



GIAS - Understanding the New Standards to Elevate Performance

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Learning Objectives



- 01** Learn about why the Standards were updated
- 02** Understand the new structure of the Standards
- 03** Explore key changes from the old to the new Standards
- 04** Learn tips for preparing to conform with the Standards in 2025
- 05** Gain insights into how External Quality Assessments will change

Why are Standards Important?

The stature and reputation of any profession can be measured by the rigor of its ethics and practice standards.

- This is true for the medical, engineering, law, public accounting, and other professions.
- It also is true for the internal audit profession.



The IIA has been developing standards for the internal audit profession since 1947

Globally recognized standards help ensure consistent practice of a profession across many different disciplines within the profession.

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History of IA Standards and Guidance

1941
IIA Founding

1968
Code of Ethics

1999
Definition of the IA

2009
International Professional Practice Framework for IA



1947
Statement of Responsibilities – Objective and Scope of IA

1978
IA Standards

2003
IA Professional Framework and New Standards

2017
Updated IPPF

2024
New Global Internal Audit Standards

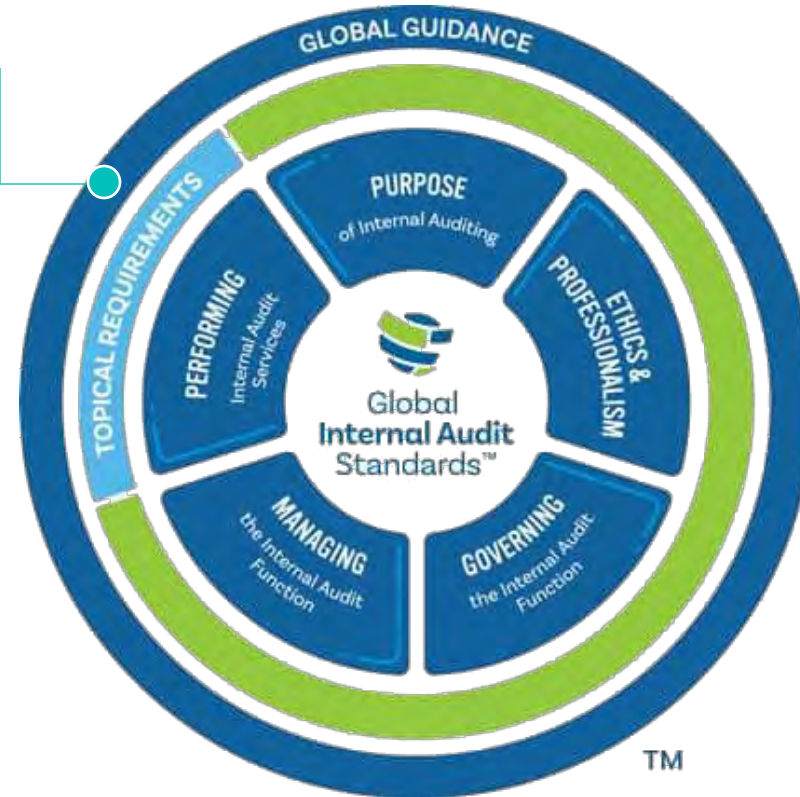
Why are There New Standards?

- The IIA Standards Board looks at possible revisions every three years.
- The business world is changing rapidly, and there was a desire to ensure the current standards applied in a new world.
- Standards and the related guidance were spread across many sources, making it more challenging to fully understand a standard.
- While considered principles-based, prior standards were difficult to correlate to specific principles.

The Structure



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



- ▶ **Additional Features:**
 - Fundamentals
 - Applying the Global Internal Audit Standards in the Public Sector
 - Glossary

Global Internal Audit Standards

5 Domains, 15 Principles

Domain 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. Plan Strategically

10. Manage Resources

11. Communicate Effectively

12. Enhance Quality

V. Performing Internal Audit Services

13. Plan Engagements Effectively

14. Conduct Engagement Work

15. Communicate Engagement Conclusions and Monitor Action Plans

Summary of Key Changes

Linkage of
Standards to
Principles

New Purpose
Statement

Ethical Principles
and Standards

Considerations:
Examples of
Evidence for
Compliance

No Separate
Assurance/
Advisory
Standards

Board Oversight
and Support

Essential
Conditions for
Governance

Strategy and
Relationship
Building

Summary of Key Changes

Financial, Human,
& Technological
Resources

Conclusions and
Themes

Quality
Assessments

Performance
Measurement

Engagement
Communication

Conform
or Explain

Public Sector

Topical
Requirements

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.

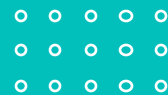
Internal auditing enhances the organization's:

- 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.

Domain II. Ethics and Professionalism



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

To whom does Domain II apply?



The principles and standards in the Ethics and Professionalism domain of the Global Internal Audit Standards replace The IIA's former Code of Ethics and outline the behavioral expectations for professional internal auditors; including chief audit executives, other individuals, and any entities that provide internal audit services.



Conformance with these principles and standards instills trust in the profession of internal auditing, creates an ethical culture within the internal audit function, and provides the basis for reliance on internal auditors' work and judgment.

Principle 1 – Demonstrate Integrity

Requirements

- Internal auditors must perform their work with honesty and professional courage.
- Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and promote an ethics-based culture.
- Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organization or the profession of internal auditing or that may harm the organization or its employees.

1. Demonstrate Integrity

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1.2 Organization's Ethical Expectations

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The 3 Legs – Principles 2, 3 and 4



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Principle 2 – Maintain Objectivity

Requirements



- Internal auditors must maintain professional objectivity when performing all aspects of internal audit services.
 - Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances.
- Internal auditors must be aware of and manage potential biases.
- Internal auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity.
- Internal auditors must not accept any tangible or intangible item that may impair or be presumed to impair objectivity.
- Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or the interests of others.
- If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties.

The 3 Legs – Principles 2, 3 and 4

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Principle 3 – Demonstrate Competency



Requirements

- Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience.
- Internal auditors must engage only in those services for which they have or can attain the necessary competencies.
- Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfill their professional responsibilities.

The 3 Legs – Principles 2, 3 and 4

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Principle 4 – Exercise Due Professional Care

Requirements

- Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards.
- The internal audit function's methodologies must be established, documented, and maintained in alignment with the Standards.
- Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided.
- Internal auditors must exercise professional skepticism when planning and performing internal audit services.

Principle 5 Maintain Confidentiality

Requirements

- Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information.
- The information must not be used for personal gain or in a manner contrary or detrimental to the organization's legitimate and ethical objectives.
- Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information.
- Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply.
 - ❑ Custody, retention, and disposal of engagement records.
 - ❑ Release of engagement records to internal and external parties.
 - ❑ Handling of, access to, or copies of, confidential information when it is no longer needed.
- Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so.

5. Maintain Confidentiality

Internal auditors use and protect information appropriately.

5.1 Use of Information

5.2 Protection of Information

Domain II. Code of Ethics & Professionalism

To learn more about Domain II, refer to video on the IIA website

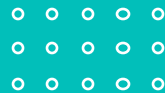
<https://www.theiia.org/en/content/podcast/getting-started-with/2024/ep-0017/>



What do these changes mean?

- Merging of Code of Ethics and Professionalism.
- Separation of objectivity and independence.
- Provides a clear basis for behavioral expectations and developing ethical culture for the internal audit function.
- Framework for training, development, and guidance.
- Criteria when handling ethical issues within the internal audit function.

Domain III. Governing the Internal Audit Function



Domain III: Governing the Internal Audit Function

Domain III standards include “essential conditions” for an effective 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

Introduction to Domain III - Governing the Internal Audit Function

Domain III -Intro

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

- Meeting with the Board and Senior Management.
 - Purpose
 - Essential conditions
 - Impact if not supported
- Disagreements on Essential Conditions.

What are Essential Conditions?

“Activities of the board and senior management that are essential to the internal audit function’s ability to fulfill the Purpose of Internal Auditing.”

Domain III. Governing the Internal Audit Function

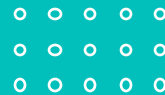


What do these changes mean?

- The CAE must explain the importance of the essential conditions.
- The essential conditions require boards and senior management to evaluate their governance responsibilities.
- The importance of quality assurance processes and assessments is increased.



Domain IV. Managing the 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 Resource 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

9.2 Internal Audit Strategy



Chief Audit Executive

- “The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.”

Internal Audit Strategy

“An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfillment of the internal audit mandate.”

Domain IV: Managing the Internal Audit Function



What do these changes mean?

- Strategic plan for the internal audit function needs to reflect the organization's objectives and enable the fulfillment of its mandate.
- Periodic evaluation to ensure that the internal audit function has adequate technology to support the internal audit process and to improve efficiency and effectiveness.
- Foster formal and informal relationships and trust with key stakeholders.
- Develop performance measurements and to promote continuous performance improvement.

Domain V. Performing Internal Audit Services



Domain V. Performing Internal Audit Services

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 Developing Engagement Conclusions

14.6 Documenting Engagements

15. Communicate Engagement Conclusions and Monitor Actions Plans

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

15.1 Final Engagement Communication

15.2 Confirming the Implementation of Action Plans

Domain V. Performing Internal Audit Services



13.2 Engagement Risk Assessment

“Internal auditors must develop an understanding of the activity under review to assess the relevant risks. For advisory services, a formal, documented risk assessment may not be necessary, depending on the agreement with relevant stakeholders.”



13.4 Evaluation Criteria

“Internal auditors must identify the most relevant criteria to be used to evaluate the aspects of the activity under review defined in the engagement objectives and scope. For advisory services, the identification of evaluation criteria may not be necessary, depending on the agreement with relevant stakeholders.”



Domain V. Performing Internal Audit Services



14.3 Evaluation of Findings

“Internal auditors must evaluate each potential engagement finding to determine its significance. When evaluating potential engagement findings, internal auditors must collaborate with management to identify the root causes when possible, determine the potential effects, and evaluate the significance of the issue.”



14.5 Engagement Conclusions

“Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management’s objectives. The engagement conclusion must summarize the internal auditors’ professional judgment about the overall significance of the aggregated engagement findings.”



Domain V. Performing Internal Audit Services



15.1 Final Engagement Communication

Internal auditors must develop a final communication that includes:

- **Prioritization** of the findings and their significance.
- An explanation of **scope limitations**, if any.
- A **conclusion** regarding the effectiveness of the governance, risk management, and control processes of the activity reviewed.
- **Individuals responsible** for addressing findings and **planned date of completion**.
- If management has **initiated or completed actions** to address a finding before the final communication, the actions must be acknowledged in the communication.

15.2 Confirming the Implementation of Recommendations/Action Plans

“Internal auditors must confirm that management has implemented internal auditor’s recommendations or management’s action plans following an established methodology.”



Domain V. Performing Internal Audit Services Gov

What do these changes mean?

- Update of the internal audit methodologies for performing internal audit services.
- Undertake an assessment of the new standards to current practices to identify gaps.
- Develop an agreed approach to recommendations and action plans.
- Train the team to understand the new standards and what is expected of them.



International
Professional Practices
Framework®
(IPPF)



Upcoming Topical Requirements

- Intended to set a baseline and apply consistent audit methodology when assessing the governance, risk management and controls of a particular topical area
- Once published the use of a Topical requirement will be mandatory and subject to external quality assessment
- Topical requirements are NOT
 - A requirement to perform an engagement on the topic
 - A comprehensive work program
- Proposed Topical areas:
 - Assessing Organizational Governance
 - Cybersecurity
 - Fraud Risk Management
 - Information technology Governance
 - Privacy Risk Management
 - Sustainability: Environmental, Social & Governance
 - Third Party Management
 - Public Sector: Performance Audits

Implementation Strategies

Prepare for Conformance with the New Standards

GAP ASSESMENT



- Conduct analysis between the old and new Standards
- Conformance Readiness Assessment Tool from IIA Website

[Download link](#)

- Conduct an internal self-assessment against each standard
- Develop action plans to address gaps
- Re-assess gap analysis once action plans are complete

AUDIT COMMITTEE



- Hold discussions with the board (Audit Committee) and senior management about essential conditions in Domain III

- Tools are available for CAEs on IIA website (must be an IIA member

[Download Link](#)

- Address any gaps between stated essential conditions and the agreed-upon activities of the board and senior management

Implementation Strategies

Prepare for and External Quality Assessment (EQA)



- There is a new Quality Assessment Manual available from The IIA (\$280 - \$320 on IIA website)
 - Now four ratings – Fully Conforms, Generally Conforms, Partially Conforms, and Does not Conform
 - Emphasis on achieving principles in addition to conforming with standards
- Agree upon customized Purpose of Internal Auditing
- Conduct self-assessment of conformance with the Standards
- Assess performance relative to internal audit performance objectives
- Determine type of EQA (full vs. self-assessment with independent validation)
- Evaluate external sources for EQA delivery (refer to Standard 8.4 Considerations for Implementation)
- Discuss with board/Audit Committee to gain concurrence on approach and assessment team



Q&A

Resources



IIA Global Standards- printable version

<https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/free-documents/complete-global-internal-audit-standards/>

IIA Global Standards – Red Book Publication

The Global Internal Audit Standards: Two-Way Mapping

[two-way-mapping-2017-ippf-mandatory-elements-to-2024-global-internal-audit-standards-and-back.pdf](#) (theiia.org)

IIA Conformance Readiness Assessment Tool

<https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/free-documents/conformance-readiness-assessment-tool/>

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