

Achieving Quality With the Proposed Global Internal Audit Standards

The proposed Global Internal Audit Standards – What are they?

The International Internal Audit Standards Board has released the draft of the new Global Internal Audit Standards™ for public comment. The proposed Standards are intended to replace the *International Standards for the Professional Practice of Internal Auditing*, which were issued most recently as part of the 2017 edition of the *International Professional Practices Framework*®.

The proposed new Standards were designed to simplify, clarify, and align elements of the IPPF. The new Standards contain:

- **Principles:** broad descriptions of a basic assumption or rule summarizing a group of requirements and recommendations that follow.
 - **Standards:** requirements for the professional practice of internal auditing.
 - **Considerations:**
 - **Implementation:** common and preferred practices for implementing the requirements.
 - **Evidence of Conformance:** examples of recommended ways for an internal audit function to demonstrate that the requirements of the new Standards have been implemented.

The addition of the “considerations for evidence of conformance” should be very helpful when preparing for a quality assessment review.

The proposed new Standards have been organized into five domains, which include: I) Purpose of Internal Auditing; II) Ethics and Professionalism; III) Governing the Internal Audit Function; IV) Managing the Internal Audit Function; V) Performing Internal Audit Services.

How do the requirements of the new Standards affect the external quality assessment of an internal audit function?

An external quality assessment is and will continue to be an evaluation of conformance to the Standards required at least every five years. The new Standards incorporate new performance requirements to ensure the quality of internal audit services, specifically that quality reflects conformance and performance. In addition, The IIA will continue to release guidance that will assist internal audit functions in implementing the new Standards.

When will the new Standards be in effect for external quality assessments and what are my options?

The new Standards are scheduled to be approved and published by the end of 2023 and be effective 12 months following publication. This allows internal audit functions time to transition and conform to the new Standards. As a result, the new Standards will be effective for external quality assessments 12 months after publication. Here are your options:

1. You do not have to wait to conduct your next external quality assessment until the new Standards are effective. So:
 - If your next external quality assessment is due in 2023 or early 2024, you should proceed with your assessment in conformance with the current IPPF and *International Standards for the Professional Practice of Internal Auditing*.
 - If your external quality assessment is due in late 2024 or in 2025, you can choose to accelerate your assessment to occur in 2023 or early 2024, which will allow you to be assessed against the current IPPF and *International Standards for the Professional Practice of Internal Auditing*.
2. If your assessment is due in 2025, you can elect to have IIA Quality Services perform a gap assessment in 2024 to assess your readiness to implement the new Standards.
3. If you proceed with an external quality assessment in conformance with the current IPPF and *International Standards for the Professional Practice of Internal Auditing* in 2023 or 2024, you should consider an IIA Quality Services gap assessment as an additional service in late 2024 or in 2025 to help support accurate implementation of the new Standards.

When will the Quality Assessment Manual for the Internal Audit Activity be updated to reflect the new Standards?

The current Quality Assessment Manual remains in effect and valid until it is updated to align with the new Standards. The updated Quality Assessment Manual is anticipated to be published in early 2024 and will provide direction on consideration of the new Standards as well as other guidance issued in support of the new Standards.