



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



Assurance ecosystem

Global Internal Audit Standards(*): Principle 9.5 Coordination and Reliance

What it is

Coordination with and reliance on other assurance functions isn't a new concept for IA. The IIA issued a [practice guide](#) on this topic in 2011, which reiterated the common and important practice of IA functions using reliance strategies to "minimise duplication of work and disruption to the operation, provide enhanced coverage, and conserve audit resources for high-risk processes." This concept is also commonly referred to as combined or integrated assurance. The new Standards require IA functions to consider both the internal and external assurance providers that support the Organisation. Internal providers may include other compliance, quality and risk functions. External providers may include regulatory auditors, or third-party providers (e.g., outsourced penetration testing or compliance monitoring). While there may be other ways to satisfy this new requirement, we'll refer to it as an "Assurance Map" throughout.

IA regularly meets with other functions and obtains their risk assessments and project plans. Isn't that sufficient?

The overall coordination of IA activities and the use of input from various stakeholders to inform IA's plan shouldn't be confused with the importance of documenting an Assurance Map. This map serves as a holistic representation of risk coverage, enabling senior management and the Board so they can make informed decisions. Especially in times of cost pressures, IA should be able to demonstrate how it's leveraging its resources to help increase and prioritise risk coverage across the Organisation.

How can senior management and the Board use an Assurance Map?

IA's formalisation of an Organisational Assurance Map, together with its coordination and reliance strategy, can be critical means for senior management and the Board to (1) discharge their risk oversight responsibilities and (2) evaluate the adequacy of IA's proposed audit plans and budget.

The opportunity to advance IA

Unlocking benefits beyond the Standards

Understanding the risk landscape and coverage of risks by internal and external assurance providers, IA can help unlock broader benefits:

- Helps IA demonstrate its understanding of the Organisation's governance and risk management processes – another requirement within the Standards.
- Encourages functions within the Organisation to align on risk and process taxonomies to help drive further consistencies in risk assessments and risk reporting.
- Reiterates the importance of risk, assurance and compliance functions to align on a single understanding of risk appetite and risk severity (also allows IA to evaluate the level of current alignment).
- Helps identify potential gaps in risk coverage and drive broader risk conversations beyond what an audit over a single function would yield.
- Highlights potential opportunities for IA to help reduce or enhance its scope based on the strength and coverage from other functions.

*Global Internal Audit Standards ("Standards") is a registered trademark of The Institute of Internal Auditors, Inc. ("IIA").



Where to start

Here are common steps to guide you in creating an Assurance Map and defining IA's reliance strategy. Important considerations are included to help you tailor it to your Organisation's specific needs and environment.

Organisational Assurance Map

1 Aggregate and align on an inventory of Organisational risks (leveraging Enterprise Risk Management risks and taxonomies, wherever possible).



This is an opportunity to highlight any misalignment in risk taxonomies across the Organisation. Use of Level 2 and Level 3 risks are typical (e.g., level 1 – Technology, Level 2- Data Management, level 3 – Data Quality).

2 Inventory internal and external assurance providers and their activities. It's important to understand and document what risks these functions are covering and what activities they perform.



Depending on the complexity of your Organisation, a thorough inventory of each function may not be practical. Aim to categorise those overarching functions that have the largest roles in risk management. The goal is for the Assurance Map to be at a level sufficient to help guide your decision making.

3 Map these assurance providers and activities to the identified risks in a matrix view to show how risks are covered across the Organisation.



This may need to include a designation of the level of coverage different functions provide (high-level vs. holistic). For internal audit, a multi-year view of historic plus planned coverage per the audit plan is typically captured.

4 Share the draft Assurance Map with relevant functions and stakeholders. First with the assurance functions to establish alignment of depicted coverage. Highlight any potential gaps or excessive overlap in risk coverage for the Organisation and document rationale or recommend further action. Finally, share the collective output with senior management and the Board.



If gaps are identified, IA is required to disclose these gaps in risk coverage to the Board and management. Further, IA should consider adjusting their audit plan to show how identified gaps should be covered.

IA's Reliance Strategy

5 Document IA's assessment of the effectiveness and maturity of other assurance functions in terms of quality, competency, risk coverage, formalisation of methodology and auditability.



Initially, this may be based on a general understanding or limited inquiry/observation. If some are unknown, document it as such and determine if further assessments are necessary

6 Confirm IA's reliance approach for each assurance function. There is typically a spectrum of reliance employed, from low to high, which may evolve over time.



Capture opportunities for IA to help expand reliance if additional criteria is satisfied and consider any impact on future audit plans.

7 Communicate IA's reliance approach with senior management and the Board, linking the Assurance Map results to IA's audit plan and resource requests.

Reflection point: If IA's reliance is limited, consider whether (1) IA is doing enough to understand and assess other functions to take advantage of opportunities to rely or (2) if there's a broader gap in the Organisation's risk management functions precluding IA reliance that should be reported to senior management.



Evolving coordination using technology


Creating an Assurance Map can be accomplished by documenting risk coverage and activities using common desktop applications (e.g. spreadsheets) which typically don't require additional cost; however, this approach may be more labor intensive to maintain and control when shared across various risk and compliance functions. Some Organisations have started to leverage technology with basic data management and dashboard capabilities.


More advanced Organisations leverage Governance, Risk and Compliance (GRC) technologies to help coordinate, document and drive alignment. These technologies allow users to select a specific risk or process and have a visual representation of risk coverage and results of various testing and monitoring activities. Further, Organisation should consider using Artificial Intelligence (AI) to help categorise, summarise and assess assurance provider activities over time.


How it comes together


Coordination and reliance considerations by IA is critical to operating effectively and leveraging resources wisely within the Organisation while providing holistic risk insights. When executed well, it can help bring together multiple threads of the Organisation's and IA objectives. This can also help align cross-functional initiatives, highlight interdependencies, and foster a stronger IA function, with better outcomes for the Organisation. These building blocks are shown in PwC's IA Framework.


Questions and interdependencies to consider


 How has IA's coordination, reliance strategy and understanding of risks and coverage across the Organisation helped the Board in its risk oversight role?
Do gaps in coverage exist that concern the Board?


 How well do IA and other assurance functions understand and incorporate risks to achieving the corporate strategy into their risk assessments?


 How well aligned is IA's Assurance Map and risk coverage assessment with Enterprise Risk Management's (ERM) risk taxonomy and view of risk mitigation activities?

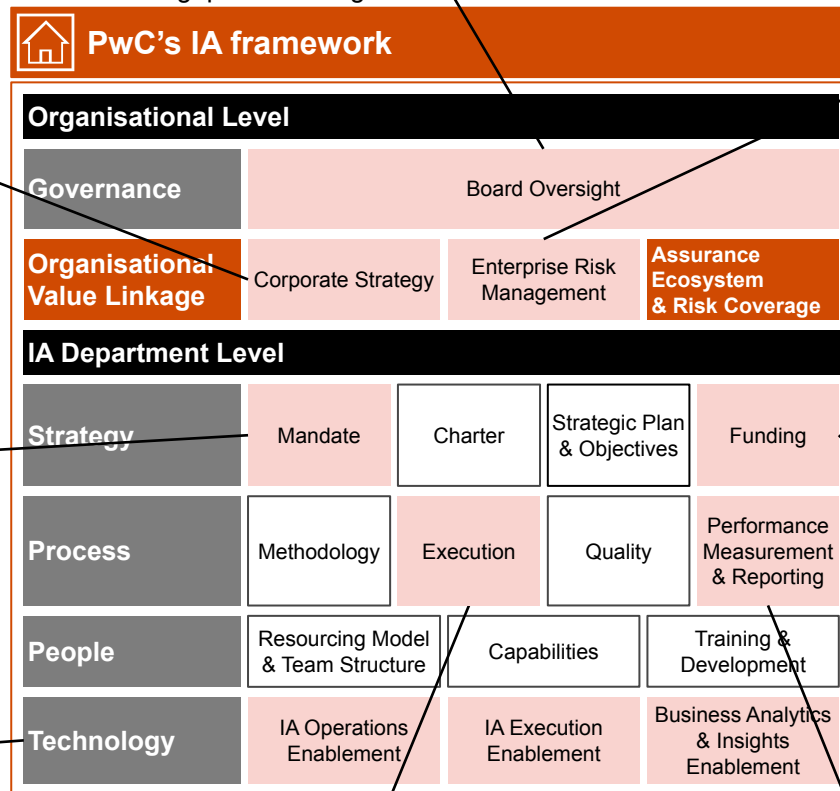
 How well aligned is IA's risk coverage and reliance strategy to its defined Mandate?

 What funding and resources are necessary to deliver the appropriate level and nature of risk coverage outlined in the Assurance Map?

 What tools and technologies should be considered to help achieve stronger alignment, coordination and reliance by internal and external assurance providers?
What technology already exists across the Organisation that IA can leverage to help drive synergies in collaboration and reliance activities?
How will use of emerging technologies (including GenAI) change processes and resource needs over time?

 Has IA synchronised its project planning activities with other assurance functions (where applicable)?
How does IA document reliance considerations in execution of its audit plan?

 Is IA measuring and setting goals for coordination and reliance efficiencies (e.g. risk coverage to budget ratio)?



 Article Topic  Direct Interdependency

The stakeholder perspective

As key stakeholders for IA, you play an important role in helping to drive collaboration and alignment (where possible) between IA and other internal and external assurance providers - and the value you receive. When engaging with IA, consider the following:

Board/Audit Committee

Does the Board have a **consolidated view of risk** and coverage across the Organisation? Is the Board **aware of significant gaps** or duplication in risk coverage that need further consideration?

Does the Board understand to what **extent IA collaborates** with other internal and external assurance providers within the Organisation?

Does the Board understand where IA is not relying on existing assurance functions and why? Does the Board want IA to consider **modifications to its plan** based on any potential gaps in coverage or assurance function effectiveness?

How well is your **IA function's risk reporting aligned with other risk and compliance functions'** risk reporting (leveraging common risk and process taxonomies and rating scales)?

Do the internal assurance functions (including internal audit) **leverage consistent technology**, where possible, to support efficient collaboration and use of Organisation resources?

Second Line (e.g., Risk, Compliance)

Do we **leverage consistent protocols to share our approach and results** of our risk assessment, plan and ongoing testing and/or monitoring activities with IA (considering joint risk assessments, where allowed)?

How well do we coordinate monitoring and/or audit activities to **help reduce impact on the business**?

Do we **leverage a common risk taxonomy, risk appetite, measurement scale** (where possible) and risk reporting mechanisms?

Do we **leverage common technology** to help reduce costs to the business and drive greater efficiency in risk insights across the Organisation?

Are **results visible to key stakeholders** and easily understood to help identify possible gaps and duplication?

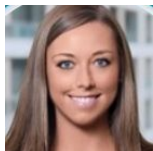


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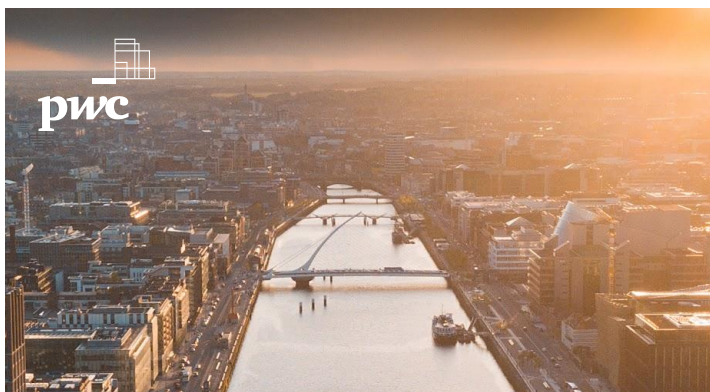
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Key Resources

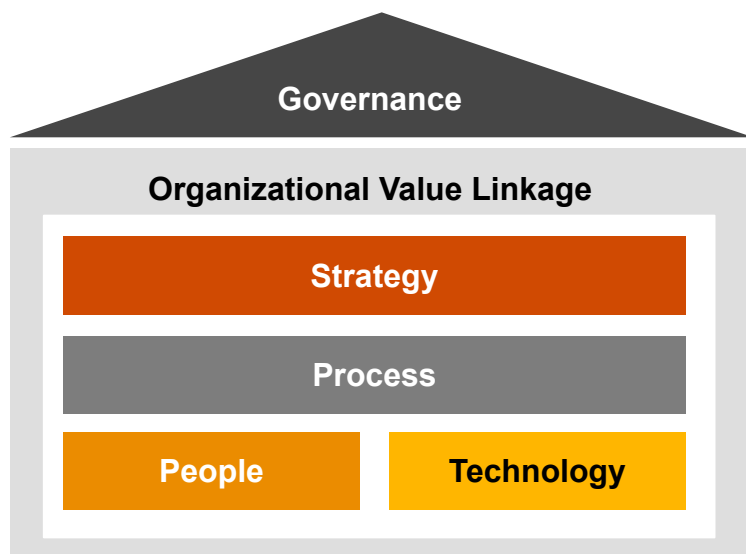
- Resources from the IIA:
 - [Global Internal Audit Standards™](#)
- [PwC Global Internal Audit Study 2023](#)
- [PwC Ireland Internal Audit Study 2023](#)
- [Governance Insights Center website](#)

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Reframe IA Series

Practical ways to implement the IIA's new Global Internal Audit Standards and IA transformation.



- 1 [A chance to reframe Internal Audit](#)
- 2 [Mandate](#)
- 3 [Strategic Plan](#)
- 4 [Board \(Audit Committee\) Engagement](#)
- 5 [Assurance Ecosystem](#)
- 6 [Performance Measures](#)
- 7 [Risk Assessment and Coverage](#)
- 8 [Audit Spectrum](#)
- 9 [Reporting and Communication](#)
- 10 [Capabilities](#)