

How to Implement the Global Internal Audit Standards in the Public Sector

A joint paper issued by



Acknowledgements

The objective of the ECIIA Public Sector Committee is to promote good governance and internal audit across the European public sector and to develop guidance papers to be used as advocacy tools locally. As part of the 2024-25 work program, the committee agreed to oversee a project to promote the Global Internal Audit Standards and the continued professionalism of internal auditing in the public sector across Europe. The IIA Global Headquarters recognizes the publication's broad applicability and is releasing it as a joint global project.

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How to Implement the Global Internal Audit Standards in the Public Sector

Introduction

The Global Internal Audit Standards™ guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function.¹ The 2024 Standards incorporate content from the 2017 International Standards for the Professional Practice of Internal Auditing and several elements of the International Professional Practices Framework® (IPPF®). The Standards apply to all organizations, regardless of sector, size, complexity, or structure.

The Public Sector Committee of the European Confederation of Institutes of Internal Auditing (ECIIA) supports the missions of the ECIIA and IIA Global to implement and promote the Global Internal Audit Standards within the public sector by advising on their implementation by internal audit functions.

This paper seeks to aid internal auditors working in the public sector. It provides the results of the Public Sector Committee's research, completed by a working group of internal audit practitioners from various public sector organizations in Europe. Additionally, the committee consulted with The IIA Global Headquarters, Standards and Guidance department, the Public Sector Knowledge Group (IIA global volunteer experts), and Harriet Richardson, a member of the International Internal Audit Standards Board who has had a long career in internal auditing in the public sector.

Internal audit functions in the public sector must consider specific laws and regulations, as well as governance, organizational, and funding structures that are only relevant in the public sector or government context. The nature of these conditions may affect how public sector internal audit functions apply the Standards to achieve conformance. For the first time, the Standards aid with implementation in public sector internal audit functions in the section "Applying the Global Internal Audit Standards in the Public Sector."

This paper aims to:

- Promote the Standards as a basis for evaluating and elevating the quality of the internal audit function in the public sector.
- Summarize the key changes, new requirements, and specific public sector interpretations.
- Identify challenges and best practices in the implementation of the Standards.

1. The Global Internal Audit Standards define "internal audit function" as "A professional individual or group responsible for providing an organization with assurance and advisory services."



Key Information About the Global Internal Audit Standards

At the heart of the Standards are five domains and 15 principles that enable effective internal auditing. Each principle is supported by standards that contain requirements, considerations for implementation, and examples of evidence of conformance. Key findings within the five domains of the Standards are described below. The “Detailed Analysis of the Standards” section further analyzes each principle and standard.

The Five Domains

The Global Internal Audit Standards apply to all internal audit functions, but internal auditing in the public sector is also affected by the governance, organizational, and funding structures that are specific to public sector organizations. Additionally, the effect of laws and regulations on how internal audit functions apply the Standards is more noticeable in the public sector than it is in the private sector. Finally, internal auditing in the public sector is unique in that serving the public interest is a central and defining feature, unlike in the private sector, where it may be a lesser consideration.

I: Purpose of Internal Auditing

The purpose statement is intended to assist internal auditors and internal audit stakeholders in understanding and articulating the value of internal auditing.

II. Ethics and Professionalism

The ethics and professionalism domain replaces the Code of Ethics and outlines the behavioral expectations for professional internal auditors, including chief audit executives.

III. Governing the Internal Audit Function

Outlines the requirements for chief audit executives to work closely with the board to establish the internal audit function and senior management’s responsibilities to support this.

IV. Managing the Internal Audit Function

Sets out the chief audit executive’s responsibilities for managing the internal audit function, including strategic planning, managing resources, building relationships, and ensuring the function’s performance.

V. Performing Internal Audit Services

Requires internal auditors to effectively plan and conduct engagements, communicate throughout each engagement, and collaborate with management to identify actions to address findings.

Applying the Global Internal Audit Standards in the Public Sector



Domain I: Purpose of Internal Auditing and Domain II: Ethics and Professionalism

The Purpose of Internal Auditing (Domain I) explains the value of internal auditing, and Domain II's standards and principles of ethics and professionalism state the behavioral expectations for internal auditors. When implemented effectively, these elements instill trust in the profession.

Mandate and competencies: In the public sector, the internal audit function may be affected by the results of local or general elections. Following election-related changes, government bodies such as councils may change agendas or create new ones. This may lead to changes in an internal audit function's mandate and require internal auditors to develop or increase expertise in certain areas.

Professional development: Human resources management in the public sector is currently a significant concern in many countries. Public sector career paths may be linked to a grading scheme for civil servants or something similar; such a structure may contain constraints that restrict internal auditors' ability to progress as envisioned in the Standards (Standards 3.1 Competency and 3.2 Continuing Professional Development).

Conformance with the Standards: Internal audit functions are accountable for conformance with the Global Internal Audit Standards. The chief audit executive must be aware of the laws and/or regulations that affect the internal audit function's ability to fully conform with all provisions in the Standards. If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of the Standards, conformance with all other parts of the Standards is required, and appropriate disclosures must be made (Standard 4.1 Conformance with the Global Internal Audit Standards).² Specific frameworks and legal requirements in the public sector that are incongruent with the Standards are likely to require this type of disclosure.

Confidentiality: Laws and/or regulations governing the protection of information in the public sector may be more restrictive than those in the private sector. The chief audit executive should note this when creating methodologies to manage the proper use and protection of information (Standards 5.1 Use of Information and 5.2 Protection of Information).

2. The IIA, "Practice Guide: Unique Aspects of Internal Auditing in the Public Sector, 2nd Edition," 2024.



Domain III: Governing the Internal Audit Function

Definition of board: A key change related to Domain III is an expanded definition of the term “board,” which includes some terminology to accommodate those in the public sector.³ The introduction to Domain III specifically references the public sector, where a multi-tiered structure with multiple boards may exist: “If the nature of the board varies from the definition provided in the glossary, the chief audit executive should document the governing structure to which the internal audit function reports and how this structure is consistent with the definition of board.”

Essential conditions: Additionally, Domain III’s “essential conditions” clarify the roles of the board and senior management. While the chief audit executive is responsible for the requirements in Domain III, certain activities of the board and senior management are essential to the internal audit function’s ability to fulfill the Purpose of Internal Auditing. These activities are identified as “essential conditions” in each standard and establish a necessary foundation for an effective dialogue between the board, senior management, and the chief audit executive, ultimately enabling an effective internal audit function.

Mandate and charter: The internal audit function’s mandate and charter must consider the individual public sector governance structure and laws and/or regulations that could limit conformance with the Standards (Standards 6.1 Internal Audit Mandate and 6.2 Internal Audit Charter). Establishing effective audit committees is generally considered a good practice in the public sector (Standards 6.3 Board and Senior Management Support, 7.1 Organizational Independence, and 8.1 Board Interaction). The IIA’s “Model Internal Audit Charter for Public Sector Use” tool and guide are designed to help chief audit executives consider such nuances.⁴

Chief audit executive qualifications: Characteristics and competencies of the chief audit executive must be defined. In the public sector, chief audit executive roles often have varied backgrounds with no standardized qualifications, experience, or education. Although Standard 7.2 Chief Audit Executive Qualifications does not state specifically required qualifications, the considerations for implementation suggest that the desired qualifications include the Certified Internal Auditor® (CIA®) designation or other relevant professional education, certifications, and credentials.

EQA assessor qualifications: Standard 8.4 External Quality Assessment indicates that the external quality assessment team must have at least one active holder of a CIA® designation. Some jurisdictions have a certification program for the public sector, and there may not be enough qualified auditors to perform external quality assessments. Quality assessments in the public sector should be carried out by teams with sufficient experience relevant to the sector.

3. The Global Internal Audit Standards glossary defines “board” as:
“Highest-level body charged with governance, such as:

- A board of directors.
- An audit committee.
- A board of governors or trustees.
- A group of elected officials or political appointees.
- Another body that has authority over the relevant governance functions.

In an organization that has more than one governing body, ‘board’ refers to the body or bodies authorized to provide the internal audit function with the appropriate authority, role, and responsibilities.

If none of the above exists, ‘board’ should be read as referring to the group or person that acts as the organization’s highest-level governing body. Examples include the head of the organization and senior management.”

4. The webpage [Model Internal Audit Charter Tool and User’s Guide](#) contains model internal audit charters for the private and public sectors, along with user guides for each.



Domain IV: Managing the Internal Audit Function

Internal audit strategy: The Standards introduce an explicit requirement to develop a strategy for the internal audit 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.

Coordination and reliance: There may be a significant number of internal and external assurance providers. Therefore, it is important for the chief audit executive to be clear about which assurance providers are relevant to the internal audit function for coordination purposes. It may be difficult to coordinate with external assurance providers. The chief audit executive must raise concerns with senior management and, if necessary, the board when the appropriate level of coordination cannot be achieved (Standard 9.5 Coordination and Reliance).

Financial resources: Funding processes vary widely in the public sector. Budget requests for the internal audit function may depend on the funding allocated by the board and/or senior management, the head of the organization, or an outside legislative body. However, some governance and organizational structures do not give the board and senior management authority over the budget. Such conditions may prevent the chief audit executive from seeking budget approval from the board and senior management and limit the ability to seek or obtain additional funding for individual engagements (Standard 13.5 Engagement Resources).

Even when the budget is set by laws and/or regulations, the chief audit executive must adhere to other requirements of the standards related to managing the budget (Standards 6.3 Board and Senior Management Support, 7.1 Organisational Independence, 8.2 Resources, and 10.1 Financial Resource Management). These requirements include promptly communicating to the board and senior management the impact of insufficient financial resources (Standard 10.1 Financial Resource Management).

Human resources: The classification of employee positions and/or labor agreements often establish pay ranges, limiting the authority of the chief audit executive or the board to establish remuneration for each employee. In these instances, the chief audit executive should collaborate with the HR function to achieve conformance with Standard 10.2 Human Resources Management.

Technological resources: Internal audit functions in the public sector may be required to use only software approved for the organization, which may limit the chief audit executive's ability to obtain technology to support the function. In these instances, the chief audit executive may need to use available software as well as possible but should still engage with the board to advocate for the technology that will maximize the function's efficiency (Standard 10.3 Technological Resources).

Stakeholder management: There may be a significant number of internal and external stakeholders. Therefore, the chief audit executive must identify the key stakeholders and have a plan for managing them. Internal audit functions should also consider the legal requirements relevant to communicating with the public and which information must be shared. These issues should be clearly explained in internal audit methodologies (Standards 9.3 Methodologies, 11.1 Building Relationships and Communicating with Stakeholders, and 11.2 Effective Communication).

Internal audit performance: The Standards broaden the concept of performance objectives for the internal audit function to consider value as perceived by key stakeholders and demand the continuous improvement of the internal audit function (Standard 12.2 Performance Measurement).

Domain V: Performing Internal Audit Services

Public and other stakeholders: Public sector internal auditors have a broad base of stakeholders, including the public and appointed and elected officials. To adequately serve their stakeholders, internal auditors may consider input from the public when planning and performing internal audit services (Standards 9.4 Internal Audit Plan, 11.1 Building Relationships and Communicating with Stakeholders, and 13.2 Engagement Risk Assessment).

Engagement findings and conclusions: Internal auditors must develop a summarized conclusion for each engagement. For assurance engagements, a summary regarding the effectiveness of the governance, risk management, and/or control processes is required. This is a new standard, but it is not specific to the public sector. The conclusion must summarize the internal auditors' professional judgment about the overall significance of the aggregated engagement findings (Standards 14.3 Evaluation of Findings and 14.5 Engagement Conclusions).

Conclusion

Using the Standards in combination with the section “Applying the Global Internal Audit Standards in the Public Sector” will help internal audit functions operating in the public sector understand how to apply the Standards while considering laws, regulations, and governance and organizational structures. The Standards advocate for funding that supports the internal audit function's ability to plan and perform internal audit services in alignment with the Standards' systematic approach.

This summary of key changes and new requirements in the Standards helps orient the reader. The next section provides additional details to assist internal auditors in practically applying the 15 principles and 52 standards of the Global Internal Audit Standards.



Detailed Analysis of the Standards

Methodology

Each member of the working group supporting this paper was asked to answer the following questions for an allocated standard:

1. **What new content, topics, and key changes are introduced in the 2024 Global Internal Audit Standards? This question addresses only content in the new Standards that was not in the 2017 IPPF.**
2. **With which 2017 IPPF content does this 2024 standard align? Content that is new in 2024 is noted as such.**
3. **Does the “Applying the Global Internal Audit Standards in the Public Sector” section of the 2024 Global Internal Audit Standards apply to this Standard? If so, how?**
A “yes” response to this question applies only to those standards that have a specific reference to the standard in the public sector section because internal auditors in the public sector may need to adapt their approach to applying the Standards to achieve conformance or may not be able to conform to a specific standard under any circumstances.
4. **Are there any major challenges to implementing the standard? Do you have any best practices or tips to share? Members of the Public Sector Committee reviewed the detailed analysis, and key messages and recommendations were incorporated into the summary.**

The tables on the following pages summarize all the responses received from working group members.

Domain II: Ethics and Professionalism

Principle 1 Demonstrate Integrity

Standard 1.1 Honesty and Professional Courage

1. New content/changes	“Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.” The standard also emphasizes that the chief audit executive must maintain a work environment where internal auditors feel supported when expressing engagement results, whether favorable or unfavorable.
2. 2017 IPPF reference	Code of Ethics Rule of Conduct 1.1; Standard 2.3.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> Internal auditors need excellent communication skills and the ability to deliver information despite how the consequences may affect people. Best Practices: Internal auditors can renew their commitment to courage and include it in the audit charter. Governments can issue regulations or provide safeguards to protect internal auditors against retaliation. Advocate for laws that require internal auditors in the public sector to report key issues, whether favorable or unfavorable, to their board.

Standard 1.2 Organization’s Ethical Expectations

1. New content/changes	Internal auditors must encourage and promote an ethics-based culture and must report where behavior is inconsistent with the organization’s ethical expectations. Internal auditors must also understand and meet the organization’s ethical expectations and recognize conduct that is contrary to those expectations. The 2017 Code of Ethics only identified the need to contribute to the legitimate and ethical objectives of the organization.
2. 2017 IPPF reference	Code of Ethics, Rule of Conduct 1.4, Standard 2110.A1.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> Internal auditors can have a positive influence on ethical behavior by encouraging communication and education about ethical behavior. Lack of a formal method to track unethical behavior poses challenges to creating objective data to inform the organizational risk assessment. <p>Compliance with the requirements for an ethical culture is not mandatorily assessed.</p> <p>Best Practices:</p> <ul style="list-style-type: none"> Public sector internal auditors should consider how unethical behavior impacts the internal audit function’s risk assessment and audit plan. Advocate for a comprehensive legal act regulating the principles of professional ethics for internal auditors in the public sector that includes protecting public funds.



	<ul style="list-style-type: none"> • Advocate for laws on conflicts of interest and ethical rules applicable to public sector employees and require that internal auditors evaluate compliance with these laws when conducting engagements and contribute to promoting an ethical culture through their conclusions and recommendations.
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Standard 1.3 Legal and Ethical Behavior

1. New content/changes	An explicit requirement that internal auditors may not be part of any activity that may harm the organization and must report any legal or regulatory violations they identify to those with authority to take appropriate action.
2. 2017 IPPF reference	Code of Ethics Rules of Conduct 1.2, 1.3.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Is it not always clear how widely to report and to whom. • Public sector internal auditors may fear the violation may be substantial enough or at a high enough level in the organization to be met with resistance. <p>Best Practices:</p> <ul style="list-style-type: none"> • Advocate for laws/regulations mandating public sector internal auditors to report legal, regulatory, and fraud violations to the board or those with authority to take appropriate action and to directly contact law enforcement authorities when appropriate. <p>Public sector internal audit functions should encourage that the whistleblower program be managed independently to combat organizational staff aversion to reporting.</p>

Principle 2 Maintain Objectivity

Standard 2.1 Individual Objectivity

1. New content/changes	<p>The 2024 Standards separate the concepts of objectivity (Principle 2 Maintain Objectivity) from independence (Principle 7 Positioned Independently); the concepts were combined in Standard 1100 of the 2017 Standards. This standard’s considerations for implementation describe specific types of biases and reinforce the idea of avoiding them through:</p> <ul style="list-style-type: none"> • Relevant training (how to deal with impairments to objectivity). • Recognizing and understanding the human tendency to misinterpret information or make assumptions or mistakes that impair the ability to evaluate information and evidence objectively.
2. 2017 IPPF reference	Code of Ethics Principle 2; Standards 1100, 1120.
3. Does the “Public Sector” section apply?	No.



4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> The budget may limit the ability to provide adequate staff training to meet objectivity standards (for example, training on various biases or objectivity-impairing scenarios). <p>Best practices:</p> <ul style="list-style-type: none"> In the internal audit charter, include or reference the objectivity standard (and the role of the board/audit committees).
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Standard 2.2 Safeguarding Objectivity

1. New content/changes	The requirements expand on “safeguarding objectivity” by saying internal auditors must identify and avoid potential impairments to objectivity and not accept any tangible or intangible items (for example, gifts, rewards, or favors).
2. 2017 IPPF reference	Code of Ethics Rules of Conduct 2.2, 2.3; Standards 1100, 1130.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> Accepting gifts or favors may be acceptable and/or expected in certain organizations or cultures. Internal auditors may not recognize or fully understand potential impairments to objectivity. Staffing limitations may make it difficult for internal auditors to refrain from assessing activities for which they had responsibilities within the previous 12 months. <p>Best practices:</p> <ul style="list-style-type: none"> Consider external perception: Public sector auditors should actively assess how their actions and decisions might be perceived by external stakeholders, ensuring that the appearance of objectivity is maintained throughout the audit process. Leverage training and professional judgment: Auditors can rely on their training and professional judgment to critically evaluate situations that could compromise objectivity and take steps to mitigate potential risks. Implement conflict-of-interest policies and disclosure forms: Such policies and procedures reinforce objectivity and the rules regarding the acceptance of gifts, rewards, or favors. These tools support impartiality and transparency throughout the audit process by helping internal auditors identify and address potential biases and the actions to take when objectivity is impaired or a conflict of interest occurs.

Standard 2.3 Disclosing Impairments to Objectivity

1. New content/changes	<p>The 2024 Standards strengthen the requirements for both internal auditors and the chief audit executive to “promptly” disclose impairments to objectivity to the board and appropriate parties.</p> <p>Standard 2.3 includes a requirement to disclose objectivity impairments that affect the reliability or perceived reliability of engagement findings, recommendations, and/or conclusions discovered after an engagement has concluded.</p>
2. 2017 IPPF reference	Standard 1130.
3. Does the “Public Sector” section apply?	No.



4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Internal auditors may be afraid to acknowledge impairments to their objectivity, especially after an engagement has been completed. • The organization may not have a protocol for communicating objectivity impairments to oversight agencies when such impairments are identified after an engagement has been completed and affect the findings, recommendations, and conclusions. <p>Best practices:</p> <ul style="list-style-type: none"> • Implement conflict-of-interest policies and disclosure forms. Establish and regularly use conflict-of-interest policies and disclosure forms to reinforce objectivity. These tools help identify and address potential biases, ensuring auditors remain impartial and transparent throughout the audit process. • Advocate for legislation that prohibits internal auditors from auditing areas for which they were responsible within the previous 12 months before taking on the internal audit role.
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Principle 3 Demonstrate Competency

Standard 3.1 Competency

1. New content/changes	<p>The 2024 Standards clarify that:</p> <ul style="list-style-type: none"> • “The required competencies include the knowledge, skills, and abilities suitable for one’s job position and responsibilities commensurate with their level of experience.” • “Internal auditors must possess or develop knowledge of The IIA’s Global Internal Audit Standards.” <p>The Code of Ethics and Standards in the 2017 IPPF provided a definition of “proficiency” but did not specify which competencies are important to performing internal audit responsibilities. Now, nine specific competencies are recommended for consideration.</p>
2. 2017 IPPF reference	<p>Code of Ethics Principle 4 and Rules of Conduct 4.1, 4.2, 4.3; Standards 1210, 1220, 1311.</p>
3. Does the “Public Sector” section apply?	<p>No.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Career paths in the public sector may be linked to a grading scheme for civil servants or a similar structure, which may constrain internal auditors’ options for progressing and increasing competencies within the internal audit function. • Elections may affect government agendas in ways that require internal auditors to refocus their work and/or develop new or increased expertise in certain areas. <p>Best practices:</p> <ul style="list-style-type: none"> • Establish an apprenticeship scheme to help newly hired internal auditors develop their competencies and move into management roles in the internal audit function. • Advocate for training programs that support the internal audit function’s development of requisite skills and achievement of relevant certifications. • Advocate for laws that set minimum general education and experience requirements for the chief audit executive, such as university degrees in economics, law, business, management, finance, accounting, or public administration or their equivalent, as well as at least two years of work experience in audit or internal audit and certification confirming the title of “internal auditor” or “auditor.”



Standard 3.2 Continuing Professional Development

1. New content/changes	<p>The 2024 Standards say that internal auditors must continue to develop their competencies to improve the effectiveness and quality of internal audit services and that this development must include education and training.</p> <p>The Standards clarify that internal auditors possessing internal audit certifications must follow the continuing education policies and requirements applicable to their certifications.</p>
2. 2017 IPPF reference	Code of Ethics Rule of Conduct 4.3; Standard 1230.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> Exposure to new audit tasks or areas can be limited due to staffing difficulties; qualified and experienced internal auditors often leave the public sector for the private sector. Budgets may not adequately support education and training. Staffing challenges may limit the time individuals have to study and hinder career progression significantly. <p>Best practices:</p> <ul style="list-style-type: none"> Advocate for the head of the public legal entity to approve a law, rule, or regulation that requires internal auditors to conduct their engagements in conformance with the Global Internal Audit Standards, including the requirement to enhance their qualifications through continuing professional development. Provide incentives for internal auditors to attain relevant professional certifications, such as Certified Internal Auditor®.

Principle 4 Exercise Due Professional Care

Standard 4.1 Conformance with the Global Internal Audit Standards

1. New content/changes	<p>The 2024 Standards clarify that internal audit services must be both planned and performed in accordance with the Global Internal Audit Standards.</p> <p>This standard adds that nonconformance must be documented and include a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. This information must be disclosed as described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.</p> <p>The standard also requires appropriately disclosing in internal audit communications the laws, regulations, or requirements of other authoritative bodies that prohibit conformance.</p>
2. 2017 IPPF reference	Code of Ethics, Rule 4.2; Introduction to the Standards, sentences 24, 25, and 26.
3. Does the section “Public Sector” section apply?	Yes – The “Laws and/or Regulations” section of “Applying the Global Internal Audit Standards in the Public Sector” specifically refers to this standard and provides examples of how laws and regulations, governance and organizational structures, and funding may differ from the private sector and affect the ability of internal audit functions in the public sector to conform with the Standards.



4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • The public sector is founded upon and governed under legal frameworks and structures that may limit an internal audit function's overall responsibilities and ability to conform with certain standards in the Global Internal Audit Standards. • The chief audit executive and internal auditors may not always be aware of the laws and/or regulations at a state or national level that affect an internal audit function, particularly those presented in legislation not specific to the internal audit function. <p>Best practices:</p> <ul style="list-style-type: none"> • Advocate for legislation requiring the internal audit function in the public sector to adhere to The IIA's Global Internal Audit Standards to help prevent conflicting legislation that could cause nonconformance. • Include in the internal audit charter specific references to the laws and regulations (mandate) governing the internal audit function, as well as how those laws and regulations may limit the internal audit function's ability to conform with the Standards and alternative methodologies the internal audit function will implement to achieve the intent of the Standards. See also Standards 6.1 Internal Audit Mandate, 6.2 Internal Audit Charter, 8.3 Quality, 8.4 External Quality Assessment, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication. • Develop methodologies for the internal audit function to ensure that discussions with the board and senior management cover the reasons for nonconformance and any mitigating actions taken to comply with the intent of the Standards. The process for doing this should be included in the internal audit function's methodologies. See the "Fundamentals of the Global Internal Audit Standards" section.
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Standard 4.2 Due Professional Care

1. New content/changes	<p>The 2024 Standards expand the assurance engagement requirements of Standard 1220.A1 to apply to all engagements. Due professional care requires assessing the nature, circumstances, and requirements of the services to be provided including a list of eight specific aspects.</p>
2. 2017 IPPF reference	<p>Code of Ethics, Rule of Conduct 1.1; Standard 1220.</p>
3. Does the "Public Sector" section apply?	<p>No.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Internal auditors may not fully understand the complexity or materiality of risks associated with the activity under review and, therefore, may not achieve a complete understanding of the activity's nature. • The time and effort auditors determine is necessary to achieve due professional care, based on their assessment of the nature, circumstances, and requirements of services, may outweigh the resulting benefits. <p>Best practices:</p> <ul style="list-style-type: none"> • Develop and implement internal audit function methodologies that require internal auditors to assess the nature, circumstances, and requirements of the service to be provided by including, at a minimum, items listed in the standard. Additional elements to review could include laws and regulations, policies and procedures, process flowcharts, performance reports, and external evaluations relevant to the activity under review.



Standard 4.3 Professional Skepticism

1. New content/changes	The 2024 Standards introduce the concept of professional skepticism, meaning auditors must maintain an inquisitive attitude, critically assess the reliability of information, be straightforward and honest when raising concerns and asking questions about inconsistent information, and seek additional evidence to make judgments about information and statements that might be incomplete, inconsistent, false, or misleading.
2. 2017 IPPF reference	None. All new content.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Inexperienced auditors may not recognize when they have received incomplete, inconsistent, false, or misleading information or the various ways to follow up. • Inexperienced auditors may be apprehensive about asking tough questions regarding information received. <p>Best practices:</p> <ul style="list-style-type: none"> • Provide training to clarify the requirements of this standard, including how to gather sufficient, reliable evidence to support conclusions and evaluate and validate the reliability of such information.

Principle 5 Maintain Confidentiality

Standard 5.1 Use of information

1. New content/changes	Clarifies that internal auditors must follow relevant policies, procedures, laws, and regulations when using information.
2. 2017 IPPF reference	Code of Ethics Rules of Conduct 3.1, 3.2.
3. Does the section “Public Sector” section apply?	Yes – The “Laws and/or Regulations” section of “Applying the Global Internal Audit Standards in the Public Sector” specifies that public disclosure laws and/or regulations may govern the types of documents that must or must not be released to the public. The methodologies of internal audit functions in the public sector should include these requirements.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Jurisdictional requirements regarding the types of information that must or must not be released vary significantly. The requirements may be written into laws or regulations other than those specifically governing internal audit functions, which may make it challenging to identify them all. <p>Best practices:</p> <ul style="list-style-type: none"> • Coordinate with the organization’s legal department to ensure the internal audit function is aware of all laws and regulations governing the use of information. • In the internal audit charter and methodologies, specify: <ul style="list-style-type: none"> ○ Requirements for maintaining confidentiality and/or disclosing information obtained during an internal audit engagement. ○ Which documentation must be recorded when disclosing documents and information. ○ Which documentation is required to record approval by legal counsel and/or the board and senior management when it is required.



Standard 5.2 Protection of Information

1. New content/changes	The standard clarifies “respecting the value and ownership of information” by specifying that internal auditors must be aware of, understand, and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security.
2. 2017 IPPF reference	Code of Ethics, Principle 3, Rule of Conduct 3.1; Standards 2330, 2410.
3. Does the “Public Sector” section apply?	Yes – The “Laws and/or Regulations” section of “Applying the Global Internal Audit Standards in the Public Sector” notes that public disclosure laws and/or regulations may govern the types of documents that must and must not be released to the public. The methodologies of internal audit functions in the public sector should include these requirements.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Jurisdictional requirements regarding the types of information that must or must not be released vary significantly. Such requirements may be written into laws or regulations other than those specifically governing internal audit functions, which may make it challenging to identify them all. • When confidential documents and information are stored on the organization’s network, adequate controls may not be in place to limit access to only those in the organization and the internal audit function who need it. <p>Best practices:</p> <ul style="list-style-type: none"> • In the internal audit charter and methodologies, specify the information and documents that must be protected from disclosure and the requirements for protecting information and documenting disclosure, including the specifications necessary to ensure continued protection. The methodologies may require internal auditors to sign an annual statement indicating that they have read, understood, and conformed with the requirements. • Develop methodologies for adequately protecting information and documents that the internal audit function stores electronically. Include a provision to coordinate with the information technology department, if necessary, to implement such protections.



Domain III: Governing the Internal Audit Function

Principle 6 Authorized by the Board

Principle 6 Introduction

1. New content/changes	The chief audit executive must discuss this domain with the board and senior management, focusing on the Purpose of Internal Auditing, the essential conditions, and the potential impact if the board or senior management does not provide the support outlined in the essential conditions. If the board or senior management disagrees with one or more essential conditions, the chief audit executive must emphasize how the absence of the conditions may affect the internal audit function's ability to fulfill its purpose or conform with specific standards.
2. 2017 IPPF reference	None. All new content.
3. Does the "Public Sector" section apply?	Yes; although the Introduction to Principle 6 Governing the Internal Audit Function isn't specifically cited, each standard in Principle 6 is.
4. Challenges and best practices	See below for the individual standards in this series.

Standard 6.1 Internal Audit Mandate

1. New content/changes	<p>The chief audit executive must provide the board and senior management with the information necessary to establish the internal audit mandate. The mandate must be documented in the internal audit charter. If the mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate.</p> <p>The chief audit executive must coordinate with other internal and external assurance providers and understand their roles and responsibilities.</p> <p>When changes in circumstances justify discussing the internal audit mandate with the board and senior management, the chief audit executive must assess whether the internal audit function is still able to achieve its strategy and accomplish its objectives based on its authority, role, and responsibilities.</p> <p>The activities of the board and senior management that support this standard's requirements are provided as "essential conditions."</p>
2. 2017 IPPF reference	Standards 1000, 1010, 2050, 2060.
3. Does the "Public Sector" section apply?	<p>Yes – The "Laws and/or Regulations" section of "Applying the Global Internal Audit Standards in the Public Sector" specifically refers to this standard.</p> <p>In some jurisdictions, the external assurance provider is mandated, the authority of a supreme audit institution may supersede that of the internal audit function, and internal audit functions may be subject to a required planning process and protocol of joint work. The external assurance provider may be required to coordinate with the internal audit function, superseding the chief audit executive's coordination role.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> It may be difficult for the internal audit function to establish methodologies to meet the requirements of laws and/or regulations and still achieve full conformance with the Standards, either because the laws limit the roles and responsibilities of the internal audit function or because the laws prescribe specific ways that the internal audit function must perform certain internal audit services. The board and senior management may resist accepting the more clearly defined



	<p>role of providing input to the internal audit mandate.</p> <ul style="list-style-type: none"> • A law, regulation, or higher authority, such as a supreme audit institution, may limit the internal audit function's ability to perform certain activities that are typically within its scope of authority. • External service providers may not always be willing to discuss or coordinate the assurance providers' roles and responsibilities to eliminate duplication of effort. <p>Best practices:</p> <ul style="list-style-type: none"> • The chief audit executive can explain to the board and senior management the importance of meeting because of structural changes to the Global Internal Audit Standards, including new essential conditions that clarify the parties' roles in providing input on the internal audit function's mandate and the Standards' requirements for establishing an effective internal audit function. Having these conversations at least annually can ensure the mandate stays current and reflects changes in the Standards, industry, and/or organization. • The chief audit executive can advocate for establishing or changing laws to allow the internal audit function to perform a full scope of services in conformance with the Global Internal Audit Standards. Such laws reinforce the chief audit executive's advocacy for influencing the board and senior management to implement the essential conditions. • The internal audit charter can identify specific standards with which the internal audit function cannot conform, either wholly or partially, due to requirements or limitations in laws or regulations. When the function is unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, and the rationale for and impact of the actions. 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. • The chief audit executive can use the internal audit charter to specify the Standards' requirements for coordinating with other internal and external assurance providers and request that the board require or mandate senior management to coordinate with the internal audit function regarding other internal assurance service providers. • The chief audit executive can advocate for the board to require that contracts with external assurance providers include provisions requiring them to coordinate with the internal audit function to prevent the duplication of services.
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Standard 6.2 Internal Audit Charter

1. New content/changes	<p>The chief audit executive must develop and maintain an internal audit charter that includes the Purpose of Internal Auditing; a commitment to adhering to the Global Internal Audit Standards; the internal audit function's mandate; and the board's responsibilities and expectations regarding management's support of the function, reporting relationships, scope of work, types of services, and other specifications.</p> <p>The activities of the board and senior management that support this standard's requirements are provided as "essential conditions."</p>
2. 2017 IPPF reference	Standards 1000, 1010, 1320, 2060.
3. Does the "Public Sector" section apply?	<p>Yes – The "Laws and/or Regulations" and "Governance and Organizational Structure" sections of "Applying the Global Internal Audit Standards in the Public Sector" refer to this standard.</p> <p>The chief audit executive must be aware of laws and/or regulations that affect the internal audit function's ability to conform with all provisions in the Standards. A charter or other documentation may be used to explain how the internal audit function is meeting the requirements in the laws and/or regulations as well as the intent of the Standards.</p>



4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Laws and/or regulations may include provisions that limit the internal audit function's ability to fully conform with the Standards. For example, the function may not have unrestricted access to records, information, personnel, or facilities. Another common example is that the organization's governance is not structured to allow the internal audit function to report to a "board;" instead, the chief audit executive may need to identify the party in the organization that would have the authority to provide input to and approve the internal audit charter and obtaining meaningful input may be more difficult. <p>Best practices:</p> <ul style="list-style-type: none"> • Use The IIA's Chief Audit Executives' Domain III Toolkit, available in The IIA's Standards Knowledge Center, to guide discussions with the board and senior management regarding minimum requirements for an effective internal audit charter. Having these discussions at least annually can ensure the internal charter stays current and reflects changes in the Standards, industry, and/or organization. • Use The IIA's "Model Internal Audit Charter Tool for Public Sector Use" and related guide, available in The IIA's Standards Knowledge Center, to develop an internal audit charter that will ensure conformance with the Global Internal Audit Standards. • If there is not a "board," establish an audit committee that can provide appropriate input to and oversight of the internal audit function, including approval of an internal audit charter.
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Standard 6.3 Board and Senior Management Support

1. New content/changes	<p>The chief audit executive must provide the board and senior management with the information needed to support and promote recognition of the internal audit function throughout the organization.</p> <p>The activities of the board and senior management that support this standard's requirements are provided as "essential conditions."</p>
2. 2017 IPPF reference	<p>Standards 1110, 1111.</p>
3. Does the "Public Sector" section apply?	<p>Yes – The "Laws and/or Regulations," "Governance and Organizational Structure," and "Funding" sections of "Applying the Global Internal Audit Standards in the Public Sector" specifically refer to this standard.</p> <p>Laws and/or regulations may limit the type of private discussions that the chief audit executive may have with the board.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Laws and/or regulations may limit the chief audit executive's ability to have private or closed sessions with the board through which the chief audit executive can openly discuss challenges or sensitive issues involving senior management. • The chief audit executive may be required to report to someone other than the chief executive officer or equivalent, which may limit the chief audit executive's ability to communicate openly with the board or senior management. Such communication is an essential part of a collaborative relationship between the chief audit executive and senior management. <p>Best practices:</p> <ul style="list-style-type: none"> • Use The IIA's Chief Audit Executives' Domain III Toolkit, available in The IIA's Standards Knowledge Center, to guide discussions with the board and senior management regarding the essential conditions and minimum requirements for an effective internal audit charter. Having these discussions at least annually supports



	<p>keeping the internal charter current and aligned with updates in the Standards, industry, and/or organization.</p> <ul style="list-style-type: none"> • If the chief audit executive does not report to a board or the chief executive officer in the organization, establish an audit committee that can advise the chief audit executive and promote implementation of the essential conditions.
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Principle 7 Positioned Independently

Standard 7.1 Organisational Independence

1. New content/changes	<p>The board's role in establishing and protecting the internal audit function's independence is more explicit, including its role when independence is impaired or for safeguarding independence. If the governing structure does not support organizational independence, the chief audit executive must document the structure limiting independence and any safeguards used to achieve independence.</p> <p>The activities of the board and senior management that support this standard's requirements are provided as "essential conditions."</p>
2. 2017 IPPF reference	Standards 1100, 1110, 1112, 1130, 2060.
3. Does the "Public Sector" section apply?	<p>Yes – "Laws and/or Regulations, "Governance and Organizational Structure," and "Funding" sections of "Applying the Global Internal Audit Standards in the Public Sector" specifically refer to this standard.</p> <p>Laws and/or regulations may limit the type of private discussions that the chief audit executive may have with the board. The various public sector governance structures may affect the board's ability to exercise the power to create an independent reporting relationship with the chief audit executive and the internal audit function as described in the Standards.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Laws and/or regulations, as well as the public sector governance structure, may limit or interfere with the internal audit function's ability to operate independently from management, communicate independently to the board, or seek funding at a level that allows full conformance with the Standards. <p>Best practices:</p> <ul style="list-style-type: none"> • Establish a process to evaluate independence. The process should enable: <ul style="list-style-type: none"> ○ Threat identification. ○ Assessment of the significance of the threat. ○ Identification of mitigation factors. ○ Evaluation of residual threats. ○ Proactive management of residual threat. ○ Determining reporting and documentation implications. ○ Review and monitoring. • Use the quality assurance process as an opportunity to further raise concerns about independence. • Advocate for laws and/or regulations that require chief audit executives in the public sector to report to the board/governing body, noting that the Standards accept reporting to the head of the organization or institution if there is no board/governing body. • Advocate for requiring that the governance and reporting structure ensure the operational and organizational independence of the internal audit function and that this governance activity cannot be delegated to other employees of the organization.



Standard 7.2 Chief Audit Executive Qualifications

1. New content/changes	<p>The chief audit executive must help the board understand the qualifications and competencies necessary to manage the internal audit function. The chief audit executive facilitates this understanding by providing information and examples of common and leading qualifications and competencies for chief audit executives. Additionally, chief audit executives must maintain and enhance their own qualifications and competencies to fulfill their roles and responsibilities.</p> <p>The activities of the board and senior management that support this standard's requirements are provided as "essential conditions."</p>
2. 2017 IPPF reference	None. This requirement was not included in the 2017 Standards.
3. Does the "Public Sector" section apply?	<p>Yes – The "Governance and Organizational Structure" section of "Applying the Global Internal Audit Standards in the Public Sector" specifically refers to Principle 7.</p> <p>Because the board in a public sector organization may be a policy-setting body, it may not have authority over the chief audit executive's roles, responsibilities, appointment, removal, or remuneration.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • The chief audit executive may lack the expected experience in internal auditing, typically evidenced through employment history. • A board's preferences for the chief audit executive's qualifications may not fully align with those required for the chief audit executive to be able to fulfill the internal audit mandate, implement the internal audit strategy, and achieve the internal audit plan. <p>Best practices:</p> <ul style="list-style-type: none"> • Advise the board and senior management about appropriate qualifications and competencies based on the internal audit mandate, the complexity of the organization, the organization's risk profile, and the industry and jurisdiction within which the organization operates. Such qualifications should include an appropriate level of education, a recognized internal auditor certification, experience in internal auditing in the public sector, and a comprehensive understanding of the Standards. • Expand competencies through continuing professional education, particularly about the Standards, and actively participate in professional associations.

Principle 8 Overseen by the Board

Standard 8.1 Board Interaction

1. New content/changes	<p>The new standard is more explicit about the chief audit executive's role in providing the board with the information it needs to conduct its oversight responsibilities. It also makes clear that if there is a disagreement between the chief audit executive and senior management or other stakeholders that affects the internal audit function's ability to execute its responsibilities, the chief audit executive must ensure the board understands the impact on the internal audit function and receives the information necessary to determine whether to intervene.</p> <p>The activities of the board and senior management that support this standard's requirements are provided as "essential conditions."</p>
2. 2017 IPPF reference	Standards 1110, 1111, 1312, 1320, 2060.



3. Does the “Public Sector” section apply?	Yes – The “Governance and Organizational Structure” section of “Applying the Global Internal Audit Standards in the Public Sector” specifically refers to this standard, recognizing that governance arrangements in the public sector may not give the board authority over the chief audit executive and internal audit function as described in the Standards. In some situations, the chief audit executive should consult with those who directly oversee the internal audit function before taking direction from elected officials who serve as a board unless those officials have direct oversight responsibilities.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • There may not be a board/governing body that meets the Standards’ definition and requirements of a board and has oversight authority over all aspects of the chief audit executive and the internal audit function. • Public-sector internal audit functions may be subject to multiple levels of governance, both within and outside the organization. This situation can create conflicting expectations and complicated reporting relationships. <p>Best practices:</p> <ul style="list-style-type: none"> • The chief audit executive should discuss with the board and senior management any necessary adjustments to the application of the Standards and should document the discussion to ensure clarity about the roles and responsibilities of the board, senior management, and chief audit executive. • When multiple levels of governance exist or no board exists, an audit committee can be established to provide centralized oversight of the chief audit executive and the internal audit function.

Standard 8.2 Resources

1. New content/changes	<p>The new standard provides more details about the responsibilities of the board, senior management, and chief audit executive for evaluating whether internal audit resources are sufficient. If the audit resources are not sufficient to fulfill the internal audit mandate and achieve the internal audit plan, the standard requires the chief audit executive to inform the board about the impact of insufficient resources and develop a strategy to address shortfalls and obtain sufficient resources.</p> <p>The activities of the board and senior management that support this standard’s requirements are provided as “essential conditions.”</p>
2. 2017 IPPF reference	Standards 2020, 2060.
3. Does the “Public Sector” section apply?	<p>Yes – The “Funding” section of “Applying the Global Internal Audit Standards in the Public Sector” specifically refers to this standard.</p> <p>The section recognizes that the funding process for internal audit functions varies widely in the public sector and that the board and senior management may have no authority over the internal audit budget. The section clarifies that “Even when the budget is set by laws and/or regulations, the chief audit executive must adhere to other requirements of the Standards related to managing the budget.” It also identifies conditions that may limit the way the chief audit executive may spend allocated funds.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • The chief audit executive may not have the authority to set the budget for the internal audit function because it may be part of the organization’s comprehensive budget or set by law or regulation. • The funding available may be insufficient to supply the human and technological resources needed to fulfill the internal audit mandate and complete the internal audit plan. • Insufficient technological resources could limit the internal audit function’s ability to increase its efficiency.



	<p>Best practices:</p> <ul style="list-style-type: none"> • Internal audit resources must be discussed with the board/governing body (where it exists) and senior management. The internal audit charter should clearly document the process for approving the internal audit function's budget, including any deviations from the Standards. • When planning the function's budget, the chief audit executive can identify the need for funding to increase staff, provide training programs, and procure software and tools for efficient work performance. • If sufficient funding is not available, the chief audit executive should continue to advocate for a level of funding that will ensure the internal audit function has sufficient staffing to fulfill its mandate, complete the audit plan, and perform its work efficiently.
Standard 8.3 Quality	
1. New content/changes	<p>The new standard clarifies that the results of internal and external quality assessments must include communication about the internal audit function's achievement of its performance objectives and compliance with applicable laws and/or regulations relevant to internal auditing.</p> <p>The activities of the board and senior management that support this standard's requirements are provided as "essential conditions."</p>
2. 2017 IPPF reference	Standards 1300, 1310, 1312, 1320, 1321, 2060.
3. Does the "Public Sector" section apply?	<p>Yes – The "Laws and/or Regulations" section of "Applying the Global Internal Audit Standards in the Public Sector" refers specifically to this standard.</p> <p>The chief audit executive must be aware of the laws and/or regulations that affect the internal audit function's ability to fully conform with the Standards. A charter or other documentation may be used to explain how the internal audit function meets the requirements of the laws and/or regulations as well as the intent of the Standards. When conformance is not possible, the chief audit executive must document the reason, make appropriate disclosures, and conform with all other requirements of the Standards.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • The board may not see the value of supporting both internal and external quality assessments of the internal audit function. • The board may want to limit the assessments to only certain aspects of the internal audit function. • Senior management may be reluctant to provide input on the function's performance objectives since the function is a different part of the organization. <p>Best practices:</p> <ul style="list-style-type: none"> • Use the discussions with the board and senior management to emphasize how having a strong internal audit function – one that fully conforms with all the requirements in the Standards – can benefit the organization. • Explain the expanded requirements of the quality program to the board and senior management so they understand the new factors that must be considered in the internal and external quality assessments.



Standard 8.4 External Quality Assessment

1. New content/changes	<p>When selecting the independent assessor or assessment team, the chief audit executive must ensure at least one person holds an active Certified Internal Auditor® designation.</p> <p>The activities of the board and senior management that support this standard's requirements are provided as "essential conditions."</p>
2. 2017 IPPF reference	<p>Standards 1312, 1320, 1321.</p>
3. Does the "Public Sector" section apply?	<p>Yes – The "Laws and/or Regulations" and the "Funding" sections of "Applying the Global Internal Audit Standards in the Public Sector" specifically refer to this standard.</p> <p>When funding limitations prevent the chief audit executive from obtaining adequate resources to conduct an external quality assessment, internal audit functions in the public sector may benefit from participating in peer programs to conduct the assessment. External assessments should be performed by an assessment team knowledgeable about public sector activities and governance structures.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • The internal audit function may not be provided sufficient funding to have an external quality assessment. • It may be difficult to find an external quality assessor with public sector experience who also holds an active Certified Internal Auditor® designation. <p>Best practices:</p> <ul style="list-style-type: none"> • Collaborate with other public sector internal audit functions to establish a peer program for external quality assessments. • Promote attainment of the Certified Internal Auditor® designation in the public sector to help establish a pool of external quality assessors. • Consider using a self-assessment with independent validation in lieu of a full external quality assessment.



Domain IV: Managing the Internal Audit Function

Principle 9 Managing the Internal Audit Function

Standard 9.1 Understanding Governance, Risk Management, and Control Processes

1. New content/changes	<p>To develop an effective internal audit strategy and plan, the chief audit executive must understand the organization's governance, risk management, and control processes.</p> <p>The 2024 Standards added that developing this understanding requires the chief audit executive to consider how the organization structures its management and operating functions, how it identifies and assesses significant risks, and how it selects appropriate control processes.</p>
2. 2017 IPPF reference	Standards 2010, 2100, 2110, 2120, 2130.
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> The internal audit function may have difficulties identifying the organization's governance, risk management, and control processes if they are not well documented or if management does not provide sufficient resources to develop a mature risk management process, which can be because they view it as a bureaucratic exercise that takes too much time or because it is not used for decision-making purposes. An organization may not have identified its risk appetite for specific risks it faces. The growing number of risk management standards, frameworks, and models can make learning about an organization's current risk management and control processes more challenging, particularly in organizations that are complex or operate under a strong regulatory environment. <p>Best practices:</p> <ul style="list-style-type: none"> Develop an assessment approach that considers the organization's business and regulatory environments and level of maturity and incorporates sufficient inquiry. Before conducting a risk assessment, discuss the process with the board and senior management, recognizing that the process itself can help with developing organizationwide governance, risk management, and control processes.

Standard 9.2 Internal Audit Strategy

1. New content/changes	<p>The chief audit executive must develop and implement an internal audit strategy that includes a vision, strategic objectives, and supporting initiatives for the internal audit function; aligns with the expectations of the board, senior management, and other key stakeholders; helps guide the function toward fulfillment of the internal audit mandate; and is periodically reviewed with the board and senior management.</p>
2. 2017 IPPF reference	None. This requirement was not included in the 2017 Standards.
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> Changes in the political environment could result in changes in expectations regarding the organization's goals, mission, vision, and strategy, which can affect the internal audit strategy. The chief audit executive may not have experience developing a strategic plan.



	<ul style="list-style-type: none"> The quality of the internal audit function’s strategic plan depends on the communication between the chief audit executive and the board, management, and other stakeholders and the quality and range of the information the chief audit executive receives when preparing the strategy. <p>Best practices:</p> <ul style="list-style-type: none"> Use The IIA’s “Insights to Implementing an Internal Audit Strategic Plan,” as well as guidance produced by The IIA’s national institutes. Identify and analyze the internal audit function’s strengths, weaknesses, opportunities, and threats (a “SWOT” approach).
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Standard 9.3 Methodologies

1. New content/changes	<p>The chief audit executive must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards; evaluate the effectiveness of the methodologies and update them as necessary; and provide internal auditors with training on the methodologies.</p> <p>This standard uses new terminology; the previous standards required establishing “policies and procedures” to guide the internal audit function.</p>
2. 2017 IPPF reference	Standards 1311, 1320, 2040.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> The 2017 Standards already required policies and procedures to guide the internal audit function. However, the 2024 Standards are more detailed and specific about what should be included. <p>Best practices:</p> <ul style="list-style-type: none"> Incorporate the methodologies into software to increase the internal audit function’s efficiency. Ensure the methodologies address all phases of internal audit engagement processes, including planning, supervision, and communicating results, as well as the processes for managing human resources, such as continuing professional development for internal audit staff.

Standard 9.4 Internal Audit Plan

1. New content/changes	<p>The internal audit plan must be based on a documented assessment of the organization’s strategies, objectives, and risks and be informed by input from the board and senior management. It must identify the human, financial, and technological resources necessary to complete the plan. The chief audit executive must communicate promptly to the board and senior management about the impact of any resource limitations on internal audit coverage as well as the rationale for excluding any engagements to provide assurance about a high-risk area or activity. The plan must be dynamic and updated promptly in response to organizational changes.</p>
2. 2017 IPPF reference	Core Principle 8 – provides risk-based assurance; Standards 2000, 2010, 2020, 2060, 2110, 2120.



3. Does the “Public Sector” section apply?	<p>Yes – The “Laws and/or Regulations” section of “Applying the Global Internal Audit Standards in the Public Sector” specifically refers to this standard.</p> <p>Internal audit functions in the public sector have a broad base of stakeholders, including the public within the jurisdiction and appointed and elected officials. To adequately serve their stakeholders, internal auditors may consider input from the public (users of government services) when planning and performing internal audit services.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • The internal audit function may consider obtaining input from the public regarding the internal audit plan; however, the methods for obtaining meaningful input from a broad base of public stakeholders may be difficult and inconsistent. If the input received is not meaningful or not reflected in the audit plan, the public loses trust in the process and becomes hesitant to provide input or stop providing it altogether. • Insufficient communication from the board and/or senior management or communication not delivered promptly may make it difficult to create and update the internal audit plan, which can lead to an inadequately prepared risk assessment. <p>Best practices:</p> <ul style="list-style-type: none"> • Develop and implement methodologies to identify various ways to obtain public input and reflect it in the internal audit plan. Also, implement methodologies to inform the public about the type of risk-based information the internal audit function seeks. • Inform the board and senior management about the importance of providing accurate and complete information regarding the organization’s strategies, objectives, and risks to ensure the internal audit plan focuses on the areas with the highest risk and those that will provide the most benefit to the organization.
Standard 9.5 Coordination and Reliance	
1. New content/changes	<p>The 2017 Standards said the chief audit executive should share information and coordinate activities with other internal and external assurance service providers. The 2024 Standards go a step further, requiring such coordination, which highlights gaps in coverage of key risks and enhances the overall value added by providers.</p> <p>When the internal audit function relies on the work of other assurance providers, the chief audit executive must document the basis of reliance and is still responsible for the conclusions reached.</p> <p>If the chief audit executive is unable to achieve an appropriate level of coordination, the chief audit executive must raise any concerns with senior management and, if necessary, the board.</p>
2. 2017 IPPF reference	<p>Standard 2050.</p>
3. Does the “Public Sector” section apply?	<p>Yes – The “Laws and/or Regulations” section of “Applying the Global Internal Audit Standards in the Public Sector” specifically refers to this standard.</p> <p>This section recognizes that the authority of external assurance providers may supersede that of internal audit functions.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • In some jurisdictions, the authority of a supreme audit institution may supersede that of the internal audit function. Internal auditors may be required to adhere to planning as stipulated by the authority and conduct joint work. • There may be a significant number of assurance providers internally and externally, which can make it difficult to identify and coordinate with them all. Deciding which providers are relevant to the internal audit function’s work and whether their work is



	<p>reliable may also be challenging.</p> <p>Best practices:</p> <ul style="list-style-type: none"> • Collaborate with the board and senior management to identify the internal and external assurance providers that are relevant to the internal audit function's work, specifically, the engagements included in the internal audit plan. • If internal auditors encounter obstacles when attempting to coordinate their activities with internal and external assurance providers, they should clearly identify and document the issue, their efforts, and the reasons for limitations, communicate this information to the board and senior management, and seek resolution.
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Principle 10 Manage Resources

Standard 10.1 Financial Resource Management

1. New content/changes	<p>The chief audit executive must develop a budget that enables the successful implementation of the internal audit strategy and the achievement of the internal audit plan. The budget includes the resources necessary for the function's operation, including training and the acquisition of technology and tools. The chief audit executive must seek budget approval from the board.</p>
2. 2017 IPPF reference	<p>Standards 2000, 2020, 2030.</p>
3. Does the "Public Sector" section apply?	<p>Yes – The "Funding" section of "Applying the Global Internal Audit Standards in the Public Sector" specifically refers to this standard.</p> <p>The section acknowledges that funding processes vary widely in the public sector and that internal audit budget requests may depend on the funding allocation determined by the board, head of the organization, or an outside legislative body. The chief audit executive still must adhere to the other budget management requirements of the Standards.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • Without sufficient financial resources, the internal audit function may not be able to fulfill its mandate and achieve the internal audit plan or may not be able to do so in conformance with the Standards. <p>Best practices:</p> <ul style="list-style-type: none"> • Use the internal audit charter to document the budget-setting process, explain how it differs from that required in the Standards, and the alternative actions taken to conform with the intent of the standard. See Standard 6.2 Internal Audit Charter.



Standard 10.2 Human Resources Management

1. New content/changes	<p>The chief audit executive 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. The chief audit executive must communicate with the board and senior management regarding the appropriateness and sufficiency of the internal audit function's human resources. If the resources are not appropriate or sufficient, the chief audit executive must determine how to obtain the resources or communicate promptly to the board and senior management the impact of the limitations.</p> <p>The chief audit executive must evaluate the competencies of individual internal auditors, encourage professional development, and collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring.</p>
2. 2017 IPPF reference	Standards 1210, 2000, 2020, 2030.
3. Does the "Public Sector" section apply?	<p>Yes - The "Funding" section of "Applying the Global Internal Audit Standards in the Public Sector" specifically refers to this standard.</p> <p>It is acknowledged that pay ranges may be established by position classifications and/or labor agreements, limiting the authority of the chief audit executive or the board to establish remuneration for each employee. In these instances, the chief audit executive should collaborate with the human resources function and document the limitation and the alternative actions taken to achieve the intent of the standard.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> Recruiting can be challenging because experienced internal auditors can earn significantly more in the private sector. Not having sufficient staff or the appropriate competencies may prevent the internal audit function from being able to fulfill its mandate, achieve the internal audit plan, and/or conform with the Standards. <p>Best practices:</p> <ul style="list-style-type: none"> In recruitment efforts, emphasize the benefits of working in the public sector, such as serving the public and advancing the public interest. Use the internal audit charter to document the number of internal auditors and types of competencies needed to fulfill the internal audit mandate and achieve the audit plan, reasons for and impact of resource limitations, and which alternative actions will be taken to achieve the intent of this standard.

Standard 10.3 Technological Resources

1. New content/changes	<p>The chief audit executive must strive to:</p> <ul style="list-style-type: none"> Ensure the internal audit function has the technology to support its processes. Regularly evaluate the function's technology. Pursue opportunities to improve the function's effectiveness and efficiency. Communicate the impact of technology limitations to the board and senior management. Implement appropriate training for internal auditors on the effective use of technological resources.
2. 2017 IPPF reference	Standards 2000, 2020, 2030.



3. Does the “Public Sector” section apply?	<p>Yes - The “Funding” section of “Applying the Global Internal Audit Standards in the Public Sector” specifically refers to this standard.</p> <p>Requirements for the internal audit function to use only organization-approved software may limit the chief audit executive’s ability to obtain technology to support the internal audit function.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • The public sector’s funding structure may make it difficult to obtain funding for specialized software for uses such as audit workpaper management and data analysis. • The public sector is often behind the private sector in its technological advancement due to challenges obtaining the funding and competencies to keep up with rapid technological changes. • Public sector policies limiting usage to only preapproved technology may prevent the internal audit function from obtaining audit-specific software. <p>Best practices:</p> <ul style="list-style-type: none"> • The chief audit executive should proactively advocate to the board and senior management about how technology can improve the internal audit function’s efficiency and effectiveness. • If the lack of technology prevents the function from fulfilling its mandate and internal audit plan, the chief audit executive should document the reasons, impacts, and alternative actions taken to try to achieve the standard’s intent.

Principle 11 Communicate Effectively

Standard 11.1 Building Relationships and Communicating with Stakeholders

1. New content/changes	<p>This new standard builds on the requirements of the 2017 IPPF and is more explicit about developing an approach to build relationships and trust with key stakeholders, including the board, senior management, regulators, and internal and external assurance providers and other consultants. The chief audit executive must promote formal and informal communication between the internal audit function and key stakeholders, contributing to the mutual understanding of:</p> <ul style="list-style-type: none"> • Organizational interests and concerns. • Approaches for identifying and managing risks and providing assurance. • Roles and responsibilities of relevant parties and opportunities for collaboration. • Relevant regulatory requirements. • Significant organizational processes, including financial reporting.
2. 2017 IPPF reference	Standards 2010, 2060.
3. Does the “Public Sector” section apply?	<p>Yes – The “Laws and/or Regulations” and “Funding” sections of “Applying the Global Internal Audit Standards in the Public Sector” specifically refer to this standard.</p> <p>In the public section, the broad base of stakeholders includes the public and appointed and elected officials. The internal audit function may be legally required to be accountable and transparent to the public, which may mean obtaining input from the public when planning and performing audit work and/or sharing final engagement communications with external funding authorities and/or the public.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • The large number of internal and external stakeholders in the public sector may make it difficult to identify the key stakeholders with whom the internal audit function should build relationships and trust.



	<ul style="list-style-type: none"> Legal requirements may limit the types of information that must or must not be shared with others, including with key stakeholders such as the public, or how information can be shared (for example, in private discussions or open public meetings). <p>Best practices:</p> <ul style="list-style-type: none"> Collaborate with the board and senior management to identify the key stakeholders and develop a plan for managing them. Internal audit functions should consider the legal requirements for communicating with the public, identify which information must or must not be shared, and develop appropriate methodologies based on the information.
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Standard 11.2 Effective Communication

Q1 New content/changes	The IPPF 2017 stated that communications must be accurate, objective, clear, concise, constructive, complete, and timely. The new standards require chief audit executives to establish and implement methodologies that promote this.
Q2. 2017 IPPF reference	Standard 2420.
3. Does the “Public Sector” section apply?	Yes – The “Laws and/or Regulations” and “Funding” sections of “Applying the Global Internal Audit Standards in the Public Sector” specifically refer to this standard, identifying that sharing final engagement communications with an external authority or presenting findings at public meetings may be required. Methodologies for the dissemination of final communications should adhere to these requirements.
Q4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> None identified. Although the new standard goes further than the previous standard, it is likely that internal audit functions already have methodologies in place. These may include policies, criteria, style guides, and procedures (such as supervisory review) to guide the internal audit function’s communications and achieve consistency. <p>Best practices:</p> <ul style="list-style-type: none"> Ensure methodologies reflect requirements to share communications with external parties and clarify which communications may not be shared.

Standard 11.3 Communicating Results

1. New content/changes	<p>The previous standards simply referred to “results of audit activities.” The new standard explains that results can include:</p> <ul style="list-style-type: none"> Engagement conclusions. Themes such as effective practices or root causes. Conclusions at the level of the business unit or organization. <p>The new standard requires that when themes related to the organization’s governance, risk management, and control processes are identified, the chief audit executive must promptly communicate them, along with insights, advice, and/or conclusions, to the board and senior management. This requirement aligns with Standard 14.3 Evaluation of Findings, especially regarding identifying root causes when possible.</p> <p>When providing conclusions at the level of the business unit or organization, the communication must also include a summary of the request and the criteria used as a basis for the conclusion.</p>
2. 2017 IPPF reference	Standards 1000, 2010, 2060, 2330, 2410, 2440, 2450.



3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	None identified.

Standard 11.4 Errors and Omissions

1. New content/changes	The standard adds that the corrected communication must be provided promptly and adds that “significance” is determined according to criteria agreed upon with the board.
2. 2017 IPPF reference	Standard 2421.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	None identified.

Standard 11.5 Communicating the Acceptance of Risks

1. New content/changes	None identified.
2. 2017 IPPF reference	Standards 2060, 2600.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	None identified.

Principle 12 Enhance Quality

Standard 12.1 Internal Quality Assessment

1. New content/changes	<p>Internal quality assessments must evaluate not only the internal audit function’s conformance with the Global Internal Audit Standards but also the function’s progress toward the performance objectives developed by the chief audit executive. Action plans to address instances of nonconformance with the Standards must include opportunities for improvement and a proposed timeline for actions.</p> <p>The chief audit executive must establish a methodology for internal assessments, as described in Standard 8.3 Quality.</p>
2. 2017 IPPF reference	Standards 1311, 1312, 1320, 1321, 1322.
3. Does the “Public Sector” section apply?	<p>Yes – The “Laws and/or Regulations” section of “Applying the Global Internal Audit Standards in the Public Sector” specifically refers to this standard.</p> <p>The chief audit executive must be aware of the laws and/or regulations that affect the internal audit function’s ability to fully conform with all provisions in the Standards. When conformance is not possible, the chief audit executive must document the reason, make appropriate disclosures, and conform with all other requirements of the Standards.</p>
4. Challenges and best practices	None identified.



Standard 12.2 Performance Measurement

1. New content/changes	<p>The chief audit executive must develop objectives to evaluate the internal audit function's performance and a performance measurement methodology to assess the function's progress toward its objectives. The input and expectations of the board and senior management must be considered when developing the performance objectives.</p> <p>The methodology also must promote continuous improvement of the internal audit function. When assessing its performance, the chief audit executive must solicit feedback from the board and senior management as appropriate. The chief audit executive must also develop an action plan to address issues and opportunities for improvement.</p>
2. 2017 IPPF reference	Standards 1300, 2060.
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> The chief audit executive may not have experience developing performance objectives and qualitative and quantitative targets with which to evaluate the internal audit function's performance. <p>Best practices:</p> <ul style="list-style-type: none"> If the chief audit executive does not have experience developing performance objectives and related targets (often referred to as key performance indicators), participate in training to obtain the necessary knowledge.

Standard 12.3 Oversee and Improve Engagement Performance

1. New content/changes	The standard requires that internal audit methodologies address engagement supervision, quality assurance, and competency development, with specific requirements for each area. The extent of supervision depends on the function's maturity.
2. 2017 IPPF reference	Standards 2040, 2340.
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	None identified.



Domain V: Performing Internal Audit Services

Principle 13 Plan Engagements Effectively

Standard 13.1 Engagement Communication

1. New content/changes	<p>Internal auditors must communicate effectively throughout the engagement, including communicating the objectives, scope, and timing of the engagement with the management of the activity under review. Subsequent changes must be communicated to management promptly.</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>
2. 2017 IPPF reference	Standards 2410, 2420.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	None identified.

Standard 13.2 Engagement Risk Assessment

1. New content/changes	<p>Internal auditors must develop an understanding of the activity under review to assess relevant risks. The understanding is based on gathering and reviewing reliable, relevant, and sufficient information. Internal auditors must identify the criteria that management uses to determine whether the activity is achieving its objectives. When internal auditors have identified relevant risks for an activity under review in past engagements, only a review and update of the previous engagement risk assessment is required.</p> <p>The standard clarifies that a formal, documented risk assessment may not be necessary for advisory services. This change was made because there are no longer separate implementation standards, so there are no longer separate requirements for assurance and advisory (previously “consulting”) engagements unless specifically mentioned in the Standards.</p>
2. 2017 IPPF reference	Core Principle 8 Provides Risk-based Assurance, Standards 1220, 2120, 2200, 2201, 2210.
3. Does the “Public Sector” section apply?	Yes – The “Laws and/or Regulations” section of “Applying the Global Internal Audit Standards in the Public Sector” specifically refers to this standard, acknowledging that public sector internal auditors have a broad base of stakeholders, including the public and appointed and elected officials. To adequately serve their stakeholders, internal auditors may consider input from the public when planning and performing internal audit engagements.
4. Challenges and best practices	None identified.



Standard 13.3 Engagement Objectives and Scope

1. New content/changes	<p>This standard provides more detail about requirements for establishing engagement objectives and scope:</p> <ul style="list-style-type: none"> Engagement objectives must articulate the purpose of the engagement and describe the specific goals to be achieved, including those mandated by laws and/or regulations. The scope must establish the engagement's focus and boundaries by specifying the activities, locations, processes, systems, components, period to be covered in the engagement, and other elements to be reviewed. Internal auditors must consider whether the engagement is to provide assurance or advisory services because stakeholder expectations and the requirements of the Standards differ depending on the type of engagement. When identified, scope limitations must be discussed with management with the goal of resolving them. If a resolution cannot be achieved with management, the chief audit executive must elevate the scope limitation issue to the board according to an established methodology. 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. The chief audit executive must approve the engagement objectives and scope and any changes that occur during the engagement.
2. 2017 IPPF reference	Standards 1110, 2200, 2201, 2210, 2220.
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	None identified.

Standard 13.4 Evaluation Criteria

1. New content/changes	<p>Internal auditors must identify the most relevant (rather than just "adequate") criteria for evaluating the activity under review.</p> <p>For advisory services, the identification of evaluation criteria may not be necessary, depending on the agreement with relevant stakeholders. This change was made because there are no longer separate requirements (implementation standards) for assurance and advisory (previously "consulting") engagements unless specifically mentioned in the Standards.</p>
2. 2017 IPPF reference	Standard 2210.
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	None identified.

Standard 13.5 Engagement Resources

1. New content/changes	If available resources are inappropriate or insufficient, internal auditors must discuss the concerns with the chief audit executive to obtain the resources.
2. 2017 IPPF reference	Standards 2200, 2230.
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	None identified.



Standard 13.6 Work Program

1. New content/changes	The engagement work program must be based on information obtained during engagement planning, including, when applicable, the results of the engagement risk assessment. It must identify the criteria to be used to evaluate each objective, the tools to perform the tasks, and the internal auditors assigned to perform the tasks.
2. 2017 IPPF reference	Standards 2220, 2240.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	None identified.

Principle 14 Conduct Engagement Work

Standard 14.1 Gathering Information for Analyses and Evaluation

1. New content/changes	Internal auditors must not only identify information that is relevant, reliable, and sufficient but also evaluate whether the information can support analyses that provide a reasonable basis upon which to formulate potential engagement findings and conclusions. Internal auditors must also determine whether to gather additional information for analyses and evaluation when evidence is not relevant, reliable, or sufficient. If relevant evidence cannot be obtained, internal auditors must determine whether to identify that as a finding.
2. 2017 IPPF reference	Standard 2310.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	None identified.

Standard 14.2 Analyses and Potential Engagement Findings

1. New content/changes	<p>Internal auditors must analyze relevant, reliable, and sufficient information to determine whether there is a difference between the evaluation criteria and the existing condition of the activity under review. A difference represents a potential engagement finding that must be noted and further evaluated.</p> <p>If analyses do not provide sufficient evidence to support a potential engagement finding, internal auditors must exercise due professional care to determine whether additional analyses are required. If such analyses are needed, internal auditors must adjust the work program accordingly and obtain the chief audit executive’s approval.</p> <p>If no additional analyses are needed and there is no difference between the criteria and condition, then internal auditors must provide assurance in the engagement conclusion regarding the effectiveness of the activity’s governance, risk management, and control processes.</p> <p>For advisory services, gathering evidence to develop findings may not be necessary. This change was made because there are no longer separate requirements (implementation standards) for assurance and advisory (previously “consulting”) engagements unless specifically mentioned in the Standards.</p>
2. 2017 IPPF reference	Standards 2300, 2410.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	None identified.



Standard 14.3 Evaluation of Findings

1. New content/changes	<p>Internal auditors must:</p> <ul style="list-style-type: none"> • Evaluate each potential engagement finding to determine its significance. • Collaborate with management to identify root causes when possible. • Determine potential effects. • Consider the likelihood of the risk occurring and the impact the risk may have on the organization's governance, risk management, or control processes and whether to report risks as findings. • Prioritize findings based on their significance.
2. 2017 IPPF reference	Standards 2320, 2410, 2440.
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	None identified.

Standard 14.4 Recommendations and Action Plans

1. New content/changes	<p>Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to:</p> <ul style="list-style-type: none"> • Resolve differences between the established criteria and existing conditions. • Mitigate identified risks to an acceptable level. • Address the root cause of the finding. • Enhance or improve the activity under review. <p>When there is disagreement about the engagement recommendations and/or action plans, internal auditors must follow an established methodology to allow both management and internal auditors to express their positions and rationale and determine a resolution (See also Standard 9.3 Methodologies.).</p>
2. 2017 IPPF reference	Standards 2110, 2120, 2130, 2320
3. Does the "Public Sector" section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • None identified. <p>Best practices:</p> <ul style="list-style-type: none"> • The established methodology in case of disagreement between internal auditors and management should be described in the internal audit charter and/or manual as part of the internal audit process (see also Standard 9.3 Methodologies).

Standard 14.5 Engagement Conclusions

1. New content/changes	<p>Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives. The engagement conclusion must summarize the internal auditors' professional judgment about the overall significance of the aggregated engagement findings.</p> <p>Assurance engagement conclusions must include the internal auditors' judgment regarding the effectiveness of the governance, risk management, and/or control processes of the activity under review, including an acknowledgment of when processes are effective.</p>
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2. 2017 IPPF reference	Standards 2320, 2400, 2410.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> When internal auditors evaluate only one specific activity, mistakes can occur if that engagement is used to provide conclusions about the entire system of control processes. If the number of engagement tests performed is statistically insignificant, it would be incorrect to extrapolate the general conclusions to the entire system. <p>Best practices:</p> <ul style="list-style-type: none"> Develop methodologies that require internal auditors to identify the specific activity audited and to determine the extent to which the evaluation applies, including whether sufficient testing has been performed to extrapolate the results to the population from which the sample was tested. A conclusion may use a rating scheme or a numbering system to express significance.
Standard 14.6 Engagement Documentation	
1. New content/changes	Documentation of the engagement’s supporting information must be sufficient to allow an informed, prudent internal auditor or similarly informed and competent person to repeat the work and derive the same engagement results. The chief audit executive must review and approve the documentation, which must be retained according to relevant laws and/or regulations, as well as policies and procedures of the internal audit function and the organization.
2. 2017 IPPF reference	Standard 2330.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> None identified. <p>Best practices:</p> <ul style="list-style-type: none"> Develop internal audit methodologies that identify documentation requirements and provide a standardized approach or template. Use internal audit documentation software, which often has predetermined formats for documenting engagement work.



Principle 15 Communicate Engagement Results and Monitor Action Plans

Standard 15.1 Final Engagement Communication

1. New content/changes	<p>The final communication for assurance engagements must include the findings and their significance and priority; an explanation of scope limitations, if any; a conclusion regarding the effectiveness of the governance, risk management, and control processes of the activity reviewed (for assurance engagements); the individuals responsible for addressing the findings; and the planned date by which the actions should be completed.</p> <p>If an engagement is not conducted in conformance with the Standards, the final engagement communication must disclose the standard(s) with which conformance was not achieved.</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>Internal auditors must ensure the final communication is reviewed and approved by the chief audit executive before it is issued.</p>
2. 2017 IPPF reference	Standards 2400, 2410, 2420, 2431, 2440.
3. Does the “Public Sector” section apply?	<p>Yes – The “Laws and/or Regulations” and “Funding” sections of “Applying the Global Internal Audit Standards in the Public Sector” refer specifically to this standard.</p> <p>Laws and/or regulations may require internal audit functions in the public sector to present internal audit results at public meetings. Methodologies for disseminating final communications should adhere to these requirements.</p>
4. Challenges and best practices	<p>Challenges:</p> <ul style="list-style-type: none"> • None identified. <p>Best practices:</p> <ul style="list-style-type: none"> • Develop internal audit methodologies that specifically address any laws and/or regulations related to engagement results in final communications, including whether they must be presented at a public meeting and/or posted to a website of the internal audit function or the organization. • At the onset of an engagement, identify any outside authorities or oversight bodies that provide funding for the internal audit function or activity under review and whether they should receive the final communication. • Include in the engagement work program a description of how and to whom the engagement final communication will be disseminated.

Standard 15.2 Confirming the Implementation of Recommendations or Action Plans

1. New content/changes	The standard specifies that monitoring management’s actions includes inquiring about progress on the implementation of action plans and performing follow-up assessments using a risk-based approach. The extent of these procedures must be based on the significance of the finding.
2. 2017 IPPF reference	Standards 2500, 2600.
3. Does the “Public Sector” section apply?	No.
4. Challenges and best practices	None identified.



References and Additional Reading

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<https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/free-documents/conformance-readiness-assessment-tool/>

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Model Internal Audit Charter Tool and User’s Guide. The Institute of Internal Auditors, Inc., 2024.

<https://www.theiia.org/en/content/guidance/recommended/supplemental/practice-guides/model-internal-audit-activity-charter/>

“Practice Guide: Building an Effective Internal Audit Function in the Public Sector, 2nd Edition,” The Institute of Internal Auditors, Inc., 2024.

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https://www.theiia.org/globalassets/site/content/guidance/recommended/supplemental/practice-guides/global-practice-guide-unique-aspects-of-internal-auditing-in-the-public-sector/gpg_unique_aspects_of_ia_in_the_ps_2nd_ed.pdf

“Two-Way Mapping: 2017 IPPF Mandatory Elements to 2024 Global Internal Audit Standards (and Back).”

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