

# Revisions in Global Internal Audit Standards

Board Leadership Centre



The Institute of Internal Auditors (IIA) released the revised Global Internal Audit Standards on 9 January 2024, after a four-year period of consultation. These standards will be effective starting January 2025 and mark a major advancement in internal audit practices aiming to bring clarity to the role of the function and reflect the ever-evolving landscape internal audit operates in. In this document, we delve into the new standards and the implications for audit committees in particular.

The revised standards are structured into five core domains, covering fifteen principles and 54 detailed standards. The key takeaways for audit committees and board members are summarized below.

- 1 | A revised purpose for internal audit with less emphasis on developing advisory-based reports and more focus on assurance, insight and foresight.
- 2 | An increased focus on governance and the role of audit committees in overseeing internal audit.
- 3 | The expectation to document a forward-looking strategy. While there has always been an expectation to have an improvement program, it is now meant to include more focus on emerging risks.
- 4 | Specific guidance and standards on critical risk areas such as cybersecurity and technology.
- 5 | Greater emphasis on training, professional development and auditor competence particularly in areas such as professional skepticism, integrity, objectivity and ethical standards.
- 6 | Greater requirements to retain evidence to demonstrate conformance with the standards.
- 7 | Clarified requirements for identifying root causes and prioritizing findings through the delivery of audit activity.
- 8 | Focus on the authority of the internal audit function and where it sits within the organization.
- 9 | New material on the coordination with, and reliance on, other assurance provider such as compliance, risk and external audit – including an explicit reference to assurance mapping that states that, if the internal audit functions uses other control functions, then the roles and responsibilities need to be appropriately documented in relation to the scope of work.

## Governing the internal audit function

The standards have introduced a new section on governing the internal audit function. This addresses the importance of having appropriate governance arrangements to enable the internal audit function to be effective.

Specifically, this sets out the requirement for the Chief Internal Auditor (CIA) to work closely with the audit committee in establishing the internal audit function and positioning it independently, and to provide information to the audit committee to enable it to assess its performance.

### Updated requirements for the internal audit function under IIA



#### Meeting with the audit committee and senior management

The new regulation set specific standards to discuss the purpose of internal audit and support the mandate of the function.

---



#### Provision of information

Information must be provided to support and promote the recognition of the internal audit function. The audit committee needs to meet with the CIA at least annually independent from management. Also, there is a requirement to approve the internal audit charter, plan, budget and resource requirements.

---



#### Confirmation of independence

The CIA must formally confirm organizational independence annually to the audit committee. This includes areas where it may have been impacted and the safeguards implemented.

---



#### Seniority of the CIA

A requirement for the CIA to support the audit committee in understanding the experience and qualifications required of the CIA. There is an expectation that the audit committee will review the CIA's profile and encourage the CIA to pursue continuing professional development and education.

---



#### Interaction between internal audit and the audit committee

The audit committee is responsible for ensuring that the internal audit function has sufficient resources, both in terms of staff and capabilities, to fulfil its mandate and to understand how the internal audit function is fulfilling its mandate. The audit committee must receive sufficient information to properly challenge the effectiveness of the internal audit function through the quality assessment and improvement program.

---



#### External quality assessment

The CIA must develop a plan for the external quality assessment and communicate this to the audit committee. There is greater detail here on the considerations for an external quality assessment, as required by the IIA, and the selection processes that should be implemented.

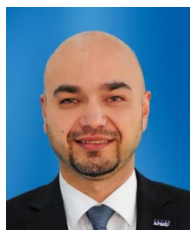
# Contacts



**Abdullah Akbar**  
Partner, Audit &  
Head of Board Leadership Centre  
E: [amakbar@kpmg.com](mailto:amakbar@kpmg.com)



**Mazen Hamad**  
Partner, Enterprise Risk Services  
E: [mhamad@kpmg.com](mailto:mhamad@kpmg.com)



**Mohammad Abudalo**  
Partner, Enterprise Risk Services  
E: [mabudalo@kpmg.com](mailto:mabudalo@kpmg.com)



**Dr. Samer Abdallah**  
Partner, Advisory  
E: [samerabdallah@kpmg.com](mailto:samerabdallah@kpmg.com)



**Kamran Sial**  
Partner, Tax  
E: [ksial@kpmg.com](mailto:ksial@kpmg.com)



**Mohammad Alkhelaiwi**  
Partner, Audit  
E: [maikhelaiwi@kpmg.com](mailto:maikhelaiwi@kpmg.com)

## Contributors

**Peter Bannink**, Head of Marketing and Thought Leadership

**Muayad Alelaiwi**, Manager, Arabic Content Lead

**Madhawi Alrajhi**, Senior Analyst, Marketing and Thought Leadership

## Board Leadership Centre

The KPMG Board Leadership Centre offers support and guidance to non-executive directors, whether managing a portfolio non-executive career or embarking on a first appointment. We aim to equip you with the tools you need to be highly effective in your role, enabling you to focus on the issues that really matter to you and your business.

[kpmg.com/sa](https://kpmg.com/sa)



### Disclaimer

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG Professional Services, a Saudi Closed Joint Stock Company and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.