



PSC  
INTOSAI Professional Standards Committee



## **Memorandum of Understanding (MoU) between The Professional Standards Committee (PSC) of The International Organization of Supreme Audit Institutions (INTOSAI) and The Institute of Internal Auditors (The IIA)**

### **THE PARTIES**

Taking into consideration that INTOSAI is the worldwide professional organization of supreme audit institutions (SAI) in 191 countries. Considering that SAIs play a major role in auditing government accounts and operations and in promoting sound financial management and overall accountability in their governments.

Taking into consideration that The IIA is the worldwide professional organization of internal auditors in the public and private sector with more than 185,000 members in 190 countries. Considering that The IIA is the global voice of the internal auditing profession. Considering that internal auditors play a major role in assuring an organization's governance, risk management, and internal control systems.

### **DESIRE TO COOPERATE**

Recognizing that an independent and effective SAI is a necessary pre-condition for democracy. This implies that the mandate of an independent auditor in the public sector goes far beyond the traditional definition of external auditing because audit mandates in the public sector also addresses broader issues than audit of financial statements.

Recognizing that SAIs strive to make a difference in the lives of citizens by contributing to trust, efficiency, and effectiveness.

Recognizing that an effective internal audit function is a fundamental component of good governance in the public sector. That it can provide those charged with governance with assurance about the efficiency and effectiveness of key financial, operational, and administrative activities, as well as the organization's management practices.

Recognizing that internal auditors play a role in the government's accountability to the public as part of the check-and-balance process.

Recognizing that SAIs and internal auditors have differing and clearly defined roles, but their collective purpose is to promote good governance through contributions to transparency in, and accountability for, the use of public resources, as well as to promote efficient, effective, and economic public administration. That common areas of work performed by SAIs and internal auditors offer opportunities for coordination and cooperation.



Recognizing that through SAI and internal auditor cooperation, the efficiency and effectiveness of both parties' work can be improved.

Recognizing the importance for SAIs to rely on the work of internal auditing.

Recognizing that *The International Standards of Supreme Audit Institutions (ISSAI)* are recognized globally for the public sector auditing profession.

Recognizing that *The International Standards for the Professional Practice of Internal Auditing (The Standards)* are recognized globally for the internal auditing profession.

Therefore, it is in the interest of SAIs and internal auditors to share a common language (standards) and understand respective roles, responsibilities, and expectations.

### **ALIGNMENT OF STRATEGIC OBJECTIVES**

Since PSC and The IIA believe that the strategic direction and goals of their respective organizations are strongly linked and that mutual support benefits both organizations.

That, in particular, The IIA is well positioned to support PSC and goal 1 of INTOSAI's strategic plan: *Accountability and professional standards: promote strong, independent and multidisciplinary SAIs by providing and maintaining International Standards of Supreme Audit Institutions (ISSAI) and (2) contributing to the development and adoption of appropriate and effective professional standards.*

That, in particular, the PSC is well positioned to support The IIA's strategic mission to *research, disseminate, and promote to practitioners and stakeholders knowledge concerning internal auditing and its appropriate role in control, risk management, and governance.* In addition, the PSC is positioned to support The IIA's strategic milestone to *define the principles of the profession and assure that the principles are available seamlessly worldwide.*

### **COOPERATION PROCESS**

Therefore, The IIA and PSC will create a cooperation process that will enable the PSC and The IIA to benefit from their respective work and involvement.

- Whenever appropriate, PSC and The IIA will look for the possibility to use or make reference to existing standards from other standard setting bodies.
- PSC and The IIA are willing to share experiences in developing global professional practices frameworks and are willing to ensure mutual reference and congruence of



standards and guidelines, in particular, *The ISSAIs* and *The Standards*, to facilitate dialogue between SAIs and internal auditors in the public sector.

- The IIA has an interest in appropriate inclusion of public sector perspective and recognizes PSC as an important source of that public sector perspective.
- The PSC recognizes the important role of internal auditors in the public sector and will consider The IIA's perspectives in this respect.

### **Article I**

In order to facilitate congruence of standards and guidelines on an ongoing basis, and to provide mutual input, experience, and recommendations where appropriate:

1. An IIA representative(s) participates as an observer to the PSC Steering Committee and the INTOSAI subcommittees on internal control and performance auditing.
2. A PSC representative(s) participates as an observer to the IIA Standards Board and other theme-related IIA Professional Committees.

### **Article II**

PSC and The IIA will put at each other's disposal the appropriate tools and resources to facilitate their work to include the mutual sharing of research, publications, guidance and other materials.

### **Article III**

The IIA and PSC will circulate in advance for review, and in final version for reference, all materials they develop that are relevant to both parties.

### **Article IV**

The IIA will inform PSC of all IIA initiatives relating to the public sector. Likewise, The PSC will inform The IIA of all PSC initiatives relating to internal auditing.

### **Article V**

The IIA and PSC agree to actively promote their cooperation and results of collaborative efforts to their constituents globally. They inform each other about such promotion actions undertaken.

### **Article VI**

This MoU supercedes the MoU signed in Johannesburg on 23 November 2010 between The IIA and PSC. It will be reviewed by The IIA and PSC within three years of its execution. This review



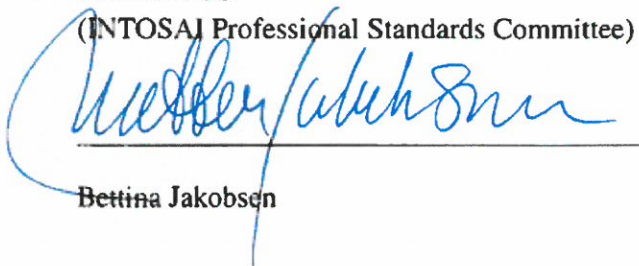
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will be based on a midterm and a final cooperation evaluation report drawn up jointly by the representatives mentioned under Article I.

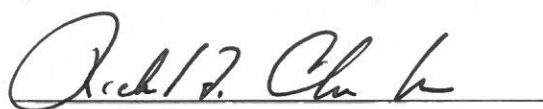
Signed in Copenhagen on 23 April 2014

Chair of PSC  
(INTOSAI Professional Standards Committee)

  
Bettina Jakobsen

Signed in ORLANDO on 25 APR

President and CEO of The IIA  
(Institute of Internal Auditors)

  
Richard F. Chambers, CIA, CGAP, CCSA, CRMA