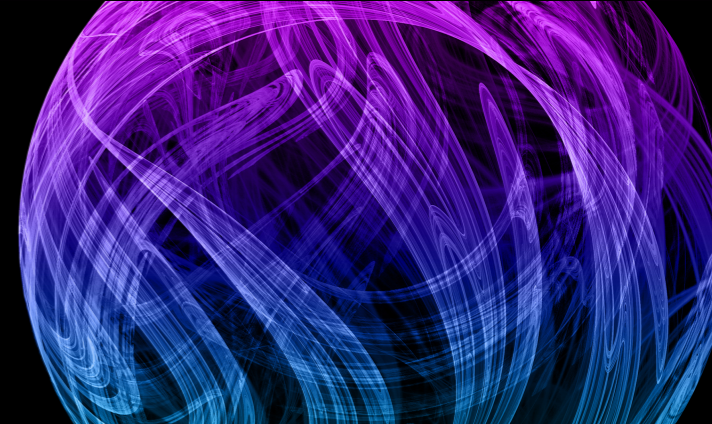




Internal audit megatrends

Internal Audit's role in elevating the profession through adoption of the new Global Internal Audit Standards

2024 Global Internal Audit Standards | Insights and Actions




The Institute of Internal Auditors (IIA) released the [2024 Global Internal Audit Standards](#) (Standards) on January 9, 2024. The Standards will be effective January 9, 2025. The previous version, the International Standards for the Professional Practice of Internal Auditing, released in 2017 (2017 Standards), remains in use during the one-year transition period – and early adoption of the new Standards is encouraged by the IIA. The IIA released its proposed changes to the 2017 Standards in March 2023, which included [structural changes](#) in addition to new or changing content. After an extensive public comment process in which it is evident feedback was carefully considered, the IIA made further important revisions to the new Standards and the International Internal Audit Standards Board (IIASB) approved for release in December 2023. The new Standards are intended to raise the bar for internal audit functions globally and continue to elevate the Internal Audit profession.


Additionally, as part of the Standards release, The IIA has published a [“Report on the Standard-setting and Public Comment Procedure for the Global Internal Audit Standards”](#), which provides summary disposition of public comments organized by major themes. This is a useful resource for understanding more significant changes to the published Standards due to consideration of public comments received.


This document is not intended to be a full summary of the new Global Internal Audit Standards but rather a resource as internal audit functions start the journey of adopting the new Standards.


Insights you should know


 **Consistent with the 2017 Standards, the new Standards continue to be principles-based, organized into 5 domains with 15 guiding principles that enable effective internal auditing.** Under the new structure, each principle is supported by standards containing the mandatory requirements, and each standard is supported by considerations for implementation and examples of evidence of conformance. The considerations and examples referenced are intended to help guide implementation and are not intended to be prescriptive or be treated as a checklist.


Further emphasizing the principles-based nature of the Standards, the introduction to the Standards (“Fundamentals of the Global Internal Audit Standards”) includes a sub-section on “Demonstrating Conformance with the Standards”. This sub-section acknowledges that there may be circumstances in which the internal audit function may not be able to fully conform with a requirement but still achieve the intent of the standard (with supporting documentation of rationale and actions implemented to meet the intent).


 **Domain III: Governing the Internal Audit Function focuses on the responsibilities of the chief audit executive, in collaboration with the board and senior management, in governing the internal audit function. Domain III recognizes that there are activities (“essential conditions”) of the board and senior management that are essential to an effective internal audit function.** Language is included within the Domain to outline those activities and how any disagreements on essential conditions of the board and/or senior management should be managed. Standard 6.3 Board and Senior Management Support further reiterates the importance of the board and senior management in championing the internal audit function and supporting the function's recognition throughout the organization. As part of, it is vital that the function has a clear brand identity and furnishes the board and senior management with the information needed to support and promote the function.

 **Development of an internal audit strategy: Standard 9.2 Internal Audit Strategy.** 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. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. The chief audit executive must review the internal audit strategy with the board and senior management periodically.

 **Standard 8.4 External Quality Assessment (EQA) maintains consistency with the related 2017 Standards (including the allowance of a self-assessment with independent validation), with one additional requirement.** The Standards include a new requirement that at least one member of the team performing an EQA must hold an active Certified Internal Auditor (CIA) designation.

 **Standard 10.3 Technological Resources states that the chief audit executive must strive to ensure that the internal audit function has technology to support the internal audit process.** The chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. When implementing new technology, the chief audit executive must implement appropriate training for internal auditors in the effective use of technological resources. The chief audit executive must collaborate with the organization's information technology and information security functions to implement technological resources properly. The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management.

 **Standard 14.3 Evaluation of Findings and Standard 14.5 Engagement Conclusions does not require the use of ratings or rankings; however, findings must be prioritized.** The chief audit executive may establish the methodology for the prioritization of individual engagement findings and presentation of engagement conclusions. This outcome recognizes the professional judgment required by the chief audit executive in best aligning internal audit reporting to impact change within the organization.

 **The Standards apply to both assurance and advisory engagements and language is included within the individual standards in Domain V: Performing Internal Audit Services to clarify when there may be deviation for performing advisory services.** This language provides recognition that the nature and objectives of advisory services vary, and additional flexibility in executing those types of engagements is required.

Actions you can take



Take time to familiarize yourself with the new Standards. The Standards are not intended to be prescriptive and allow for judgment of the chief audit executive. However, it is still important to focus on the details when preparing for effective implementation of the Standards.



Discuss the new Standards, particularly Domain III: Governing the Internal Audit Function, with the board and senior management. As outlined in the Standards, the chief audit executive should assist the board and senior management in understanding internal auditing's purpose (as stated in Domain I: Purpose of Internal Auditing) and the essential conditions of the board and senior management as outlined within the standards in Domain III. The chief audit executive should seek input as to alignment with respective responsibilities and any concerns. Can be used as an opportunity to further promote the internal audit brand within the organization.



Understand the implications to timing of your internal audit function's external quality assessment and consider an assessment in 2024 to assess readiness with implementation of the new Standards (effective January 9, 2025) and to identify any gaps and actions required for implementation.

- For EQAs completed in 2024, the quality assessment should be conducted in conformance with the 2017 Standards in effect. From an efficiency standpoint and to aid in adoption, the new Standards should be considered (against current practices) to identify any gaps in implementation. Any identified gaps would not impact current conformance.
- For EQAs due in late 2024 (or 2025), the quality assessment can be accelerated for completion in 2024 to allow for the assessment to be conducted in conformance with the 2017 Standards. Similarly, a readiness assessment can be considered to identify gaps and support adoption of the new Standards.
- Regardless of timing of EQA, a readiness assessment can help the internal audit function more efficiently and effectively plan its professional practices activities in 2024. At a minimum, a mapping of the new Standards to current practices (e.g., within the documented internal audit methodology) should be considered.



Develop response to new or expanded requirements in the Standards that may require action in 2024. Requirements that are more likely to require consideration and potential action, include:

- **Development of an internal audit strategy: Standard 9.2 Internal Audit Strategy** requires the chief audit executive to 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. While many chief audit executives have such a strategy, some may not have formalized – and others may need to “dust off” and refresh.

The Standards globally guide the professional practice of internal auditing – and are a foundational component of an efficient and effective internal audit function. Building on that foundation and continuing to mature internal audit practices enables an internal audit function to deliver purpose-driven, digitally powered internal audits that align with strategy while anticipating risk and helping management put in place the right processes and controls today to better meet the challenges of the future and effectively impacting (and accelerating) positive organizational change.

As your internal audit function moves toward adoption of the new Standards, we encourage you to look beyond compliance and seek opportunities to further enhance and elevate your internal audit function's strategic value to the organization.

Explore how [Deloitte Internal Audit](#) and our [Internal Audit 4.0 Framework](#) helps organizations align internal audit's vision and strategy to the organization's strategy, priorities and most significant investment and transformation opportunities and infuse value throughout the internal audit lifecycle.

- **Coordination and reliance with other assurance providers: Standard 9.5 Coordination and Reliance** requires the chief audit executive to coordinate with internal and external providers of assurance and consider relying on their work – raising any concerns with senior management (and, if necessary, the board) if unable to achieve an appropriate level of coordination. The chief audit executive must also document the basis for reliance on the work of others. These requirements are well-intended to minimize duplication of effort and highlight gaps in risk coverage. However, depending on the level of maturity (e.g., of the function, second line), there may be challenges in coordinating assurance coverage – and the chief audit executive may determine that such coordination is not feasible at the current time.
- **Use of Technology: Standard 10.3 Technological Resources** requires the chief audit executive to periodically evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. While not a radically new concept, the standard does support chief audit executives in having a more defined digital strategy (beyond core analytics) to support the advancement of the function's objectives and drive insights.
- **Quality: Standard 12.1 Internal Quality Assessments** has expanded requirements for developing and conducting internal assessments of the internal audit function's conformance with the Standards and progress toward performance objectives. It is anticipated that many internal audit functions may need to enhance existing quality assurance and improvement programs in response.



Help shape future Topical Requirements, a new element of the International Professional Practices Framework coming in 2024. The introduction of Topical Requirements is intended to help an internal audit function apply consistent audit methodology when assessing the governance, risk management, and controls of a particular topical area – and once published, use of a Topical Requirement will be mandatory when an internal audit function scopes an audit engagement that includes that topical area.

The concept could be a useful resource – but its usefulness as a mandatory requirement across internal audit functions is difficult to determine without understanding the underlying content for use. Clarity is also needed to understand how such content will be kept relevant, particularly in emerging topical areas proposed such as cybersecurity and environmental, social, and governance.

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Proposed Topical Requirements will become available in 2024 and will be open for public comment. Chief audit executives should review as available and provide input to help shape the final published content.

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