

Global Internal Audit Standards

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Source: Global Internal Audit Standards, 2024

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Key Highlights

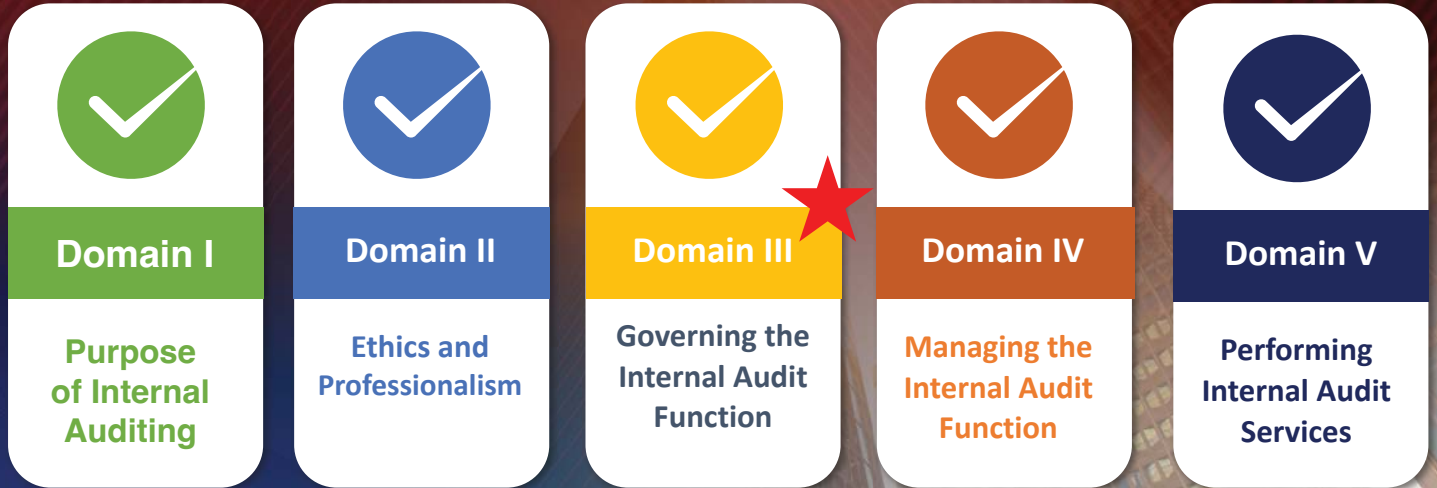
- Change from 2017 Standards to 2024 Global Internal Audit Standards
- From Attribute Standards and Performance Standards to 5 Domains
- Require effective dialogue among Board, senior management and Chief Audit Executive (CAE) to enable an effective internal audit function
- Discussion should focus on the **purpose of internal auditing** (Domain 1), **essential conditions** in Domain 3 and **potential impact** on the effectiveness of the internal audit function if the board or senior management does not provide the support outlined in the essential conditions.
- Senior management's perspectives is valuable and help support the internal audit function's positioning and authority in the organization.

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5 Domains

15 Principles

52 Standards

- Requirements (**Must**) 
 - Essential conditions
- Considerations for implementation (**Should / May**)
- Examples of evidence of conformance

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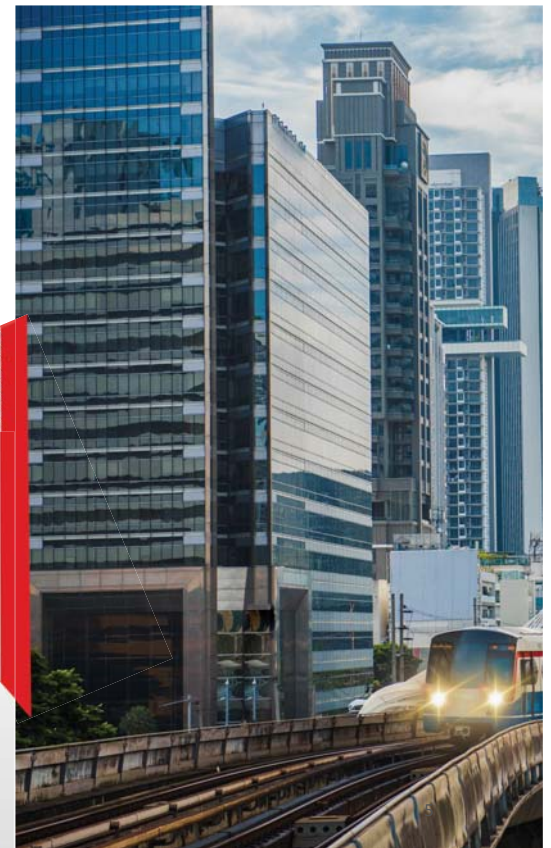
Domain I : Purpose of Internal Auditing

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.

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Domain I : Purpose of Internal Auditing

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.

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Domain II : Ethics and Professionalism

Principle 1	Demonstrate integrity
Principle 2	Maintain objectivity
Principle 3	Demonstrate competency
Principle 4	Exercise due professional care
Principle 5	Maintain confidentiality

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Domain III: Governing the Internal Audit Function

Principle 6 : Authorized by the Board
Standard 6.1 : Internal Audit Mandate

Board

Discussed with Chief Audit Executive (CAE) and senior management the appropriate **authority, roles and responsibilities** of the internal audit function

Approve the **internal audit charter** which includes mandate, scope and types of internal audit services

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Domain III: Governing the Internal Audit Function

Principle 6 : Authorized by the Board

Standard 6.2 : Internal Audit Charter

Board

Discussed with Chief Audit Executive (CAE) and senior management **topics** that should be included in the Internal Audit Charter

Approve the Internal Audit Charter

Review the Internal Audit Charter to consider changes such as new chief audit executive, changes in the type, severity, and interdependencies of risks to the organization

Domain III: Governing the Internal Audit Function

Principle 6 : Authorized by the Board

Standard 6.3 : Board and senior management support

Board

- Champion the internal audit function to **fulfill the Purpose of Internal Auditing**
- Enable **unrestricted access** to the data, records, information, personnel and physical properties
- Regular, direct **communications**
- **Demonstrate support** by:
 - specify that the internal audit reports to a level that allows the internal audit function to fulfill the mandate
 - approve charter, plan, budget and resource plan
 - making appropriate inquiries about restrictions on scope, access, authority or resources limit
 - meeting periodically with the chief audit executive without management present

Domain III: Governing the Internal Audit Function



Principle 7 : Positioned independently

Standard 7.1 : Organizational independence

Board

- Establish a **direct reporting relationship** with the chief audit executive
- Authorize the **appointment and removal** of the chief audit executive
- Provide input to senior management to support the **performance evaluation and remuneration** of the chief audit executive
- Provide the chief audit executive with **opportunities to discuss** significant and sensitive matters without senior management present
- Require the chief audit executive be **positioned at a level without interference** from management
- Acknowledge **actual or potential impairments to independence**
- Establish **appropriate safeguards** if chief audit executive roles impair or appear to impair
- **Engage with senior management** to ensure that the internal audit function is free from interference

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Domain III: Governing the Internal Audit Function



Principle 7 : Positioned independently

Standard 7.2 : Chief audit executive qualifications

Board

- **Review the requirements** necessary to manage the internal audit function
- **Identify qualifications, experience, and competencies** of the chief audit executives
- Ensure **quality performance** of internal audit services

Domain III: Governing the Internal Audit Function

Principle 8 : Overseen by the board

Standard 8.1 : Board interaction

Board

- Understand how the internal audit function is **fulfilling its mandate**
- Communicate the **board's perspective** on strategies, objectives and risks to determine internal audit priorities
- **Set expectations** for:
 - frequency with which the board want to receive communications from the chief audit executive
 - criteria for determining which issues should be escalated to the board

Domain III: Governing the Internal Audit Function

Principle 8 : Overseen by the board

Standard 8.2 : Resources

Board

- Collaborate with senior management to provide **sufficient resources**
- Discuss with the chief audit executive, at least annually, the sufficiency, both in **numbers and capabilities** of internal audit resources
- Consider the **impact of insufficient resources**
- Engage with senior management **on remedying the situation** if the resources are insufficient.

Domain III: Governing the Internal Audit Function

Principle 8 : Overseen by the board

Standard 8.3 : Quality

Board

- Discuss with the chief audit executive the **quality assurance and improvement program**
- Approve the internal audit function's **performance objectives** at least annually
- **Assess effectiveness and efficiencies** of the internal audit function
 - Review performance objectives and conformance with the Standards
 - Consider the results of quality assurance program
 - Determine the extent to which performance objectives are being met

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Domain III: Governing the Internal Audit Function

Principle 8 : Overseen by the board

Standard 8.4 : External quality assessment

Board

- Discuss the plans to have an **external quality assessment** conducted by an independent, qualified assessor or assessment team.
- Collaborate with senior management and the chief audit executive to determine the **scope and frequency of the external quality assessment**.
- Consider the **responsibilities and regulatory** requirements of the internal audit function when defining the scope of the external quality assessment.
- **Review and approve 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.

Domain III: Governing the Internal Audit Function



Principle 8 : Overseen by the board

Standard 8.4 : External quality assessment

Board

- Require receipt of the **complete results** of the external quality assessment or self-assessment with independent validation directly from the assessor.
- Review and approve **action plans** to address identified deficiencies and opportunities for improvement, if applicable.
- Approve a **timeline for completion** of the action plans and monitor the progress.

Domain IV– Managing the Internal Audit Function

Principle 9 : Plan strategically

Principle 10 : Manage resources

Principle 11 : Communicate effectively

Principle 12 : Enhance quality



Domain V Performing Internal Audit Services

Principle 13 : Plan engagements effectively

Principle 14 : Conduct engagement work

Principle 15 : Communicate engagement results and monitor action plans

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**How should audit committee
prepare for the new standards?**

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