auditors require. This study included more than mere knowledge; it identified three elements, namely, knowledge of the relevant specialities, skill in carrying out the relevant internal auditing tasks and the experience (measured in years) required to function as a professionally qualified and skilled internal auditor.

A third research report on the professional knowledge and training required was published in 1992. The aim of this updated version of the required body of knowledge was to include the demands made on the internal auditor by developments such as technology. This study also investigated the question of what knowledge is required to pass the professional (CIA) examination of the IIA.

A formal professional certification programme, the certified internal auditor (CIA) qualification, was introduced, and the first examinations were taken in 1974. Candidates are required to pass this examination and acquire the required practical experience before they are awarded this qualification.

In the USA the profession does not yet enjoy legal protection and recognition, but there are various important laws which provide an indirect stimulus for the internal auditing profession in that they make internal audits compulsory for certain bodies under certain circumstances. The legislation does not specify who should carry out the internal audits. The provisions of the legislation do, however, recognise internal auditing as a specialised service, which is an extremely important contribution toward professionalism. The report of the Treadway Commission, which investigated fraud in financial reporting, was published in 1987 and contained important recommendations with regard to internal control and internal auditing.

This report supported the general recognition of internal auditing as a specialised service that makes an important contribution to general control in organisations.

The Sarbanes-Oxley Act of 2002 and the resulting amendment to the Security and Exchange (SEC) regulations have put the internal audit activity in the spotlight as one of the agents that ensure corporate effectiveness. This piece of American legislation raised the vital role of internal auditing in corporate governance to its greatest prominence ever.

The institute publishes a bimonthly journal, the *Internal Auditor*, which is internationally distributed and is highly regarded by members. This journal makes an important contribution to the standing of the profession.