

Global Internal Audit Standards: Raising the Bar for Quality Internal Auditing

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Presenter



Andy Cook is the Director of Professional Guidance for Financial Services at The Institute of Internal Auditors where he assists audit practitioners in understanding effective execution of internal auditing while leveraging The IIA's International Professional Practices Framework and a worldwide network of subject matter experts.

Andy is a Certified Internal Auditor and received his master's in business administration from the Weatherhead School of Management at Case Western Reserve University. Over the past 25+ years, Andy held internal audit management positions at National City Corporation, Nationwide Mutual Insurance Company, JP Morgan Chase, and most recently Huntington Bancshares Incorporated.

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Agenda

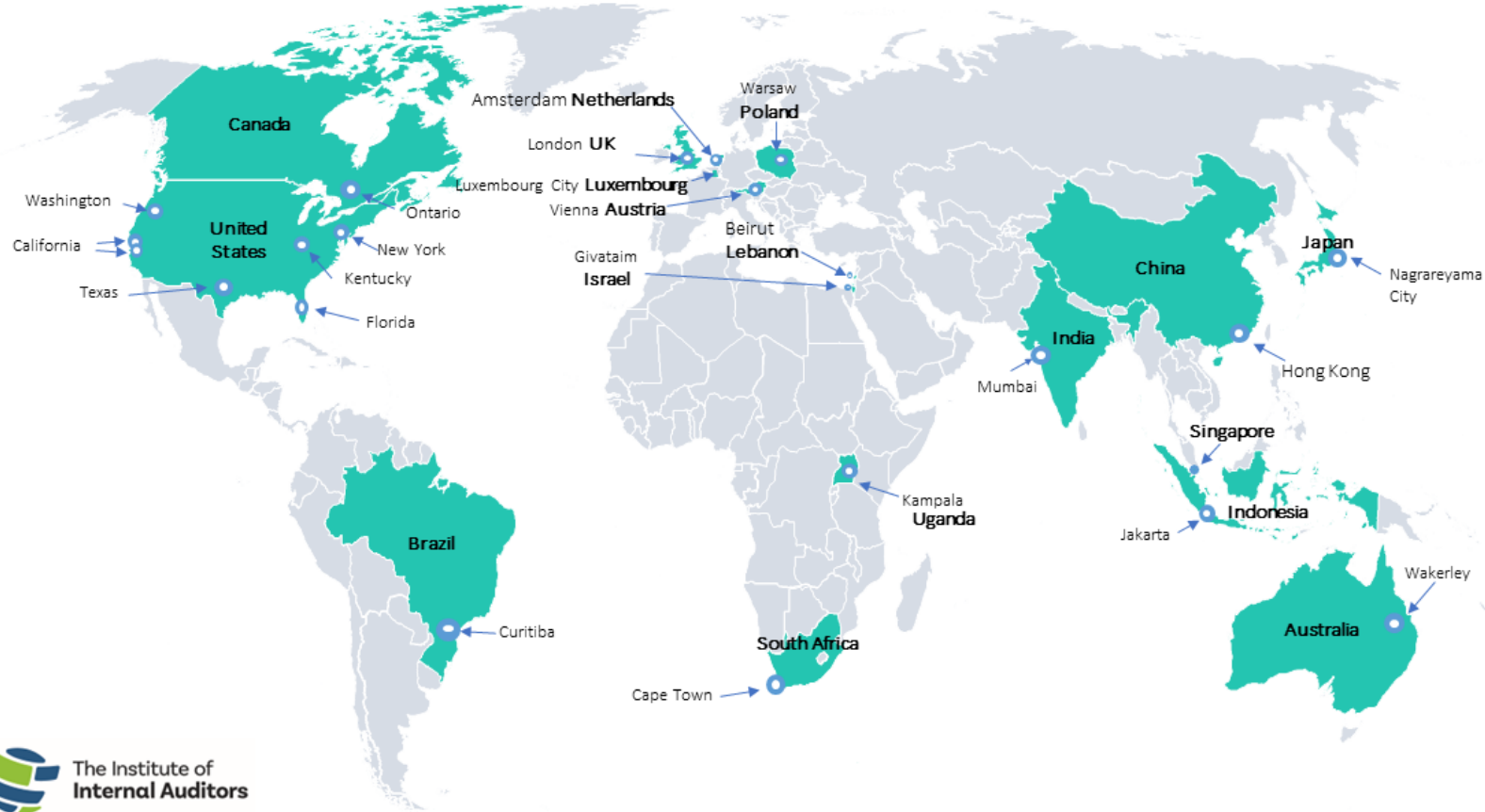
1. Standard Setting Structure
2. What's New with the International Professional Practices Framework and Global Internal Audit Standards
3. Resources

Standard Setting Structure



The Institute of
Internal Auditors

2023 – 2024 IIASB Global Representation



- **Mission:** To serve the public interest by developing, issuing, maintaining, and promoting the *International Standards for the Professional Practice of Internal Auditing* on a worldwide basis.
- **Representing** the internal audit profession globally with 21 members from 18 countries and various industries and sectors.

Standard-setting & Oversight Council

- The IPPF Oversight Council was established in October 2010 to:
- Evaluate the due process for setting standards and guidance to promote inclusiveness and transparency, which ultimately serves the **public interest** and increases stakeholder confidence in The IIA's *Standards*.

Organizations represented:



What's New with the IPPF and Global Internal Audit Standards



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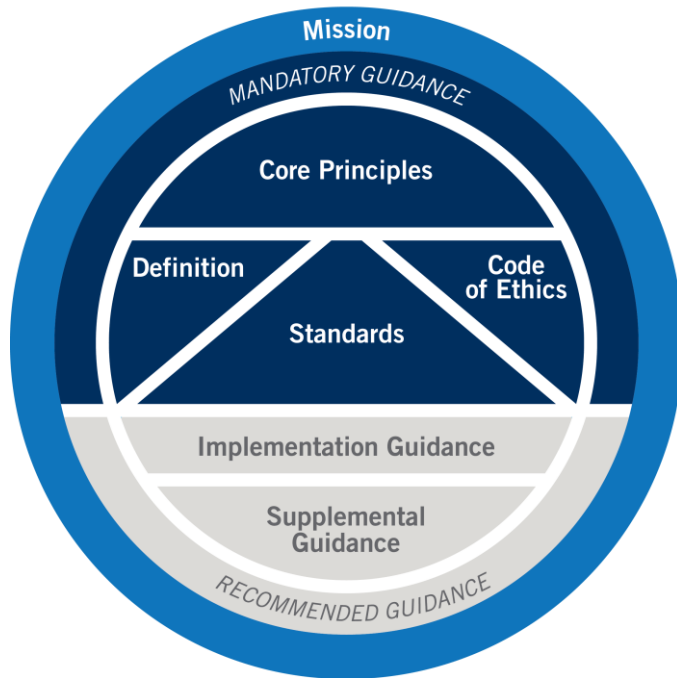
The IPPF Evolution



2017



International Professional
Practices Framework



2024



International
Professional Practices
Framework®
(IPPF)

Global Standards

Topical Requirements

Global Guidance

The Global Internal Audit Standards New Structure

- 5 Domains
- 15 Principles
 - 52 Standards
 - Requirements
 - Considerations for Implementation
 - Examples of Evidence of Conformance

Additional features:

- Fundamentals
- Applying the Standards in the Public Sector
- Glossary



Summary of Changes

New structure,
new content

Purpose of
Internal
Auditing

Ethical
principles and
standards

Essential
conditions for
governance

Conformance
includes
performance

Assurance/
advisory

Domain I. Purpose of Internal Auditing

Purpose Statement:

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.



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Domain II: Ethics and Professionalism

1. Demonstrate Integrity

Internal auditors demonstrate integrity in their work and behavior.



1.1 Honesty and Professional Courage

1.2 Organization's Ethical Expectations

1.3 Legal and Ethical Behavior

2. Maintain Objectivity

Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.

2.1 Individual Objectivity

2.2 Safeguarding Objectivity

2.3 Disclosing Impairments to Objectivity

3. Demonstrate Competency

Internal auditors apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully.

3.1 Competency

3.2 Continuing Professional Development

4. Exercise Due Professional Care

Internal auditors apply due professional care in planning and performing internal audit services.



4.1 Conformance with Global Internal Audit Standards

4.2 Due Professional Care



4.3 Professional Skepticism

5. Maintain Confidentiality

Internal auditors use and protect information appropriately.

5.1 Use of Information

5.2 Protection of Information

Domain III: Governing the Internal Audit Function

6. Authorized by the Board

The board establishes, approves, and supports the mandate of the internal audit function.



6.1 Internal Audit Mandate

6.2 Internal Audit Charter



6.3 Board and Senior Management Support

7. Positioned Independently

The board establishes and protects the internal audit function's independence and qualifications.

7.1 Organizational Independence



7.2 Chief Audit Executive Qualifications

8. Overseen by the Board

The board oversees the internal audit function to ensure the function's effectiveness.

8.1 Board Interaction

8.2 Resources



8.3 Quality

8.4 External Quality Assessment



Domain III standards include “essential conditions” for an effective internal audit function

Domain IV: Managing the Internal Audit Function

9. Plan Strategically

The chief audit executive plans strategically to position the internal audit function to fulfill its mandate and achieve long-term success.

9.1 Understanding Governance, Risk Management, and Control Processes

9.2 Internal Audit Strategy

9.3 Methodologies

9.4 Internal Audit Plan

9.5 Coordination and Reliance

10. Manage Resources

The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate.

10.1 Financial Resource Management

10.2 Human Resources Management

10.3 Technological Resources

11. Communicate Effectively

The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.

11.1 Building Relationships and Communicating with Stakeholders

11.2 Effective Communication

11.3 Communicating Results

11.4 Errors and Omissions

11.5 Communicating the Acceptance of Risks

12. Enhance Quality

The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.

12.1 Internal Quality Assessment

12.2 Performance Measurement

12.3 Oversee and Improve Engagement Performance

Domain V: Performing Internal Audit Services

★ Apply to all engagements unless otherwise stated in the standard. No separate advisory standards.

13. Plan Engagements Effectively

Internal auditors plan each engagement using a systematic, disciplined approach.

- ★ 13.1 Engagement Communication
- 13.2 Engagement Risk Assessment
- ★ 13.3 Engagement Objectives and Scope
- 13.4 Evaluation Criteria
- 13.5 Engagement Resources
- 13.6 Work Program

14. Conduct Engagement Work

Internal auditors implement the engagement work program to achieve the engagement objectives.

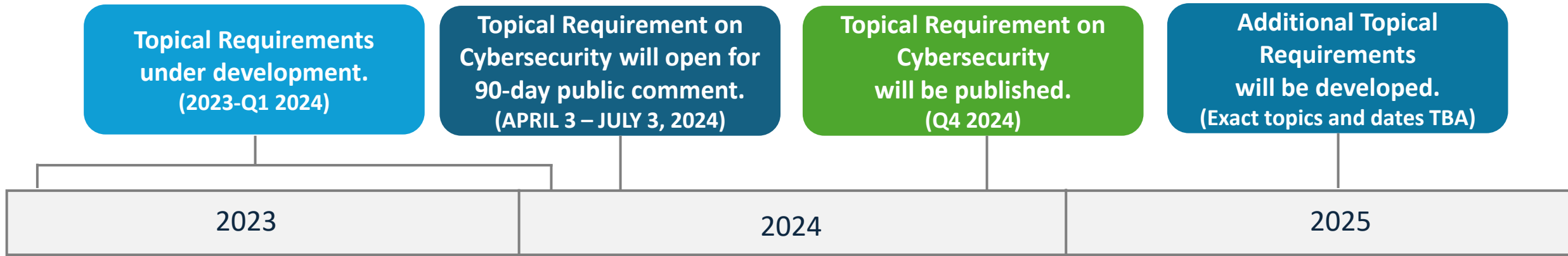
- ★ 14.1 Gathering Information for Analyses and Evaluation
- ★ 14.2 Analyses and Potential Engagement Findings
- ★ 14.3 Evaluation of Findings
- ★ 14.4 Recommendations and Action Plans
- 14.5 Engagement Conclusions
- 14.6 Engagement Documentation

15. Communicate Engagement Results and Monitor Actions Plans

Internal auditors communicate the engagement results to the appropriate parties and monitor management's progress toward the implementation of recommendations or action plans.

- ★ 15.1 Final Engagement Communication
- 15.2 Confirming the Implementation of Recommendations or Action Plans

Topical Requirements Development Timeline



Topics Under Consideration

- Third-Party Risk Management
- Culture
- Business Resiliency
- Anti-Corruption/Bribery
- People Management
- Fraud Risk Management
- Sustainability (ESG)

IPPF Evolution Timeline – Upcoming



Q3-Q4 2024

- Topical Requirement on Cybersecurity – working through revisions following public comment period with publication tentatively scheduled for Q4 2024.
- Refreshed and New Global Guidance (Practice Guides, GTAGs) are in development along with New Tools (Conformance Readiness, Audit Charter, Domain III Documents, etc.).
- Updated Quality Assessment Manual (Q3).

Q1-Q2 2025

- New Standards become effective Jan 9, 2025.
- Updated Internal Audit Practitioner exam: no changes before effective date.
- CIA® exam and study materials: no changes before May 2025.
- New Topical Requirements: issued for public comment, followed by release.

Resources



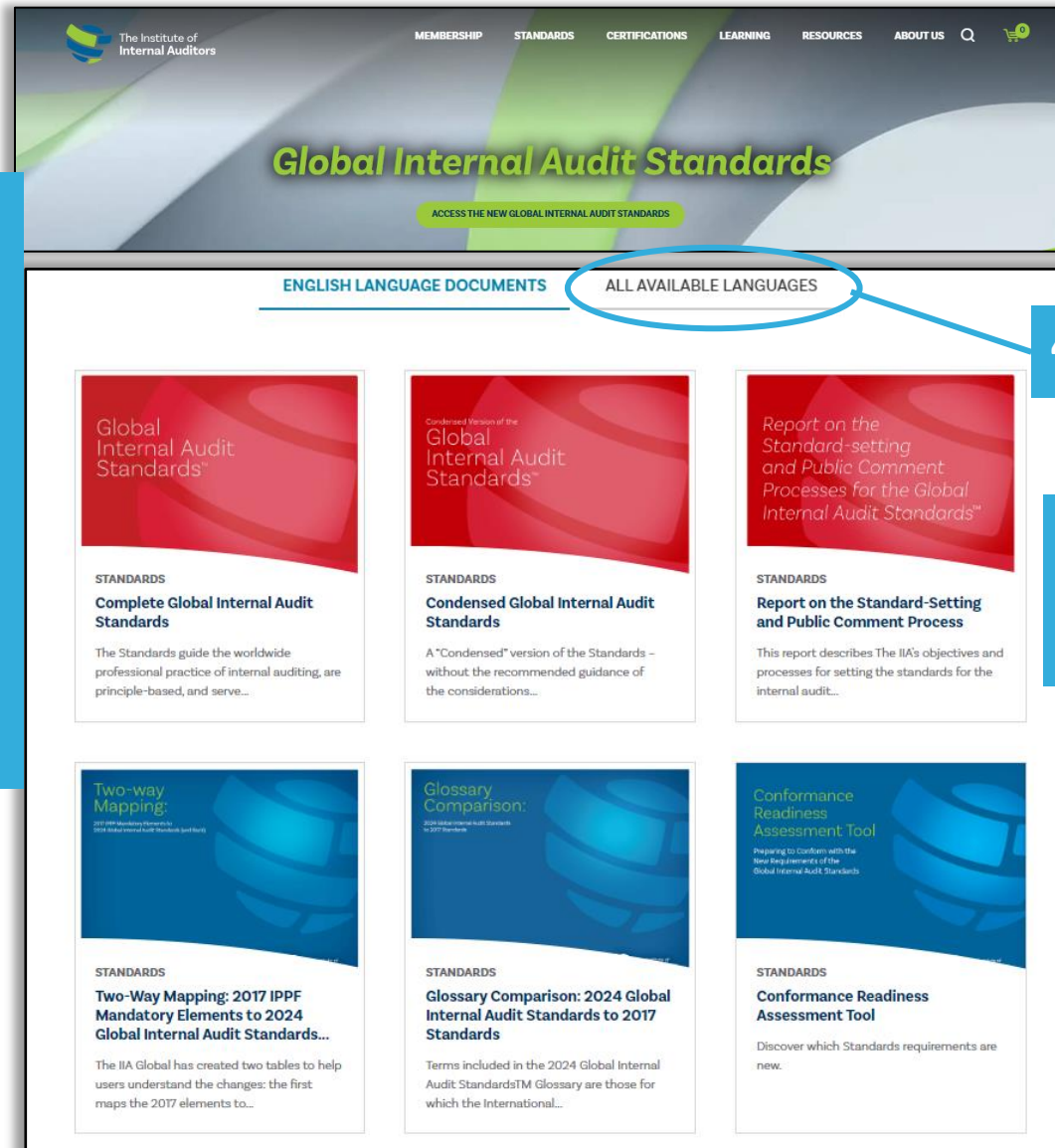
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IPPF Resources at www.TheIIA.org/NewStandards



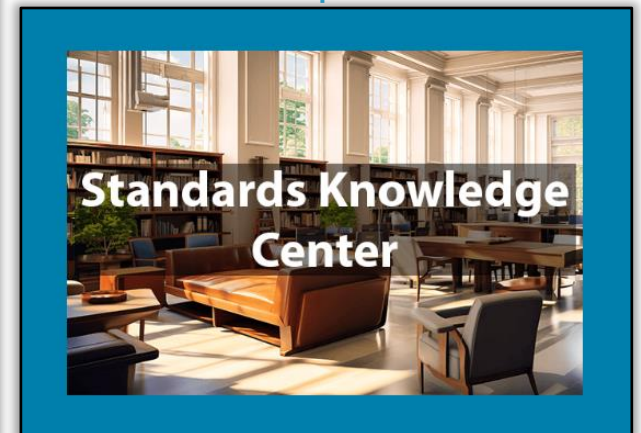
Now Available

1. Global Internal Audit Standards™ PDF of full and condensed versions.
2. Report on the Standard-setting and Public Comment Processes for the Global Internal Audit Standards.
3. 2-Way Standards and Glossary Mapping



4. Translated Standards

5. Link to Standards Knowledge Center for Tools and Additional Resources





Thank you!
Elevating the Standards.
Elevating the Profession.
Elevating Impact!



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