

# Global Internal Audit Standards 2024 – What Audit Committees need to know

June 2024



Chartered Institute of  
Internal Auditors





# Agenda

The IPPF and Global Standards

---

Key Changes and Areas of Challenge

---

External Quality Assessments

---

Audit Committee To Do List

---

## **Global Internal Audit Standards 2024, Domain III:**

**Appropriate governance arrangements are essential to enable the internal audit function to be effective.**

**...activities of the board [Audit Committee] ...are essential to the internal audit function's ability to fulfill the Purpose of Internal Auditing.**

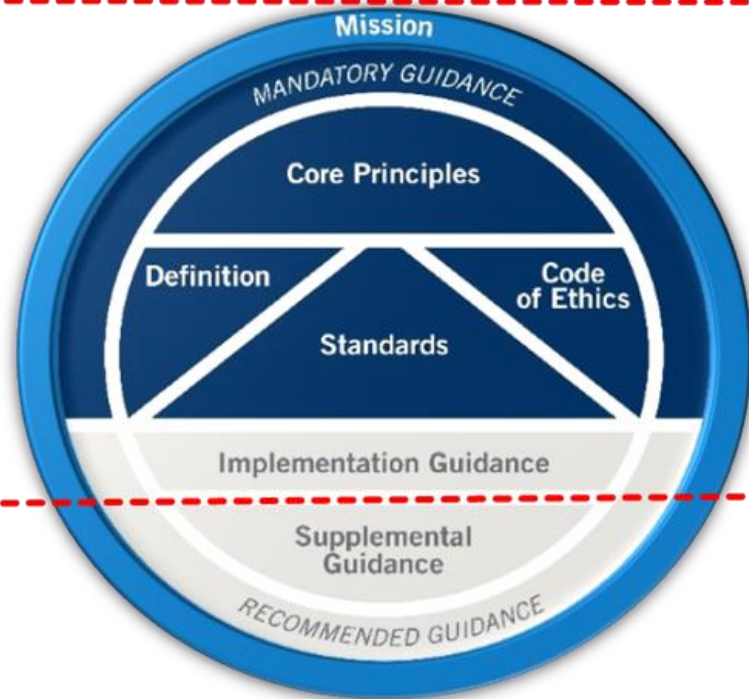


# The IPPF and new Global Standards

# Current IPPF and Global Standards

## Current

International Professional Practices Framework



## Proposed

International Professional Practices Framework

### Global Internal Audit Standards

**Guidance** will continue to be a recommended part of the framework.

### Topical Requirements

A new mandatory element under early consideration but not yet developed.

If approved, Topical Requirements would cover governance, risk management, and control processes over specific audit subjects.



# 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

# Topical Requirements

- Requirements when auditing the topics.
- Recommended practices.
- Applicable for a specific audit topic or engagement.
- Covering aspects of governance, risk management, and control processes.
- Cybersecurity – out for consultation until 3 July
- Sustainability: ESG
- Third Party Management
- Information Technology Governance
- Assessing organisational Governance
- Fraud Risk Management
- Privacy Risk Management
- Public Sector: Performance Audits



## Key Changes and Areas of Challenge



# Glossary

There are some newly defined terms, and slight amends on others. The term 'board' used in the Global Standards is explained in full.

The term **Board** is a collective noun and is defined in the glossary as follows:

*'Highest-level body charged with governance, such as:*

- *A board of directors.*
- *An audit committee.*
- *A board of governors or trustees.*
- *A group of elected officials or political appointees.*
- *Another body that has authority over the relevant governance functions.*

*In an organization that has more than one governing body, "board" refers to the body or bodies authorized to provide the internal audit function with the appropriate authority, role, and responsibilities.*

## 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.

## Domain III – Governing the Internal Audit Function

Board/Audit Committee now have to conform with the Essential Requirements included in the Domain, as well as the Principles and Standards. The following is a summary of these:

- Discussion of Domains I & III of the new global standards at audit committee is required
- The internal audit mandate (documented within the Charter) is to be discussed with the CAE and Senior Management and approved by the Board when presented by the CAE.
- The Board must advocate and champion the internal audit function to support its purpose and enable it to pursue its strategy and objectives. This includes
  - working with senior management,
  - supporting the CAE through regular communication; ensuring that the CAE reports to an appropriate level; approving the mandate, charter, strategy and internal audit plan, **budget** and resource plan; and
  - ensures internal audits authority has not been compromised or limited and meeting with the CAE privately.

# Domain III – Governing the Internal Audit Function

## Principle 7 – Positioned Independently

‘The internal audit function is only able to fulfill the Purpose of Internal Auditing when the chief audit executive reports directly to the board, is qualified, and is positioned at a level within the organization that enables the internal audit function to discharge its services and responsibilities without interference.’



# Domain III – Governing the Internal Audit Function

## Principle 8 – Overseen by the Board

This considers the mechanics of the interactions between the CAE and the Board.

It gives the Board's essential conditions as

- Understanding how IA is fulfilling its mandate
- Explaining the boards perspective on organisation's strategy, risks, to help determine IA priorities
- Frequency of communications being agreed
- Escalation protocols and criteria
- Conclude on the organisations governance, risk and internal control based on the reports from IA
- Discuss differences of opinion on audit findings to support the IA mandate being achieved.

## Domain III – Governing the Internal Audit Function

### Principle 8 – Overseen by the Board

- Support the discussions and decisions around resourcing IA in order for it to fulfil its mandate, and issues due to a lack of resources.
- Discuss and support the Quality Assurance and Improvement Programme, and assess the effectiveness and efficiency of the IA function (conformance and performance)
- Discuss and approve the IA's performance objectives annually
- External Quality Assessment involvement from discussion of the plan, helping to determine scope and frequency, review and approve the plan for the EQA. Receive the full results from the EQA and review and approve the resulting action plan along with timelines to complete and monitor progress.

## Domain III – Governing the Internal Audit Function

### Global Standards 2024

**Internal Audit Mandate** - ‘The internal audit function’s authority, role, and responsibilities, which may be granted by the board and/or laws and/or regulations.’

**Internal Audit Charter** – ‘A formal document that includes the internal audit function’s mandate, organizational position, reporting relationships, scope of work, types of services, and other specifications.’

### IPPF 2017 Standards

‘**The internal audit charter** is a formal document that defines the internal audit activity’s purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity’s position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.’

# Other Key changes

**Domain II** – Essentially the Code of Ethics with some further expansion pulling from Implementation Guidance. Introduction of the term ‘Professional Courage’ and ethics training as a consideration for implementation, but CIAs **MUST** complete 2 CPEs of ethics training every year. Also ‘professional courage’ as an appraisal objective.

**Domain IV** – The Internal Strategy Principle sits in here, and the need to develop and implement an internal audit strategy.

**Domain V** – This is largely the same as the IPPF. The term root cause in here has been an area of discussion amongst internal auditors.







# External Quality Assessments

# External Quality Assessments

If your assessment is due in 2024 then you can:

1. Have an EQA against the existing IPPF
2. Request an additional piece of work against the new global standards (a readiness assessment)

If your assessment is due in 2025 then you can:

1. Bring your EQA forward so it is done against the existing IPPF, but this must be reported before January 2025.
2. Keep your EQA to the current deadline and it will need to be done against the new Global Standards if after 9 January 2025

Note: If you are not going to adopt the new global Standards until 9 January / April 2025 then you need to allow sufficient time for you to have completed engagements using the new Standards before your EQA is undertaken. Therefore the due date may impact on your decision.

## Questions?

Contact us for further information on;

### **Membership services**

[membership@iia.org.uk](mailto:membership@iia.org.uk)

### **Training courses including online**

[learning@iia.org.uk](mailto:learning@iia.org.uk)

### **Career pathway and designations**

[studentsupport@iia.org.uk](mailto:studentsupport@iia.org.uk)

Follow us on social media



[@CharteredIIA](https://twitter.com/CharteredIIA)



[Chartered Institute of Internal Auditors](https://www.linkedin.com/company/Chartered Institute of Internal Auditors)



[@CharteredIIA](https://www.facebook.com/CharteredIIA)



[CharteredIIA](https://www.youtube.com/CharteredIIA)



Chartered Institute of  
Internal Auditors

Thank you