



A chance to reframe Internal Audit: the new Global Internal Audit Standards

January 2024
Reframe IA Series - Issue 1

What's happening

Whether your Internal Audit (IA) function has historically conformed with the Institute of Internal Auditor's (the IIA) Standards or not, this is a change event that you shouldn't ignore.

The IIA released the new Global Internal Audit Standards on January 9th, 2024 (refer to the Global Internal Audit Standards [here](#)), but beyond that, our profession is facing broader, unprecedented changes affecting all aspects of what we do:

- Macroeconomic changes are becoming more prevalent and complex
- Broader organizational transformation imperatives are underway across many organizations
- Expectations of stakeholders are increasing, including from management, the Board and regulators in some sectors

Now is the time for you to take the opportunity to reframe your IA function - build greater trust, drive transformation for the business, unlock efficiencies, expand risk coverage, and enhance the value you provide - while demonstrating alignment with the IIA's new Global Internal Audit Standards.

Why this change matters to you

For companies to realize and increase the outcomes from this change event, affected stakeholders should view this as more than a compliance exercise and use the opportunity to derive the value and benefits important to them.



Chief Audit Executive (CAE)

Increase the visibility around the risk coverage and value you provide to the organization.

While it's important to focus on the tactical implementation of the new Global Internal Audit Standards for your core operations, it is the strategic enhancements of the new Global Internal Audit Standards that can hold the key to helping achieve broader impacts and serve as a catalyst for strengthening IA's brand within the organization.



Chief Financial Officer (CFO)

Better understand your overall cost of assurance and risk coverage across each function contributing to that mandate.

The new Global Internal Audit Standards call for IA to help strengthen the collective coordination of assurance activities across the organization and drive efficiencies, to increase the transparency around how its strategic plan links to its initiatives and budget requests, and to create a mechanism to report on IA's performance against its mandate.



Board / Audit Committee

Confirm your expectations of IA to support your growing risk oversight responsibilities.

The new Global Internal Audit Standards call on the CAE to be more transparent with the Board in its communications on areas such as its mandate, strategic plan, capabilities, budget and key performance metrics creating a tactical avenue for you to confirm alignment of those expectations with management and challenge whether IA's efforts are spent in the areas driving the most value to you and the organization.

A blueprint for success

When considering your response to the new Global Internal Audit Standards change reflect on both the **strategic** and **tactical** actions to take.

Focus your efforts on the Strategic actions

The **strategic** response can generate the greatest impact and value to the organization and includes confirmation of IA's mandate with stakeholders, formalization of a strategic plan and purposeful alignment across other assurance functions. These elements can collectively promote better conversations with the Board and other stakeholders and enable IA to be more transparent on its role including its capacity to adapt alongside the organization's wider transformation opportunities.

Be practical about the Tactical implications

The **tactical** response will likely include more formalization and documentation to evidence conformance with the expected activities. These changes should not be overly time-consuming and should leverage simple, repeatable actions that can be incorporated into the standard day-to-day activities of your function, where possible.

PwC's IA framework

The elements of an effective IA function remain constant; however, we've refined the critical building blocks outlined in PwC's IA framework in line with the new Standards. See details on those building blocks on the next page.



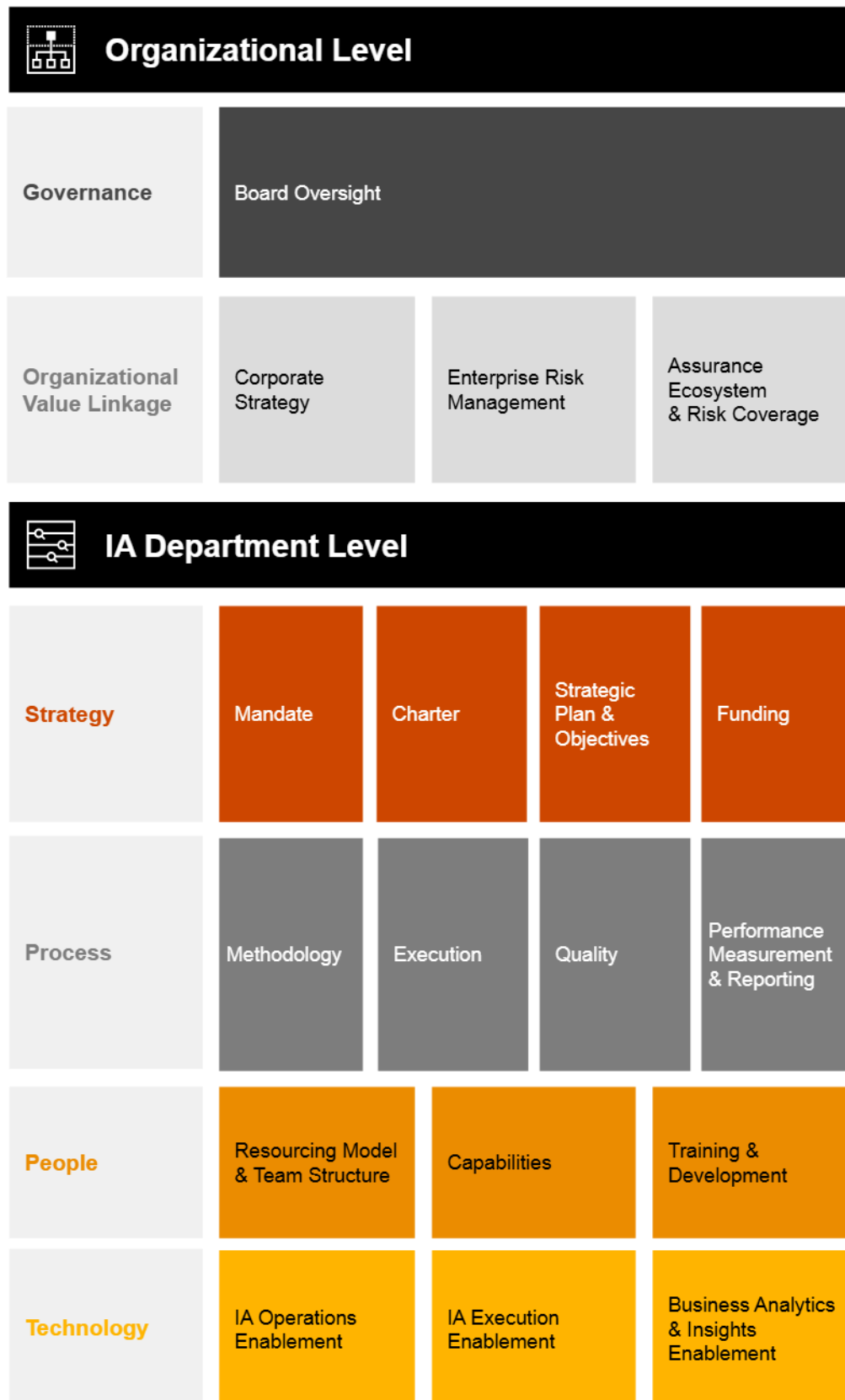
Key actions to consider

- 1 Perform a readiness assessment and decide on your desired response. You may need to designate a specific "project" in your Audit Plan to accomplish this during 2024.
- 2 If you've been waiting for the opportunity to revisit the scope and breadth of your mandate and risk coverage with management and the Board, now is your time.
- 3 Consider including broader IA maturity initiatives into this overall change event to signal that this is about more than conformance, it's about taking your IA function to the next level.
- 4 Select a pilot project in your 2024 Audit Plan to trial your proposed updates as a test run before going live in 2025.
- 5 Even if your mandate and plan will remain largely unchanged, leverage this moment to reiterate IA's value and increase the exposure of your function with stakeholders.

Aim to capture the 'first mover' opportunity that defines 'pioneers' as described in our [Global Internal Audit Study 2023](#) by not waiting to act but looking at what strategic and commercial opportunities can be unlocked with a strong IA function that can provide confidence and foresight to its stakeholders in managing - and taking - risk.

A look at what's inside the House

PwC's IA framework incorporates several building blocks at the organizational and IA department levels that can be used to assess IA's performance and shape IA's strategic and transformation roadmap. These building blocks map to the new Global Internal Audit Standards and incorporate the newer elements such as the mandate and strategic plan.



Throughout the implementation period, we will release a series of thought leadership with practical tips, examples and PwC's point of view on effectively and efficiently implementing the Global Internal Audit Standards while embedding transformation elements into IA's strategic roadmap. A high level description of topics to come are outlined on the right.

Reframe IA Series

Practical ways to implement the IIA's new Global Internal Audit Standards

Contact us:



Shaun Willcocks
Global Internal Audit Leader
shaun.s.willcocks@pwc.com



Shane Foley
Principal, Cyber, Risk & Regulatory
shane.p.foley@pwc.com



Tiffany Gallagher
Principal, Health Industries, Cyber, Risk & Regulatory Leader
tiffany-anne.gallagher@pwc.com



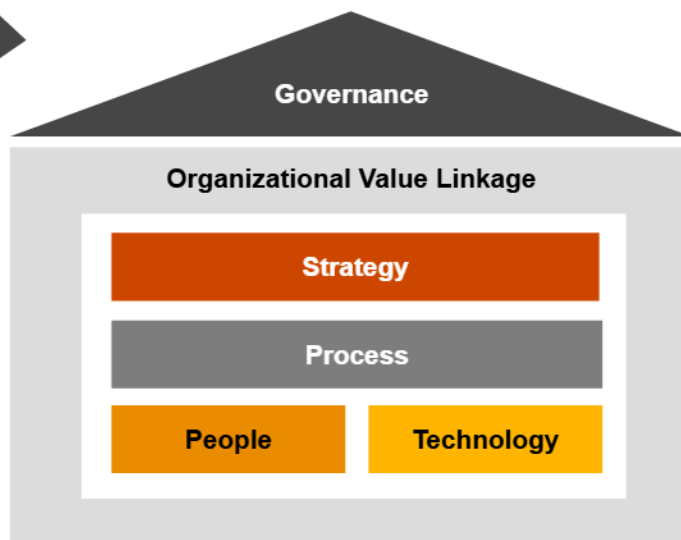
Vikas Agarwal
Principal, Financial Services, Cyber, Risk & Regulatory Leader
vikas.k.agarwal@pwc.com



Mike Maali
Partner, Cyber, Risk & Regulatory
mike.maali@pwc.com



Deborah Mack
Principal, Cyber, Risk & Regulatory
deborah.l.mack@pwc.com



1

A chance to reframe Internal Audit

2

Mandate

3

Strategic Plan

4

Board (Audit Committee) Engagement

5

Assurance Ecosystem

6

Performance Measures

7

Risk Assessment and Coverage

8

Audit Spectrum

9

Reporting and Communication

10

Capabilities



Key Resources

- Resources from the IIA:
 - [Global Internal Audit Standards](#)™
- [PwC Internal Audit](#) - updates on the latest IA topics and trends
- [PwC Global Internal Audit Study 2023](#)
- [Governance Insights Center](#)