



Chartered
Institute of
Internal
Auditors

Global Internal Audit Standards

What an audit committee needs to know

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Agenda

Purpose of the Audit Committee

10 Questions to ask internal audit

International Professional

Practices Framework, 2025

Global Internal Audit Standards

Purpose of Audit Committee

‘The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.’

CIPFA 2022 Position Statement

‘The audit committee is responsible for discharging governance responsibilities in respect of audit, risk and internal control, and will report to the board as appropriate. It will assist the board in fulfilling its responsibilities regarding all matters related to external and internal financial reporting and maintain an appropriate relationship with the company’s auditors.’

UK Corporate Governance Code, January 2024

The Global Internal Audit Standards, 2024, do not provide a purpose of the Audit Committee (Board), but does allocate numerous responsibilities and expectations on the Audit Committee in Domain III – as Essential Conditions. It does provide a definition of its term ‘Board’ as being *‘the body or bodies authorized to provide the internal audit function with the appropriate authority, role, and responsibilities.’*



CIPFA Position Statement 2022

- **Support** a comprehensive understanding of governance...
- **Consider** the effectiveness of the authority's risk management arrangements...
- **Monitor** the effectiveness of the system of internal control...
- **Be satisfied** that the authority's accountability statements, ... properly reflect the risk environment, ... and demonstrate how governance supports the achievement of the authority's objectives.
- **Support** the maintenance of effective arrangements for financial reporting...
- **Consider** the arrangements in place to secure adequate assurance...
- **Consider** the opinion, reports and recommendations of external audit....
- **Contribute** to the operation of efficient and effective external audit arrangements
- **Support** effective relationships between all providers of assurance





International Professional Practices Framework® (IPPF)





Global Internal Audit Standards

Five Domains, 15 Principles

I. Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate Integrity 2. Maintain Objectivity 3. Demonstrate Competency 4. Exercise Due Professional Care 5. Maintain Confidentiality

III. Governing the Internal Audit Function

- 6. Authorized by the Board
- 7. Positioned Independently
- 8. Overseen by the Board

IV. Managing the Internal Audit Function

- 9. Plans Strategically
- 10. Manages Resources
- 11. Communicates Effectively
- 12. Enhances Quality

V. Performing Internal Audit Services

- 13. Plan Engagements Effectively
- 14. Conduct Engagement Work
- 15. Communicate Engagement Conclusions and Monitor Action Plans



Domain I – Purpose of Internal Auditing

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organization's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.



Domain I – Purpose of Internal Auditing

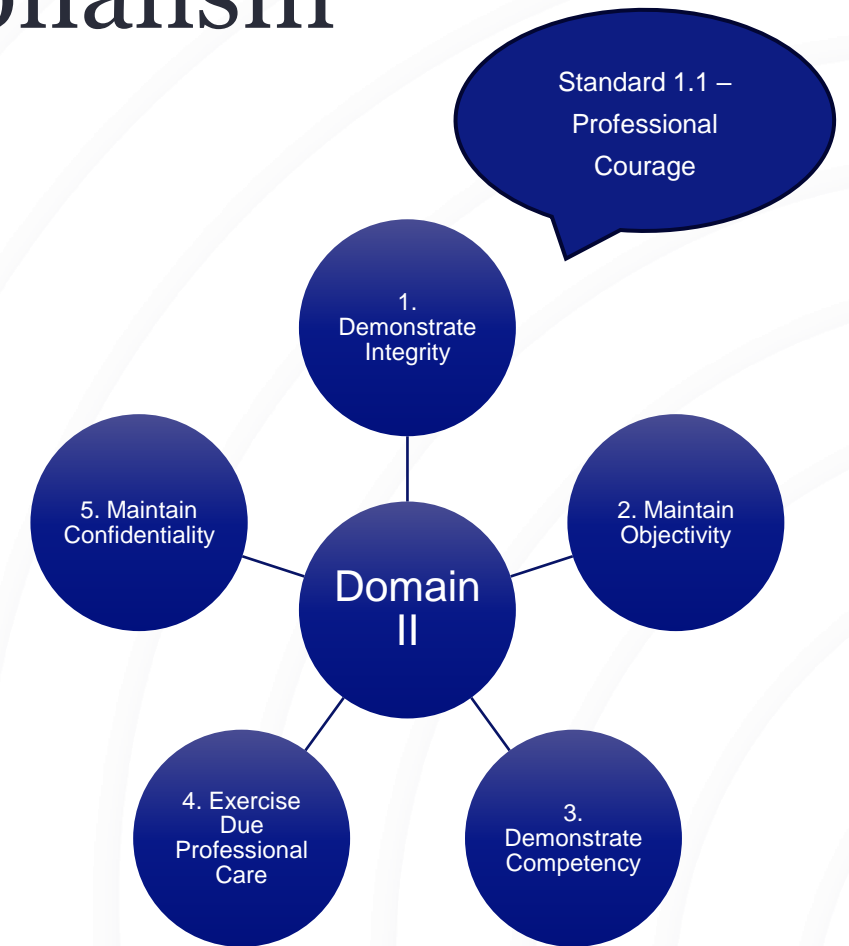
- **Do you understand the purpose statement in Domain I – have you discussed this with the CAE?**
- **What do you as an audit committee expect to see from the internal audit function (IAF) in terms of assurance, advice, insight and foresight?**
- **Has this been shared/discussed?**
- **Is it being delivered?**
- **Have you defined what is meant by ‘public interest?’**



Domain II – Ethics and Professionalism

INTRODUCTION

The principles and standards in the Ethics and Professionalism domain of the Global Internal Audit Standards replace The IIA's former Code of Ethics and outline the behavioral expectations for professional internal auditors; including chief audit executives, other individuals, and any entities that provide internal audit services. Conformance with these principles and standards instills trust in the profession of internal auditing, creates an ethical culture within the internal audit function, and provides the basis for reliance on internal auditors' work and judgment.



Domain II – Ethics and Professionalism

- How does your IAF culture support the ability for all IA staff to speak up and have professional discussions?
- Are differences of opinion between the IAF and Senior Management being escalated to you as audit committee and are you equipped with the means to resolve these?
- Is your governance set up in order to conform with Domain II – i.e. does your audit committee meet the requirement in relation to integrity, objectivity, competency, due professional care and confidentiality?



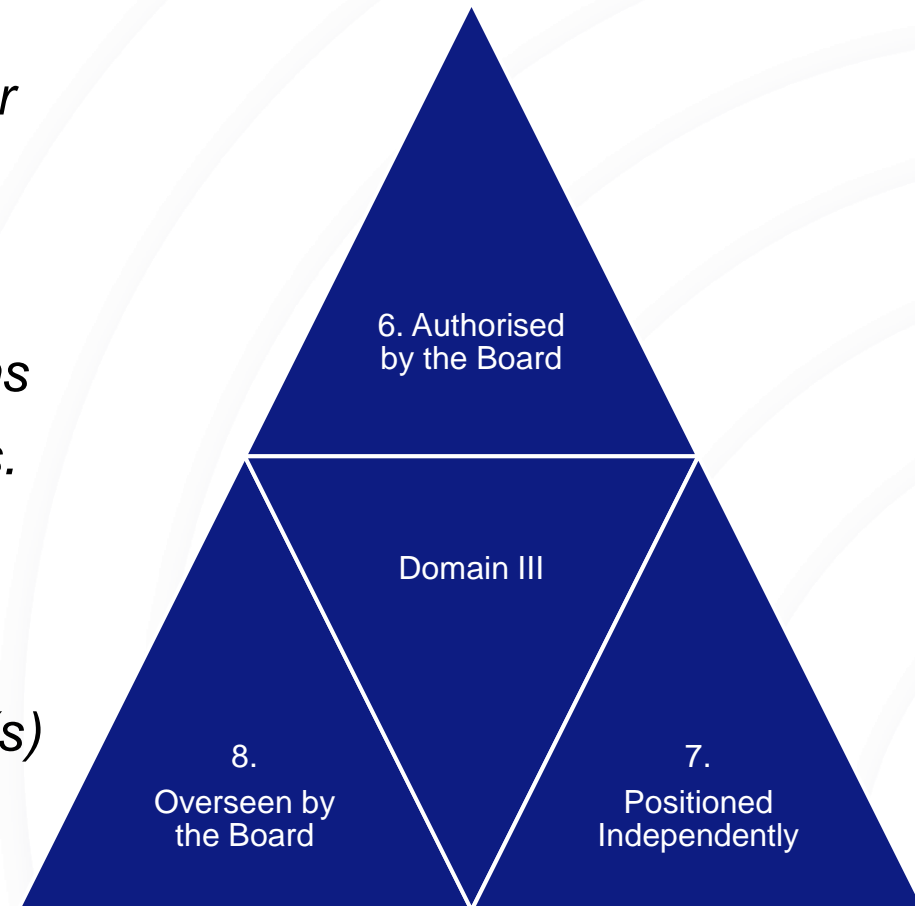
Domain III Governing the Internal Audit Function

INTRODUCTION

The CAE must discuss this domain with the board and senior management.

The discussions are needed to inform the board and senior management about the importance of the essential conditions and to gain alignment among their respective responsibilities.

If either the board or senior management disagrees with one or more of these essential conditions, the CAE must emphasize – with examples – how absence of the condition(s) may affect the internal audit function’s ability to fulfil its purpose or conform with specific standards.



Principle 6 – Authorised by the Board

1. Discuss with the chief audit executive and senior management the appropriate authority, role, and responsibilities of the internal audit function.
2. Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.
3. Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function.
4. Approve the internal audit charter.
5. Review the internal audit charter with the chief audit executive to consider changes affecting the organization, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization.
6. Champion the internal audit function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.



Principle 6 – Authorised by the Board

7. Work with senior management to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate.
8. Support the chief audit executive through regular, direct communications.
9. Demonstrate support by:
 - Specifying that the chief audit executive reports to a level within the organization that allows the internal audit function to fulfill the internal audit mandate.
 - Approving the internal audit charter, internal audit plan, budget, and resource plan.
 - Making appropriate inquiries of senior management and the chief audit executive to determine whether any restrictions on the internal audit function's scope, access, authority, or resources limit the function's ability to carry out its responsibilities effectively.
 - Meeting periodically with the chief audit executive in sessions without senior management present.



Principle 7 – Positioned Independently

10. Establish a direct reporting relationship with the chief audit executive and the internal audit function to enable the internal audit function to fulfill its mandate.
11. Authorize the appointment and removal of the chief audit executive.
12. Provide input to senior management to support the performance evaluation and remuneration of the chief audit executive.
13. Provide the chief audit executive with opportunities to discuss significant and sensitive matters with the board, including meetings without senior management present.
14. Require that the chief audit executive be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the board when necessary.
15. Acknowledge the actual or potential impairments to the internal audit function's independence when approving roles or responsibilities for the chief audit executive that are beyond the scope of internal auditing.



Principle 7 – Positioned Independently

16. Engage with senior management and the chief audit executive to establish appropriate safeguards if chief audit executive roles and responsibilities impair or appear to impair the internal audit function's independence.
17. Engage with senior management to ensure that the internal audit function is free from interference when determining its scope, performing internal audit engagements, and communicating results.
18. Review the requirements necessary for the chief audit executive to manage the internal audit function, as described in Domain IV: Managing the Internal Audit Function.
19. Approve the chief audit executive's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.
20. Engage with senior management to appoint a chief audit executive with the qualifications and competencies necessary to manage the internal audit function effectively and ensure the quality performance of internal audit services.



Principle 8 – Overseen by the Board

21. Communicate with the chief audit executive to understand how the internal audit function is fulfilling its mandate.
22. Communicate the board's perspective on the organization's strategies, objectives, and risks to assist the chief audit executive with determining internal audit priorities.
23. Set expectations with the chief audit executive for:
 - The frequency with which the board wants to receive communications from the chief audit executive.
 - The criteria for determining which issues should be escalated to the board, such as significant risks that exceed the board's risk tolerance.
 - The process for escalating matters of importance to the board.
24. Gain an understanding of the effectiveness of the organization's governance, risk management, and control processes based on the results of internal audit engagements and discussions with senior management.
25. Discuss with the chief audit executive disagreements with senior management or other stakeholders and provide support as necessary to enable the chief audit executive to perform the responsibilities outlined in the internal audit mandate.



Principle 8 – Overseen by the Board

26. Collaborate with senior management to provide the internal audit function with sufficient resources to fulfill the internal audit mandate and achieve the internal audit plan.
27. Discuss with the chief audit executive, at least annually, the sufficiency, both in numbers and capabilities, of internal audit resources to fulfill the internal audit mandate and achieve the internal audit plan.
28. Consider the impact of insufficient resources on the internal audit mandate and plan.
29. Engage with senior management and the chief audit executive on remedying the situation if the resources are determined to be insufficient.
30. Discuss with the chief audit executive the quality assurance and improvement program, as outlined in Domain IV: Managing the Internal Audit Function.
31. Approve the internal audit function's performance objectives at least annually. (See also Standard 12.2 Performance Measurement.)
32. Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:
 - Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws, and regulations; ability to meet the internal audit mandate; and progress toward completion of the internal audit plan.
 - Considering the results of the internal audit function's quality assurance and improvement program.
 - Determining the extent to which the internal audit function's performance objectives are being met.



Principle 8 – Overseen by the Board

33. Discuss with the chief audit executive the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.
34. Collaborate with senior management and the chief audit executive to determine the scope and frequency of the external quality assessment.
35. Consider the responsibilities and regulatory requirements of the internal audit function and the chief audit executive, as described in the internal audit charter, when defining the scope of the external quality assessment.
36. Review and approve the chief audit executive's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
 - The scope and frequency of assessments.
 - The competencies and independence of the external assessor or assessment team.
 - The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.
37. Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.
38. Review and approve the chief audit executive's action plans to address identified deficiencies and opportunities for improvement, if applicable.
39. Approve a timeline for completion of the action plans and monitor the chief audit executive's progress.



Domain III – Governing Internal Audit

- Has a gap analysis been done against the essential conditions – usually by the CAE?
- Have you discussed the gaps and identified:
 - Actions to move to conforming with the relevant essential condition and included this on the QAIP of the IAF?
 - Alternative activities in place which conform with the intent of the essential condition and documented this within the internal audit charter?
 - Essential conditions which will not be conformed with, agreed why and documented this within the internal audit charter along with the impact.



Domain IV – Managing the Internal Audit Function

*The **chief audit executive** is responsible for managing the internal audit function in accordance with the internal audit charter and Global Internal Audit Standards. This responsibility includes strategic planning, obtaining and deploying resources, building relationships, communicating with stakeholders, and ensuring and enhancing the performance of the function.*



Principle 9 – Plans Strategically

Standard 9.2 Strategic Plan

- Does the IAF have a strategic plan?
- Yes – Is it aligned it to the requirements in Standard 9.2?
- No – is the CAE in the process of developing one?
- Have you as the Audit Committee and Senior Management seen it, had input into it?



Domain V – Performing Internal Audit Services

INTRODUCTION

Performing internal audit services requires internal auditors to effectively plan engagements, conduct the engagement work to develop findings and conclusions, collaborate with management to identify recommendations and/or action plans that address the findings, and communicate with management and the employees responsible for the activity under review throughout the engagement and after it closes.



Root Cause Analysis

- Is the IAF using root cause analysis to evaluate the findings and drive your recommendations?
- In theme reports from IAF are root cause categories being used?



Application Considerations

Small Internal Audit Functions

‘While conformance with the requirements is expected, internal auditors occasionally may be unable to conform with a requirement yet still achieve the intent of the standard. Circumstances that may necessitate adjustments are often related to resource limitations or specific aspects of a sector, industry, and/or jurisdiction. In these exceptional circumstances, alternative actions should be implemented to meet the intent of the related standard.’

‘The internal audit function’s ability to fully conform with the Standards may be affected by its size or the size of the organization. With limited resources, completing certain tasks may be challenging. Additionally, if the internal audit function comprises only one member, an adequate quality assurance and improvement program will require assistance from outside the internal audit function. ‘



Small Internal Audit Functions

While the GIAS states that a small internal audit function is a circumstance where compliance with the exact Standard may not be possible, the rationale for this and alternative actions / activity needs to be recognised, discussed and documented.

‘In these exceptional circumstances, alternative actions should be implemented to meet the intent of the related standard. The chief audit executive is responsible for documenting and conveying the rationale for the deviation and the adopted alternative actions to the appropriate parties.’

However, the GIAS also recognizes that conformance may not be possible and in Standard 4.1 it explains the steps to take where this is the case.

‘When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale.’

When the non-conformance is permanent then we would recommend that this is explained in the Internal Audit Charter, along with any impacts on the Mandate.



Different Resource Models

The Standards apply to any individual or function that provides internal audit services, whether an organization employs internal auditors directly, contracts them through an external service provider, or both.

Various models:	Responsibilities:
Totally inhouse.	No changes to AC or Senior Management responsibilities.
CAE inhouse but all delivery of the plan is outsourced.	CAE, regardless of model remains responsible for implementing and conformance with the GIAS.
Totally outsourced, including CAE.	Internal Auditors are still responsible for their own conformance with GIAS, regardless of the resourcing model.
Hybrid Inhouse/outsourced– CAE in house with some inhouse team, but specific engagements outsourced Co-sourcing – specific IA engagement are performed by both outsource and inhouse teams working together.	For models using outsourcing and co-sourcing, responsibilities should be clearly explained in contracts / SLAs, including the reporting of conformance / non-conformance.





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Key Activities to expect of IAF

Key Activities for a CAE

1. Perform a gap analysis against the new global standards
 - a. This can be desktop based by one person
 - b. Involve members of the IAF team through workshop / discussion
 - c. Involve the Audit Committee to consider their essential conditions
 - d. Involve senior management to consider their essential conditions
2. Discuss and agree actions to address any gaps, with priorities attached.
3. Add the actions to the existing Quality Assurance Improvement Plan (QAIP) making sure the actions are SMART
4. Where a gap exists that cannot be met due to statutory requirements for example, then discuss this with the Audit Committee and Senior Management and consider where to document this. If this is a permanent non-conformance then an ideal place is within the Internal Audit Charter under an appropriate section.
5. Follow the action plan to address the gaps.



Key Activities for a CAE

6. Review when the next EQA is due and discuss the timing and approach with the Audit Committee to agree when this will next be done and how.
7. Review the position of the IAF team members on any IIA qualifications and understand what the impact is on their study timeline and plan. Agree actions to address any challenges.
8. Plan training of the IAF team on what the changes are to the Standards and then later how the internal audit processes will be changing and why.
9. Create and implement a communication plan for all key stakeholders around the new global standards to raise awareness and explain any changes to how you perform your work.
10. Report on progress to transition to the new Global Internal Audit Standards to the Audit Committee on a regular basis.





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Global IIA and Chartered IIA Support

Global IIA Publications and Support



Standards:

[globalinternalauditstandards_2024january9_editable.pdf \(theiia.org\)](#)

[Condensed Global Internal Audit Standards \(theiia.org\)](#)

[Global Internal Audit Standards, 2024 Edition \(theiia.org\) = \\$225](#)

[Report on the Standard-Setting and Public Comment Process \(theiia.org\)](#)

Articles:

[Two-Way Mapping: 2017 IPPF Mandatory Elements to 2024 Global Internal Audit Standards \(and Back\) \(theiia.org\)](#)

[Glossary Comparison: 2024 Global Internal Audit Standards to 2017 Standards \(theiia.org\)](#)

Webinars:

[Get to Know the New Global Internal Audit Standards \(theiia.org\)](#)

[What the New Standards Mean to Quality Assessments \(theiia.org\)](#)



Global IIA Publications and Support



Tools:

[Model Internal Audit Charter Tool and User's Guide \(theiia.org\)](#) – Word template internal audit charter for both generic and public sector use.

[Executive Summary Domain III: Governing the Internal Audit Function and the Three Lines Model \(theiia.org\)](#) – 2 page guidance to support Audit Committees

[Conformance Readiness Assessment Tool \(theiia.org\)](#)

[Chief Audit Executive's Domain III Toolkit \(theiia.org\)](#)

Global Training Courses:

[Navigating the Global Internal Audit Standards \(theiia.org\)](#) - online aimed at new internal auditors

[Ethically Mastering the Global Internal Audit Standards \(theiia.org\)](#) – online aimed at experienced internal auditors

Others

[Internal Auditor : February 2024 \(mydigitalpublication.com\)](#)





Chartered IIA Publications and Support

- Content Hub | Chartered IIA includes many resources on the introduction of Global Internal Audit standards and the professional practice of internal audit. We continue to update our existing resources, with the project to replace all existing intended to be completed before the Christmas break.
- Chartered Institute of Internal Auditors (Official group) | Groups | LinkedIn – updates on global standards are being posted on the Group LinkedIn page. As well as asking for comments and feedback on activities and consultations of Global.



Chartered IIA Publications and Support



- [Global Audit Standards 2024 Internal Audit Strategy Guidance and Tool Kit](#)
- [Global Internal Audit Standards and Different Resource Models](#)
- [Global Standards 2024 Small Internal Audit Team Guidance](#)
- [Global Audit Standards June 2024 Webinar Slides and Q&A](#)
- [Global Standards 2024 CAE support for Senior Management Guidance and Tool Kit](#)
- [Global Standards 2024 Audit Committee Guidance and Tool Kit](#)



Chartered IIA Publications and Support



- Member of Advisory Panel for the Quality Assessment Manual Guidance published in late summer of 2024
- Advising the Public Sector Internal Audit Standards Board on the Global Standards / PSIAS Project, final Application Note and approach to be published mid December 2024
- Member of the ECIIA Public Sector Project reviewing the global standards for the public sector in the EU – now published
- Feedback to Global IIA on the Topical Requirements: Cybersecurity
- Member of the Advisory Panel for the review of the Competency Framework





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Thank you

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