

Conformance Readiness Assessment Tool

Preparing to Conform with the
New Requirements of the
Global Internal Audit Standards



The Institute of
Internal Auditors

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Introduction

The Global Internal Audit Standards, published on January 9, 2024, incorporate content from the 2017 *International Standards for the Professional Practice of Internal Auditing* and the related mandatory guidance of the International Professional Practices Framework® (IPPF®): Code of Ethics, Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and Mission of Internal Audit. The new Standards also contain information from the nonmandatory Implementation Guidance.

This readiness assessment tool identifies the significant changes between the requirements of the 2017 IPPF and those of the 2024 Standards to help chief audit executives and their teams implement the new Standards and prepare for quality assessments before the effective date of January 9, 2025. When used in conjunction with the results of past quality assessments, the tool enables a comparison between the internal audit function's current practices and the new requirements to evaluate and remedy gaps in conformance.

However, the tool does not constitute a comprehensive inventory of changes in text or emphasis from the 2017 IPPF to the 2024 Standards and is not a substitute for a full assessment of an internal audit function's conformance with the Standards. Rather, the readiness assessment supplements an existing quality assurance and improvement program.

The table below presents excerpts from the Standards, edited to focus on the new requirements. Some parts of the full, original text have been paraphrased or summarized to maximize the usability of the document. The tool also may use abbreviations of terms where the original text from the Standards does not – for example, “CAE” instead of “chief audit executive.” For the full, original text, please consult the Global Internal Audit Standards, available at TheIIA.org/Standards.



New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
Standard 1.1 Honesty and Professional Courage			
<p>Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.</p> <p>The chief audit executive (CAE) must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable.</p>	<p>This standard expands on concepts implied by the principle of integrity, which existed in the Code of Ethics in the 2017 IPPF. The new Standards emphasize that professional courage is a necessary part of internal auditors' integrity and that the CAE must set an environment that supports integrity.</p>	<p>As part of evaluating internal auditors' performance, the CAE may solicit feedback from stakeholders about internal auditors' honesty and professional courage.</p> <p>As part of engagement supervision, internal auditors are provided with guidance to address potential or encountered threats to honesty and integrity.</p>	<p>Performance evaluations showing honesty and professional courage as objectives.</p> <p>Feedback from key stakeholders regarding the honesty and courage of internal auditors.</p>
1.2 Organization's Ethical Expectations			
<p>If internal auditors identify behavior within the organization that is inconsistent with the organization's ethical expectations, they must report the concern according to applicable policies and procedures.</p>	<p>While The IIA's Code of Ethics required internal auditors to "respect and contribute to the legitimate and ethical objectives of the organization," the new Standards extend the concept by requiring internal auditors to report behavior considered inconsistent with the organization's ethical expectations. How and to whom the behavior is reported is to be determined according to applicable policies and procedures.</p>	<p>The CAE should establish a methodology for internal auditors to communicate unethical behavior.</p> <p>If a member of senior management has behaved in a manner that is inconsistent with the organization's ethical expectations, the CAE should report the violation to the board. If an ethics-related concern involves the board's chairman, the CAE should report the concern to the entire board.</p>	<p>Documentation demonstrating that ethical issues were communicated to the board, senior management, and regulators in accordance with the organization's policies and relevant laws and/or regulations.</p>

New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
3.1 Competency			
<p>The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience.</p> <p>Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards.</p>	<p>The Code of Ethics and Standards in the 2017 IPPF were not specific about competencies important to performing internal audit responsibilities.</p> <p>The 2024 Standards clarify that internal auditors' competencies must be suitable for their position and level of experience. Regardless of position, all internal auditors must know the Standards.</p>	<p>Nine specific competencies are recommended for consideration.</p> <p>Formal training programs, engagement supervision, and performance reviews may be used to assess and validate the competencies of internal auditors.</p>	<p>Documentation of internal auditors' completion of continuing professional education.</p> <p>Documentation listing internal auditors' certifications, education, experience, work history, and other qualifications.</p> <p>Documented performance reviews of internal auditors.</p> <p>Documented supervisory reviews of engagements.</p> <p>Post-engagement surveys of internal audit stakeholders, and other forms of feedback on competencies exhibited.</p>
3.2 Continuing Professional Development			
<p>Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfill the requirements applicable to their certifications.</p>	<p>The Code of Ethics and Standards in the 2017 IPPF did not mention how internal auditors should proceed after obtaining professional internal audit certifications. In the new Standards, internal auditors possessing internal audit certifications must follow the continuing education policies and fulfill other requirements relevant to their certifications.</p>	<p>Many professional credentials require a minimum number of hours of continuing professional education within specific periods, such as annually.</p> <p>Internal auditors possessing credentials, such as the Certified Internal Auditor® designation, should be aware of the requirements for maintaining their credentials.</p> <p>The IIA requires holders of its certifications to complete ethics training. While this requirement is linked specifically to IIA certifications, all internal audit professionals should obtain ethics-focused continuing professional education or training.</p>	<p>Documented plans for and evidence of attending training events, professional conferences, and other continuing professional education.</p> <p>Records of internal auditors' completed continuing professional education and credentials obtained.</p>

New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
4.1 Conformance with the Global Internal Audit Standards			
<p>The internal audit function's methodologies must be established, documented, and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function's methodologies when planning and performing internal audit services and communicating results.</p> <p>When internal auditors are unable to conform with a requirement, the CAE must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.</p>	<p>The 2017 Standards did not require internal audit policies and procedures to be aligned with the Standards.</p> <p>Additionally, the Code of Ethics and Standards in the 2017 IPPF did not give the CAE or the internal audit function a path to conformance with a standard if they failed to conform with a single requirement.</p> <p>Conversely, the Fundamentals section of the 2024 Standards includes a paragraph on demonstrating conformance that allows a CAE to take alternative actions to meet the intent of the standard or still achieve a principle despite nonconformance with a standard.</p>	<p>The CAE should review the Standards when changes occur and align the internal audit function's methodologies accordingly.</p> <p>When conformance with a requirement is not achieved, the CAE should document the following: the circumstance, alternative actions taken, the impact, and the rationale. The internal audit function may be able to conform with a standard or achieve a principle, even when conformance with a requirement is not achieved.</p>	<p>Documentation of the internal audit function's methodologies and an indication of when they were last updated.</p> <p>Documentation of the circumstance of nonconformance, alternative actions taken, the impact of the actions, and the rationale.</p>

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4.3 Professional Skepticism			
<p>Internal auditors must exercise professional skepticism when planning and performing internal audit services.</p> <p>To exercise professional skepticism, internal auditors must:</p> <ul style="list-style-type: none"> • Maintain an attitude that includes inquisitiveness. • Critically assess the reliability of information. • Be straightforward and honest when raising concerns and asking questions about inconsistent information. • Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading. 	<p>While professional skepticism has been a critical attribute for internal auditors for a long time, it was not explicitly mentioned in the 2017 Standards.</p>	<p>Internal auditors should strive to make objective judgments based on facts, information, and logic, rather than trust or belief.</p> <p>When internal auditors determine that information is potentially incomplete, inconsistent, false, or misleading, they should perform additional analyses to identify the correct and complete information needed to support engagement results.</p> <p>Internal auditors may attend workshops and participate in training opportunities to develop and learn to apply professional skepticism and understand the importance of avoiding bias and maintaining an open and curious mindset.</p>	<p>Records of relevant training planned and completed, including a list of participants.</p> <p>Workpapers identifying an internal auditor’s approach to evaluate and validate information gathered during an engagement.</p> <p>Documentation that false or misleading information was handled as an engagement finding.</p>

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5.2 Protection of Information			
<p>The CAE must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.</p> <p>Internal auditors must manage the risk of exposing or disclosing information inadvertently.</p>	<p>The Code of Ethics and Standards in the 2017 IPPF set requirements for protecting information acquired in the course of duties.</p> <p>The 2024 Standards broaden the concept to the protection of all information/data to which the internal audit function has access, including requiring the CAE to be responsible for overseeing that the individuals assisting the internal audit function follow data protection requirements.</p>	<p>Information access may be monitored to verify whether methodologies are followed. Information may be protected from intentional or unintentional disclosure through controls such as data encryption, password protection, email distribution, restrictions on the use of social media, and restrictions on physical access. When internal auditors no longer need access to the data, digital permissions should be revoked and printed copies should be handled according to established methodologies.</p> <p>The CAE should periodically assess and confirm internal auditors' needs for access to information and whether access controls are working effectively.</p>	<p>Documentation demonstrating application of relevant methodologies.</p> <p>Performance reviews demonstrating that policies and procedures related to the protection and disclosure of information have been followed.</p> <p>Documentation regarding the implementation of mechanisms that restrict information access and mitigate the risk of the failure of prevailing controls.</p>

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Domain III: Governing the Internal Audit Function (Introduction)			
<p>The CAE must discuss this domain with the board and senior management.</p> <p>The discussions are needed to inform the board and senior management about the importance of the essential conditions and to gain alignment among their respective responsibilities.</p> <p>If either the board or senior management disagrees with one or more of these essential conditions, the CAE must emphasize – with examples – how absence of the condition(s) may affect the internal audit function’s ability to fulfill its purpose or conform with specific standards.</p>	<p>While the 2017 Standards often stated or implied an expectation or need for the board and senior management to take certain actions, such as approvals, the Standards did not frame such actions as essential to the internal audit function’s ability to fulfill the Purpose of Internal Auditing.</p> <p>The introduction to Domain III requires the CAE to discuss with the board and senior management the roles and responsibilities of each party.</p> <p>The presentation of “essential conditions” in the new Standards brings new focus on the importance of the relationship between the CAE, the board, and senior management and sets forth new expectations for direct communication and collaboration between the parties.</p>	<p>The discussions with the board and senior management should focus on:</p> <ul style="list-style-type: none"> • The Purpose of Internal Auditing as articulated in Domain I: Purpose of Internal Auditing. • The essential conditions outlined under each of the standards in Domain III: Governing the Internal Audit Function. • The potential impact on the effectiveness of the internal audit function if the board or senior management does not provide the support outlined in the essential conditions. <p>The nature and frequency of these discussions depend on the circumstances and changes in the organization.</p> <p>Domain III tools, available from The IIA, may assist with the communications.</p>	<p>Documented agenda items, presentations, notes, and/or minutes from board and senior management discussions concerning Domain III.</p>
6.3 Board and Senior Management Support			
<p>The CAE must coordinate the internal audit function’s board communications with senior management to support the board’s ability to fulfill its requirements.</p> <p>Essential Conditions Board Champion the internal audit function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.</p> <p>Senior Management Support recognition of the internal audit function throughout the organization.</p>	<p>The 2017 Standards did not include details about the CAE facilitating communications between the board, senior management, and the internal audit function or about the importance of the board and senior management promoting the function’s ability to achieve its purpose.</p>	<p>The CAE should inform senior management of board discussions as appropriate and confirm an understanding of reporting provided by both parties to establish clarity and a lack of redundancy.</p>	<p>An agreed-upon matrix or similar documentation showing the information, including the essential conditions, that the CAE should communicate to the board and senior management and the expected frequency.</p>

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7.2 Chief Audit Executive Qualifications			
<p>The CAE must help the board understand the qualifications and competencies of a CAE that are necessary to manage the internal audit function. The CAE facilitates this understanding by providing information and examples of common and leading qualifications and competencies.</p> <p>The CAE must maintain and enhance the qualifications and competencies necessary to fulfill the roles and responsibilities expected by the board. (See also Principle 3 Demonstrate Competency and its standards.)</p> <p>See “essential conditions” for the board and senior management in the full text of the Standards.</p>	<p>The 2017 Standards did not mention CAE qualifications or a method for organizations to appoint a qualified CAE. The 2024 Standards introduce requirements and essential conditions aimed at helping the organization hire a CAE who is qualified to perform the responsibilities and fulfill the expected roles.</p>	<p>Collaboration should occur between the board and senior management on a CAE job description which includes competencies and qualifications. Succession planning and professional education plans for the CAE should be a part of this discussion. The job description should be reassessed by the board and senior management periodically.</p>	<p>Documented board approval of the CAE’s job specifications/description and/or appointment or other evidence that the board evaluated the qualifications and competencies required for the CAE’s role.</p> <p>The CAE’s professional education plans and evidence of completion.</p> <p>Documented participation in professional associations.</p> <p>Documented succession-planning conversations with the board, senior management, and/or the organization’s human resources function.</p>
8.3 Quality			
<p>Essential Conditions Board</p> <ul style="list-style-type: none"> • Approve the internal audit function’s performance objectives at least annually. (See also Standard 12.2 Performance Measurement.) <p>Essential Conditions Senior Management</p> <ul style="list-style-type: none"> • Provide input on the internal audit function’s performance objectives. • Participate with the board in an annual assessment of the CAE and internal audit function. 	<p>The 2017 Standards required the CAE to develop and maintain a quality assurance and improvement program (QAIP) that includes assessment of the efficiency and effectiveness of the internal audit activity. Additionally, Standard 1311 required ongoing monitoring of the performance of the internal audit activity. Thus, such requirements in Standard 8.3 are not new. However, the essential conditions ask for more specific actions from the board and senior management, especially regarding advance input on performance objectives.</p>	<p>The CAE should engage senior management in a discussion on the internal audit function’s objectives and the annual assessment of the internal audit function’s performance against these objectives.</p>	<p>Evidence of senior management inclusion in the internal audit function’s objectives discussions and the annual performance assessment of the internal audit function through meeting attendance records and minutes.</p>

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8.4 External Quality Assessment			
<p>When selecting the independent assessor or assessment team, the CAE must ensure at least one person holds an active Certified Internal Auditor® designation.</p>	<p>The assessor or assessment team that performs the internal audit function's external quality assessment now must possess a specific credential: The IIA's Certified Internal Auditor®.</p>	<p>Unless otherwise mandated by laws and/or regulations (see Standard 1.3 Legal and Ethical Behavior), one member of an external quality assessment team must hold an active Certified Internal Auditor® designation.</p>	<p>Documentation of assessor's Certified Internal Auditor® credential.</p>
9.2 Internal Audit Strategy			
<p>The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function.</p> <p>The CAE must review the internal audit strategy with the board and senior management periodically.</p>	<p>The 2024 Standards introduce an explicit requirement for the CAE to develop a strategy for the internal audit function with specific features.</p>	<p>An internal audit strategy is a plan of action designed to achieve a long-term or overall objective.</p> <p>The vision describes the desired future state – in the next three to five years, for example – of the internal audit function and provides direction to help the function fulfill its mandate. The vision is also designed to inspire internal auditors to continuously improve. The strategic objectives define achievable targets to attain the vision. The supporting initiatives outline more specific tactics and steps for achieving each strategic objective.</p> <p>The initiatives supporting the strategy should include:</p> <ul style="list-style-type: none"> • Opportunities to help internal auditors develop their competencies. • The introduction and application of technology when it improves the internal audit function's efficiency and effectiveness. • Opportunities to improve the internal audit function. 	<p>Documented internal audit strategy, including vision, strategic objectives, and supporting initiatives.</p> <p>Minutes or correspondence from meetings with the board, senior management, and/or other stakeholders where expectations were discussed.</p>

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9.3 Methodologies			
<p>The CAE must evaluate the effectiveness of the methodologies and update them as necessary to improve the internal audit function and respond to significant changes that affect the function.</p> <p>The CAE must provide internal auditors with training on the methodologies.</p>	<p>While the 2017 Standards contained just one sentence and an interpretation about internal audit policies and procedures, the new Standards add requirements that the CAE update and provide training on the methodologies and evaluate their effectiveness.</p>	<p>The effectiveness of the internal audit methodologies should be reviewed during quality assessments. Reasons for updating established methodologies include significant changes in professional internal audit standards and guidance, legal and/or regulatory requirements, technology, and department size or composition. A change of the CAE or board chairman may also warrant the review and revision of internal audit methodologies.</p>	<p>Schedule of internal audit training on methodologies and attendance records.</p> <p>Results from self-assessment against the plan.</p> <p>Results of quality assessments, which should include assessments of the effectiveness of methodologies.</p> <p>Documentation of updates to the methodologies.</p>
9.5 Coordination and Reliance			
<p>If unable to achieve an appropriate level of coordination, the CAE must raise any concerns with senior management and, if necessary, the board.</p>	<p>The 2017 Standards stated that the CAE “should share information, coordinate activities, and consider relying upon the work” of other assurance providers.</p> <p>The 2024 Standards elevate the expectation for the CAE to coordinate with other assurance providers from a “should” to a “must.” The reliance portion of the standard still uses “consider relying upon...” The new Standards also require an escalation methodology to be developed and used if coordination is not achieved.</p>	<p>Discussions regarding the adequacy of internal or external assurance provider coordination efforts with the CAE should occur regularly with senior management and the board.</p>	<p>Clear documentation on all assurance provider roles and performance against these roles.</p> <p>Minutes detailing discussions with senior management and the board regarding any coordination issues and how they have been rectified.</p>

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10.1 Financial Resource Management			
<p>The CAE must develop a budget that enables the successful implementation of the internal audit strategy and achievement of the plan.</p> <p>The budget includes the resources necessary for the function's operation, including training and acquisition of technology and tools.</p>	<p>The 2017 Standards required the CAE to manage resources, but the 2024 Standards explicitly require the development of a budget that includes training and technology.</p>	<p>The CAE should follow the budget processes established by the organization. Whether the internal audit function is insourced or outsourced, an adequate budget should still be approved by the board.</p> <p>If an audit function's budget is established within a larger budget managed by another department, business unit, or authority, the CAE still should understand the funds allocated to the internal audit function, track spending, and monitor the sufficiency of the financial resources deployed in the internal audit function.</p>	<p>Documentation of progress against the internal audit plan in comparison to actual expenses versus budget.</p> <p>Minutes of meetings in which the CAE discussed the internal audit budget with the board and senior management.</p> <p>Board meeting minutes discussing the internal audit function's budget and approval.</p>
10.2 Human Resources Management			
<p>The CAE must establish an approach to “develop and retain internal auditors who are qualified to successfully implement the internal audit strategy and achieve the internal audit plan.”</p> <p>The CAE must collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring.</p>	<p>The 2017 Standards required the CAE to ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the internal audit plan. The 2024 Standards are more specific about requiring an approach for developing and retaining qualified internal auditors.</p>	<p>To develop and retain internal auditors, the CAE should:</p> <ul style="list-style-type: none"> • Implement appropriate compensation, promotion, and recognition activities. • Implement methodologies for training, evaluating performance and improving competencies. • Consider the human resources objectives of the internal audit function and the organization. • Cultivate an ethical, professional environment in which internal auditors are trained adequately and collaborate effectively. 	<p>Documented training plans and evidence of completed training.</p> <p>Assessments of the performance of the internal audit function and individual internal auditors.</p> <p>Documented performance measures related to retention.</p>

New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
10.3 Technological Resources			
<p>The CAE must collaborate with the organization's information technology and information security functions to implement technological resources properly.</p>	<p>This sentence was added to emphasize the need for the internal audit function's collaboration with the organization's information technology and security functions.</p>	<p>When considering new technological resources, the CAE should work closely with information technology and security so that proper consideration is given to funding, organizational prioritization, key implementation processes and testing, firewalls, usage, reliability, and security of data.</p>	<p>Documentation of a technology implementation plan evidencing the involvement of information technology and security.</p>
11.1 Building Relationships and Communicating with Stakeholders			
<p>The CAE must develop an approach for the internal audit function to build relationships and trust with key stakeholders, including the board, senior management, operational management, regulators, and internal and external assurance providers and other consultants.</p>	<p>While building relationships and trust with key stakeholders has always been necessary for the internal audit function to be effective, the 2017 Standards did not mention these elements directly. This requirement in the new Standards means that the CAE must develop or formalize a thoughtful, proactive approach.</p>	<p>The CAE should be included in the organization's communication channels and attend meetings with the board, key governance committees, senior management, and groups that report directly to senior management, such as compliance, risk management, and quality control.</p> <p>The CAE should meet independently with individual senior executives and board members.</p> <p>Communications may include discussions, surveys, interviews, and group workshops with management and the board about strategies, objectives, risks, trends, and regulatory changes.</p>	<p>Documentation of the internal audit function's plan for managing stakeholder relationships.</p> <p>Agendas or minutes from meetings among members of the internal audit function and stakeholders.</p> <p>Surveys, interviews, and group workshops through which internal auditors solicit input from internal stakeholders.</p> <p>Websites or web pages, newsletters, presentations, and other outlets through which the internal audit function communicates with stakeholders in the organization.</p>

New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
11.3 Communicating Results			
<p>Themes</p> <p>The findings and conclusions of multiple engagements, when viewed holistically, may reveal patterns or trends, such as root causes. When the CAE identifies themes related to the organization’s governance, risk management, and control processes, the themes must be communicated timely, along with insights, advice, and/or conclusions, to the board and senior management.</p>	<p>The 2017 Standards had limited descriptions of conclusions, referring only to final engagement results and overall opinions.</p> <p>The 2024 Standards broaden the descriptions of how CAEs form and communicate results to the board, including the concept of identifying themes among the findings of multiple engagements, which may point to the existence of a common root cause and significant aggregated risk exposure.</p>	<p>Tracking the findings and conclusions of multiple engagements may enable the identification of trends, such as the improvement or worsening of conditions compared to criteria, a root cause underlying the conditions, or an opportunity to share a practice that increases effectiveness or efficiency. Such trends also may lead to additional engagements that focus on the theme across the organization.</p> <p>Communications to the board and senior management should include:</p> <ul style="list-style-type: none"> • Significant control weaknesses and robust root cause analysis. • Thematic or systemic issues, actions, or progress across multiple engagements or business units. <p>Insights obtained from other assurance providers should be considered when identifying themes.</p>	<p>Final engagement communications, including engagement findings, recommendations, and conclusions.</p> <p>The CAE’s outline, meeting minutes, speaking notes, slides, or documents indicating communication with the board and senior management.</p> <p>Analyses including data reports, diagrams, and graphs showing trends.</p>

New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
12.2 Performance Measurement			
<p>The CAE must develop objectives to evaluate the internal audit function's performance. The CAE must consider the input and expectations of the board and senior management when developing the performance objectives.</p> <p>The CAE must develop a performance measurement methodology to assess progress toward achieving the function's objectives and to promote the continuous improvement of the internal audit function.</p> <p>When assessing the internal audit function's performance, the CAE must solicit feedback from the board and senior management as appropriate.</p>	<p>The 2017 Standards called for the quality assurance and improvement program to assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement.</p> <p>The 2024 Standards broaden the concept of performance objectives to consider value as perceived by key stakeholders and requires that objectives promote continuous improvement.</p>	<p>The CAE may identify a set of focused performance objectives that are reported to the board and senior management while maintaining a more comprehensive set of performance objectives for managing the internal audit function.</p> <p>Performance objectives should advance desired outcomes and be balanced across outcome areas.</p>	<p>Documented performance objectives, measures, targets, and action plans.</p>

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13.1 Engagement Communication			
<p>Internal auditors must communicate the objectives, scope, and timing of the engagement with management. Subsequent changes must be communicated with management timely.</p> <p>At the end of an engagement, if internal auditors and management do not agree on the engagement results, internal auditors must discuss and try to reach a mutual understanding of the issue with the management of the activity under review.</p> <p>Internal auditors must follow an established methodology to allow both parties to express their positions regarding the content of the final engagement communication and the reasons for any differences of opinion regarding the engagement results.</p>	<p>The 2017 Standards focused on specific types of communications – such as assurances to outside parties, opinions, and conclusions, reporting to the board and senior management—and defined attributes of effective communications, but did not cover expectations for communication throughout all stages of an engagement.</p> <p>The 2024 Standards emphasize the ongoing and collaborative nature of communication between the audit function and management when planning and conducting engagements.</p>	<p>Engagement communications may include initial, ongoing, closing, and final communications with the management of the activity under review. The extent of ongoing communication depends upon the nature and length of the engagement.</p> <p>Depending on the type of engagement, internal auditors may have a closing communication (“exit conference”), which provides an opportunity for management and internal auditors to discuss the engagement results and feasibility of recommendations and/or management’s action plans before issuance of the final communication.</p>	<p>Documentation (emails, meeting minutes, notes, or memos) showing that the required communications occurred throughout the engagement.</p>

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13.3 Engagement Objectives and Scope			
<p>Scope limitations must be discussed with management when identified, with a goal of achieving resolution.</p> <p>If a resolution cannot be achieved with management, the CAE must elevate the scope limitation issue to the board according to an established methodology.</p> <p>Internal auditors must have the flexibility to make changes to the engagement objectives and scope when audit work identifies the need to do so as the engagement progresses.</p>	<p>While the 2017 Standards state that the “internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results,” the 2024 Standards add an emphasis on communicating with management about scope limitations and having a methodology for resolving disagreements.</p> <p>The 2024 Standards also require flexibility in managing engagement objectives to be responsive to risks and business needs .</p>	<p>Once the engagement objectives have been established, internal auditors should use professional judgment and consult with the engagement supervisor as necessary to determine the scope of engagement work.</p> <p>Internal auditors should consider whether requests from the engagement stakeholders for items to be included in or excluded from the scope or restrictions on the length of the engagement constitute a scope limitation.</p>	<p>Engagement workpapers documenting:</p> <ul style="list-style-type: none"> • Approved engagement work program containing the engagement objectives and scope. • Minutes from meetings with stakeholders about the engagement objectives and scope. • Documentation of scope limitations and how they were managed.
14.1 Gathering Information for Analyses and Evaluation			
<p>If relevant evidence cannot be obtained, internal auditors must determine whether to identify that as a finding.</p>	<p>The 2017 Standards required assessing information that is sufficient, reliable, and relevant; however, it does not say what to do if such evidence cannot be obtained. The 2024 Standards identify the lack of such information as a potential finding.</p>	<p>Considerations for implementing this new requirement – that is, vetting a potential finding with management – are detailed in Standard 14.2.</p>	<p>See the next row.</p>

New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
<p>14.2 Analyses and Potential Engagement Findings</p> <p>14.3 Evaluation of Findings</p>			
<p>14.2: Internal auditors must analyze information to determine whether there is a difference between the evaluation criteria and the existing state of the activity under review.</p> <p>A difference between the criteria and the condition indicates a potential engagement finding that must be noted and further evaluated.</p> <p>14.3: Internal auditors must evaluate each potential engagement finding to determine its significance.</p>	<p>The 2017 Standards provided little detail related to analyses and evaluations, stating only: “Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.”</p> <p>The 2024 Standards expand requirements and considerations for gathering and analyzing information for potential findings and then evaluating those findings for significance, essentially estimating the residual risk exposure.</p>	<p>14.2: The analyses should yield a meaningful comparison between the evaluation criteria and the condition. Differences should be evaluated with subsequent engagement procedures to determine the cause and effect of the difference and significance of the potential findings.</p> <p>Internal auditors exercise due professional care and follow internal audit methodologies to determine the extent and type of additional procedures that should be used to evaluate the potential findings. For list of considerations, see full text of Standard 14.2.</p> <p>14.3: Evaluations should explore the root cause of the difference. Internal auditors should evaluate the root cause and collaborate with management as necessary to determine the root cause.</p> <p>Determining the significance of a finding involves identifying and evaluating existing controls for design adequacy and effectiveness and then determining the level of residual risk.</p>	<p>14.2: Workpapers that document the analyses performed, including data analytics programs or software used, test populations, sampling processes, and sampling methods.</p> <p>14.3: Workpapers explaining the criteria used to evaluate the findings.</p> <p>Workpaper that lists the criteria, condition, root cause (when possible), effect (risk or potential exposure), and a prioritization of each finding.</p> <p>Workpaper or other documentation explaining the materiality, risk tolerance, and elements of any cost-benefit analysis used as the basis of the finding(s) analysis.</p> <p>Relevant internal audit methodologies, templates, and guidance.</p>

New Requirement in Standards	What this Change Means	Considerations for Implementation	Examples of Evidence of Conformance
14.4 Recommendations and Action Plans			
<p>If internal auditors and management disagree about the engagement recommendations and/or action plans, internal auditors must follow an established methodology to allow both parties to express their positions and rationale and to determine a resolution.</p>	<p>The 2017 Standards did not provide explicit guidance for disagreements between management and internal auditors about recommendations or action plans, whereas the 2024 Standards require the CAE to have anticipated such a scenario and developed a methodology for resolving disputes.</p>	<p>If the internal auditor and the management of the activity under review disagree about the engagement results, the CAE should work with senior management to facilitate a resolution. Additionally, a formal statement from each party may be attached to the final communication or made available upon request.</p>	<p>Documentation evidencing discussions with management regarding the findings and feasibility of recommendations and/or action plans.</p> <p>Formal statement regarding disagreement including clarity on positions, rationale, and resolution.</p>
15.1 Final Engagement Communication			
<p>The final communication must specify the individuals responsible for addressing the findings and the planned date by which the actions should be completed.</p> <p>When internal auditors become aware that management has initiated or completed actions to address a finding before the final communication, the actions must be acknowledged in the communication.</p>	<p>The 2017 Standards required engagement results with specific components to be communicated.</p> <p>The 2024 Standards add requirements around corrective actions, including identifying specific owners and target completion dates, as well as acknowledgement in the report of actions initiated or completed during the engagement.</p>	<p>Multiple versions of a final communication may be issued with formats adapted for specific audiences.</p> <p>For recommended specifications for reviewing final engagement communications, see full text of Standard 15.1.</p>	<p>Final communication that includes owners and target completion dates for corrective actions and any actions taken prior to the report's issuance.</p>

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