



Overview:

The Institute of Internal Auditors (IIA) released new Global Internal Audit Standards* (the Standards) on 9 January 2024, with an effective date of January 2025. [PwC's Global Internal Audit website](#) highlights how companies should use the Standards to drive transformation and value from their Internal Audit (IA) functions. PwC released an [initial point of view](#) on 10 January, 2024 and will be releasing a series of thought leadership to help IA with specific elements related to the Standards and broader IA transformation topics.

Noteworthy new elements:

Highlights of some of the key elements that are now required under the Standards. This list is not exhaustive but highlights more noteworthy elements.

- **IA mandate** - required transparency with the Board (or equivalent e.g., Audit Committee) on the nature and types of services the IA function performs (i.e., do they cover the broad spectrum of organisational risks or are 90% SOX focused).
- **IA strategic plan** - required transparency to management and the Board (or equivalent e.g., Audit Committee) of (1) the longer-term vision for the department, (2) annual objectives aimed at achieving that vision, and (3) formal reporting on progress against those goals. This includes both people/capability and technology goals and should be tied to budget requests.
- **Board oversight** - required Board approval for not just the IA charter and IA plan, but also the mandate, department budget and resource plan (requiring the CAE to at least annually discuss the headcount and capabilities of resources to deliver the plan and mandate with the Board), IA's developed objectives and performance metrics, quality program (including approach to external assessments and direct receipt of full External Quality Assessment (EQA) report and approval of actions plans).
- **Coordinated assurance** - requirement to understand the organisation's risks and internal and external providers of assurance services that cover those risks (e.g., assurance map).
- **Technological resources** - requires regular evaluation of technology used by IA function, to pursue opportunities to improve effectiveness and efficiency, and to report on any limitations caused by lack of technology to management and the Board (or equivalent e.g., Audit Committee).

Other new tactical requirements:

Highlights of some specific requirements that are new and more tactical in nature.

- **Quality Assessments**
 - One member of the EQA assessor team must be a Certified Internal Auditor
 - Annual communication of results of internal assessment(s) to the Board (or equivalent e.g., Audit Committee)
- **Audit Plan**
 - Communicate to the Board (or equivalent e.g., Audit Committee) and senior management reasons high risk areas/activities are not included as an assurance engagement on the plan (as applicable)
- **Engagement Execution**
 - Engagement level risk assessment and documented work programme,
 - Evaluation of the significance of findings (considering likelihood and impact) and prioritisation of findings based on significance,
 - Engagement conclusion (summarising significance of findings and effectiveness of area),
 - Action owners and dates included in final communications, and
 - Disclosures included if the engagement was executed not in conformance with the Standards.

Contacts



Wunmi Adetokunbo-Ajayi

Partner, Internal Audit