Standards Update – Mapping

This document contains extracts from the *International Standards for the Professional Practice of Internal Auditing* (2016) and from the *Global Internal Audit Standards* (2024). This document has been produced for the purpose of professional education. The authoritative versions of these Standards is available at www.globaliia.org.

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GLOSSARY **Terms used with specific meanings within the Standards.**		
Internal Auditing An independent, objective assurance and advisory service designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.	**Definition of Internal Auditing** Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.	Change of terminology – "advisory" rather than "consulting" services. The order of "risk management, control, and governance" has been changed to "governance, risk management, and control"
independence – The freedom from conditions that may impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner. **objectivity** – An unbiased mental attitude that allows internal auditors to make professional judgments, fulfill their responsibilities, and achieve the Purpose of Internal Auditing without compromise.	**1100 – Independence and Objectivity** The internal audit activity must be independent, and internal auditors must be objective in performing their work. **Interpretation:** *Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must*	The wording of Standard 1100 is reflected in the new Principles 2 and 7.

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	be managed at the individual auditor, engagement, functional, and organizational levels. *Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.*	

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PRINCIPLES	**Core Principles. Internal audit:**	
Principle 1 – Demonstrates Integrity	Demonstrates integrity.	
Principle 2 – Maintain Objectivity	Is objective and free from undue influence (independent).	
Principle 3 – Demonstrates Competency	Demonstrates competence and due professional care.	
Principle 4 – Exercise Dure Professional Care	Demonstrates competence and due professional care.	
Principle 5 – Maintain Confidentiality	Demonstrates integrity.	
Principle 6 – Authorized by the Board	Is objective and free from undue influence (independent).	Principle 6 strengthens the independence of internal audit by clarifying its authority.
Principle 7 – Positioned Independently	Is objective and free from undue influence (independent). Is appropriately positioned and adequately resourced.	
Principle 8 – Overseen by the Board	Is appropriately positioned and adequately resourced. Demonstrates quality and continuous improvement.	Principle 8 reinforces the positioning of internal audit as being responsible directly to the board.
Principle 9 – Plan Strategically	Aligns with the strategies, objectives, and risks of the organization. Provides risk-based assurance. Promotes organizational improvement. Is insightful, proactive, and future-focused.	Strategic planning is designed to deliver a service designed to support the purposes of the organisation. Formulation of action plans and recommendations is focused on future performance.
Principle 10 – Manage Resources	Is appropriately positioned and adequately resourced. Provides risk-based assurance.	
Principle 11 – Communicate Effectively	Communicates effectively.	
Principle 12 – Enhance Quality	Demonstrates quality and continuous improvement.	Aspects are also addressed in Principle 8
Principle 13 – Plan Engagements Effectively	Aligns with the strategies, objectives, and risks of the organization. Provides risk-based assurance.	

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Principle 14 – Conduct Engagement Work	Demonstrates competence and due professional care. Promotes organizational improvement.	
Principle 15 – Communicate Engagement Results and Monitor Action Plans	Communicates effectively. Promotes organizational improvement.	
	Is insightful, proactive, and future-focused.	Largely addressed in Domain I

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DOMAIN I. PURPOSE OF INTERNAL AUDITING	**Mission**	
Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. Internal auditing enhances the organization's: • Successful achievement of its objectives. • 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 competent professionals 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 undue influence and committed to making objective assessments.	The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.	Sustain value, Insight, and foresight are concepts that are introduced without corresponding definitions. Aspects of the *Core Principles for the Professional Practice of Internal Auditing* and from the *Internal Audit Value Proposition* have been added. Some material has been incorporated from Standard 2000. There is some overlap with Domain II.

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DOMAIN II. ETHICS AND PROFESSIONALISM	**Code of Ethics**	
Principle 1 ***Internal auditors demonstrate integrity in their work and behavior.***	COE 1 *Integrity* The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.	
	Internal auditors:	
1.1 Honesty and Professional Courage Internal auditors must perform their work with honesty and professional courage. Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing skepticism or offering an opposing viewpoint. Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organization's ability to make well-informed decisions. Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations. The chief audit executive must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable.	COE 1.1. Shall perform their work with honesty, diligence, and responsibility. COE 2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.	Adds a requirement for the CAE to provide a supportive environment. Responsibility to report truthfully all material facts was previously ethical rule 2.3 but this is strengthened.
1.2 Organization's Ethical Expectations Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations	COE 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.	This makes explicit the requirement to report unethical behaviour.

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of the organization and must be able to recognize conduct that is contrary to those expectations. Internal auditors must encourage and promote an ethics-based culture in the organization. If internal auditors identify behavior within the organization that is inconsistent with the organization's ethical expectations, they must report the concern according to applicable policies and procedures.		
1.3 Legal and Ethical Behavior Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organization or the profession of internal auditing or that may harm the organization or its employees. Internal auditors must understand and abide by the laws and/or regulations relevant to the industry and jurisdictions in which the organization operates, including making disclosures as required. If internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.	COE 1.2. Shall observe the law and make disclosures expected by the law and the profession. COE 1.3. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.	This makes explicit the requirement to report illegal behaviour.
Principle 2 ***Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.***	COE 2 *Objectivity* Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.	
2.1 Individual Objectivity	**1120 – Individual Objectivity**	

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Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases.	Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest. **Interpretation:** *Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfill his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.*	
2.2 Safeguarding Objectivity Internal auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity. Internal auditors must not accept any tangible or intangible item, such as a gift, reward, or favor, that may impair or be presumed to impair objectivity. Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or the interests of others, including senior management or others in a position of authority, or by the political environment or other aspects of their surroundings. When performing internal audit services: • Internal auditors must refrain from assessing specific activities for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for	COE 2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization. COE 2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment. **1130.A1** – Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year**.** **1130.A2** – Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity. **1130.A3** – The internal audit activity may provide assurance services where it had previously performed	

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which the internal auditor had responsibility within the previous 12 months. • If the internal audit function is to provide assurance services where it had previously performed advisory services, the chief audit executive must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed. Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by an independent party outside the internal audit function. • If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement. The chief audit executive must establish methodologies to address impairments to objectivity. Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.	consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement. **1130.C1** – Internal auditors may provide consulting services relating to operations for which they had previous responsibilities. **1130.C2** – If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement. **2120.C3** – When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks.	
Standard 2.3 Disclosing Impairments to Objectivity If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties. If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the chief audit executive or a designated supervisor. If the chief audit executive determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the chief audit executive must discuss the impairment with the management of the activity under review, the	**1130 – Impairment to Independence or Objectivity** If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment. **Interpretation:** *Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding.*	Independence is dealt with separately.

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board, and/or senior management and determine the appropriate actions to resolve the situation. If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the chief audit executive must discuss the concern with the management of the activity under review, the board, senior management, and/or other affected stakeholders and determine the appropriate actions to resolve the situation. If the objectivity of the chief audit executive is impaired in fact or appearance, the chief audit executive must disclose the impairment to the board.	*The determination of appropriate parties to which the details of an impairment to independence or objectivity must be disclosed is dependent upon the expectations of the internal audit activity's and the chief audit executive's responsibilities to senior management and the board as described in the internal audit charter, as well as the nature of the impairment.*	
Principle 3 ***Internal auditors apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully.***	COE 4 *Competency* Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.	
	Internal auditors:	
3.1 Competency Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. 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. Internal auditors must engage only in those services for which they have or can attain the necessary competencies.	COE 4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience. COE 4.3. Shall continually improve their proficiency and the effectiveness and quality of their services **1210 – Proficiency** Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.	

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Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfill their professional responsibilities. Additionally, the chief audit executive must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies	**Interpretation:** *Proficiency is a collective term that refers to the knowledge, skills, and other competencies required of internal auditors to effectively carry out their professional responsibilities. It encompasses consideration of current activities, trends, and emerging issues, to enable relevant advice and recommendations. Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor designation and other designations offered by The Institute of Internal Auditors and other appropriate professional organizations.* **1210.A1** – The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement. **1210.C1** – The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.	
	1210.A2 – Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.	No longer a requirement – this is listed as a common or preferred practice in 3.1. The requirement to apply appropriate skill to a task remains relevant (4.2 Due Professional Care). It is also a consideration in internal audit planning (See 9.4 Internal Audit Plan).
	1210.A3 – Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit	No longer a requirement – this is listed as a common or preferred practice in 3.1.

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	techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.	The requirement to apply appropriate skill to a task remains relevant (4.2 Due Professional Care). It is also a consideration in internal audit planning (See 9.4 Internal Audit Plan).
3.2 Continuing Professional Development Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training. Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfill the requirements applicable to their certifications.	**1230 – Continuing Professional Development** Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.	Slight enhancement.
Principle 4 ***Internal auditors apply due professional care in planning and performing internal audit services***		
Due professional care requires planning and performing internal audit services with the diligence, judgment, and skepticism possessed by prudent and competent internal auditors. When exercising due professional care, internal auditors perform in the best interests of those receiving internal audit services but are not expected to be infallible. (Principle 4 Introduction).	**1220 – Due Professional Care** Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.	
4.1 Conformance with the Global Internal Audit Standards Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards.	COE 4.2. Shall perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing.	All engagements are required to use the Global IA Standards. Other standards may be used in addition to the Global IA Standards and any such use must be declared. If, for example, an internal audit uses the IT Assurance Framework of ISACA, it must be used in addition to the Global IA Standards (not instead of)

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The internal audit function's methodologies must be established, documented, and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function's methodologies when planning and performing internal audit services and communicating results. If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate. 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. When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale.		and its use must be documented in engagement communications. A positive declaration of conformance remains optional.
4.2 Due Professional Care Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including: • The organization's strategy and objectives. • The interests of those for whom internal audit services are provided and the interests of other stakeholders. • Adequacy and effectiveness of governance, risk management, and control processes.	**1220.A1** – Internal auditors must exercise due professional care by considering the: • Extent of work needed to achieve the engagement's objectives. • Relative complexity, materiality, or significance of matters to which assurance procedures are applied. • Adequacy and effectiveness of governance, risk management, and control processes. • Probability of significant errors, fraud, or noncompliance. • Cost of assurance in relation to potential benefits.	Shifts emphasis from the engagement objectives to include organisational objectives. This is an investment in business understanding to support risk-based assurance. The guidance notes for 4.2 say: Thorough planning requires internal auditors to consider the techniques, tools, technology, and extent and timeliness of work needed to achieve the engagement objectives most efficiently. Internal auditors, especially the chief audit executive, should consider the use of data analysis software and other technology that support the review and evaluation processes.

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• Cost relative to potential benefits of the internal audit services to be performed. • Extent and timeliness of work needed to achieve the engagement's objectives. • Relative complexity, materiality, or significance of risks to the activity under review. • Probability of significant errors, fraud, noncompliance, and other risks that might affect objectives, operations, or resources. • Use of appropriate techniques, tools, and technology.	**1220.A2** – In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques. **1220.A3** – Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified. **1220.C1** – Internal auditors must exercise due professional care during a consulting engagement by considering the: • Needs and expectations of clients, including the nature, timing, and communication of engagement results. • Relative complexity and extent of work needed to achieve the engagement's objectives. • Cost of the consulting engagement in relation to potential benefits.	Standard 10.3 Technological Resources also expects that appropriate technology to support the internal audit process is available. Understanding the complexity, materiality, and significance in context is necessary to properly assess relevant risks and determine which risks should be prioritized for further evaluation. Due professional care also requires weighing the costs (such as resource requirements) of the internal audit services against the benefits that may result.
4.3 Professional Skepticism Internal auditors must exercise professional skepticism when planning and performing internal audit services. To exercise professional skepticism, internal auditors must: • Maintain an attitude that includes inquisitiveness. • Critically assess the reliability of information. • Be straightforward and honest when raising concerns and asking questions about inconsistent information.	**NEW PROVISION**	This is a common provision in the ethical codes of other professions.

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• Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading.		
Principle 5 ***Internal auditors use and protect information appropriately***	COE 3 *Confidentiality* Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.	
5.1 Use of Information Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organization's legitimate and ethical objectives.	COE 3.2. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.	
5.2 Protection of Information Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships. Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organization and internal audit function. Considerations specifically relevant to the internal audit function include: • Custody, retention, and disposal of engagement records.	COE 3.1. Shall be prudent in the use and protection of information acquired in the course of their duties. **2330.A1** – The chief audit executive must control access to engagement records. The chief audit executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate. **2330.A2** – The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization's guidelines and any pertinent regulatory or other requirements. **2330.C1** – The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies	This provision overlaps a little with the requirements in 5.1.

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• Release of engagement records to internal and external parties. • Handling of, access to, or copies of confidential information when it is no longer needed. Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so. Internal auditors must manage the risk of exposing or disclosing information inadvertently. The chief audit executive must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.	must be consistent with the organization's guidelines and any pertinent regulatory or other requirements. **2440.A2** – If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organization the chief audit executive must: • Assess the potential risk to the organization. • Consult with senior management and/or legal counsel as appropriate. • Control dissemination by restricting the use of the results.	

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DOMAIN III. GOVERNING THE INTERNAL AUDIT FUNCTION		
Principle 6 ***The board establishes, approves, and supports the mandate of the internal audit function.***		
6.1 Internal Audit Mandate The chief audit executive must provide the board and senior management with the information necessary to establish the internal audit mandate. In those jurisdictions and industries where the internal audit function's mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate. To help the board and senior management determine the scope and types of internal audit services, the chief audit executive must coordinate with other internal and external assurance providers to gain an understanding of each other's roles and responsibilities. The chief audit executive must document or reference the mandate in the internal audit charter, which is approved by the board. Periodically, the chief audit executive must assess whether changes in circumstances justify a discussion with the board and senior management about the internal audit mandate. If so, the chief audit executive must discuss the internal audit mandate with the board and senior management to assess whether the authority, role, and responsibilities continue to enable the internal audit function to achieve its strategy and accomplish its objectives.	**EXPANDED PROVISION**	Mandate is the term used to replace "purpose, authority and responsibility". This provision requires that the authority of the internal auditor and its source be clearly stated. This authority might come from the governing body (board) or it may be prescribed by regulation such as might exist in the public sector or in regulated industries. Previously this was implied in Standard 1000 but more detail is required by the new Standards. Essential conditions supporting this are also discussed.

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6.2 Internal Audit Charter The chief audit executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's: • Purpose of Internal Auditing. • Commitment to adhering to the Global Internal Audit Standards. • Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function. • Organizational position and reporting relationships. The chief audit executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.	**1000 – Purpose, Authority, and Responsibility** The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval. **Interpretation:** *The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.*	This is functionally unchanged, but the mandatory components have now been merged. Standard 6.1 expands reference to the authority. The guidance notes indicate that the CAE and the audit committee should agree on the frequency with which the Charter should be reviewed. Essential conditions supporting this are also discussed.
	1000.A1 – The nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the internal audit charter. **1000.C1** – The nature of consulting services must be defined in the internal audit charter.	The distinction between "assurance" and "advisory" has been diminished in the new Standards. Both are regarded as having the same requirements under the Standards. Some standards have exceptions for advisory services (e.g. 13.2 Engagement Risk Assessment). Provisions related to providing assurance to external parties are not included.

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	1010 – Recognizing Mandatory Guidance in the Internal Audit Charter The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.	
6.3 Board and Senior Management Support 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. The chief audit executive must coordinate the internal audit function's board communications with senior management to support the board's ability to fulfill its requirements.	**NEW PROVISION**	This enhances the status of internal audit and allows internal audit to stay abreast of organisational priorities. The guidance notes indicate that: The board and the chief audit executive should meet at least annually without management present. Holding such meetings quarterly is considered a leading governance practice. The chief audit executive should also have other interactions with the board between official meetings to keep the board apprised of the internal audit function's progress. Essential conditions supporting this are also discussed.
Principle 7 ***The board establishes and protects the internal audit function's independence and qualifications.***		
7.1 Organizational Independence The chief audit executive must confirm to the board the organizational independence of the internal audit function at least annually. This includes communicating incidents where independence may	**1110 – Organizational Independence** The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the	This is an expanded requirement addressing actions necessary in the event that independence is impaired. It also incorporates the requirements of Standard 1112.

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have been impaired and the actions or safeguards employed to address the impairment. The chief audit executive must document in the internal audit charter the reporting relationships and organizational positioning of the internal audit function, as determined by the board. The chief audit executive must discuss with the board and senior management any current or proposed roles and responsibilities that have the potential to impair the internal audit function's independence, either in fact or appearance. The chief audit executive must advise the board and senior management of the types of safeguards to manage actual, potential, or perceived impairments. When the chief audit executive has one or more ongoing roles beyond internal auditing, the responsibilities, nature of work, and established safeguards must be documented in the internal audit charter. If those areas of responsibility are subject to internal auditing, alternative processes to obtain assurance must be established, such as contracting with an objective, competent external assurance provider that reports independently to the board. When the chief audit executive's non-audit responsibilities are temporary, assurance for those areas must be provided by an independent third party during the temporary assignment and for the subsequent 12 months. Also, the chief audit executive must establish a plan to transition those responsibilities to management. If the governing structure does not support organizational independence, the chief audit executive must document the characteristics of the governing	organizational independence of the internal audit activity. **Interpretation:** *Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:* • *Approving the internal audit charter.* • *Approving the risk-based internal audit plan.* • *Approving the internal audit budget and resource plan.* • *Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters.* • *Approving decisions regarding the appointment and removal of the chief audit executive.* • *Approving the remuneration of the chief audit executive.* *Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.* **1110.A1** – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications. **1112 – Chief Audit Executive Roles Beyond Internal Auditing** Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of	Essential Conditions that support organisational independence are also discussed in this standard.

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structure limiting independence and any safeguards that may be employed to achieve this principle.	internal auditing, safeguards must be in place to limit impairments to independence or objectivity. **Interpretation:** *The chief audit executive may be asked to take on additional roles and responsibilities outside of internal auditing, such as responsibility for compliance or risk management activities. These roles and responsibilities may impair, or appear to impair, the organizational independence of the internal audit activity or the individual objectivity of the internal auditor. Safeguards are those oversight activities, often undertaken by the board, to address these potential impairments, and may include such activities as periodically evaluating reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.*	
7.2 Chief Audit Executive Qualifications The chief audit executive must help the board understand the qualifications and competencies of a chief audit executive that are 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. The chief audit executive must maintain and enhance the qualifications and competencies necessary to fulfill the roles and responsibilities expected by the board.	**NEW PROVISIONS**	The guidance notes recognise that the CAE may be recruited for skills other than competency in internal auditing. Nevertheless, the notes also state that the CAE should pursue professional education and relevant certifications. The notes also encourage organisations to have a succession plan for the position. Essential conditions supporting this are also discussed.
Principle 8 ***The board oversees the internal audit function to ensure the function's effectiveness.***		

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8.1 Board Interaction The chief audit executive must provide the board with the information needed to conduct its oversight responsibilities. This information may be specifically requested by the board or may be, in the judgment of the chief audit executive, valuable for the board to exercise its oversight responsibilities. The chief audit executive must report to the board and senior management: • The internal audit plan and budget and subsequent significant revisions to them • Changes potentially affecting the mandate or charter. • Potential impairments to independence. • Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results. • Results from the quality assurance and improvement program. There may be instances when the chief audit executive disagrees with senior management or other stakeholders on the scope, findings, or other aspects of an engagement that may affect the ability of the internal audit function to execute its responsibilities. In such cases, the chief audit executive must provide the board with the facts and circumstances to allow the board to consider whether, in its oversight role, it should intervene with senior management or other stakeholders.	**1111 – Direct Interaction with the Board** The chief audit executive must communicate and interact directly with the board.	This provision aggregates a number of obligations to report to the board. Details are included in other Standards. Essential Conditions that support this standard are also discussed.
8.2 Resources The chief audit executive must evaluate whether internal audit resources are sufficient to fulfill the	**EXPANDED PROVISION** Standard 2030 addresses this as does Standard 2020.	Essential conditions supporting this Standard are also discussed.

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internal audit mandate and achieve the internal audit plan. If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.		
8.3 Quality The chief audit executive must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments: • External assessments. • Internal assessments. At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include: • The internal audit function's conformance with the Standards and achievement of performance objectives. • If applicable, compliance with laws and/or regulations relevant to internal auditing. • If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.	**1300 – Quality Assurance and Improvement Program** The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. **Interpretation:** *A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The chief audit executive should encourage board oversight in the quality assurance and improvement program.* **1310 – Requirements of the Quality Assurance and Improvement Program** The quality assurance and improvement program must include both internal and external assessments. **1320 – Reporting on the Quality Assurance and Improvement Program** The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include: • The scope and frequency of both the internal and external assessments.	Essential Conditions related to the Standard are also discussed. The new requirement is "at least annually" for all internal assessments.

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	• The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest. • Conclusions of assessors. • Corrective action plans. **Interpretation:** *The form, content, and frequency of communicating the results of the quality assurance and improvement program is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the Code of Ethics and the Standards, the results of external and periodic internal assessments are communicated upon completion of such assessments, and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance.*	
8.4 External Quality Assessment The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board. The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation. 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.	**1312 – External Assessments** External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board: • The form and frequency of external assessment. • The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest. **Interpretation:** *External assessments may be accomplished through a full external assessment, or a self-assessment with*	Essential Conditions related to the Standard are discussed. The guidance notes provide suggestions for the selection of a review team and for the scope of the review. It introduces the requirement that at least one team member has a CIA qualification.

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	independent external validation. The external assessor must conclude as to conformance with the Code of Ethics and the Standards; the external assessment may also include operational or strategic comments. *A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or industry, and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.* *An independent assessor or assessment team means not having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs. The chief audit executive should encourage board oversight in the external assessment to reduce perceived or potential conflicts of interest.*	

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DOMAIN IV. MANAGING THE INTERNAL AUDIT FUNCTION		
Principle 9 ***The chief audit executive plans strategically to position the internal audit function to fulfill its mandate and achieve long-term success.***	**2000 – Managing the Internal Audit Activity** The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization. **Interpretation:** *The internal audit activity is effectively managed when:* • *It achieves the purpose and responsibility included in the internal audit charter.* • *It conforms with the Standards.* • *Its individual members conform with the Code of Ethics and the Standards.* • *It considers trends and emerging issues that could impact the organization.* *The internal audit activity adds value to the organization and its stakeholders when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.*	Organisation-level planning has been expanded to multiple stages: • Understanding the organisation • Developing an internal audit strategy • Developing a plan of engagements (this is an existing requirement required by Standard 2010)
9.1 Understanding Governance, Risk Management, and Control Processes To develop an effective internal audit strategy and plan, the chief audit executive must understand the organization's governance, risk management, and control processes. To understand governance processes, the chief audit executive must consider how the organization:	**2100 – Nature of Work** The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.	The new Standard 9.1 focuses on understanding all of these elements as a pre-requisite for building the strategy. Some aspects of the 2100 series of Standards have been incorporated in Standard 9.4. **2120.C2** and **2130.C1** were not carried forward but they are implicit in developing an understanding of the organisation. The detail of 2100 is not needed.

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• Establishes strategic objectives and makes strategic and operational decisions. • Oversees risk management and control. • Promotes an ethical culture. • Delivers effective performance management and accountability. • Structures its management and operating functions. • Communicates risk and control information throughout the organization. • Coordinates activities and communications among the board, internal and external providers of assurance services, and management. To understand risk management and control processes, the chief audit executive must consider how the organization identifies and assesses significant risks and selects appropriate control processes. This includes understanding how the organization identifies and manages the following key risk areas: • Reliability and integrity of financial and operational information. • Effectiveness and efficiency of operations and programs. • Safeguarding of assets. • Compliance with laws and/or regulations.	**2110 – Governance** The internal audit activity must assess and make appropriate recommendations to improve the organization's governance processes for: • Making strategic and operational decisions. • Overseeing risk management and control. • Promoting appropriate ethics and values within the organization. • Ensuring effective organizational performance management and accountability. • Communicating risk and control information to appropriate areas of the organization. Coordinating the activities of, and communicating information among, the board, external and internal auditors, other assurance providers, and management. **2120 – Risk Management** The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes. **Interpretation:** *Determining whether risk management processes are effective is a judgment resulting from the internal auditor's assessment that:* • *Organizational objectives support and align with the organization's mission.* • *Significant risks are identified and assessed.* • *Appropriate risk responses are selected that align risks with the organization's risk appetite.*	

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	• *Relevant risk information is captured and communicated in a timely manner across the organization, enabling staff, management, and the board to carry out their responsibilities.* *The internal audit activity may gather the information to support this assessment during multiple engagements. The results of these engagements, when viewed together, provide an understanding of the organization's risk management processes and their effectiveness.* *Risk management processes are monitored through ongoing management activities, separate evaluations, or both.* **2130 – Control** The internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.	
9.2 Internal Audit Strategy The chief audit executive must develop and implement 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. An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfillment of the internal audit mandate.	**NEW PROVISION**	This has long been regarded as good practice. It has now been codified.

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The chief audit executive must review the internal audit strategy with the board and senior management periodically.		
9.3 Methodologies 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. The chief audit executive must evaluate the effectiveness of the methodologies and update them as necessary to improve the internal audit function and respond to significant changes that affect the function. The chief audit executive must provide internal auditors with training on the methodologies.	**2040 – Policies and Procedures** The chief audit executive must establish policies and procedures to guide the internal audit activity. **Interpretation:** *The form and content of policies and procedures are dependent upon the size and structure of the internal audit activity and the complexity of its work.*	This expands the existing requirements.
9.4 Internal Audit Plan The chief audit executive must create an internal audit plan that supports the achievement of the organization's objectives. The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually. The internal audit plan must: • Consider the internal audit mandate and the full range of agreed-to internal audit services.	**2010 – Planning** The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals. **Interpretation:** *To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.* **2010.A1** – The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of	

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• Specify internal audit services that support the evaluation and improvement of the organization's governance, risk management, and control processes. • Consider coverage of information technology governance, fraud risk, the effectiveness of the organization's compliance and ethics programs, and other high-risk areas. • Identify the necessary human, financial, and technological resources necessary to complete the plan. • Be dynamic and updated timely in response to changes in the organization's business, risks operations, programs, systems, controls, and organizational culture. The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management: • The impact of any resource limitations on internal audit coverage. • The rationale for not including an assurance engagement in a high-risk area or activity in the plan. • Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements. • Limitations on scope or restrictions on access to information. The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board.	senior management and the board must be considered in this process. **2010.A2** – The chief audit executive must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions. **2020 – Communication and Approval** The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations. **2110.A1** – The internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities. **2110.A2** – The internal audit activity must assess whether the information technology governance of the organization supports the organization's strategies and objectives. **2120.A1** – The internal audit activity must evaluate risk exposures relating to the organization's governance, operations, and information systems regarding the: • Achievement of the organization's strategic objectives. • Reliability and integrity of financial and operational information. Effectiveness and efficiency of operations and programs. • Safeguarding of assets. Compliance with laws, regulations, policies, procedures, and contracts.	

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	2120.A2 – The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk. **2120.C1** – During consulting engagements, internal auditors must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks. **2130.A1** – The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization's governance, operations, and information systems regarding the: • Achievement of the organization's strategic objectives. • Reliability and integrity of financial and operational information. Effectiveness and efficiency of operations and programs. • Safeguarding of assets. Compliance with laws, regulations, policies, procedures, and contracts.	
	2010.C1 – The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements must be included in the plan.	The guidance notes for Standard 9.4 include mention of ad hoc reviews and the provision of contingent resources to deal with them, but the rationale for including management requests is not discussed. There is further discussion of this in the introduction to Domain V.
9.5 Coordination and Reliance The chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work. Coordination of services minimizes duplication of efforts, highlights	**2050 – Coordination and Reliance** The chief audit executive should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.	The requirement for the CAE to raise concerns when they are not able to coordinate assurance activities is a new requirement.

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gaps in coverage of key risks, and enhances the overall value added by providers. If unable to achieve an appropriate level of coordination, the chief audit executive must raise any concerns with senior management and, if necessary, the board. When the internal audit function relies on the work of other assurance service providers, the chief audit executive must document the basis for that reliance and is still responsible for the conclusions reached by the internal audit function.	**Interpretation:** *In coordinating activities, the chief audit executive may rely on the work of other assurance and consulting service providers. A consistent process for the basis of reliance should be established, and the chief audit executive should consider the competency, objectivity, and due professional care of the assurance and consulting service providers. The chief audit executive should also have a clear understanding of the scope, objectives, and results of the work performed by other providers of assurance and consulting services. Where reliance is placed on the work of others, the chief audit executive is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.*	
Principle 10 **The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate.**	**2030 – Resource Management** The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan. **Interpretation:** *Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimizes the achievement of the approved plan.*	This is significantly expanded from Standard 2030. The objective in Principle 10 is to focus on financial, human and technology resources required to deliver the internal audit plan. The existing standards do not address this level of detail.
10.1 Financial Resource Management The chief audit executive must manage the internal audit function's financial resources. The chief audit executive must develop a budget that enables the successful implementation of the internal	**EXPANDED PROVISION**	This was an implication of Standard 2030 but is now made explicit.

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audit strategy and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and acquisition of technology and tools. The chief audit executive must manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget. The chief audit executive must seek budget approval from the board. The chief audit executive must communicate promptly the impact of insufficient financial resources to the board and senior management.		
10.2 Human Resources Management The chief audit executive must establish an approach to recruit, 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 strive to ensure that human resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan. Appropriate refers to the mix of knowledge, skills, and abilities; sufficient refers to the quantity of resources; and effective deployment refers to assigning resources in a way that optimizes the achievement of 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 function lacks appropriate and sufficient human resources to achieve the internal audit plan, the chief audit executive must determine how to obtain the resources or	**EXPANDED PROVISION**	This was an implication of Standard 2030 but is now made explicit.

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communicate timely to the board and senior management the impact of the limitations. The chief audit executive must evaluate the competencies of individual internal auditors within the internal audit function and encourage professional development. The chief audit executive must collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring.		
10.3 Technological Resources The chief audit executive must strive to ensure that the internal audit function has technology to support the internal audit process. The chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. When implementing new technology, the chief audit executive must implement appropriate training for internal auditors in the effective use of technological resources. The chief audit executive must collaborate with the organization's information technology and information security functions to implement technological resources properly. The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management.	**NEW PROVISION**	This was an implication of Standard 2030 but is now made explicit. The existing Standard does not explicitly address this aspect of resources.
Principle 11 ***The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.***		This Principle expands Standard 2060 and generalises some communication matters that were in Standard 2400.

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11.1 Building Relationships and Communicating with Stakeholders The chief audit executive must develop an approach for the internal audit function to build relationships and trust with key stakeholders, including the board, senior management, operational 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 stakeholders, contributing to the mutual understanding of: • 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.	**NEW PROVISION**	Implementation Guide 2400 recommended the development of communication strategies. This formalises good practice as a requirement.
	2410.C1 – Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.	This is not included as the Standards make no distinction between assurance and advisory engagements.
11.2 Effective Communication The chief audit executive must establish and implement methodologies to promote accurate, objective, clear, concise, constructive, complete, and timely internal audit communications.	**2420 – Quality of Communications** Communications must be accurate, objective, clear, concise, constructive, complete, and timely. **Interpretation:** *Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial, and*	This provision has been place where it is clear that its provisions apply to all internal audit communications.

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	unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness. Constructive communications are helpful to the engagement client and the organization and lead to improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.	
11.3 Communicating Results The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate. The chief audit executive must understand the expectations of the board and senior management regarding the nature and timing of communications. The results of internal audit services can include: • Engagement conclusions. • Themes such as effective practices or root causes. • Conclusions at the level of the business unit or organization. *Engagement Conclusions*	**2060 – Reporting to Senior Management and the Board** The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board. **Interpretation:** *The frequency and content of reporting are determined collaboratively by the chief audit executive, senior management, and the board. The frequency and content of reporting depends on the*	This provision contemplates a range of routine reporting from the CAE to the audit committee. These have long been good practice and are now specifically suggested. Thematic reporting is a new consideration. It should be noted that the individual types of report are not required but are only suggestions. This standard incorporates aspects of Standards • 2440 – Disseminating results. The chief audit executive is responsible for reviewing and approving the final engagement communication • 2450 – Overall opinions

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The chief audit executive must review and approve final engagement communications, which include engagement conclusions, and decide to whom and how they will be disseminated before they are issued. If these duties are delegated to other internal auditors, the chief audit executive retains overall responsibility. The chief audit executive must seek the advice of legal counsel and/or senior management as required before releasing final communications to parties outside the organization, unless otherwise required or restricted by laws and/or regulations. *Themes* The findings and conclusions of multiple engagements, when viewed holistically, may reveal patterns or trends, such as root causes. When the chief audit executive identifies themes related to the organization's governance, risk management, and control processes, the themes must be communicated timely, along with insights, advice, and/or conclusions, to the board and senior management. *Conclusions at the Level of the Business Unit or Organization* The chief audit executive may be required to make a conclusion at the level of the business unit or organization about the effectiveness of governance, risk management, and/or control process- es, due to industry requirements, laws and/or regulations, or the expectations of the board, senior management, and/or other stakeholders. Such a conclusion reflects the professional judgment of the chief audit executive based on multiple engagements and must be supported by relevant, reliable, and sufficient information.	*importance of the information to be communicated and the urgency of the related actions to be taken by senior management and/or the board.* *The chief audit executive's reporting and communication to senior management and the board must include information about:* • *The audit charter.* • *Independence of the internal audit activity.* • *The audit plan and progress against the plan.* • *Resource requirements.* • *Results of audit activities.* • *Conformance with the Code of Ethics and the Standards, and action plans to address any significant conformance issues.* • *Management's response to risk that, in the chief audit executive's judgment, may be unacceptable to the organization.* *These and other chief audit executive communication requirements are referenced throughout the Standards.* **2410.A3** – When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results. **2450 – Overall Opinions** When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information. **Interpretation:**	

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When communicating such a conclusion to the board or senior management, the chief audit executive must include: • A summary of the request. • The criteria used as a basis for the conclusion, for example a governance framework or risk and control framework. • The scope, including limitations and the period to which the conclusion pertains. • A summary of the information that supports the conclusion. • A disclosure of reliance on the work of other assurance providers, if any.	*The communication will include:* • *The scope, including the time period to which the opinion pertains.* • *Scope limitations.* • *Consideration of all related projects, including the reliance on other assurance providers.* • *A summary of the information that supports the opinion.* • *The risk or control framework or other criteria used as a basis for the overall opinion.* • *The overall opinion, judgment, or conclusion reached.* *The reasons for an unfavorable overall opinion must be stated.*	
11.4 Errors and Omissions If a final engagement communication contains a significant error or omission, the chief audit executive must communicate corrected information promptly to all parties who received the original communication. Significance is determined according to criteria agreed upon with the board.	**2421 – Errors and Omissions** If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.	Surprisingly this refers to "final engagement communications" and not to other reporting by internal audit.
11.5 Communicating the Acceptance of Risks The chief audit executive must communicate unacceptable levels of risk. When the chief audit executive concludes that management has accepted a level of risk that exceeds the organization's risk appetite or risk tolerance, the matter must be discussed with senior management. If the chief audit executive determines that the matter has not been resolved by senior management, the matter must be escalated to the board. It is not the	**2600 – Communicating the Acceptance of Risks** When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board. **Interpretation:** *The identification of risk accepted by management may be observed through an assurance or consulting*	This is not included as the Standards make no distinction between assurance and advisory engagements.

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responsibility of the chief audit executive to resolve the risk.	*engagement, monitoring progress on actions taken by management as a result of prior engagements, or other means. It is not the responsibility of the chief audit executive to resolve the risk.*	
Principle 12 ***The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.***		
12.1 Internal Quality Assessment The chief audit executive must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives. The chief audit executive must establish a methodology for internal assessments that includes: • Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives. • Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices to evaluate conformance with the Standards. • Communication with the board and senior management about the results of internal assessments. Based on the results of periodic self-assessments, the chief audit executive must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions. The chief audit executive must communicate the results of	**1311 – Internal Assessments** Internal assessments must include: • Ongoing monitoring of the performance of the internal audit activity. • Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices. **Interpretation:** *Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics and the Standards.* *Periodic assessments are conducted to evaluate conformance with the Code of Ethics and the Standards.* *Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.*	

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periodic self-assessments and action plans to the board and senior management. Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the organization's external quality assessment. If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the chief audit executive must disclose to the board and senior management the nonconformance and its impact.	**1322 – Disclosure of Nonconformance** When nonconformance with the Code of Ethics or the *Standards* impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.	
12.2 Performance Measurement The chief audit executive must develop objectives to evaluate the internal audit function's performance. The chief audit executive must consider the input and expectations of the board and senior management when developing the performance objectives. The chief audit executive must develop a performance measurement methodology to assess progress toward achieving the function's objectives and to promote the continuous improvement of the internal audit function. When assessing the internal audit function's performance, the chief audit executive must solicit feedback from the board and senior management as appropriate. The chief audit executive must develop an action plan to address issues and opportunities for improvement.	**NEW PROVISION**	Measures of operational performance have long been regarded as good practice. This provision enhances this requirement.
12.3 Oversee and Improve Engagement Performance The chief audit executive must establish and implement methodologies for engagement	**2340 – Engagement Supervision** Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.	The responsibility of the CAE to ensure proper supervision is emphasised.

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supervision, quality assurance, and the development of competencies. • The chief audit executive or an engagement supervisor must provide internal auditors with guidance throughout the engagement, verify work programs are complete, and confirm engagement workpapers adequately support findings, conclusions, and recommendations. • To assure quality, the chief audit executive must verify whether engagements are performed in conformance with the Standards and the internal audit function's methodologies. • To develop competencies, the chief audit executive must provide internal auditors with feedback about their performance and opportunities for improvement. The extent of supervision required depends on the maturity of the internal audit function, the proficiency and experience of internal auditors, and the complexity of engagements. The chief audit executive is responsible for supervising engagements, whether the engagement work is performed by the internal audit staff or by other service providers. Supervisory responsibilities may be delegated to appropriate and qualified individuals, but the chief audit executive retains ultimate responsibility. The chief audit executive must ensure that evidence of supervision is documented and retained, according to the internal audit function's established methodologies.	**Interpretation:** *The extent of supervision required will depend on the proficiency and experience of internal auditors and the complexity of the engagement. The chief audit executive has overall responsibility for supervising the engagement, whether performed by or for the internal audit activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision is documented and retained.*	

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Incorporated in Standard 15.1	**1321 – Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"** Indicating that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if supported by the results of the quality assurance and improvement program. **Interpretation:** *The internal audit activity conforms with the Code of Ethics and the Standards when it achieves the outcomes described therein. The results of the quality assurance and improvement program include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.*	This is an engagement level matter that is dealt with at Standard 15.1 which discusses action to be taken when an engagement is not performed in accordance with the Standard. Making a positive statement about conformance remains a consideration rather than a requirement.
	2070 – External Service Provider and Organizational Responsibility for Internal Auditing When an external service provider serves as the internal audit activity, the provider must make the organization aware that the organization has the responsibility for maintaining an effective internal audit activity. **Interpretation:** *This responsibility is demonstrated through the quality assurance and improvement program which assesses conformance with the Code of Ethics and the Standards.*	The Introduction to Domain III states that the board: • has the ultimate responsibility to approve the internal audit mandate, charter, and other internal audit governance arrangements • retains the responsibility to support and oversee the internal audit function. This is a significant change from the current Standards. The new Standards make the following comment about the position of CAE: The individual responsible for managing the internal audit function is expected to conform with the Standards including performing the responsibilities described in this domain whether the individual is

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		directly employed by the organization or contracted through an external service provider.

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DOMAIN V. PERFORMING INTERNAL AUDIT SERVICES		
Principle 13 Plan Engagements Effectively ***Internal auditors plan each engagement using a systematic, disciplined approach.***	**2200 – Engagement Planning** Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organization's strategies, objectives, and risks relevant to the engagement. **2201.C1** – Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.	
13.1 Engagement Communication Internal auditors must communicate effectively throughout the engagement. Internal auditors must communicate the objectives, scope, and timing of the engagement with management. Subsequent changes must be communicated with management timely. 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. If a mutual understanding cannot be reached, internal auditors must not be obligated to change any portion of the engagement results unless there is a valid reason to do so. 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	**NEW PROVISION**	A communication plan for each engagement has been regarded as good practice. This requirement is specific about communicating throughout the engagement.

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differences of opinion regarding the engagement results.		
13.2 Engagement Risk Assessment Internal auditors must develop an understanding of the activity under review to assess the relevant risks. For advisory services, a formal, documented risk assessment may not be necessary, depending on the agreement with relevant stakeholders. To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding: • The organization's strategies, objectives, and risks relevant to the activity under review. • The organization's risk tolerance, if established. • The risk assessment supporting the internal audit plan. • The governance, risk management, and control processes of the activity under review. • Applicable frameworks, guidance, and other criteria that can be used to evaluate the effectiveness of those processes. Internal auditors must review the gathered information to understand how processes are intended to operate. Internal auditors must identify the risks to review by: • Identifying the potentially significant risks to the objectives of the activity under review. • Considering specific risks related to fraud. • Evaluating the significance of the risks and prioritizing them for review.	**2201 – Planning Considerations** In planning the engagement, internal auditors must consider: • The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance. • The significant risks to the activity's objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level. • The adequacy and effectiveness of the activity's governance, risk management, and control processes compared to a relevant framework or model. • The opportunities for making significant improvements to the activity's governance, risk management, and control processes.	Planning considerations have been amplified to emphasise the risk-basis for internal auditing. There is an exception in the application of this Standard to advisory services

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Internal auditors must identify the criteria that management uses to measure whether the activity is achieving its objectives. When internal auditors have identified the relevant risks for an activity under review in past engagements, only a review and update of the previous engagement risk assessment is required.		
Standard 13.3 Engagement Objectives and Scope Internal auditors must establish and document the objectives and scope for each engagement. The 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, time period to be covered in the engagement, and other elements to be reviewed, and be sufficient to achieve the engagement objectives. Internal auditors must consider whether the engagement is intended to provide assurance or advisory services because stakeholder expectations and the requirements of the Standards differ depending on the type of engagement. Scope limitations must be discussed with management when identified, with a goal of achieving resolution. Scope limitations are assurance engagement conditions, such as resource constraints or restrictions on access to personnel, facilities, data, and information, that prevent internal auditors from performing the work as expected in the audit work program.	**2210 – Engagement Objectives** Objectives must be established for each engagement. **2220 – Engagement Scope** The established scope must be sufficient to achieve the objectives of the engagement. **2220.A1** – The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.	

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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.		
	2201.A1 – When planning an engagement for parties outside the organization, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.	This is not addressed in the new Standards. It is touched on in Standard 11.3 Communicating Results which discusses distribution of results outside the organisation but it does not address the scoping of engagements intended for external distribution.
	2210.C1 – Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client.	Not addressed as there is no separate Standard for advisory engagements.
	2210.C2 – Consulting engagement objectives must be consistent with the organization's values, strategies, and objectives.	Not addressed as there is no separate Standard for advisory engagements.
	2220.A2 – If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities, and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.	Not addressed. Standards require that all engagements have defined objective and scope. Standard 13.3 allows objective and scope to be modified at need.

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	2220.C1 – In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.	Not addressed as there is no separate Standard for advisory engagements.
	2220.C2 – During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.	Not addressed as there is no separate Standard for advisory engagements.
13.4 Evaluation Criteria Internal auditors must identify the most relevant criteria to be used to evaluate the aspects of the activity under review defined in the engagement objectives and scope. For advisory services, the identification of evaluation criteria may not be necessary, depending on the agreement with relevant stakeholders. Internal auditors must assess the extent to which the board and senior management have established adequate criteria to determine whether the activity under review has accomplished its objectives and goals. If such criteria are adequate, internal auditors must use them for the evaluation. If the criteria are inadequate, internal auditors must identify appropriate criteria through discussion with the board and/or senior management.	**2210.A3** – Adequate criteria are needed to evaluate governance, risk management, and controls. Internal auditors must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must identify appropriate evaluation criteria through discussion with management and/or the board. **Interpretation:** *Types of criteria may include:* • *Internal (e.g., policies and procedures of the organization).* • *External (e.g., laws and regulations imposed by statutory bodies).* *Leading practices (e.g., industry and professional guidance).*	
13.5 Engagement Resources	**2230 – Engagement Resource Allocation** Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives	

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When planning an engagement, internal auditors must identify the types and quantity of resources necessary to achieve the engagement objectives. Internal auditors must consider: • The nature and complexity of the engagement. • The time frame within which the engagement is to be completed. • Whether the available financial, human, and technological resources are appropriate and sufficient to achieve the engagement objectives. If the available resources are inappropriate or insufficient, internal auditors must discuss the concerns with the chief audit executive to obtain the resources.	based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources. **Interpretation:** *Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the engagement. Sufficient refers to the quantity of resources needed to accomplish the engagement with due professional care.*	
13.6 Work Program Internal auditors must develop and document an engagement work program to achieve the engagement objectives. The engagement work program must be based on the information obtained during engagement planning, including, when applicable, the results of the engagement risk assessment. The engagement work program must identify: • Criteria to be used to evaluate each objective. • Tasks to achieve the engagement objectives. • Methodologies, including the analytical procedures to be used, and tools to perform the tasks. • Internal auditors assigned to perform each task. The chief audit executive must review and approve the engagement work program before it is	**2240 – Engagement Work Program** Internal auditors must develop and document work programs that achieve the engagement objectives. **2240.A1** – Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly. **2240.C1 –** Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.	The considerations discuss the concept of a risk and control matrix (RACM). This is a widely used approach to planning and documentation. The RACM is discussed in a number of places in Domain V. There is no separate Standard for advisory engagements.

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implemented and promptly when any subsequent changes are made.		
Principle 14 ***Internal auditors implement the engagement work program to achieve the engagement objectives.*** To implement the engagement work program, internal auditors gather information and perform analyses and evaluations to produce evidence. These steps enable internal auditors to: • Provide assurance and identify potential findings. • Determine the causes, effects, and significance of the findings. • Develop recommendations and/or collaborate with management to develop action plans. • Develop conclusions.	**2300 – Performing the Engagement** Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.	This is expanded from existing Standards and refers to root cause and mandates assessment of significance of findings.
14.1 Gathering Information for Analyses and Evaluation To perform analyses and evaluations, internal auditors must gather information that is: • Relevant – consistent with engagement objectives, within the scope of the engagement, and contributes to the development of engagement results. • Reliable – factual and current. Internal auditors use professional skepticism to evaluate whether information is reliable. Reliability is strengthened when the information is: – Obtained directly by an internal auditor or from an independent source. – Corroborated. – Gathered from a system with effective governance, risk management, and control processes.	**2310 – Identifying Information** Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives. **Interpretation:** *Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organization meet its goals.*	The criterion "useful" has been removed. There is no practical effect for internal auditors. If it is not relevant/reliable/sufficient, it cannot be useful.

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• Sufficient – when it enables internal auditors to perform analyses and complete evaluations and can enable a prudent, informed, and competent person to repeat the engagement work program and reach the same conclusions as the internal auditor. Internal auditors must evaluate whether the information is relevant and reliable and whether it is sufficient such that analyses provide a reasonable basis upon which to formulate potential engagement findings and conclusions. Internal auditors must determine whether to gather additional information for analyses and evaluation when evidence is not relevant, reliable, or sufficient to support engagement findings. If relevant evidence cannot be obtained, internal auditors must determine whether to identify that as a finding.		
14.2 Analyses and Potential Engagement Findings Internal auditors must analyze relevant, reliable, and sufficient information to develop potential engagement findings. For advisory services, gathering evidence to develop findings may not be necessary, depending on the agreement with relevant stakeholders. Internal auditors must analyze information to determine whether there is a difference between the evaluation criteria and the existing state of the activity under review, known as the "condition." Internal auditors must determine the condition by using information and evidence gathered during the engagement. A difference between the criteria and the condition indicates a potential engagement finding that must be noted and further evaluated. If initial analyses do not	**2320 – Analysis and Evaluation** Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.	This is amplified but essentially unchaged.

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provide sufficient evidence to support a potential engagement finding, internal auditors must exercise due professional care to determine whether additional analyses are required. If additional analyses are required, the work program must be adjusted accordingly and approved by the chief audit executive. If internal auditors determine that no additional analyses are required and there is no difference between the criteria and the condition, the internal auditors must provide assurance in the engagement conclusion regarding the effectiveness of the activity's governance, risk management, and control processes.		
14.3 Evaluation of Findings Internal auditors must evaluate each potential engagement finding to determine its significance. When evaluating potential engagement findings, internal auditors must collaborate with management to identify the root causes when possible, determine the potential effects, and evaluate the significance of the issue. To determine the significance of the risk, internal auditors must consider the likelihood of the risk occurring and the impact the risk may have on the organization's governance, risk management, or control processes. If internal auditors determine that the organization is exposed to a significant risk, it must be documented and communicated as a finding. Internal auditors must determine whether to report other risks as findings, based on the circumstances and established methodologies.	**NEW PROVISION**	This is good practice that has now been made a requirement.

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Internal auditors must prioritize each engagement finding based on its significance, using methodologies established by the chief audit executive.		
14.4 Recommendations and Action Plans Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to: • Resolve the differences between the established criteria and the existing condition. • Mitigate identified risks to an acceptable level. • Address the root cause of the finding. • Enhance or improve the activity under review. When developing recommendations, internal auditors must discuss the recommendations with the management of the activity under review. If internal auditors and management disagree about the engagement recommendations and/ or action plans, internal auditors must follow an established methodology to allow both parties to express their positions and rationale and to determine a resolution.	**EXPANDED PROVISION**	While the development of recommendations and/or action plans is common internal audit practice and is not a new concept. This provision provides a number of requirements for their development.
14.5 Engagement Conclusions 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. Assurance engagement conclusions must include the internal auditors' judgment regarding the effectiveness of the governance, risk management,	**EXPANDED PROVISION** **2410.A2** – Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.	Some internal auditors have been resistant to providing conclusions for internal audit engagements. This Standard makes such conclusions a requirement. It also mandates acknowledgement of positive importance.

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and/or control processes of the activity under review, including an acknowledgment of when processes are effective.		
14.6 Engagement Documentation Internal auditors must document information and evidence to support the engagement results. The analyses, evaluations, and supporting information relevant to an engagement must be documented such that an informed, prudent internal auditor, or similarly informed and competent person, could repeat the work and derive the same engagement results. Internal auditors and the engagement supervisor must review the engagement documentation for accuracy, relevance, and completeness. The chief audit executive must review and approve the engagement documentation. Internal auditors must retain engagement documentation according to relevant laws and/or regulations as well as policies and procedures of the internal audit function and the organization.	**2330 – Documenting Information** Internal auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.	
Principle 15 ***Internal auditors communicate the engagement results to the appropriate parties and monitor management's progress toward the implementation of recommendations or action plans.***		
15.1 Final Engagement Communication For each engagement, internal auditors must develop a final communication that includes the engagement's objectives, scope, recommendations and/or action plans if applicable, and conclusions. The final communication for assurance engagements also must include:	**2400 – Communicating Results** Internal auditors must communicate the results of engagements. **2410 – Criteria for Communicating** Communications must include the engagement's objectives, scope, and results.	There remains no obligation to assert performance with the Standards but there is an obligation to declare any circumstances in which the Standards are not conformed with. The guidance notes say: The chief audit executive determines how and to whom the final engagement communication is

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• The findings and their significance and prioritization. • An explanation of scope limitations, if any. • A conclusion regarding the effectiveness of the governance, risk management, and control processes of the activity reviewed. The final communication must specify the individuals responsible for addressing the findings and the planned date by which the actions should be completed. 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. The final communication must be accurate, objective, clear, concise, constructive, complete, and timely. Internal auditors must ensure the final communication is reviewed and approved by the chief audit executive before it is issued. The chief audit executive must disseminate the final communication to parties who can ensure that the results are given due consideration. If the engagement is not conducted in conformance with the Standards, the final engagement communication must disclose the following details about the nonconformance: • Standard(s) with which conformance was not achieved. • Reason(s) for nonconformance. • Impact of nonconformance on the engagement findings and conclusions.	**2410.A1** – Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans. Where appropriate, the internal auditors' opinion should be provided. An opinion must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information. **Interpretation:** *Opinions at the engagement level may be ratings, conclusions, or other descriptions of the results. Such an engagement may be in relation to controls around a specific process, risk, or business unit. The formulation of such opinions requires consideration of the engagement results and their significance.* **2431 – Engagement Disclosure of Nonconformance** When nonconformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the: • Principle(s) or rule(s) of conduct of the Code of Ethics or the Standard(s) with which full conformance was not achieved. • Reason(s) for nonconformance. Impact of nonconformance on the engagement and the communicated engagement results. **2440 – Disseminating Results** The chief audit executive must communicate results to the appropriate parties. **Interpretation:** *The chief audit executive is responsible for reviewing and approving the final engagement communication*	disseminated. Oral presentations are usually supported with a digital or printed copy of the presentation and/or a written report.

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	before issuance and for deciding to whom and how it will be disseminated. When the chief audit executive delegates these duties, he or she retains overall responsibility. **2440.A1** – The chief audit executive is responsible for communicating the final results to parties who can ensure that the results are given due consideration.	
Incorporated in Standard 15.1		
Incorporated in Standard 15.1		
Incorporated in Standard 14.5		
Incorporated in Standard 15.1	**2430 – Use of "Conducted in Conformance with the *International Standards for the Professional Practice of Internal Auditing*"** Indicating that engagements are "conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*" is appropriate only if supported by the results of the quality assurance and improvement program.	There remains no obligation to assert performance with the Standards but there is an obligation to declare any circumstances in which the Standards are not conformed with.
	2440.C1 – The chief audit executive is responsible for communicating the final results of consulting engagements to clients.	This is not included as the Standards make no distinction between assurance and advisory engagements.
	2440.C2 – During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organization, they must be communicated to senior management and the board.	This is not included as the Standards make no distinction between assurance and advisory engagements.
15.2 Confirming the Implementation of Recommendations or Action Plans Internal auditors must confirm that management has implemented internal auditors' recommendations or	**2500 – Monitoring Progress** The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.	

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management's action plans following an established methodology, which includes: • Inquiring about progress on the implementation. • Performing follow-up assessments using a risk-based approach. • Updating the status of management's actions in a tracking system. The extent of these procedures must consider the significance of the finding. If management has not progressed in implementing the actions according to the established completion dates, internal auditors must obtain and document an explanation from management and discuss the issue with the chief audit executive. The chief audit executive is responsible for determining whether senior management, by delay or inaction, has accepted a risk that exceeds the risk tolerance.	**2500.A1** – The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. **2500.C1** – The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.	