

The Board's Role in Governing the Internal Audit Function

The proposed Global Internal Audit Standards™, now open for review in a 90-day public comment period, provide requirements and recommendations to guide the professional practice of internal auditing and a basis for evaluating performance. The Standards begin with the Purpose of Internal Auditing, which articulates the value of internal auditing to stakeholders.

Effective governing of the internal audit function is critical to the achievement of the Purpose of Internal Auditing. To ensure effective governing, the board must obtain information from the chief audit executive to carry out its governance responsibilities. This document can help chief audit executives clarify, raise awareness about, and emphasize the importance of the governance roles and responsibilities of the board that enable the internal audit function to achieve the Purpose.

The five domains in the proposed Standards begin with Domain I: Purpose of Internal Auditing

Purpose of Internal Auditing

Internal auditing enhances the organization's success by providing the board and management with objective assurance and advice.

Internal auditing strengthens the organization's:

- Value creation, protection, and sustainability.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by qualified internal auditors in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from bias and undue influence and committed to making objective assessments.

The board establishes and protects the internal audit function's independence to elevate the value of the assurance and advisory services provided.

Assurance Services

“Services through which internal auditors perform objective assessments to provide statements about conditions compared to established criteria. Such statements are intended to give stakeholders confidence about an organization's governance, risk management, and control processes. Examples of assurance services include financial, performance, compliance, and technology engagements.”

Advisory Services

“Services including advisory engagements and other advisory activities typically undertaken at the request of senior management, the board, or the management of an activity. The nature and scope of advisory services are subject to agreement with the party requesting the services. Examples of advisory engagements include internal auditors providing advice on the development and implementation of new policies and the design of processes and systems. Other advisory activities include internal auditors providing facilitation and training.”

Domain III.

Governing the Internal Audit Function



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While the chief audit executive has responsibilities to communicate effectively and provide the board with information, the board also has a role and responsibilities that are key to the internal audit function's ability to fulfill the Purpose of Internal Auditing. Domain III outlines the board's responsibilities to authorize the internal audit function, ensure its independent positioning, and oversee its performance. The standards in this domain indicate the responsibilities of the chief audit executive and the board as well as those responsibilities that are accomplished jointly.

Domain III. Governing the Internal Audit Function lists the requirements for the board in three principles and nine standards:

Principle 6: Authorized by the Board

The board establishes, approves, and supports the authority, role, and responsibilities of the internal audit function.

The authority, role, and responsibilities of the internal audit function are defined in the internal audit mandate. The mandate empowers the internal audit function to enhance the organization's success by providing senior management and the board with objective assurance and advice. The internal audit function carries out the mandate by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes throughout the organization.

Standard 6.1 Internal Audit Mandate

Standard 6.2 Board Support

Principle 7: Positioned Independently

The board establishes and protects the internal audit function's independence.

The board is responsible for ensuring the independence of the internal audit function. Independence is defined as the freedom from conditions that impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner. Independence is established through accountability to the board, access to relevant resources, and freedom from interference. The internal audit function is only able to achieve the Purpose of Internal Auditing fully when the chief audit executive reports directly to the board and is positioned at a level within the organization that enables the internal audit function to perform its services and responsibilities without interference.

Standard 7.1 Organizational Independence

Standard 7.2 Chief Audit Executive Roles, Responsibilities, and Qualifications

Standard 7.3 Safeguarding Independence

Principle 8: Overseen by the Board

The board oversees the internal audit function to ensure the function's effectiveness.

Board oversight is essential to ensure the overall effectiveness of the internal audit function. Achieving this principle requires collaborative and interactive communication between the board and the chief audit executive as well as the board's support in ensuring the internal audit function obtains sufficient resources to fulfill the internal audit mandate. Additionally, the board receives assurance about the quality of the performance of the chief audit executive and the internal audit function through the quality assessment and improvement program, including the board's direct review of the results of the external quality assessment.

Standard 8.1 Board Interaction

Standard 8.2 Resources

Standard 8.3 Quality

Standard 8.4 External Quality Assessment

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to learn more and read and comment on the proposed Standards.