

IIA Standards and Guidance Tool

Guide to Customizing the Model Internal Audit Charter



Introduction

The Global Internal Audit Standards™ require the chief audit executive to develop an internal audit charter, defined as “a formal document that includes the internal audit function’s mandate, organizational position, reporting relationships, scope of work, types of services, and other specifications.” According to Standard 6.2 Internal Audit Charter, the charter must also include the Purpose of Internal Auditing and the internal audit function’s commitment to adhering to the Global Internal Audit Standards.

This tool is a model internal audit charter, intended to be customized to reflect the operating environment of individual internal audit functions and organizations, which can vary greatly. Additionally, stakeholder expectations may influence individual internal audit charters. The model also excludes specific jurisdictional or industry-focused legal and regulatory requirements.

Each chief audit executive should customize the model charter to fit the specifications of the internal audit function agreed upon with the board and senior management. Bracketed **blue text** should be replaced with details that accurately reflect the user’s organization and situation. Other details may be customized as well. For example, some organizations may use different terminology or titles to refer to the chief audit executive (such as “head of internal audit”), board (such as “governing body”), or chief executive officer (such as “director” or “organizational head.”) An internal audit function may refer to itself as an internal audit department or activity and may report to an audit committee or other subgroup of the board of directors. Those titles may be modified throughout this charter template to fit the circumstances.

Additionally, the chief audit executive should collaborate with the board and senior management to determine their preferred frequency for specified activities and replace the word “**periodically**” wherever a specific frequency has been identified. The Standards define the word “periodically” as “at regularly occurring intervals, depending on the needs of the organization, including the internal audit function.” For example, Standard 6.2 Internal Audit Charter states that “a leading practice is to review the charter periodically,” leaving the chief audit executive and the organization the flexibility to determine the review frequency that best suits their needs.

To prepare the charter, the chief audit executive must discuss with the board and senior management any current or proposed roles and responsibilities that have the potential to impair the internal audit function’s independence, either in fact or appearance. When the chief audit executive has or is expected to have one or more roles and/or responsibilities beyond



internal auditing, the customized charter must document the responsibilities, nature of work, and established safeguards. Such safeguards and documentation are intended to limit impairments to the independence of the internal audit function and the objectivity of the internal auditors.

To safeguard independence and objectivity, the Global Internal Audit Standards state the following:

- If the internal audit function is to provide assurance services where it had previously performed advisory services, the chief audit executive must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed.
- Temporary nonaudit responsibilities of the chief audit executive or assurance engagements over which the chief audit executive has responsibility will require an independent third party to provide assurance during the assignment period and for the subsequent 12 months upon completion of the work if such assurance activities are required regarding that area. The chief audit executive must also establish a plan to transition temporary responsibilities to management.
- If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement.

The charter must also describe any expected divergence from the Global Internal Audit Standards and how that divergence will be handled. For example, as stated in Standard 4.1, if the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate. If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of the Global Internal Audit Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made.

Please refer to the Global Internal Audit Standards for related information, particularly the following individual standards:

Standard 2.1 Individual Objectivity	Standard 6.3 Board and Senior Management Support
Standard 2.2 Safeguarding Objectivity	Standard 7.1 Organizational Independence
Standard 2.3 Disclosing Impairments to Objectivity	Standard 8.1 Board Interaction
Standard 4.1 Conformance with the Global Internal Audit Standards	Standard 8.3 Quality
Standard 5.2 Protection of Information	Standard 8.4 External Quality Assessment
Standard 6.1 Internal Audit Mandate	Standard 9.4 Internal Audit Plan
Standard 6.2 Internal Audit Charter	Standard 9.5 Coordination and Reliance
	Standard 12.1 Internal Quality Assessment

About The Institute of Internal Auditors

The Institute of Internal Auditors (IIA) is an international professional association that serves more than 245,000 global members and has awarded more than 195,000 Certified Internal Auditor (CIA) certifications worldwide. Established in 1941, The IIA is recognized throughout the world as the internal audit profession's leader in standards, certifications, education, research, and technical guidance.

For more information, visit theiia.org.

Disclaimer

The IIA publishes this document for informational and educational purposes. This material is not intended to provide definitive answers to specific individual circumstances and as such is only intended to be used as a guide. The IIA recommends seeking independent expert advice relating directly to any specific situation. The IIA accepts no responsibility for anyone placing sole reliance on this material.

Copyright

Copyright © 2024 The Institute of Internal Auditors, Inc. All rights reserved. For permission to reproduce, please contact copyright@theiia.org.

March 2024 (This version supersedes the Supplemental Guidance “Model Internal Audit Activity Charter,” published April 24, 2017.)



The Institute of
Internal Auditors

Global Headquarters
The Institute of Internal Auditors
1035 Greenwood Blvd., Suite 401
Lake Mary, FL 32746, USA
Phone: +1-407-937-1111
Fax: +1-407-937-1101

