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Navigate the Path to Excellence: Global IIA Standards (GIS) for Internal Auditing

Understanding the Revised Global IIA Standards

The latest updates to the Global IIA Standards for Internal Auditing represent a significant step forward for the profession which includes strengthening the independence of the internal audit function, enhancing the role of internal auditors in risk management, and emphasizing the importance of ongoing professional development. By embracing these changes, organizations can cultivate a culture of accountability, transparency, and continuous improvement within their internal audit departments. The revised standards also emphasize the need for internal auditors to adapt to technological advancements and emerging risks in today's dynamic business landscape.

1 Enhancing Core Principles

Updated framework reaffirms foundational principles of internal auditing—integrity, objectivity, competence, and confidentiality—while emphasizing agility and innovation.

2 Streamlined Structure

Reorganized from previous Attribute, Performance, and Implementation standards to a cohesive, unified format that simplifies navigation and reduces ambiguous interpretations.

3 Technology and ESG Integration

Provides specific guidance on auditing technological domains and environmental, social, and governance (ESG) considerations.

4 Stakeholder Engagement

Highlights importance of proactive communication, ensuring internal audits remain aligned with organizational priorities.

5 CAE Strategic Guidance

Offers updated directives and a stronger strategic mandate for Chief Audit Executives.

Get ready to embrace a new era in internal auditing! As of January 9, 2025, the updated Standards will take center stage, ushering in a wave of innovation and best practices. While the 2017 Standards hold the fort during the transition period, forward-thinking organizations are encouraged to jump on board with the new Standards for a competitive edge.

Unveiling the Latest Updates in Key Global Internal Audit Standards

By embracing a wider range of perspectives and expertise, the updated standards recognize the value that diverse teams can bring to the table. This shift reflects the growing understanding that diverse viewpoints and backgrounds can lead to more innovative solutions and a deeper understanding of the unique challenges faced by organizations across different industries. These revisions not only aim to enhance the technical aspects of internal auditing, but also place a stronger emphasis on promoting diversity, equity, and inclusion within the field.

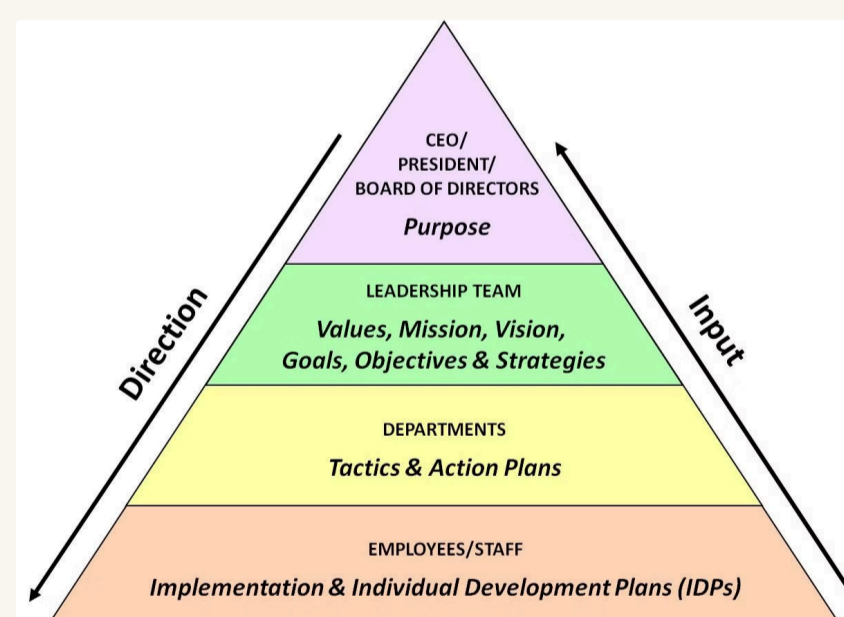
Alongside this focus on inclusivity, the revised standards also place a renewed emphasis on risk management and accountability. The robust framework outlined in the updates provides internal audit functions with the tools they need to navigate complex risk landscapes and deliver meaningful assurance to key stakeholders. This strengthened approach to risk management will be instrumental in helping organizations stay agile and resilient in an ever-changing business environment.

As internal auditors navigate these latest changes, it will be crucial to approach the implementation process with a strategic and collaborative mindset. By partnering with other functions and leveraging the latest advancements in technology, internal audit teams can unlock the full potential of the updated Global IIA Standards and drive lasting impact within their organizations.

1. Strategic Alignment of the Internal Audit Function

(GIS Reference: **Principle 3** – Leadership and Collaboration, Standard 6.1, Paragraph 3)

The revised Standards emphasize the need for Chief Audit Executives (CAEs) to closely align the internal audit function with the organization's strategic objectives. This includes developing an internal audit strategy that complements the broader organizational goals and is adaptable to changing risks.



Benefit: This strategic alignment ensures that internal audit adds value by addressing the most critical risks and supporting the organization's key priorities, enhancing its overall resilience.

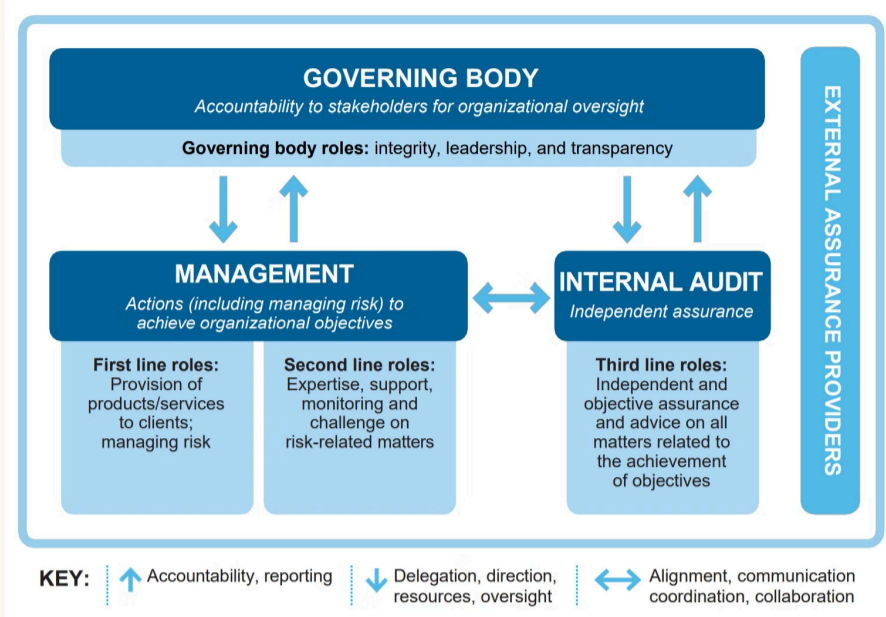
Example: A multinational energy company used the updated standards to align its audit plan with its renewable energy transition goals, enabling the identification and mitigation of emerging risks in new markets.

2. Enhanced Stakeholder Engagement and Integrated Assurance

(GIS Reference: **Principle 5** – Communication and Reporting, Standard 6.2, Paragraph 2)

The GIS introduces the concept of an Integrated Assurance Plan (IAP), which coordinates assurance activities across the three lines of defense. Additionally, CAEs are tasked with increasing the frequency and depth of communication with key stakeholders, including the board and executive management.

The IIA's Three Lines Model



Benefit: Improved engagement fosters trust, ensures that internal audit findings are actionable, and reduces duplication of efforts while enhancing alignment with stakeholder expectations.

Example: A financial services company developed an IAP that unified efforts between internal audit, compliance, and risk management teams, reducing redundancy and enhancing the board's visibility into enterprise risk.

3. Integration of ESG Considerations

(GIS Reference: **Principle 4** – Governance, Risk Management, and Control, Standard 8.3, Paragraph 5)

Guidance on ESG auditing provides CAEs with tools to assess and report on the organization's sustainability initiatives and governance structures.



Benefit: By addressing ESG risks and opportunities, CAEs help organizations meet regulatory requirements and stakeholder demands, improving transparency and accountability.

Example: A global manufacturing firm adopted ESG-focused audits to assess its carbon emission reduction programs, identifying opportunities to improve compliance with international sustainability standards.

4. Adoption of Advanced Technology

(GIS Reference: **Principle 6** – Technology, Standard 7.2, Paragraph 4)

The updated Standards encourage CAEs to incorporate technology, such as data analytics and artificial intelligence, into the internal audit process.



Benefit: Leveraging technology enhances audit efficiency, enables real-time risk assessment, and provides deeper insights into organizational performance.

Example: A retail chain used advanced data analytics to identify patterns of fraud in its supply chain, leading to significant cost savings and enhanced process efficiencies.

5. Reporting Frameworks and Report Ratings

(GIS Reference: **Principle 5** – Communication and Reporting, Standard 6.3, Paragraph 4)

The GIS introduces explicit guidance on report ratings, ensuring consistency and clarity in how audit results are communicated. Defined parameters for rating audit findings and recommendations provide a standardized approach to communication.

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Project: Example Template Project

Team: Example Team

Template ID: DP-QUAL-0048

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5S Audit Scorecard

Automated Form Number

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Date

Tuesday, 17 September 2019

Area being Scored

Zone 3B

Audited by

Dave Hodgson

Score of Last Audit

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We constantly deviate

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Flawless, no deviations ever

Audit Score

SCORE	Sort	Set In order	Shine	Standardise	Sustain	TOTAL
Total Score	18	39	32	27	16	132
# of Questions	5	10	9	7	4	39
Average Score	3.6	3.9	3.55	3.85	4	3.78

Audit Questions - SORT

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Benefit: Standardized report ratings improve stakeholder understanding of audit outcomes, prioritizing remediation efforts and aligning corrective actions with risk severity.

Example: An international telecommunications provider implemented a standardized reporting framework, enabling its audit committee to prioritize remediation efforts effectively based on risk ratings.

Practical Steps for Implementation

To effectively adopt the revised Global IIA Standards, organizations should consider these key implementation strategies:

1

Conduct a Gap Analysis

Evaluate your current internal audit practices against the updated Standards. Identify areas requiring enhancement, particularly in technology, ESG, and stakeholder engagement. This analysis should cover all aspects of the internal audit process, from planning to reporting, and should involve input from key stakeholders.

2

Invest in Skill Development

Equip internal audit teams with the skills necessary to address emerging challenges. Training on data analytics, ESG auditing, and strategic communication will be critical. Prioritize training programs that provide hands-on experience and foster a culture of continuous learning. Encourage certifications and professional development opportunities to keep skills current.

3

Leverage Technology

Adopt advanced tools and platforms to streamline audit processes. Automation, artificial intelligence, and data visualization can significantly enhance audit effectiveness. Explore cloud-based solutions, robotic process automation, and predictive analytics to improve audit efficiency and accuracy. Ensure data security and privacy protocols are in place when implementing new technologies.

4

Foster a Culture of Continuous Improvement

Embed the principles of agility and innovation within the internal audit function. Encourage teams to embrace new methodologies and remain adaptive to changing business needs. Promote open communication and feedback mechanisms to identify areas for improvement. Regularly review and update audit methodologies to align with industry best practices and evolving organizational risks.

5

Establish Strong Governance Frameworks

Ensure clear accountability and robust reporting lines within the internal audit function. Regularly review and update audit charters to reflect evolving priorities. Define roles and responsibilities for all members of the internal audit team. Establish clear protocols for communicating audit findings and recommendations to management and the audit committee.

Partnering for Success

Implementing the revised Global IIA Standards is a transformative journey that requires expertise, strategic vision, and a commitment to excellence. Our firm offers tailored consulting services to support organizations through every step of this journey:

- **Conducting readiness assessments and gap analyses:** We provide thorough evaluations of your current internal audit practices against the updated Standards, identifying areas requiring enhancement and alignment. Our assessments offer actionable insights to prioritize and streamline your implementation efforts.
- **Developing customized implementation roadmaps:** We work closely with your team to create a detailed, step-by-step plan that addresses your specific needs and organizational context. Our roadmaps ensure a smooth and efficient transition, minimizing disruption and maximizing the benefits of the updated Standards.
- **Providing training and capacity-building programs:** Our comprehensive training programs equip your internal audit teams with the skills and knowledge necessary to address emerging challenges, including data analytics, ESG auditing, and strategic communication. We foster a culture of continuous learning and professional development.
- **Offering technology solutions to modernize internal audit functions:** We provide cutting-edge technology solutions that streamline audit processes, improve efficiency, and enhance effectiveness. Our offerings include automation tools, AI-powered analytics, and cloud-based platforms to transform your internal audit capabilities.

With a global presence and deep industry expertise, we are uniquely positioned to help organizations navigate the complexities of the updated Standards and unlock their full potential. Our commitment is to be your trusted partner in achieving sustainable success and elevating your internal audit function to new heights.



Conclusion

The revised Global IIA Standards mark a significant step forward in the evolution of internal auditing. By aligning their practices with these Standards, organizations can not only enhance their governance and risk management capabilities but also build trust with stakeholders and drive long-term value creation. We invite you to connect with us to explore how we can help your organization achieve excellence in internal auditing on a global scale.

Contact Us



CA Yogesh Chitnis

Partner – Azvizory

Email: yogesh.chitnis@azvizory.com

Mob. No.: +91 9920 41 0704

Website: www.azvizory.com

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