



## **Context for needing a CAE supporting Senior Management Guidance and Tool Kit**

The International Professional Practices Framework (IPPF) has been updated to a new structure which includes: the new Global Internal Audit Standards; new Topical Requirements; and Guidance. It becomes effective from 9 January 2025, and the internal audit profession needs to take the time now to transition to these from the International Professional Practices Framework (2017). Domain III – Governing the Internal Audit Function includes Essential Requirements for Senior Management of Organisations which are new mandatory elements of the Global Standards.

## **Global IIA Guidance**

The Global IIA has issued [Chief Audit Executive's Guide to Domain III: Governing the Internal Audit Function](#) which includes useful explanations of the CAE's role in helping the Audit Committee and Senior Management fulfil their roles, but also guidance on how to help both in fulfilling their responsibilities. The Guidance includes:

1. Importance of an effective Internal Audit Function, referencing both the Three Lines Model and the Purpose of Internal Auditing from Domain I.
2. Approaches to the dialogue with the Board and Senior Management, including ideas of the methods that can be used for these.
3. The Essential Conditions for the Board and Senior Management and the CAEs' requirements. These are broken down by each of the 3 Principles and then by the 9 Standards.
4. Identifying and assessing gaps, recommending a gap analysis approach to record the current conformance and ways to identify these (such as meetings, workshops etc).
5. Dealing with disagreements, including a Question and Answer Tool for potential challenges to the Essential Conditions and how CAEs can respond, and how to agree and record non-performance of an Essential Condition.
6. Ongoing maintenance of the relationship, recognising that this is an ongoing requirement of the Standards and the relationship must go beyond the transition to the new Global Standards.

In addition, Global has also provided several versions of a PowerPoint presentation which CAEs can tailor to help them communicate the requirements and build relationships with Senior Management. These use the content of the Guidance and therefore becomes a tool helpful in communicating the Essential Requirements to Senior Management (and Audit Committee).

We highly recommend this guidance to all CAEs, regardless of size and complexity, to support their work to transition to the New Global Standards, and beyond.

## **Purpose of this Guidance**

The purpose of this guidance and tool kit is to complement that produced by the Global IIA in the following areas:

- Understanding the new IPPF (2024)
- Supporting the transition to the new IPPF (2024)
- Identifying and Implementing Senior Management requirements to conform with the new IPPF (2024)



### **Understanding the new IPPF (2024)**

The Guidance provided by Global is recommended for all sizes and types of internal audit functions, however for larger and more complex organisations we would also highlight the following. For the presentation listed below CAEs may wish to use this to help tailor the Global IIA Presentation.

1. **Senior Managers Watch** the Global IIA's [5 Questions with Anthony](#) - a 15 minute interview with Anthony Pugliese, CEO of Global IIA
1. **Heads of Internal Audit use** the 30-minute Chartered IIA **PowerPoint Presentation** (Appendix 1) to help tailor the Global IIA Presentation. It contains speaker notes to ensure that the key messages are delivered, without cluttering the slides.
2. **Senior Managers Read** [Domain III: Governing the Internal Audit Function and the Three Lines Model](#) (2 pages) provided by Global IIA which focuses on the Audit Committee's area of responsibility in the Global Internal Audit Standards.

### **Overseeing the Transition**

The Head of Internal Audit is ultimately responsible for ensuring that practices within the IAF conform with the IPPF. However, as the new Global Standards involves changes which will impact on delivery of the internal audit service it is important that Senior Management are kept apprised of the actions being taken and how this will impact on the way in which the assurance that they receive is delivered.

We recommend that CAEs build this communication into the transition action plans, to ensure that Senior Management (Heads of Department, etc.) are kept informed of changes that will impact on them.

### **Identifying and Implementing Senior Management Changes**

Again, Global IIA's Guidance provides advice on how to perform and manage this and again we recommend this as a baseline for all internal audit functions.

**Complete a Gap Analysis** - As part of the transition plans, the CAE should perform a gap analysis to the new Global Internal Audit Standards, which includes the Essential Conditions and other requirements of senior management. The extent of senior management's involvement will vary, for smaller organisations we would expect this to have been completed by the CAE, whereas for larger, we would expect senior management to have been involved in identifying the gaps. There are two key tools already available:

1. We have provided a tool for this purpose a [Self-Assessment Tool](#) . This is available on the Chartered IIA website under Resources, Global Internal Audit Standards 2024.
2. Global IIA has also published its [conformance\\_readiness\\_assessment\\_20240506.pdf](#), which highlights the new and enhanced requirements, including the Essential Conditions for Senior Management.

**Develop an Action Plan** - Having identified the changes needed an action plan needs to be determined, agreed and followed. The [Self-Assessment Tool](#) includes an action plan template to assist with this. Actions required of senior management should be discussed, agreed and documented to be tracked to implementation as appropriate.

**Maintaining Conformance** - We are also providing an **Annual Agenda Schedule for Audit Committees** (Appendix 2) which includes reference to where Senior Management should be involved. CAEs can share this information with the Senior Management, to reassure them around ongoing conformance with some of their Essential Requirements.