

# The implementation deadline for the new Global Internal Audit Standards has passed - are you ready?

**In January 2024, the Institute of Internal Auditors (IIA) issued the Global Internal Audit Standards (the Standards) with implementation required by 9 January 2025. Now that the transition period of one year has come to an end, it is time to take stock of the current status and ensure compliance with new Global internal audit standards.**

**We have summarized below the key content changes that should be implemented with these new standards:**

## **Board and Senior Management:**

Domain III “Governing the Internal Audit Function” specifies what the CAE must do to support/encourage the board and senior management to perform necessary oversight responsibilities for an effective Internal Audit (IA) function. The responsibility rests with the CAE to provide and discuss with the board and senior management the information necessary for oversight of the IA function.

### **KPMG Insight:**

While many IA functions may already have processes and supporting documented evidence in place to demonstrate compliance with the Board ‘Essential Conditions’ requirements, many IA functions may currently struggle to demonstrate compliance with the Senior Management ‘Essential Conditions’ requirements.

## **Internal Audit Strategy:**

Standard 9.2 requires the CAE to develop and implement a strategy for the IA 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.

This includes the development of a vision, strategic objectives, and supporting initiatives for the IA function.

### **KPMG Insight:**

The updated Standards provide a great momentum to start or strengthen the conversation with your audit committee and senior management on the internal audit strategy to determine how the internal audit function supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.

## Integrated Assurance and the Internal Audit Plan:

Standard 9.4 requires that the IA plan must be based on a documented assessment of the organization's strategies, objectives, and risks. Standard 9.5 requires the CAE to coordinate with internal and external providers of assurance services and consider relying on their work. While the 2017 Standards stated the CAE 'should' coordinate with internal and external providers, the new Standards say the CAE 'must' coordinate with these providers.

### KPMG Insight:

Coordination with internal and external assurance providers should go beyond alignment on audit planning. Consider developing an assurance map to clearly highlight the different responsibilities and identification of assurance gaps or overlaps.

## Report and Findings Ratings:

The new Standards do not require an overall report rating but do require "an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives..." (Standard 14.5). Standard 14.3 requires Internal Auditors to collaborate with Management to identify root causes of engagement findings when possible.

### KPMG Insight:

Besides the engagement conclusion, leading internal audit functions needs to succeed in delivering overarching reports and conclusions, which summarize the engagement conclusion results related to the engagement and management's objectives.

**In 2024, internal audit departments have undergone a transformation by integrating the 2024 Global Internal Audit Standards into their processes. If you want reassurance on compliance with these standards, a gap assessment or an external quality review can be performed. Our team at KPMG has the expertise to assist you in further understanding and integrating these standards into your department, enabling your team to stay focused on the audit plan for the year. Reach out to us to stay ahead of the curve.**

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