



Global Internal Audit Standards

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On 9 January 2024, the Institute of Internal Auditors (IIA) released the new Global Internal Audit Standards™ (GIAS), which will become **effective from 9 January 2025**, allowing Internal Audit (IA) functions a one-year transitional period.

The GIAS guide is the worldwide professional practice of internal auditing, is principle-based, and serves as a basis for evaluating and elevating the quality of the IA function.

The standards consist of **5 domains and 15 guiding principles**, with each principle supported by standards that contain requirements, considerations for implementation, and examples of evidence of conformance.

These elements help internal auditors achieve the principles and fulfill the revised ‘Purpose of Internal Auditing’ – **strengthen the organisation’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**. The standards support IA in enabling organisations to accomplish their objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the organisation’s governance, risk management, and control processes.

Topical Requirements will be added as a mandatory element of the IPPF and aim to enhance the consistency and quality of IA services related to specific risk areas. These will include Cybersecurity, Information Technology Governance, Privacy Risk Management, Sustainability and Environmental, Social & Governance (ESG), and Third-party Management.

It is crucial for IA functions to understand the changes in the new Standards, the go-forward expectations related to how an IA function will need to operate, and the level of effort required to reshape an IA function. **Chief Audit Executives (CAE)** have a significant opportunity to incorporate the latest developments in good practice and drive transformation to increase the value that IA can provide to their organisation.



Figure 1: Global Internal Audit Standards

WHO DOES THE GIAS APPLY TO?

The GIAS apply to any individual or function that provides IA services, including the CAE, whether the organisation employs internal auditors directly, contracts them through an external service provider, or both.

While conformance with the requirements is expected, **internal auditors occasionally may be unable to conform with a requirement yet still achieve the intent of the standard**. For example, internal auditors in the public sector work in a political environment under governance, legal and/or regulatory requirements, organisational, and funding structures that may differ from those of the private sector. In these instances, alternative actions can be implemented provided the intent of the standard is met, the CAE has documented and conveyed the rationale for the deviation and adopted the alternative actions. To support this the GIAS contain a specific section titled, **“Applying the Global Internal Audit Standards in the Public Sector”**.

| Domain I: Purpose of Internal Audit | | | | |
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| Domain II: Ethics and Professionalism | | | | |
| 1. Domain Integrity | 2. Maintain Objectivity | 3. Demonstrate Competency | 4. Exercise Due Professional Care | 5. Maintain Confidentiality |
| Domain III: Governing the Internal Audit Function | | Domain IV: Managing the Internal Audit Function | | Domain V: Performing Internal Audit Services |
| 6. Authorised by the Board | | 9. Plan Effectively | | 13. Plan Engagements Effectively |
| 7. Positioned Independently | | 10. Manage Resources | | 14. Conduct Engagement Work |
| 8. Overseen by the Board | | 11. Communicate Effectively | | 15. Communicate Engagement Results and Monitor Action Plans |
| | | 12. Enhance Quality | | |

WHAT ARE THE KEY CHANGES?

The new GIAS provide the gateway for:

- greater weight to the importance of establishing and supporting the IA mandate (authority, role, and responsibilities); independence; and governance arrangements by the Audit Committee (AC) and executives, to enable the IA function to be effective and fulfill the Purpose of Internal Auditing. Emphasis is on the role of the CAE in providing the AC and executives with the information necessary to effectively oversee the IA function.
- enhanced stakeholder alignment with AC and executives in the achievement of the organisation's vision and strategic priorities, by building resilience to protect value, and giving the business confidence to transform to create value.
- greater alignment and collaboration with risk to strengthen the organisation's approach to risk and optimise assurance and monitoring activities, e.g. assurance and control mapping.
- implementing an IA strategy and performance measurement methodology which supports the strategic objectives and success of the organisation. IA provides value in identifying and mitigating potential risks before they impact the organisation, effectively tracking and evaluating findings and impact against the achievement of organisational success and strategic objectives.
- developing an IA plan based on a documented assessment of the organisation's strategies, objectives and risks, informed by an understanding of the organisation's governance, risk management and control processes. Greater coordination is required with internal and external providers of assurance services, with consideration of relying on their work to minimise duplication of effort and highlight gaps in coverage of key risks.
- stronger emphasis on ethics and professionalism, consolidating related standards so that internal auditors uphold integrity, objectivity, and confidentiality in their conduct. For example, the redefinition of the Code of Ethics to evolve with stronger ethical practices, clearer guidelines on conflicts of interest, and evolving professional standards of internal auditing. This is so that internal auditors are held to a high standard of conduct, which is critical for maintaining stakeholder trust and the credibility of the audit function.
- the evolution of technology beyond core analytics, through the utilisation of various tools, techniques, and platforms, to support the delivery of audits and assessments to enhance the efficiency, effectiveness, and value of internal audit processes and operations.
- report and finding ratings and rankings, where although the new Standards do not require an overall report rating, an engagement conclusion is required, summarising the engagement results relative to the engagement objectives and management's objectives, with findings prioritised based on significance. Ratings/rankings are not required but are recommended as a better practice. There is also a greater focus on demonstrating benefits vs cost of finding resolution, root cause and remarking on good practices.
- a greater emphasis on how internal audit functions serve the public interest, alongside a renewed focus on continuous improvement, and new requirements for quality assurance in internal auditing urging functions to implement regular and systematic reviews of their activities and outcomes. This reflects a broader scope in the governance role of internal audits.

HOW SYNERGY CAN HELP YOU

Synergy Group is currently undertaking a GIAS readiness assessment for a key government department. This work will develop a transition plan that provides a structured roadmap for recommended organisational changes to support a successful transition by the 2025 implementation deadline.

We have undertaken a comprehensive gap analysis between the department's existing internal audit framework and operating model to the requirements and guidance outlined in the new GIAS. To obtain a thorough understanding of current processes we reviewed internal audit key documentation and held discussions with Audit and Risk Committee Members, the CAE, key executives and the Assurance Branch. This enabled us to identify potential enhancements to enable conformance, as well as improve the effectiveness and performance of the internal audit function.

As the Internal audit function is fully outsourced, we identified the controls necessary to efficiently and effectively oversee external service providers in their delivery and alignment to the GIAS, building an outsourced model for the department.

Our review culminated in the development of a roadmap detailing the transition pathway toward alignment with the new GIAS by the 9 January 2025 implementation deadline. This pathway outlined the steps and proposed timelines to address identified gaps and enhance existing practices, implementing the necessary changes with minimal disruptions to ongoing operations.

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