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

Reporting & Communication

Global Internal Audit Standards: 15.1 Final Engagement Communication

What it is

Engagement reporting is the primary mechanism by which IA conveys its brand and value to the organisation.

Standard 15.1 highlights new requirements that final communications must:

- Specify action plan owner and completion date
- Be approved by the CAE before it's issued
- Disclose any non conformance with the Standards (e.g., if deviations were taken for management requests)
- Be distributed to relevant parties who can verify the findings are appropriately considered
- Include, in assurance engagement communications, finding significance and prioritisation, consideration of finding aggregation, acknowledgement of effective processes, and a conclusion to the effectiveness of governance, risk management, and control processes of the activity

Are conclusions required for Advisory reports?

Standard 14.5 specifies that Advisory engagement conclusions should align with the project's objectives and scope. This implies that conclusions are typically expected to provide helpful context but falls short of being mandatory.

Do we have to apply a rating scale for the conclusion?

No. The Standards expect reports to conclude on IA's assessment and consider how findings aggregate but this can be done without the use of ratings. The Standards allow IA to align the methodology and criteria with stakeholder expectations and the organisation's culture. This could include use of qualitative statements to describe the overall conclusion in lieu of ratings.

The opportunity to advance IA
Unlocking benefits beyond the Standards

IA can influence change throughout the organisation by enhancing the insights it provides to stakeholders through engagement reporting. IA should consider these three guiding principles:

BRAND
Think about how your reporting conveys your desired IA brand.

Grounding Principles

AUDIENCE
Be clear on the recipient and tailor it to their use

PERSPECTIVE
Understand the reader's lens to bring relevant context and new insights

- Reporting approaches should allow for agility and flexibility based on the project's nature, and not apply a one-size-fits-all approach.
- The report's tone and language matters and should be written from a 'one IA department' voice and not vary by individual IA team member.
- It's important to step back and summarise or emphasise systemic matters or trends to provide a broader risk perspective, beyond individual findings.

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Where to start – Consider these leading practices in the reporting process

1 General reporting considerations

Write the report from the lens of the stakeholder (the report is for them, not IA). Detail to support IA's work belongs in IA's workpapers, not the report.

Be clear, concise, factual and use plain language — avoid audit or technical jargon	Executive reporting should be dynamic and tell a story about the impact on and benefits to the organisation	Provide recommendations that both protect and create value for the business (e.g., cost optimisation)	Less is more. Incorporate visuals into reporting; background and detail is for the appendix
Be practical and commercial in IA recommendations, demonstrating business and industry acumen	Be forward-looking and risk-based. Consider how findings link to corporate strategy and goals	Provide clarity on what 'good' looks like. Bring comparative insights and benchmarks when possible	Provide positive assurance, acknowledging effective processes to balance output as required by Standards

2 Engagement conclusions and prioritisation considerations

Use of general statements require a proper balance between being concise and providing sufficient clarity and detail on what was identified or considered a risk.

Use of rating scales require careful consideration to provide appropriate context, including:

- Being differentiated enough to convey different priorities (e.g., a two-point to five-point rating scale)
- Whether too many findings fall into the highest level, which can dilute the ability for management to prioritise actions
- Whether too many findings fall into the lowest level, which may cause some to ask if IA is focused on the right risks
- Alignment with company culture (e.g., naming choice, use of color scales or alternative visual pictograms/bar scales)

Rating and conclusions scales should be applied consistently through the same lens to provide comparative prioritisation

Clearly define boundaries of the project scope to which the rating applies to avoid unintended wider attribution

Control effectiveness conclusions may not convey the broader governance and risk management perspectives expected

Prioritisation does not always equate to time to fix. High-priority findings may require more time than lower-risk quick wins

Rating scales and names should make sense to the stakeholders. They help management focus and prioritise action

3 Communicating themes considerations

The Standards highlight the importance of identifying and communicating themes to key stakeholders. This requires higher-level capabilities around business acumen, an ability to properly understand root causes, and an ability to see trends across the organisation.

Once identified, IA should socialise root causes and themes with the business to encourage alignment, particularly where they span different parts of the business. IA might also consider varying and tailoring reporting themes to different stakeholders; for example, a custom view for the Chief Information Officer (CIO) to highlight trends across audits related to IT.

Thematic insights also help demonstrate IA's brand and value, which presents a good opportunity for IA teams to use the new Standards to support their transformation journey and increase their impact.

TECH TIP

Consider using GenAI throughout the reporting process. For example, prompting for summarisation or use of consistent tone, applying ratings/drafting conclusions consistently, as well as identifying themes across reports. Remember to consider data protection and confidentiality requirements.

How it comes together

To develop and communicate effective insights to the organisation as part of engagement reporting, IA should consider various interdependencies within the IA framework. Those interdependencies are represented below as shaded building blocks that tangentially impact or are impacted by engagement reporting and should be considered together.

Questions and interdependencies for consideration

How well does IA reporting align with the expectations and value perceived by the Board? Is the messaging tailored appropriately for different stakeholders?

Are there opportunities to enhance IA reporting practices captured within the strategic plan or objectives?

Are report templates and protocols aligned with Global IA Standards, leading practices and stakeholder expectations?

Are reports reviewed and approved by the CAE? Does the function have defined review protocols so that reports are accurate, complete and conclusions applied consistently?

Does IA seek feedback from stakeholders on the effectiveness of reporting? Has IA defined KPIs around reporting practices?

Have IA team members been trained on IA report protocols, tools and templates?

PwC's IA framework

organisational Level

Governance	Board Oversight		
organisational Value Linkage	Corporate Strategy	Enterprise Risk Management	Assurance Ecosystem & Risk Coverage

IA Department Level

Strategy	Mandate	Charter	Strategic Plan & Objectives	Funding
Process	Methodology	Execution	Quality	Performance Measurement & Reporting
People	Resourcing Model & Team Structure	Capabilities		Training & Development
Technology	IA Operations Enablement	IA Execution Enablement		Business Analytics & Insights Enablement

Does IA leverage audit management software to automatically track and communicate KPIs related to reporting metrics?

Has IA leveraged technology to automate engagement reporting processes?

Do reports include data-generated insights that can be transferred to the business?

◼ Article topic ◼ Direct interdependency

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The stakeholder perspective

As leaders sitting outside of IA, you play an important role in understanding the top risks facing the organisation and the results of assurance and advisory activities over the risks. When discussing IA's reporting, consider the following:

Board/Audit Committee & Senior Management

Is IA effective at answering the 'so what' in engagement reporting (to help you understand why it matters)?

Do IA reports use language that's easy to understand and provides the appropriate business context?

Does IA demonstrate through its reporting a sufficient level of commercial and industry acumen?

Are findings and insights clearly presented, including root causes, themes and trends across audits?

Do you understand the context of the project conclusions presented to you by IA, including those that require your attention?

Does IA provide context and help educate you on the risks of the area under review beyond reporting on individual exceptions or findings?

Are recommendations, action plans and timelines for addressing issues practical and realistic?

Does IA vary its reporting formats adequately to bring you the right information in the right way?

Does IA adequately leverage data and visualisations to help convey findings and context effectively?
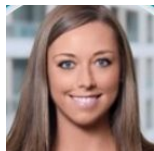
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! Key Resources

- 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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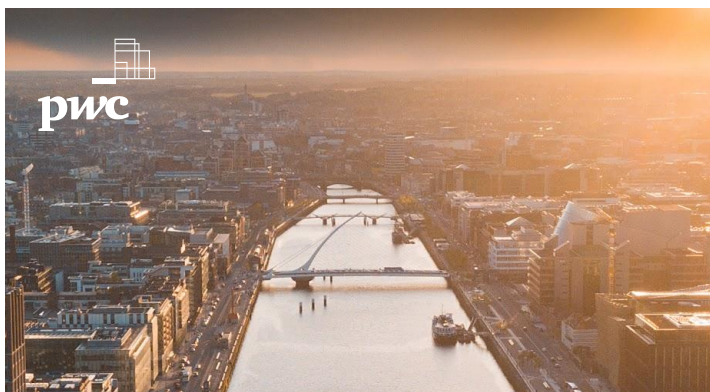
Reframe IA Series

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

Governance

Organizational Value Linkage

Strategy
Process

People	Technology
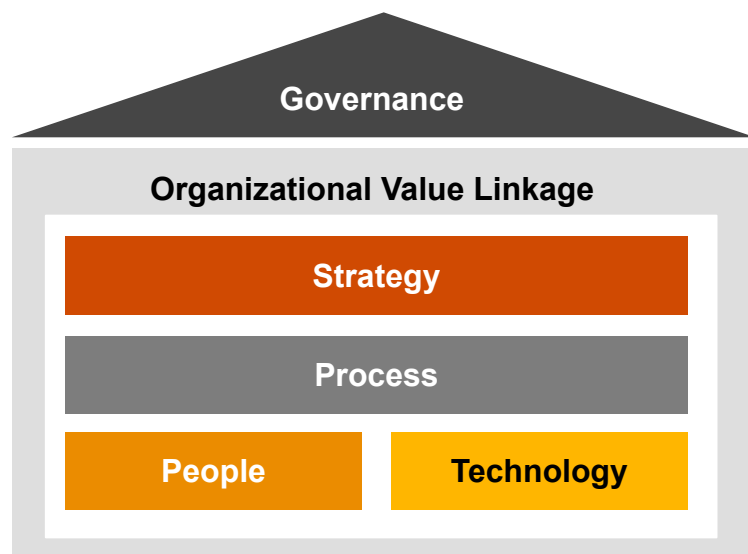
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