



Chartered Institute of  
Internal Auditors

# Chartered by Learning

## Syllabus

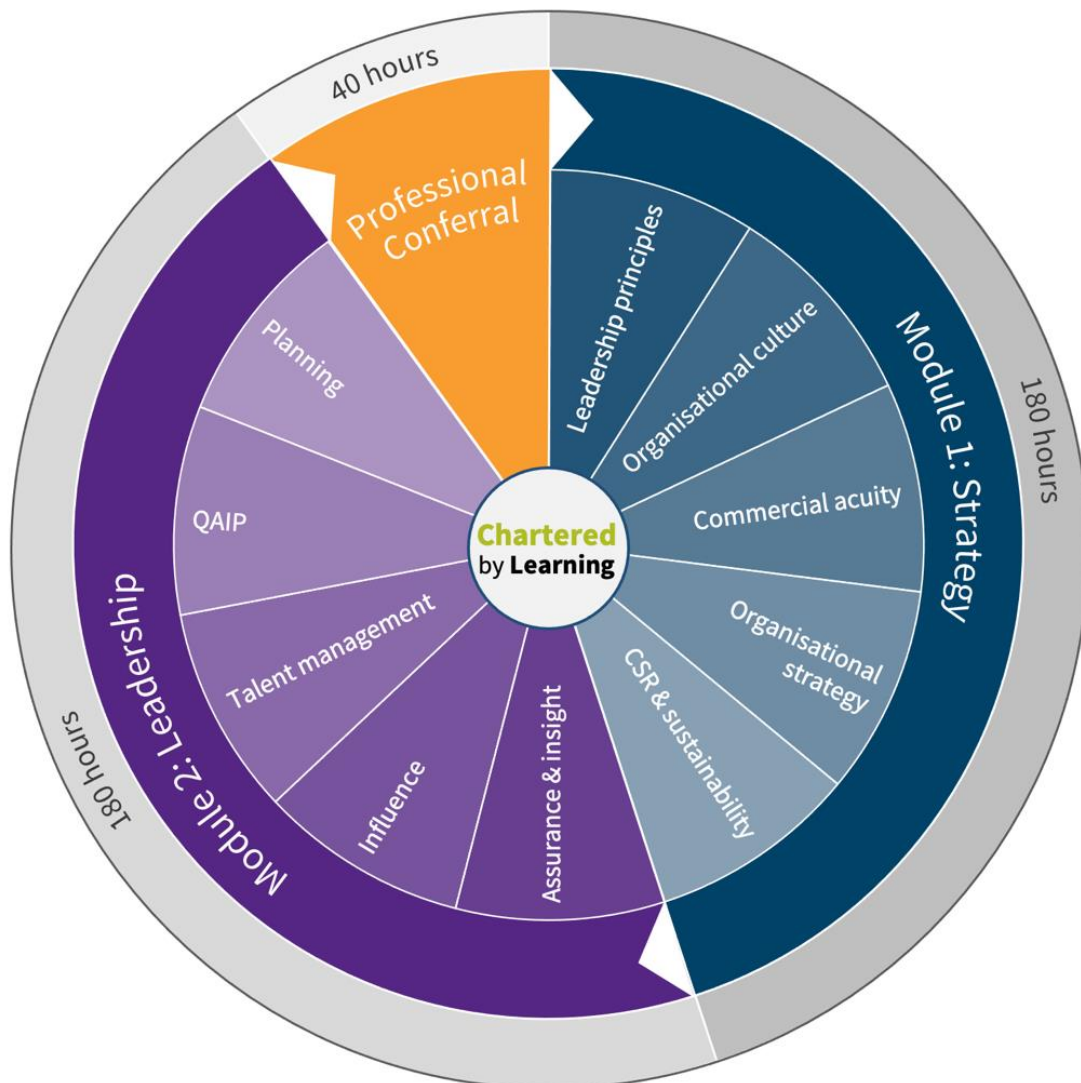
August 2023



# Introduction

This syllabus was published in January 2021 and applies to all exams from January 2022.

The Chartered by Learning programme was designed to around aspiring internal leaders and supplements the Chartered by Experience as a key route for members to achieve the sought after Chartered Member of the IIA (CMIIA) designation.



Crucially, Chartered by Learning is not a qualification. Rather it is a practical learning programme that allows members to hone and develop skills, competencies and behaviours associated with middle and senior management. It does not address the technical knowledge and requirements for effective internal audit, as these elements are addressed in the Certified Internal Auditor (CIA), instead dealing only with managing the internal audit function. It is expected that the candidate will have extensive knowledge and experience of all the areas of internal audit and be able to draw on the knowledge and experience where necessary.



The programme consists of three elements:

- **Module 1: Strategy**

As the title suggests, this module deals with the strategic duties of the Chief Audit Executive, both in terms of the CAE's role within the wider organisation and the development of strategic objectives, as well as development of the internal audit strategy and the associated objectives.

- **Module 2: Leadership**

Leadership takes a closer look at the operational responsibilities involved in heading up an effective internal audit function that is capable of supporting the organisation and meeting the expectations laid down in the objectives.

- **Professional Conferral**

The Professional Conferral provides the candidate with the opportunity to reflect on their learning and how it has allowed them to grow as an individual and as a leader. The Professional Conferral therefore doesn't have a separate syllabus but deals with the application of the Module 1 and Module 2 domains within their unique and individual circumstances.



# Overall considerations

---

The following areas permeate the entire syllabus and should be considered at all junctions and are therefore not specifically mentioned. The expectation is that these areas will be widely applicable to all topics and domains and therefore it is expected that all assessments will reflect these areas:

## International Professional Practices Framework

An in-depth understanding of all areas of the International Professional Practices Framework (IPPF) with candidates able to reference standards and guidance appropriately. This includes supplemental and implementations guidance.

## Ethics

Ethics and ethical decision-making are fundamental to the profession of internal audit and every decision will be founded in ethical behaviour. This requires a thorough understanding of what is meant by ethics and ethical behaviour, the drivers for these, and how ethics is embedded in an organisation, including the risks associated with unethical behaviour and the assurance the CAE/HIA can provide at strategic and operational levels.

## Technology

Advancements in technology influences all areas of modern life, and similarly need to be considered in all operational and strategic decisions. This includes the opportunities and risks associated with technological advancements to benchmark the organisation or for competitive advantage.

## Critical thinking

Leaders are expected to be critical thinkers; able to analyse, synthesise and evaluate information from a variety of sources, and candidates are expected to demonstrate and hone critical thinking skills.

## Evidence-based decisions

Strategic and operational decisions and recommendations must be grounded in the best available evidence and informed by experiential evidence, and candidates are expected to base all decisions and recommendations throughout the syllabus on clear and irrefutable evidence.

## Communication

Throughout the syllabus candidates are expected to communicate effectively and professionally. This includes using the appropriate format, style, and vocabulary. Key to this is correct spelling and the correct application of grammar and syntax.



# Context

---

Candidates should consider, review, and assess the social environments and attitudes within which the organisation functions, as well as other advancements and trends within the wider economy and have a clear understanding of the benefits and risks associated with each.

Across the syllabus the candidate must consider the role and the responsibilities of the CAE/HIA as it pertains to:

- Formulating the corporate strategy and setting strategic objectives.
- Formulating internal audit strategy and setting operational objectives.
- Managing and leading the internal audit function.
- Providing assurance on the strategy setting processes and the associated risks.

The syllabus emulates the real-life situations, both in the learning and assessment methodologies. Therefore, there may be some areas of the syllabus more applicable to certain situations or case studies than others. It is important to develop skills that will allow the candidate to access appropriate, correct, and reliable information when needed.

Candidates should also consider the competency framework as this establishes the benchmark against which all tasks performed by internal auditors are measured.



# Module 1: Strategy

---



## Primary objective

This module provides candidates with the competencies and skills required of strategic decision makers and leaders. The module introduces the challenges of contemporary management and how to engage with frameworks, theories, and tools.

Although the focus of this module is on formulating strategy, this is approached from the view of the Chief audit executive and candidates must be able to distinguish the multiple roles and involvement of the internal audit function with regards to strategy for public and private sector organisations for internal audit in general but also with specific reference to the responsibilities of the CAE/HIA:

- to participate and contribute to the discourse when formulating the strategy and the strategic objectives.
- to act as a trusted advisor providing assurance on the strategic risks.
- to review and audit the strategic processes to provide assurance on the application of the process.

## Secondary objectives

Upon successfully completing this module, the candidates will be able to:

1. Formulate a strategy that would allow the organisation to meet its objectives and add value to the stakeholders.
2. Develop ethically sound solutions to organisational challenges with governance and external societal responsibility.
3. Design an approach to improve productivity through affecting cultural change and employee satisfaction.
4. Formulate and provide assurance on the strategic risks an organisation is faced with and how these risks are being managed.



## Domain 1.1: Leadership principles

At the end of this course, candidates will apply knowledge of management and leadership into practice.

Topics At the end of this course, candidates will be able to:	Outcome
<b>1.1.a</b> Formulate an approach to management and leadership.	<ul style="list-style-type: none"> <li>• Differentiate between leadership and management.</li> <li>• Appraise and critique dominant theories to understand the pros and cons of each of the theories presented.</li> <li>• Investigate the suitability of the various theories to the students' work environment.</li> <li>• Using the existing theories as foundation, develop a suitable theory.</li> <li>• Defend the approach selected.</li> </ul>
<b>1.1.b</b> Investigate the role of the CAEs and managers.	<ul style="list-style-type: none"> <li>• Examine the IIA resources and publications to have a very clear understanding of the expected role of the CAE.</li> <li>• Compare the role of your CAE to the IIA's expectations.</li> <li>• Appraise the value added by the CAE in your organisation and the IIA standards.</li> <li>• Examine the standards to have a very clear understanding of the expected role of management.</li> <li>• Compare the role of the CAE and manager.</li> <li>• Distinguish between operational and strategic management.</li> </ul>
<b>1.1.c</b> Develop an approach for setting the view from the top to provide vision, empower, and show direction.	<ul style="list-style-type: none"> <li>• Formulate an approach to ensure effective communication from board level briefings to operational level.</li> </ul>
<b>1.1.d</b> By showing an in-depth appreciation of the relationship between structure and strategy.	<ul style="list-style-type: none"> <li>• Formulate a strategy that aligns strategy and structure.</li> <li>• Establish an appropriate structure to support the strategy.</li> </ul>
<b>1.1.e</b> Apply the principles of evidence-based decision making.	<ul style="list-style-type: none"> <li>• Be able to gather, record and evaluate the evidence.</li> <li>• Collating evidence.</li> <li>• Building your case.</li> </ul>

## Domain 1.2: Organisational strategy

At the end of this course, candidates will develop, implement, and provide assurance on strategy.

Topics At the end of this course, candidates will be able to:	Outcomes
<b>1.2.a</b> Define strategy by evaluating its role in determining and creating stakeholder value.	<ul style="list-style-type: none"> <li>• Define what is meant by 'strategy', how strategy differs from operations and why this is significant.</li> <li>• Differentiate between strategy in the public and the private sectors.</li> <li>• Critique the factors influencing strategy and develop guidance how these factors are either mitigated or controlled in the strategy.</li> <li>• Describe the levels of strategy.</li> <li>• Define what is meant by 'value', and how value is added to both products and services.</li> <li>• Analysing and understanding competitors.</li> </ul>
<b>1.2.b</b> Apply the strategic framework and process to establish an effective strategy for evaluation.	<ul style="list-style-type: none"> <li>• Analysis of the possible types of strategies and postulating the reasons why an organisation may select one approach by demonstrating advantages and disadvantages of different frameworks.</li> <li>• Differentiate between deliberate and emergent strategies, understanding the advantages and disadvantages of both, and the impact these have on the organisation and the strategy setting process.</li> <li>• Understand the impact of identified risks, and unidentified risks and other uncertainties and how this will impact on the delivery of the strategy.</li> <li>• Critically evaluate the steps and processes applied to draft and select the strategy.</li> </ul>



<b>1.2.c</b> Examine the relationship between strategy development and technology.	<ul style="list-style-type: none"> <li>• Examine the relationship between strategy and technology insofar as whether the strategy is driving technological advancement, or if existing technology is one of the driving forces behind the strategy.</li> <li>• Demonstrate in-depth insight this will have on the strategy and the risks that come with either approach.</li> </ul>
<b>1.2.d</b> Execute and deliver the strategy by translating it into action plans and activities to steer the organisation and achieve the strategic objectives.	<ul style="list-style-type: none"> <li>• Clarify the strategy and its intentions by getting rid of jargon and phrasing it in plain English ensuring to address the fears and concerns that teams and managers may have.</li> <li>• Develop a communications plan to appropriate stakeholder groups.</li> <li>• Translate the strategic objectives into tactics and cascade to managers and teams.</li> <li>• Translate the tactics into operational objectives and KPIs with appropriate reporting.</li> <li>• Plan the implementation of the strategy paying careful considering on workload and how the new strategy will impact on existing processes.</li> </ul>
<b>1.2.e</b> Examine the role of 'governance', 'risk', and 'control' when formulating strategy.	<ul style="list-style-type: none"> <li>• Define what is meant by 'governance', 'risk' and 'control'.</li> <li>• Apply frameworks and mechanisms that will support the organisation in achieving the strategic objectives.</li> <li>• Evaluate the effectiveness of the board.</li> <li>• Evaluate the structure of the organisation and how that impacts on governance.</li> <li>• Design an organisational approach to managing risks to allow the organisation to achieve the strategic objectives.</li> </ul>

### Domain 1.3: Commercial acuity

At the end of this course, candidates will demonstrate their commercial IQ to add value and gain competitive advantage.

Topics At the end of this course, candidates will be able to:	Outcomes
<b>1.3.a</b> Formulate a strategy that critically weighs and selects appropriate business acuity to gain competitive advantage and add value for customers and stakeholders.	<ul style="list-style-type: none"> <li>• Define 'insight' and how it can be applied to the strategy process.</li> <li>• Identify ways in which insight can be developed.</li> <li>• Apply the Marketing Mix approach to improve efficiency and drive sales.</li> <li>• Analyse the supply chain and its impact on the organisation.</li> </ul>
<b>1.3.b</b> Understand how the micro and macro environments impact on the organisation and develop approaches to reduce negative impact.	<ul style="list-style-type: none"> <li>• Apply appropriate models and theories that would achieve a thorough understanding of the micro and macro environments.</li> <li>• Use policies, practices, and procedures to control the microenvironment</li> </ul>
<b>1.3.c</b> Develop financial and reporting policies.	<ul style="list-style-type: none"> <li>• Apply UK accounting standards and IFRS to ensure clear and concise reporting.</li> <li>• Develop quantitative and qualitative KPIs to report on standards and policies.</li> </ul>
<b>1.3.d</b> Design an organisation structure that will contribute to the achievement of strategic objectives.	<ul style="list-style-type: none"> <li>• Apply and customise various structures in order to develop a structure that will support the organisation in achieving its strategic objectives.</li> </ul>
<b>1.3.e</b> Advise and provide assurance on the strategy setting process and the implementation thereof.	<ul style="list-style-type: none"> <li>• Explain 'assurance' by referencing the types and sources of assurance.</li> <li>• Evaluate the issues associated with strategic assurance and the risk associated with strategy and organisational change.</li> </ul>



## Domain 1.4: Organisational culture

At the end of this course candidates should understand the role and value of culture in delivering strategic objectives and be able to effect change and utilise culture as a driving force to achieving competitive advantage.

Topics At the end of this course, candidates will be able to:	Outcomes
<b>1.4.a</b> Understand what organisational culture is and its impact on setting and implementing strategy.	<ul style="list-style-type: none"> <li>• Understand what culture is and how it is determined.</li> <li>• Examine and interpret the prevalence of different cultures within the organisation and the impact this may have.</li> <li>• Explain the key drivers of organisational culture.</li> <li>• Examine the relationship between culture and internal politics.</li> <li>• Value political awareness within the context of organisational culture.</li> <li>• Evaluate the organisational culture and assess its suitability for driving the strategic objectives.</li> <li>• Develop and implement a process to change culture, with an in-depth understanding of the risks associated with change programmes.</li> </ul>
<b>1.4.b</b> Value diversity and equality and how it can contribute to delivering the strategic objectives.	<ul style="list-style-type: none"> <li>• Understand what diversity and equality is and why it is important.</li> <li>• Promote diversity and equality and address concerns around discrimination.</li> <li>• Value diversity and equality at all levels of the organisation, including the board.</li> </ul>

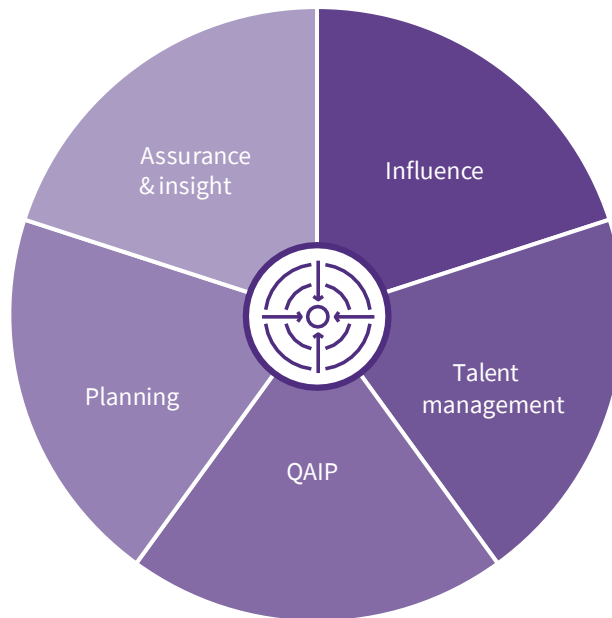
## Domain 1.5: Corporate social responsibility & sustainability

At the end of this course, candidates will understand the role of CSR and sustainability when setting strategy, and how it can be leveraged to achieve the strategic objectives.

Topics At the end of this course, candidates will be able to:	Outcomes
<b>1.5.a</b> Appraise the role of CSR in strategy and how it can contribute to achieve strategic objectives.	<ul style="list-style-type: none"> <li>• Define CSR and ethical behaviour.</li> <li>• Examine the relationship between CSR and Corporate Governance.</li> <li>• Appraise the impact of sustainability will have on the organisation, both internally and externally.</li> <li>• Identify CSR data collection to be used in decision making and assurance.</li> </ul>
<b>1.5.b</b> Implement appropriate legislation and regulation.	<ul style="list-style-type: none"> <li>• Identify and prioritise implementing legislation and regulation.</li> <li>• Appreciation of the complexities dealing with legislation and regulation in different countries where the organisation operates.</li> </ul>
<b>1.5.c</b> Appraise the value and commercial value of CSR.	<ul style="list-style-type: none"> <li>• Investigate how CSR can add commercial value to the organisation.</li> </ul>
<b>1.5.d</b> Understand the drivers for sustainability.	<ul style="list-style-type: none"> <li>• Value the impact that social, economic, and environmental factors have on the strategic objectives of the organisation.</li> <li>• Explain the risks sustainability presents to the organisation, and contrast these to the risks should an organisation not consider sustainability.</li> </ul>
<b>1.5.e</b> Value the role of industry standards and benchmarking when setting strategic objectives.	<ul style="list-style-type: none"> <li>• Appraise the impact of competitors and their sustainability strategies on the objectives of the organisation.</li> </ul>



# Module 2: Leadership



## Primary objective

This module provides candidates with the competencies and skills required of internal audit leaders to formulate strategic and operational plans for effective internal audit teams. The module introduces the challenges confronting CAE/HIAs to allow them to lead from the front and manage the teams with knowledge and expertise.

The internal audit function is therefore the focus of this module, representing the operational and strategic responsibilities of the CAE/HIA and dealing with:

- Planning, supervising, and communicating engagement decision to senior management.
- Critically evaluating the inherent risk and control implications of different business processes.
- Developing and delivering a risk-based audit programme to help an organisation succeed.
- Developing stakeholder relationships and acting as an independent assurer.
- Lead and manage projects and investigations as required by senior stakeholders.

## Secondary objectives

Upon successfully completing this module, the candidates will be able to:

1. Develop an approach to assess the quality of internal audit activity and address any shortcomings.
2. Design an approach that will maximise the efficiency and effectiveness of internal audit services by recruiting and developing the necessary skills sets to perform audits, provide continuity, and increase productivity.
3. Formulate an approach to providing assurance that will ensure the organisation acts responsibly and adds value for customers, shareholders, and other stakeholders.
4. Develop opportunities for engagement and promotion of the internal audit function.



## Domain 2.1: Planning

At the end of this course, candidates will be able to plan the short, medium, and long-term activities for the internal audit unit.

Topics At the end of this course candidates will be able to:	Outcomes
<b>2.1.a</b> Develop a plan for the internal audit activity.	<ul style="list-style-type: none"> <li>• Distinguish corporate and internal audit strategy.</li> <li>• Align corporate and internal audit strategy and objectives.</li> <li>• Review sources of documentation as information as evidence to support decision making.</li> <li>• Appraise the internal audit planning process.</li> <li>• Analyse the factors that may impact on the plan.</li> <li>• Evaluate the role of IT and software solutions in achieving the strategic and operational objectives.</li> <li>• Judge the role that the geography of the audit team will play, not just to achieve objectives but also in terms of communication, morale, and motivation.</li> </ul>
<b>2.1.b</b> Develop a plan for the monitoring of ethical policies.	<ul style="list-style-type: none"> <li>• Review and evaluate ethical policies developed by the activity and the organisation.</li> <li>• Evaluate and review the adherence to ethical policies.</li> <li>• Evaluate the take up and implementation of ethical policies to allow for an ethical organisation.</li> </ul>
<b>2.1.c</b> Manage the resources of the audit activity, while controlling the risks that could prevent the organisation from achieving its objectives.	<ul style="list-style-type: none"> <li>• Analyse the type of budgets that can be used and how these can be used to manage and monitor performance.</li> <li>• Evaluate the role of remuneration.</li> <li>• Develop a plan for the allocation of finances and other resources across the function.</li> <li>• Review risks that could impact on the effectiveness of the internal audit team.</li> <li>• Manage other risks associated with the internal audit operations.</li> </ul>

## Domain 2.2: Influence

At the end of this course candidates will be able to establish professional networks to promote the role of internal audit to key stakeholders.

Topics At the end of this course candidates will be able to:	Outcomes
<b>2.2.a</b> Promote the importance of internal audit and the contribution to the effectiveness of the organisation.	<ul style="list-style-type: none"> <li>• Argue the role of advocacy and influence.</li> <li>• Promote the value of internal audit internally at a senior exec / board level.</li> <li>• Promote the value of internal audit internally at an operational level.</li> <li>• Establish and maintain professional networks and alliances.</li> </ul>
<b>2.2.b</b> Develop and maintain the audit relationships.	<ul style="list-style-type: none"> <li>• Establish working relationships with clients / auditees.</li> <li>• Establish working relationships with external audit and other regulators.</li> <li>• Establish working relationships with external stakeholders.</li> </ul>
<b>2.2.c</b> Evaluate the role of stakeholders throughout the Internal Audit process.	<ul style="list-style-type: none"> <li>• Differentiate stakeholder groups.</li> <li>• Manage the expectations of key stakeholders.</li> <li>• Identify levels of engagement considering the power and influence of each group with the associated risks.</li> </ul>



### Domain 2.3: Quality assurance and improvement program

At the end of this course candidates will be able to monitor and control the quality of audits.

Topics At the end of this course candidates will be able to:	Outcomes
<b>2.3.a</b> Implement continuous quality assurance and improvement program.	<ul style="list-style-type: none"> <li>Examine QIAP and client satisfaction.</li> <li>Design a follow-up process for audit.</li> <li>Formulate a control process for audit.</li> </ul>
<b>2.3.b</b> Apply benchmarks to monitor quality.	<ul style="list-style-type: none"> <li>Examine and apply various control frameworks.</li> <li>Formulate KPIs that allows for evaluation of success criteria.</li> <li>Benchmark the quality and success criteria of the internal audit function externally to the organisation.</li> </ul>
<b>2.3.c</b> Ensure that the internal audit function remains independent and objective.	<ul style="list-style-type: none"> <li>Develop an internal audit charter.</li> <li>Implement reporting lines that will nurture independence and objectivity.</li> </ul>

### Domain 2.4: Assurance and insight

At the end of this course candidates will be able to provide assurance across the organisation.

Topics At the end of this course candidates will be able to:	Outcomes
<b>2.4.a</b> Deliver a consistent assurance message and approach across the organisation.	<ul style="list-style-type: none"> <li>Identify and appraise various types of assurance.</li> <li>Appraise the different sources on which assurance can be based.</li> <li>Develop policies and processes for assurance.</li> </ul>
<b>2.4.b</b> Provide assurance on the strategic activities and objectives of the organisation.	<ul style="list-style-type: none"> <li>Provide insight and assurance on the strategic process and the objectives.</li> <li>Provide assurance on organisational change.</li> <li>Provide assurance on fraud and related unethical behaviour.</li> <li>Provide assurance on CSR, ethics, and sustainability.</li> <li>Develop suitable consultation approaches.</li> </ul>

### Domain 2.5: Talent management

At the end of this course candidates will be able to manage talent and resources in such a way as to reach the strategic and operational objectives of the internal audit team.

Topics At the end of this course candidates will be able to:	Outcomes
<b>2.5.a</b> Maximise the efficiency and effectiveness of internal audit services by providing appropriate policies, processes, and support to the internal audit team.	<ul style="list-style-type: none"> <li>Formulate approaches for building teams and building relationships.</li> <li>Author a strategy to keep the team motivated.</li> <li>Develop and implement plans to manage teams of various sizes and in different geographic locations.</li> <li>Develop opportunities for learning and development.</li> <li>Produce policies around recruitment, remuneration, retention, and succession planning.</li> <li>Meaningful engagement with the team to understand both the professional and personal challenges they are facing, thereby allowing for holistic wellbeing.</li> </ul>
<b>2.5.b</b> Nurture the talent of individuals.	<ul style="list-style-type: none"> <li>Implement an effective people strategy.</li> <li>Manage the performance of individuals in the team.</li> <li>Create opportunities for CPE, learning and skills development.</li> <li>Demonstrate and maintain ethical leadership and professionalism.</li> </ul>





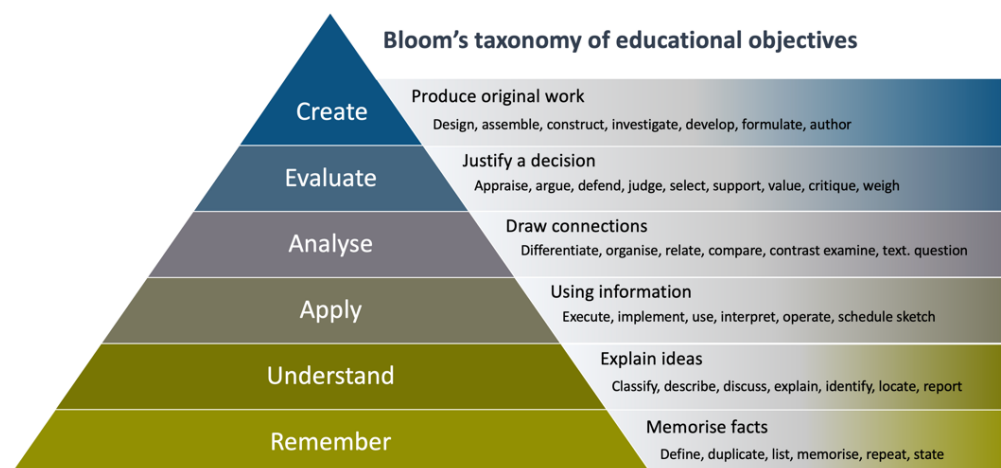
# Attachments

Attached documents are for clarification only and do not form part of the syllabus



# Bloom's taxonomy of educational objectives

This syllabus references the Bloom's taxonomy of educational objectives within all the Learning Objectives to give candidates a clear steer on the expectations of the syllabus and the skills and competencies that will be examined during the assessments. The taxonomy classifies learning objectives into complexity and specificity. It places the lower cognitive domains at the bottom of the pyramid and as you approach the top the cognitive demand on the candidate will increase.



Bloom and his colleagues devised three domains that reflect the types of learning most candidates will undertake. Each domain has different levels of learning, and these are ordered from the simplest to the most complex:

- The cognitive domain deals with thinking and experience.
- The affective domain deals with emotion and feeling.
- The psychomotor domain deals with practical and physical learning.

Of the three domains, the cognitive domain is of primary importance here. It is about knowledge and mental skills and as you move up the levels the cognitive function becomes more sophisticated. At the bottom of the pyramid are the recall functions and the ability to memorise and repeat basic concepts. These require the candidate to remember the facts and to explain the concepts and ideas in their own words. This can then also be applied to other situations which allows for further connections and links between different ideas. In assessments, the candidate must justify a decision and argue the pros or cons of the concept and introduces the notion of judgement within the objectives. The pyramid is topped off when the candidate can draw from different backgrounds and pre-existing content to produce a new or original work.

This is important as learning objectives and outcomes which reference the taxonomy establish a better pedagogical dialogue so that candidates and teachers can understand the purpose of the learning and what the end goal is. This clarifies the expectations of the course to the candidates that also helps trainers to plan and deliver the cause, forms the backbone of formative and summative assessments, and finally ensures that instruction and assessment are aligned with these objectives. This will then allow for objective assessment to ensure that multiple candidates are measured against the same requirements.

It is the top three levels that will be examined in this syllabus. As a senior level qualification this syllabus expects the candidate to be able to organise, contrast and compare theory and practice. It therefore assumes a certain level of existing knowledge and experience and candidates must consider that this may not be stated or indicated within the syllabus itself. Most of the learning outcomes deals with the appraisal of theory and practice to judge risks and controls and to defend or critique certain actions. It also expects the candidate to construct and develop new theories and approaches based on or referencing acceptable and dominant theory. The learning outcomes all include an action verb that can be clearly referenced against the taxonomy, and it is critical that candidates consider this as they prepare for the exams and the professional conferral.



It is important to understand the goal of formative assessment and summative assessment. Formative assessment take place as the candidate progresses through the course while summative assessment takes place at the end of the course - in the case of this syllabus these would be the assignments. Therefore, formative assessment focuses more on the strengths and weakness of the candidates allowing the tutor to recognise where individuals may be struggling. It is therefore not an exam in miniature but evaluates the candidate's progress to ensure that learning is happening at a suitable pace for the candidate to be successful when the summative assessment takes place. It is possible, or even likely, that assignments may deal with areas of lower cognitive significance while the same syllabus area is assessed at the higher level within the summative assessment.

---



# Syllabus clarification

Module	Module 1: Strategy
Syllabus topic	1.3.c Develop financial and reporting policies.
Learning outcomes	<ul style="list-style-type: none"> <li>• Apply UK accounting standards and IFRS to ensure clear and concise reporting.</li> <li>• Develop quantitative and qualitative KPIs to report on standards and policies.</li> </ul>
Date	10 January 2022

This note clarifies the syllabus topic 1.3.c and the learning outcomes on the application of the IFRS. The objective is to provide a steer to members enrolled on the Chartered by Learning programme on the expectations of the course and the assessments and the level of competency to be demonstrated. It is not intended to be a comprehensive or definitive interpretation of the syllabus topic and candidates can use this as a point of departure to guide further reading and analysis around the syllabus topic.

## Scope of this syllabus topic

Candidates are not expected to have a detailed knowledge of IFRS or FRC. A Chief Audit Executive (CAE) should have a working knowledge of reporting insofar as it impacts on the work undertaken by the internal audit function. The internal audit competency framework highlights the following requirements:

Knowledge area	Competency level descriptor
Organisational strategic planning and management	Recommend improvements to the overall control environment and risk management strategy.
	Select appropriate performance measures.
	Recommend appropriate organisational behaviour and performance management techniques.
Accounting and finance	Evaluate financial statement accuracy and provide assurance.

## Background

International Financial Reporting Standards (IFRS) are a set of accounting rules for the financial statements of public companies that are intended to make them consistent, transparent, and easily comparable around the world.

IFRS currently are applied in 166 jurisdictions, including those in the UK and the European Union.

IFRS are issued by the [International Accounting Standards Board](#) (IASB), a London-based not-for-profit.

IFRS specify in detail how companies must maintain their records and report their expenses and income. They were established to create a common accounting language that could be understood globally by investors, auditors, government regulators, and other interested parties.

The standards are designed to bring consistency to accounting language, practices, and statements, and to help businesses and investors make educated financial analyses and decisions.



US public companies are required to use Generally Accepted Accounting Principles (GAAP) and will not be switching to IFRS. However, foreign registered companies are permitted to use IFRS when reporting in the US.

## Syllabus elements

Risks related to financial reporting objectives are likely to feature prominently within any PLC and the basis for the many internal controls, such as risks of erroneous valuation, incomplete disclosure, overstatement of assets, or fraud (e.g., misrepresentation). Reliable financial reporting is the key internal control objective because of its importance not only in satisfying legal and regulatory issues but also in ensuring efficiency and stewardship over the organisation's resources.

The Chief Audit Executive needs a thorough understanding of the performance measures of the organisation and must know the validity and accuracy of the performance and reporting measures and how these are used for decision making. Financial information can be complex and should be reported in a clear and concise manner.

## Internal control framework

The internal control framework by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) states that reporting internal and external reporting objectives should be transparent, timely and reliable.

Candidates need to have a thorough understanding of the COSO framework and how it impacts on the various parts of the business.

## Clear and concise reporting

Supporting the principle of effective communication is the FRC's Clear & Concise initiative with the following objectives:

- Communication that is focused on the needs of the audience.
- Greater emphasis on the application of materiality.
- Improvement in the relevance and readability of annual reports.
- Consideration of other channels for reporting information.

These objectives are echoed in the IASB's Better Communication in Financial Reporting project. IASB is also currently [considering standards](#) around disclosure.

Candidates must have a good understanding on the requirements and proposals of regulators.

## Performance indicators and policy

To ensure consistence of approach, the organisation should define performance indicators to be reported on in a suitable policy document. Candidates can consult the Chartered IIA's resources on [Internal Audit performance measurement](#) or [Measuring internal audit effectiveness and efficiency](#).

## Possible additional resources to consider:

- Financial Reporting Council: [Clear and Concise reporting](#). [accessed 8 January 2022]
- Financial Reporting Council: [Towards Clear and Concise Reporting](#). [accessed 8 January 2022]
- International Accounting Standards Board: [Better Communication in Financial Reporting](#). [accessed 8 January 2022]
- International Accounting Standards Board: [Conceptual Framework for Financial Reporting](#). [accessed 8 January 2022]
- CIMA: [Performance Reporting to Boards: A guide to good practice](#). [accessed 8 January 2022]
- Institute of Internal Auditors: [IFRS: What Internal Auditors Need to Know](#). [accessed 8 January 2022]



# About the Chartered Institute of Internal Auditors

**The Chartered Institute of Internal Auditors is the only professional body dedicated exclusively to training, supporting and representing internal auditors in the UK and Ireland. We have 10,000 members in all sectors of the economy.**

First established in 1948, we obtained our Royal Charter in 2010. About 2,500 members are Chartered Internal Auditors and have earned the designation CMIIA. Over 1,000 of our members hold the position of head of internal audit and the majority of FTSE 100 companies are represented amongst our membership.

Members are part of a global network of 200,000 members in 170 countries, all working to the same International Standards and Code of Ethics.

Stay connected



Chartered Institute of Internal Auditors

14 Abbeville Mews  
88 Clapham Park Road  
London  
SW4 7BX  
Tel: 020 7498 0101  
Email: [info@iia.org.uk](mailto:info@iia.org.uk)  
[www.iia.org.uk](http://www.iia.org.uk)  
© 2023



Chartered Institute of  
Internal Auditors