



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



## Capabilities

### Global Internal Audit Standards: Principle 3 Competency and 10.2 Human Resource Management

#### What it is

Assessing IA competencies isn't a new concept. In 2021, the IIA released an IA Competency Framework that defined three levels of competency and summarised key knowledge areas related to the 2017 Standards and various scenarios and essential proficiencies.

#### What's new in the requirements?

The Standards now explicitly state that internal auditors should only undertake tasks for which they're competent (or can become competent). The focus is on developing and applying the necessary skills and knowledge to deliver effective internal audit activity. It's ultimately the responsibility of the Chief Audit Executive (CAE) to determine whether the audit team has the necessary competencies to deliver on the commitments in the IA Charter. This means regular competency assessments are necessary and not a 'nice-to-have'.

**Are tenure and certifications enough?** No. The expectation goes beyond years of tenure and general internal audit experience into these deeper areas. The focus, especially from the stakeholder lens, is to what extent IA brings specific business and technical acumen (e.g., knowledge of business operations, emerging issues, global macro trends, laws and regulations, and specific technology and data platform risks).

#### The opportunity to advance IA

##### *Unlocking benefits beyond the Standards*

Now is a good time to build a strategy to enhance IA's overall competency maturity and confirm it's fit for the future. Start by determining (1) what skills are needed now and long term (which should differ from those of several years ago and is an opportunity to gauge whether IA is keeping pace with the business and risk landscape); (2) whether your team has those necessary skills; and (3) what options are available to address any gaps (including training, co-sourcing, or internal or external secondments).

Enhancing IA competency can unlock benefits such as:

- **Stakeholder relationships:** support for increased confidence of key stakeholders (e.g., the Board, divisional management, and external auditors) in IA's meaningful insights and ability to add value.
- **Risk assessment:** better focus on identifying and addressing the most relevant risks to the organisation and navigating emerging issues or risks on strategic initiatives.
- **Efficiency:** increase the speed and efficiency of internal audit activities by leveraging those already equipped with the subject-matter knowledge, helping to optimise costs.
- **Talent:** support talent acquisition, development and retention, helping raise job satisfaction and fostering a spirit of continual improvement and innovation.

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

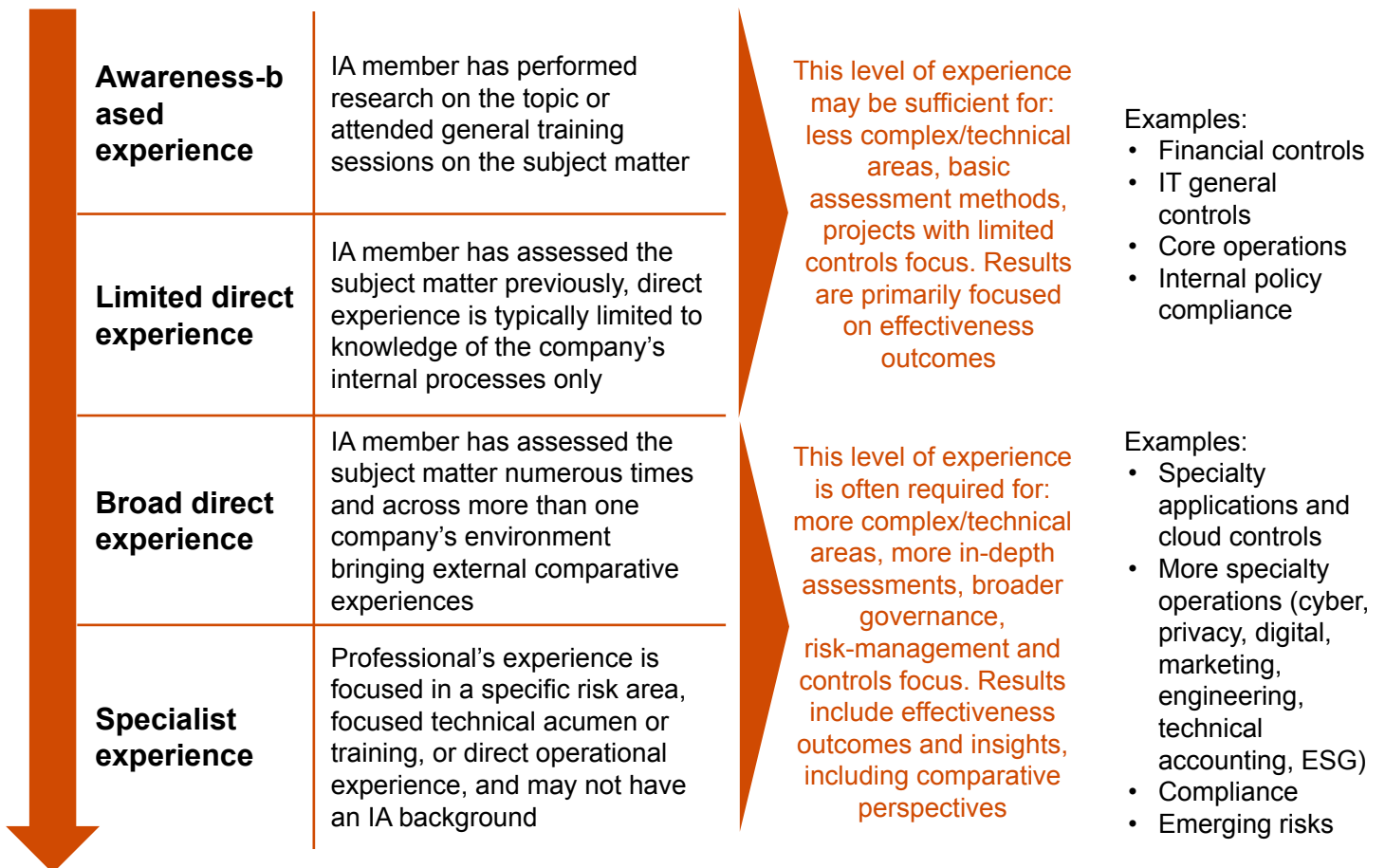


## Where to start

The IIA's Competency Framework outlines the range of core skills expected of an internal auditor, including understanding the organisation's core processes, IT and fraud risks, and the use of data analytics, in addition to soft skills around supervision and leadership. The IIA's new Standards introduce a new dimension: whether the function has **appropriate** (right mix of knowledge, skills, and abilities) and **sufficient** human resources **to achieve the IA plan**.

The diagram below expands upon the Competency Framework elements to provide points to consider when evaluating IA's competencies, including experience, for a particular IA project. This isn't one dimensional and should consider the need for subject matter knowledge. An internal auditor may have 20 years of experience and be considered extremely knowledgeable in IA but may be lower on competency scale for a project requiring specific subject matter insight, such as cloud financial operations, AI program assessments, or customer experience, for example.

### Evaluate what depth of topical knowledge is necessary for a project



**Caution:** Use of automated research techniques, such as Generative AI and other AI tools, may provide an efficient means of gathering data, but it does not — on its own — raise an IA member's competency beyond "awareness-based."

#### As a CAE, how does this impact your talent and development strategy?

You should assess how to allocate your budget and consider how to both obtain and maintain relevant competencies (knowing the pace to sustain any given skill set is ever increasing). Do you...

- Increase your internal budget allocation to deeper training and certification programs to upskill/sustain?
- Increase your personnel budget for higher cost specialists that you have a full-time need for?
- Employ a highly leveraged co-sourced resource model to access broad external specialists more easily and eliminate the internal burden to sustain relevant skill levels?



# How it comes together

To develop strong competencies that can add value to the organisation, IA should account for the various elements and interdependencies within the IA framework. These are represented below as shaded building blocks and should be considered when developing the plan to enhance IA competency.

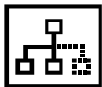
## Questions and interdependencies for consideration



Does IA leverage sufficient expertise to provide the Board with insights on key risks, emerging issues, or opportunities?



Does IA scope to their available skill, or to the specific project risks and needs?



What mechanisms are available to IA to fill specific competency gaps?



What metrics or KPIs are used to measure the competencies needed within IA?



Does IA bring sufficient depth and an ability to generate value-added insights?



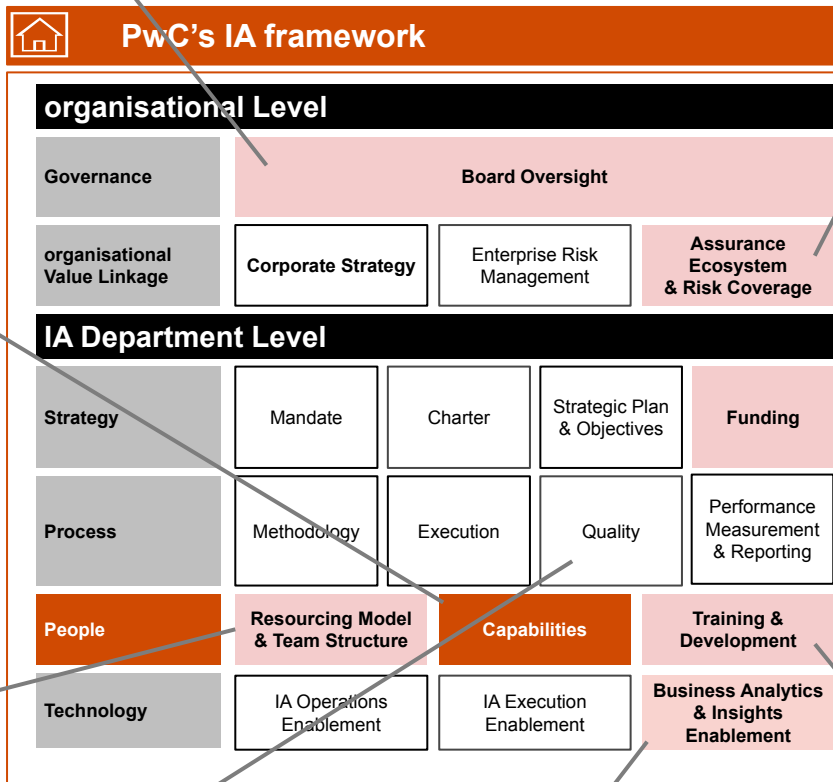
How well does IA's capabilities support its coverage of the most important risks to the organisation?



Is there sufficient budget to develop and/or procure resources to address any gaps in competencies, such as third-party resources or training?



Does the organisation have a training catalogue that includes topical competencies relevant to IA's audit plan?  
How does the CAE assign and monitor completion of expected training?



Article topic

Direct interdependency



## The stakeholder perspective

As leaders sitting outside of IA, you play an important role in supporting IA in the achievement of its mandate and strategic plan. When discussing IA's competencies to fulfil the IA plan, consider the following:



### Board/Audit Committee & Senior Management

Do you have sufficient visibility into how IA resources its more complex or technical engagements, and what mechanisms it has in place to procure specialised competencies?

Have you communicated your expectations with the CAE regarding the level and type of IA's competencies?

To what extent does IA discuss issues or challenges regarding competencies and capabilities, and how these are being solved to deliver on its mandate and plan?

Does IA display sufficient business and technical acumen in providing the Board with insights on risks, emerging themes and business transformation opportunities (in addition to controls effectiveness results)?



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

Does IA have specialised skills that align with your organisation's key risks and compliance objectives?

To what extent does your team support IA in bringing sufficient competencies to the organisation, such as a rotation/cycle-of-experience program?

How do you help ensure that IA is kept up-to-date on changes in risk and regulatory requirements (i.e., so it can maintain an inventory of required competencies)?

Does IA adequately staff its engagements to deliver on its mandate and individual audit objectives?

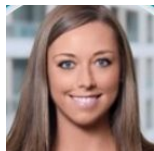


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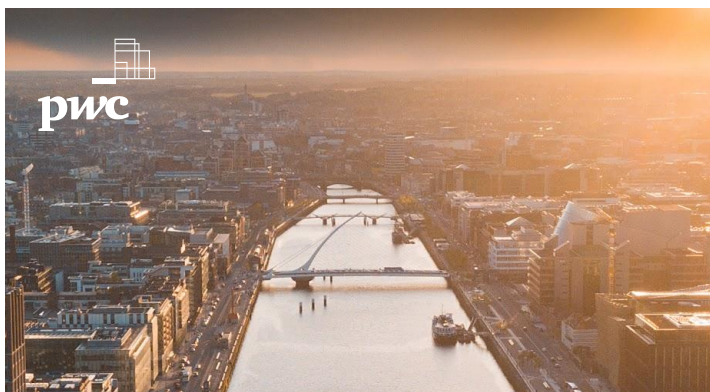
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## Key Resources

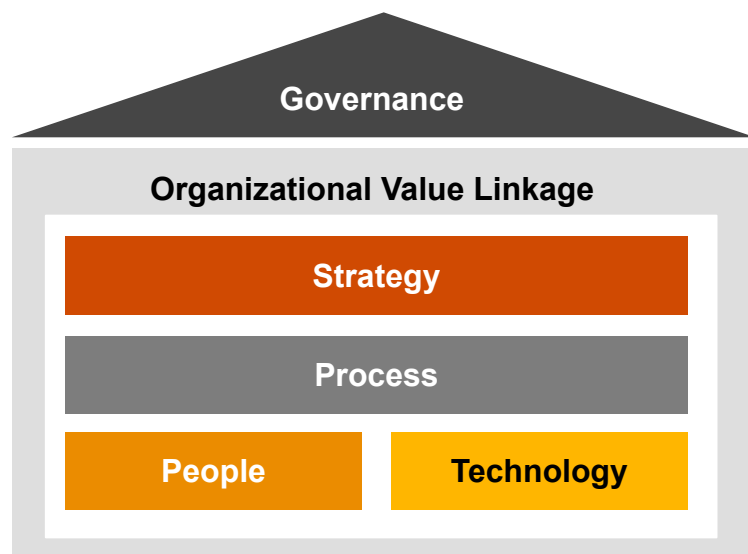
- Resources from the IIA:
  - [Global Internal Audit Standards™](#)
- [PwC Global Internal Audit Study 2023](#)
- [PwC Ireland Internal Audit Study 2023](#)
- [Governance Insights Center website](#)

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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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