

Audit Committee Global Standards Transition Questionnaire

| Question | Guidance on the response |
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| Has a timeline to reach conformance in January / April 2025 been developed? | <p>We would expect the timeline to include as a minimum:</p> <ol style="list-style-type: none"> 1. A gap analysis to the new global internal audit standards to be completed by the end of July 2024 2. An action plan to be developed for implementation and agreed by the end of August 2024. 3. All actions to be implemented by end of November 2024 to allow for 'bedding in' and finessing of changes before the deadline of 9 January 2025. |
| Has a gap analysis against the new global internal audit standards been completed? | <p>We would recommend that this is completed by the end of July 2024 at the latest. This allows 5 months for an action plan to be developed and implemented.</p> |
| What method has been used to perform the gap analysis? | <p>As a minimum we would expect the CAE to have completed a desktop based gap analysis.</p> <p>For larger internal audit functions the gap analysis activity may be extended to involve</p> <ul style="list-style-type: none"> - members of the internal audit team - members of the audit committee - members of senior management <p>In addition, the method used may be extended to workshops or the appointment of a third party to complete a gap analysis independently (for example, as part of an External Quality Assessment).</p> |
| Has an action plan been developed? | <p>We would expect the action plan to be agreed by the end of August 2024 to allow for sufficient time to implement and bed in the actions.</p> |
| For the actions in the action plan are they SMART and prioritised? | <p>We would expect all actions to meet the SMART criteria: Specific, Measurable, Achievable, Realistic and Timely. Another test for the quality of the actions is that they address the 5Ws+H: Why, Who, What, Where, When and How.</p> <p>We would expect that all of the actions are due to be completed prior to the deadline of 9 January 2025. Where this is not the case, there should be an action to present areas of non-conformance to the audit committee for discussion, including actions to address the non-conformance and documentation and approval of these.</p> |

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| Have the actions been prioritised appropriately? | <p>All actions should be prioritised. The criteria for prioritisation could be:</p> <p>Quick Wins – regardless of the significance of the gap actions which take little effort to complete. For example, an update to the Internal Audit Manual to reflect current practice that conforms.</p> <p>Priority One – actions where the gap to conformance is significant, but the action required requires some effort. For example, implementing a functional reporting line for the CAE to the Audit Committee.</p> <p>Priority Two - actions where the gap to conformance is significant and the action required has multiple facets/steps. For example, developing and implementing an internal audit strategy where one has never existed previously.</p> <p>Priority Three – actions where the gap to conformance is small but the actions to take are complex and multi-faceted. For example, movement of the administrative reporting line from the Finance Director to the Chief Executive Officer.</p> |
| Are the actions resourced adequately? | <p>With the allocation of the actions, we would expect the action plan to include the resource (staff, time, cost and technologies) that will be needed to complete them.</p> <p>It is likely that additional budgets, in particular internal audit staff time, will be needed and these should be sufficient to ensure the action plan can be achieved.</p> <p>For smaller internal audit functions, it may be necessary to compromise on the action plan, based on the available resources. In this case, the priorities should be used to ensure that as much conformance as possible is achieved by the deadline of 9 January 2025.</p> |
| For larger internal audit functions – have other additional opportunities been identified as part of the gap analysis? | <p>The gap analysis process is an opportunity to challenge not just conformance but also best practice. Therefore, for larger internal audit functions it would not be unreasonable to see additional added value actions being identified and included in the action plan. This is part of a standard Quality Assurance and Improvement Plan in the existing 2017 IPPF Standards.</p> |

Once these questions have been answered then the audit committee should oversee the action plan being implemented.