

May 28, 2023

The Institute of Internal Auditors  
1035 Greenwood Blvd., Suite 401  
Lake Mary, FL 32746

By survey: <https://iasurvey.theiia.org/Flashsurvey/se/0B87D78438BCB2C8>

**Re: Survey for the Global Internal Audit Standards – 2023 Draft for Public Comment**

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 19,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above-captioned invitation to comment (ITC).

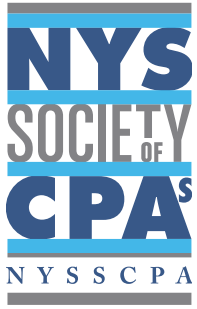
The NYSSCPA's Internal Audit Committee deliberated and prepared the attached comments. If you would like additional discussion with us, please contact Joel Lanz, Internal Audit Committee Chair, at 516- 933-3662 or Keith Lazarus, NYSSCPA Staff, at 212-719-8378.

Sincerely,

A handwritten signature in black ink that reads "Lynne M. Fuentes CPA". The signature is written in a cursive style. Behind the signature, there is a faint, light blue watermark of the NYSSCPA logo.

Lynne M. Fuentes  
President

Attachment



**NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON**

**SURVEY FOR THE GLOBAL INTERNAL AUDIT STANDARDS – 2023 DRAFT FOR  
PUBLIC COMMENT**

**May 28, 2023**

**Principal Drafters**

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Christina Cruz  
Mark Martinelli  
Kathy A. Ortiz  
Peter Parillo**

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**NYSSCPA Staff**

Keith N. Lazarus

**New York State Society of Certified Public Accountants**  
**Survey for the Global Internal Audit Standards – 2023 Draft for Public Comment**

The New York State Society of Certified Public Accountants (NYSSCPA) appreciates the opportunity to provide comments on the proposed Global Internal Audit Standards. The working group of the NYSSCPA Internal Audit Committee read the Institute of Internal Auditors (IIA's) proposed Global Internal Audit Standards and generated over 50 discussion topics which were reviewed over six (6) weekly sessions in March and April 2023. The working group agreed on 30+ topics along with recommendations to be communicated to the IIA.

**General Comments**

The IIA needs to address the Chief Audit Executive's (CAE) Organizational Independence when s/he does not report via a solid line to the Board of Directors (BOD) or Audit Committee (AC).

There should be clarification in regards to Internal Audit's reporting lines for conformance (e.g., reporting up to the BOD or AC).

The Standards need to explicitly state the CAE's responsibilities (section "Governing the Internal Audit Function") and that needs to be better addressed more broadly throughout the document.

General guidance should be included on the use of audit procedures like observation, reperformance, inquiry or examination.

**Specific Comments**

We have the following responses and suggestions for the newly proposed Global Internal Audit Standards. For ease of reference and to fit the format for response (electronic) we have created the following matrix:

Global Internal Audit Standards				
Domain	Section	Text	Comments	Recommendation
N/A	Glossary			<p>Add definitions for the following as they are included within the standards:</p> <ul style="list-style-type: none"> <li>-Cybersecurity/ Information Security</li> <li>-Personally Identifiable Information or Personal Data</li> <li>-Information Privacy</li> <li>-Technology</li> </ul>
N/A	Glossary		<p>Should have reference to ‘assistants/auditors’ in terms of who is doing the work – the ones that need to be supervised.</p> <p>Glossary has Inherent Risk and Residual Risk defined – should have Control Risk defined as well.</p>	<p>Standards define Engagement Supervisor and should also define Engagement Auditor (Assistant).</p> <p>Include Control Risk and define in glossary.</p>
1	I. Purpose of Internal Auditing		<p>In the how to be effective section, the following should be mentioned: “unfettered access to records, books, personnel.... etc.”</p>	<p>Add additional bullet: “Unfettered access to records, books, personnel.... etc.”</p>
II	Standards 1.1 Honesty and Courage – Requirements	<i>The chief audit executive must maintain a work environment where internal auditors</i>	<p>While the CAE has a duty of maintaining a work environment where internal auditors feel</p>	<p>Add a reference to the organization’s responsibility to maintain a culture that supports the</p>

Global Internal Audit Standards				
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		<i>feel supported when expressing legitimate, evidence-based findings, conclusions, and recommendations, whether favorable or unfavorable.</i>	supported, it should be noted that the board and senior management are responsible for maintaining an organizational culture that supports the Internal Audit function.	internal audit function.
II	Standard 1.3 Legal and Professional Behavior	<i>Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organization or the profession of internal auditing. Internal auditors must not engage in or be a party to any activity that may harm the organization or its employees.</i>	“Illegal” or discreditable to the organization or the profession of internal auditing. While examples are included in the Considerations for Implementation, it would be beneficial to define it in the requirement.	Define “illegal” in the glossary and provide examples of what would constitute a discreditable act.
II	Standard 1.3 Legal and Professional Behavior	In the second paragraph this sentence reads, “if internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and	The sentence should read, “if internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in <b>applicable</b> laws, regulations, and internal audit policies.”	Add “applicable” to paragraph.

<b>Global Internal Audit Standards</b>				
<b>Domain</b>	<b>Section</b>	<b>Text</b>	<b>Comments</b>	<b>Recommendation</b>
		internal audit policies.”		
II	Standard 1.3 Legal and Professional Behavior		For the standards noted above, there is no mention of the role of the Board to abide by this principle of demonstrating integrity. Since internal audit roles are up to the Board/Audit Committee, it would make sense that they be included in addition to internal auditors.	Add a piece where in the event the CAE does not report to the Board, there should be a contingency plan for appropriate governance.
II	Standard 2.1 Individual Objectivity		The section does not provide guidance when the internal audit department is a one-person department. There should be some guidance when only one person is operating the department.	Include an element around the consideration for implementation to include self-review and one person functions.
II	Standard 2.2 Safeguarding Objectivity		On page 14, under the 1 <sup>st</sup> bullet and second sentence of the paragraph starting with “When performing internal audit services...,” the phrase “assurance services” should be added.	Include “assurance services” in the paragraph.
II	Standard 3.1 Competency	<i>For internal auditors, being</i>	Pervasive risks should include	Add the word “Cybersecurity” to

Global Internal Audit Standards				
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		<p><i>competent requires possessing and demonstrating knowledge, skills, and abilities relevant to:</i></p> <ul style="list-style-type: none"> <li>● <i>The IIA’s Global Internal Audit Standards and current internal audit practices.</i></li> <li>● <i>Supervision, leadership, communication, and collaboration.</i></li> <li>● <i>Governance, risk management, and control processes.</i></li> <li>● <i>Business functions, such as financial management and information technology, and pervasive risks, such as fraud.</i></li> <li>● <i>Industry-specific laws, regulations, and practices.</i></li> <li>● <i>Tools and techniques for gathering, analyzing, and evaluating data.</i></li> <li>● <i>Current activities, trends, and emerging issues.</i></li> <li>● <i>Industry-specific laws, regulations, and practices.</i></li> <li>● <i>Tools and</i></li> </ul>	<p>cybersecurity, industry specific laws, regulations, frameworks, and practice.</p>	<p>bullet 4. Add the word “frameworks” to bullet 5.</p>



Global Internal Audit Standards				
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		<i>techniques for gathering, analyzing, and evaluating data.</i> • <i>Current activities, trends, and emerging issues.</i>		
II	Standard 3.1 Competency		<p>The requirements do not mention the competency needed by the Board/Audit Committee to provide effective challenges to the internal audit function. Since the CAE reports to the Board/Audit Committee, it is imperative that they are competent. The Board is also noted under Domain 3, “Governing the internal Audit Function” as having several joint responsibilities with the CAE. The Board also has its responsibilities to oversee the internal audit function under Standard 6.1, Internal Audit Mandate; Standard 6.2, Board Support; Standard 8.1, Board Interaction; Standard 8.2, Resources; Standard 8.3, Quality; and Standard 8.4,</p>	<p>Add competency requirements for the Board/Audit Committee.</p>

Global Internal Audit Standards				
Domain	Section	Text	Comments	Recommendation
			External Quality Assessment.	
II	Standard 3.2 Continuing Professional Development		The requirements only indicate an annual minimum requirement of 20 CPE hours and does not mention the typical 3-year industry requirement which tends to be, on average, 40 CPE hours per year. Shouldn't a 3-year requirement for CPE hours be included?	Consider having a 3-year requirement to coincide with any other certification requirements.
II	Standard 3.2 Continuing Professional Development		Standard 1.1 Honesty & Courage mentions two hours annually for Ethics training. Are the two hours included in the 20 mandated hours or additive?	Add a requirement for an annual skills assessment of all auditors that measure general audit skills as well as requirements tailored to the risks and business of the

Global Internal Audit Standards				
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			There should be a requirement for an annual skills assessment of all auditors that measure general audit skills as well as requirements tailored to the risks and business of the organization being audited. Hard and soft skills. There should also be a plan to address any gaps.	organization.
II	Principle 4 Exercise Due Professional Care	<i>The standards that embody exercising due professional care require:</i> <ul style="list-style-type: none"> <li>● <i>Conformance with the Global Internal Audit Standards.</i></li> <li>● <i>Consideration of the nature, circumstances, and requirements of the work to be performed.</i></li> <li>● <i>Application of professional skepticism to critically assess and question information.</i></li> </ul>	There are many audits that are considered “specialized” and require consideration of other frameworks and standards.	Add an additional bullet: “Consideration of applicable industry, regulatory, or other applicable frameworks.”
II	Standard 4.3 Professional Skepticism		It should include reference to the term “Effective Challenge” which should also be defined in the Glossary	Include a reference to the term “Effective Challenge” which should also be defined in the Glossary.

Global Internal Audit Standards				
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	Standard 4.3 Professional Skepticism	Fourth bullet point reads, “Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading.”	The sentence should read, “Seek additional evidence that <b>supports</b> a judgement about information and statements that might be incomplete, inconsistent, false, or misleading.”	Add the word “supports.”
II	Principle 5 Maintain Confidentiality		Integrate the word ‘privacy’ into the section.	Integrate the word “privacy” into the section.
II	Principle 5 Maintain Confidentiality	<i>Internal auditors receive information that may be confidential, proprietary, and/or personally identifiable. This includes information in physical and digital form as well as oral communication, such as formal or informal meeting discussions. Internal auditors respect the value and ownership of information they receive by using it only for approved purposes and protecting it from unintended access or disclosure, internally and</i>	Personally identifiable information (PII) should be further expanded and defined in the glossary.	Statement should be revised to include and/or contain personally identifiable information (PII) or personal data as defined by organizational policies.  Personally identifiable information (PII) should be further expanded and defined in the glossary.

Global Internal Audit Standards				
Domain	Section	Text	Comments	Recommendation
		<i>externally.</i>		
III	Standard 6.1 Internal Audit Mandate		The CAE in needing to document appropriate roles and responsibilities (refer to page 29) for an internal audit function typically will do so in an internal audit manual. As such, the Standards should require the development of such a manual that will subsequently be Board/Audit Committee approved.	The Standards should require the development of an internal audit manual that will subsequently be Board/Audit Committee approved.
III	Standard 6.2 Board Support		The Board/audit committee typically as part of good governance and oversight, reviews the internal audit risk assessment before approving the internal audit plan. As a result, the phrase “risk assessment” should be added to the third bullet right before “internal audit plan.” The board typically will also review and approve the internal audit manual that should be developed by the CAE and mapped to the global internal audit standards.	The phrase “risk assessment” should be added to the third bullet right before “internal audit plan.”

Global Internal Audit Standards				
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III	Standard 6.2 Board Support		Under the 'board demonstrated its support by' –, include the CAE performance, evaluation, and remuneration/bonus.	Include the CAE performance, evaluation, and remuneration/bonus.
III	Standard 7.3 Safeguarding Independence		Often staff transfer into Audit from the business either permanently or as a short-term guest auditor. It needs to better define the running rules for independence, e.g., can't audit the area they came from for one year.	It needs to better define the running rules for independence as a requirement, e.g., can't audit the area where someone from the business came from for one year. It's noted within the considerations under section 2.2, but needs to stand alone.
III	Principle 8 Overseen by the Board		We saw approval in this section, It should also include a mention of dollar/budget funding approval. They should also see significant changes to the audit plan and approve those changes. Any significant methodology changes should also be approved as well as the annual risk assessment process on an annual basis.	The Board of Directors (BOD) should have these as requirements versus just mentioning them within the considerations for implementation; include mention of dollar/budget funding approval. They should also see significant changes to the audit plan and approve those changes. The BOD should also approve any significant methodology changes as well as the risk assessment process on an annual

<b>Global Internal Audit Standards</b>				
<b>Domain</b>	<b>Section</b>	<b>Text</b>	<b>Comments</b>	<b>Recommendation</b>
				basis.
III	Standard 8.4 External Quality Assessment		It says BOD must determine scope and frequency. They determine frequency but scope is approved by them not determined.	The BOD needs to review and approve the CAE determined scope.
IV	Standard 9.2 Internal Audit Strategy		Under this section, there is no mention of the need for internal audit to have in its strategy the need to perform pre and post implementation reviews prior to and following organizational changes to strategy during the year where, as an example, an institution wants to introduce a new product, service, technology, etc.	It needs to be made more clear what audit should/should not look at.
IV	Standard 9.4 Methodologies		The section does not provide guidance on documenting findings and obtaining management response and related action plans.	<p>Add “determining finding” before “determining root cause.”</p> <p>Add a bullet on requirements for documenting findings and obtaining management response(s) and related action plan(s).</p> <p>Define “internal</p>

Global Internal Audit Standards				
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				audit services” in the glossary.
IV	Principle 11 on Communicating Effectively		<p>It should be specific on who the results should be communicated to – management, BOD/AC, regulators.</p> <p>On page 71 at the top where it references ‘Themes,’ it should change to “Themes and Trends” and add wording on trends.</p>	It should be specific on who the results should be communicated to (appropriate stakeholders – e.g., management, BOD/AC, regulators).
IV	Standard 11.3 Communicating Results		First bullet - Is this for a scenario when the business makes a specific request of audit? Who would make the request for the conclusion?	The first bullet needs to be rewritten/clarified.
V	Standard 13.6 Work Program		The requirements under this section should also state that updates to engagement risk assessments should be made to reflect changes to work programs after the initial engagement risk assessment.	It needs to also state that updates to engagement risk assessments should be made to reflect changes to work programs after the initial engagement risk assessment.
V	Standard 14.3 Evaluation of Findings		The requirements use the word “significant” under the 3 <sup>rd</sup> paragraph on page 99 even though the expectations are to	Remove the word “significant.”



Global Internal Audit Standards				
Domain	Section	Text	Comments	Recommendation
			report all findings. As such, we would recommend that the word “significant” be removed.	
V	Standard 14.4 Recommendations and Action Plans		The requirements don’t address the issue of timeliness of finding resolution. It is typical that internal audit will comment on timeliness especially when management proposes a date that is not timely, for example, in addressing a high-risk issue.	It needs to include/reference timeliness for resolution of findings.
V	Standard 14.6 Documenting Engagements		Recommend adding the phrase “population sampling” under the 5th bullet on page 103; it should be re-written as “Description of analysis, including details of procedures, population sampling and sources of data.”	Add “population sampling” as 5 <sup>th</sup> bullet.