



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



Audit Spectrum

Global Internal Audit Standards: Domain V: Performing Internal Audit Services

What it is

The new Standards stipulate that in the everchanging, and complex environment businesses are operating in today, IA functions should be able to deliver upon a variety of activities to cover differing risks and objectives. This starts with being clear on the variety of services IA performs ([Mandate, Issue 2](#)), but also includes doing more to vary IA's engagement approaches, both in the types of engagements (assurance and advisory) as well as the way in which they perform those engagements (nature and extent). The concept of employing more tailored and variable audit approaches is not only covered in detail in Domain V. but can also be found in references throughout the Standards, including how IA develops an IA Plan that can support their risk-based assessment needs (Principle 9.4), coordinates and relies on the use of others (Principle 9.5), and assigns resources (human and technology) in a cost-effective way to achieve the plan's objectives (Principle 10). All of these, if considered properly, should impact IA's decision making in how it defines a specific engagement's execution approach.

Are these just considerations or new requirements?

Within Principle 13.3 "Engagement Objectives and Scope" there are increased documentation requirements as part of IA's planning activities. IA must document the following discrete factors of each engagement that collectively help develop a risk-tailored work program:

- the engagement's **objective** and **scope**;
- **purpose** of the engagement and its specific **goals**;
- and the **focus** and **boundaries** of the engagement.

The opportunity to advance IA

Unlocking benefits beyond the Standards

Leading IA functions are moving to a more nuanced **audit spectrum** and diversifying the scope and nature of IA activities, purposefully, based on risk.

Examples of different IA activities include:

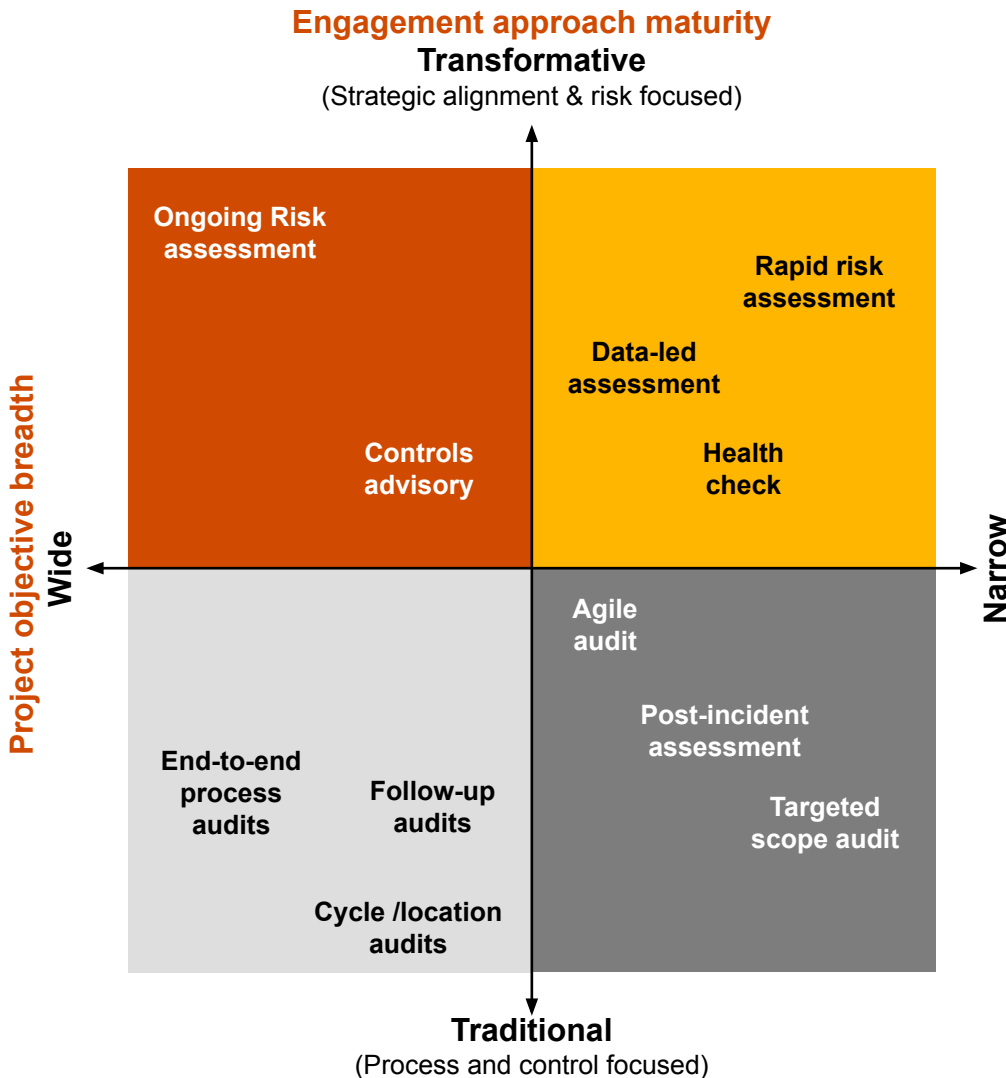
- **Targeted scope audit:** Focused evaluation of a specific risk, theme or sub-process.
- **Health check:** Assessment of overall 'health' of a company initiative, process or activity, such as an in-flight engagement or pre-implementation review.
- **Post-incident assessment:** Point-in-time analysis of an event or crisis. May include a root-cause assessment.
- **Rapid risk assessment:** External event that requires quick evaluation to understand applicability to the organisation (i.e. geopolitical conflict, competitor regulatory infraction).
- **Ongoing risk assessment:** Ongoing evaluation of risks via analytics, monitoring or investigation of anomalies (e.g., of risk indicators or data).
- **Controls advisory:** Proactive review and advice on the design of controls, potentially during the build phase.
- **Agile audit:** Audit conducted with iterative and flexible approaches, being adaptable and risk-focused.
- **Data-led assessment:** Evaluation leveraging large data sets and advanced analytics to gain deeper insights and improve audit efficiency.

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Where to start

Use the graphic below to evaluate where your IA activities fall across the 'audit spectrum'. Leading IA functions include engagements that cover both transformative and traditional approaches and avoid a 'one-size-fits-all' scope/approach, tailoring the breadth of the engagement scope/approach (e.g., a wide or narrow focus) based on risk. IA functions can also consider how to leverage data analytics and AI to provide greater coverage of risks and/or more efficient use of IA's resources across the different types of IA engagements on IA's plan.



Tactical considerations



Leverage **agile principles** to introduce greater flexibility into the audit lifecycle. Consider adapting how resources (human and technological) are deployed.



Planning and scoping activities can vary. Consider whether the **scope is at a risk level, process level or targeted**.



Engage the right stakeholders. Involvement may vary from traditional audits depending on the scope, nature and type of observations (for example, executives overseeing strategy and planning functions, or strategic projects).



Reporting and communications may differ depending on the type of activity. Reconsider the style of report, ratings, communication and distribution.

Reflection point: Consider the spectrum of different IA approaches as you develop your IA Plan. Does your plan include engagements across each of the four quadrants above? Is it overly weighted towards one quadrant?



How it comes together

To develop a strong, balanced audit spectrum, IA should take account of various components and interdependencies within the IA framework. These are shown below as shaded 'building blocks' that impact or are impacted by activities on IA's Plan, and should therefore be considered together.

Questions and interdependencies for consideration



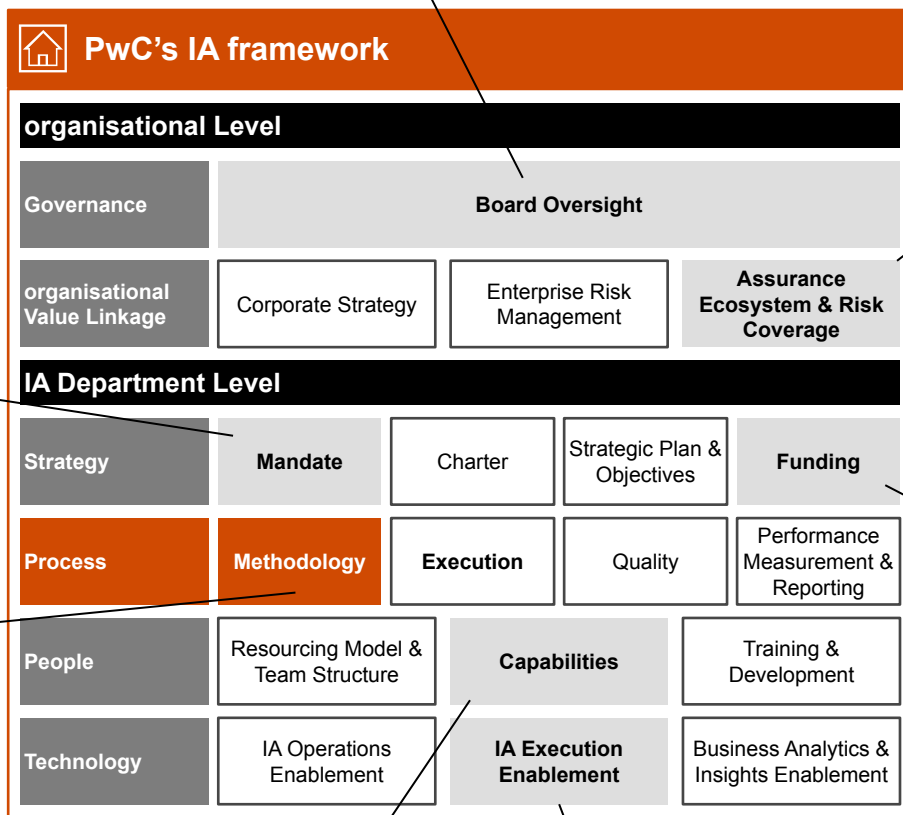
What information does IA share with the Board to help understand the linkage between IA's risk assessment, IA Plan, and engagement objectives, scope and approach? Does the Board agree with IA's balance of project types?



Does the IA Plan and spectrum of activities align with IA's mandate?



Does IA's methodology and execution approach consider the use of emerging tech (e.g., artificial intelligence) depending on the type of engagement?



Where applicable, has IA documented its approach for leveraging internal assurance providers as part of the engagement objectives and scope?



Does IA have sufficient resources (financial, human, technological) to deliver the audit spectrum?



Does IA have a sufficient process for evaluating capability needs for each engagement?



Does IA consider and leverage adequate technological resources to execute and deliver on the spectrum of activities on its plan?

Article topic Direct interdependency

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The stakeholder perspective

As leaders sitting outside of IA, you play an important role in discussing the top risks facing the organisation and confirming those risks get sufficient coverage through IA's Plan. When discussing IA's Risk Assessment and Audit Plan, consider the following:



Board/Audit Committee & Senior Management

Does IA clearly demonstrate the link between the IA risk assessment, IA plan, and individual engagement objectives, scope and approach?

Does IA take a one-size-fits-all approach or do they include a mix of different engagements that align with the risks and the insights needed to help the organisation achieve its strategic objectives?

To what extent does IA engage proactively in transformation or strategic discussions to provide risk and control insights?

Has IA effectively managed its resources (human and technological) to adequately perform the engagements identified as part of the IA plan?

Have you built in sufficient flexibility or buffer into the IA plan and empowered IA to pilot and trial new ways of working in a safe to fail environment?

Do you think your IA function is sufficiently innovative and pioneering in its use of emerging technologies as part of different engagements (e.g., data-led audits, continuous auditing)? If not, is this something you can encourage?

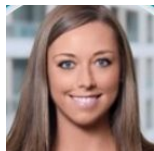


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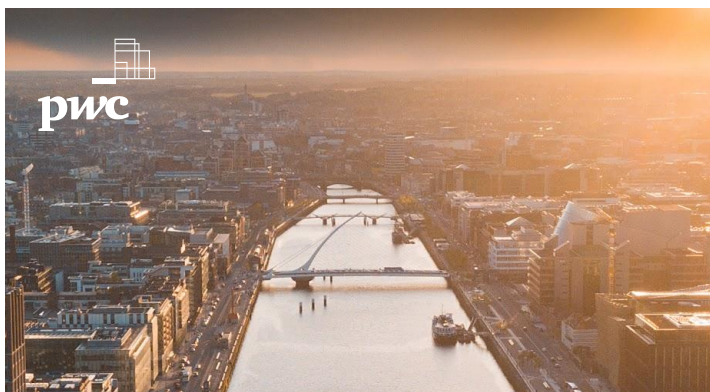
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Key Resources

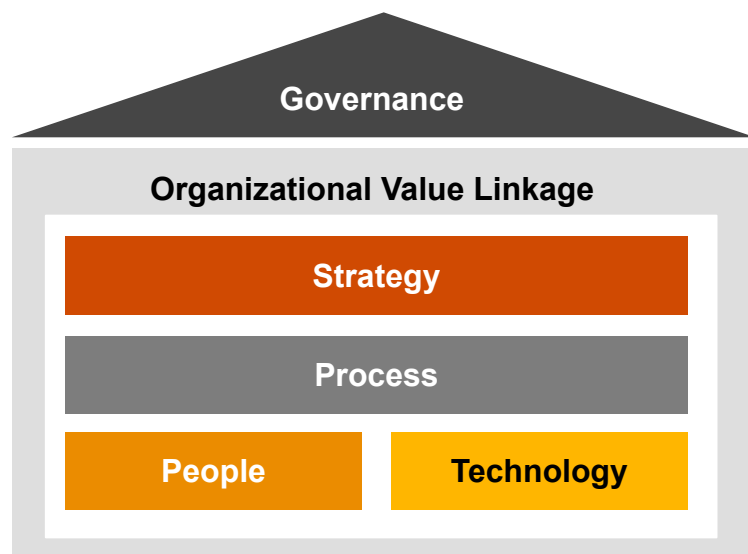
- Resources from the IIA:
 - [Global Internal Audit Standards™](#)
- [PwC Global Internal Audit Study 2023](#)
- [PwC Ireland Internal Audit Study 2023](#)
- [Governance Insights Center website](#)

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Reframe IA Series

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



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