



New IIA standards and Regulatory Updates Affecting Higher Education IT Compliance

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Today's Speakers



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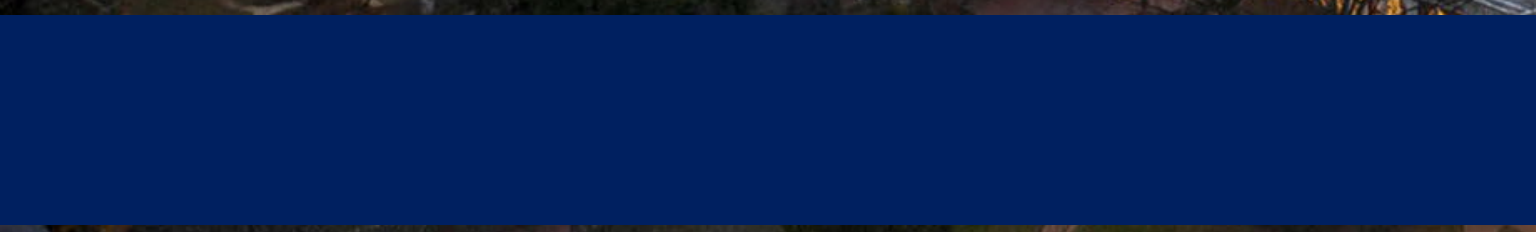
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Institute of Internal Auditors (IIA)- New Global Internal Audit Standards



Why are the GIA Standards important?

The purpose of the *GIA Standards* is to:

1

Provide guidance

Adhere with the mandatory elements of the International Professional Practices Framework (IPPF) (the conceptual framework that organizes authoritative guidance promulgated by the IIA*)

2

Provide a framework

for performing and promoting a broad range of value-added internal auditing services

3

Basis for IA evaluation

Establish the basis for the evaluation of internal audit performance

4

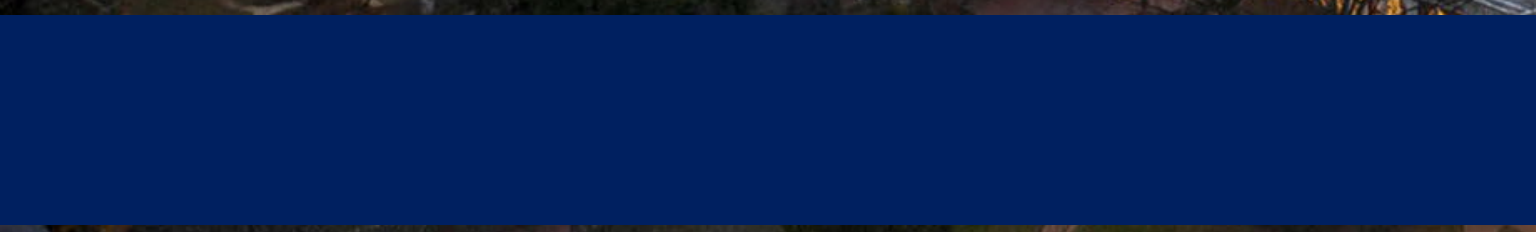
Foster improvement

Foster improved organizational processes and operations

- ✓ The GIA Standards issued by the IIA are **internationally** applicable at organizational and individual levels
- ✓ These Standards are used as a basis in guiding our consulting services in the field of internal auditing



Overview of Global IA Standards



International Professional Practices Framework (IPPF)

- ▶ The International Internal Audit Standards Board (IIASB) released the new Global Internal Audit Standards to **elevate the profession** of internal auditing
- ▶ The International Professional Practices Framework (IPPF) organizes the authoritative body of knowledge, promulgated by The Institute of Internal Auditors, for the professional practice of internal auditing. The IPPF includes the **Global Internal Audit Standards, topical requirements, and global guidance**
- ▶ The Global Internal Audit Standards are comprised of **52 standards** which are organized into **15 principles** and aligned to **5 domains**
- ▶ The previous version, the International Standards for the Professional Practice of Internal Auditing, released in 2017, remains approved for use during a one-year transition period. The Standards will become effective **January 9, 2025**, but early adoption is encouraged



Global Internal Audit Standards

Global Internal Audit Standards



I. Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate integrity (3); 2. Maintain objectivity (3); 3. Demonstrate competency (2);
4. Exercise due professional care (3); 5. Maintain confidentiality (2)

III. Governing the Internal Audit Function

6. Authorized by the Board (3)
7. Positioned independently (2)
8. Overseen by the Board (4)

IV. Managing the Internal Audit Function

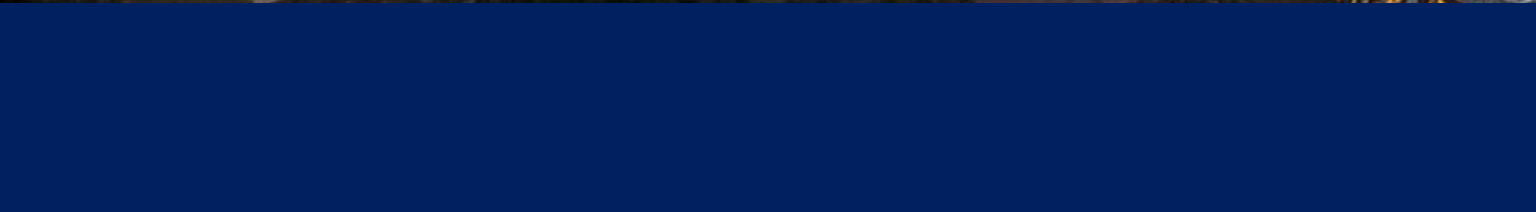
9. Plans strategically (5)
10. Manages resources (3)
11. Communicates effectively (5)
12. Enhances quality (3)

V. Performing Internal Audit Services

13. Plan engagements effectively (6)
14. Conduct engagement work (6)
15. Communicate engagement conclusions & monitor action plans (2)



Key Changes



Summary of key changes

New structure

- Consolidating and streamlining six elements (Mission, Definition, Code of Ethics, Core Principles, Standards, and Implementation Guides) into the Standards
- Aligning the Standards with the Principals
- Adding considerations for the implementation and evidence of conformance for each standard

New content

- Purpose of internal auditing
- 5 Domains, 15 Principles, 52 Standards
- Considerations for implementation and for evidence of conformance
- Considerations for public sector, small functions, and others

Changes and clarifications

- Emphasizing board's role in governing the internal audit function
- Clarifying the role of chief audit executives in managing the internal audit function
- Incorporating new performance requirements to ensure quality of internal audit services; quality = conformance + performance
- Adding detailed steps to performing engagements

Summary of key changes

Domain/Principle/Standard	Detail	Requirement
Domain I	Purpose	<ul style="list-style-type: none"> Intended to assist Internal auditors and IA stakeholders in understanding and articulating the value of internal auditing.
Standard 6.1	Collaboration with internal and external assurance providers	<ul style="list-style-type: none"> The Chief Audit Executive (CAE) must collaborate with other internal and external assurance providers to help establish the IA mandate.
Standard 6.1, 7.1, 8.1, 8.4, 11.1, 11.3	Relationships with stakeholders	<ul style="list-style-type: none"> The CAE must develop an approach to build relationships with key stakeholders and promote communication.
Standard 8.4	External quality reviews (EQRs)	<ul style="list-style-type: none"> The board of directors must review EQR results, and the assessment team must include at least one individual with an active Certified Internal Auditor (CIA) designation.
Standard 9.2	Internal Audit strategy	<ul style="list-style-type: none"> The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function.
Standard 10.1, 10.3	Enabling technology as a key resource	<ul style="list-style-type: none"> The CAE must ensure the IA function has appropriate technology to support the IA process.
Standard 12.1, 12.2	Continuously improving performance	<ul style="list-style-type: none"> The CAE is responsible for measuring the function's performance and ensuring the function continuously improves. The CAE must consider input and expectations from the board and senior management when developing performance objectives as well as solicit feedback when assessing the internal audit function's performance.
Standard 15.1	Final engagement communication	<ul style="list-style-type: none"> The final engagement communication must include finding, significance, prioritization and conclusion regarding the effectiveness of the governance, risk management and control processes of the activity reviewed. If the engagement is not conducted in conformance with the Standards, the final engagement communication must disclose standard(s) with which conformance was not achieved, reason for nonconformance, and impact of nonconformance on the engagement.

Differences from proposed to final standards

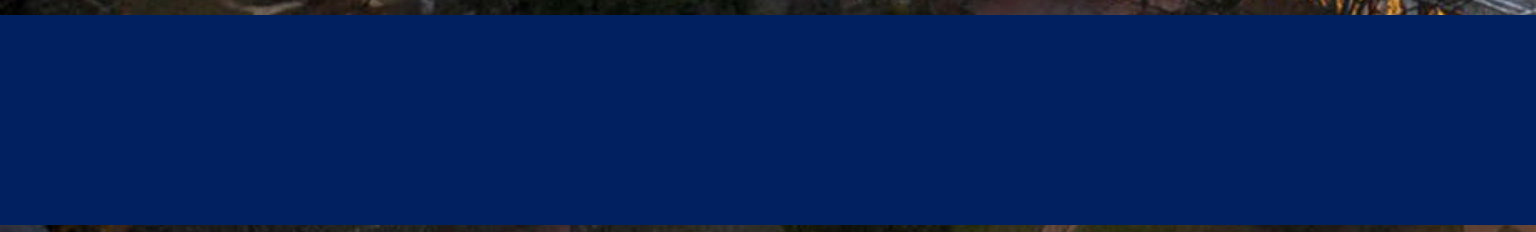
Domain/Principle/Standard	Detail	Difference
Domain III	Governing the Internal Audit function	<ul style="list-style-type: none">• Introduction of “essential conditions” to establish a foundation for effective dialogue between the Board, Senior Management and the Chief Audit Executive.
Standard 6.1	Internal Audit mandate	<ul style="list-style-type: none">• Initially proposed standard designated specific governance duties to the board; however, are now reallocated the responsibilities to the CAE. This Standard also includes further considerations for implementation (e.g., authority, roles, responsibilities, scope, and internal audit services).
Standards 13.1, 14.3, 14.4, 14.5	Enhanced and elevated engagement-level	<ul style="list-style-type: none">• Typical engagement reporting elements will be formally required, including rating or ranking a finding, formulating recommendations, obtaining management’s action plans, and developing an engagement conclusion.<ul style="list-style-type: none">• Change of “must” to “may include” recommendations in engagement communication

Summary of key changes (technology)

Domain/Principle/Standard	Detail	Requirement
Standard 4.2	Due professional care	<ul style="list-style-type: none"> Internal auditors must exercise due professional care by assessing the nature, circumstances and requirements of the services including...use of appropriate tools and technology
Standard 8.2	Resources	<ul style="list-style-type: none"> The chief audit executive's strategy should include providing a resource plan, which may include a budget request, and should consider options for staffing the internal audit function as well as using technology to perform services.
Standard 9.2	Internal Audit strategy	<ul style="list-style-type: none"> The introduction and application of technology when it improves the internal audit function's efficiency and effectiveness.
Standard 9.3	Methodologies	<ul style="list-style-type: none"> The effectiveness of the internal audit methodologies should be reviewed during assessments of the internal audit function's quality. Changes that could require the chief audit executive to update the methodologies include significant changes in professional internal audit standards and guidance, legal and regulatory requirements, and technological innovations.
Standard 9.4	Internal Audit plan	<ul style="list-style-type: none"> The internal audit plan must....identify the necessary financial, human, and technological resources to complete the plan (e.g., scheduling tool)
Standard 10.3	Technological resources	<ul style="list-style-type: none"> The CAE must regularly evaluate technology used by IA function and communicate the impact of technology limitations on the effectiveness or efficiency of the IA function to the board and senior management.
Standard 13.5	Engagement resources	<ul style="list-style-type: none"> When planning engagement, internal auditors should consider the most efficient and effective application of available financial, human, and technological resources (e.g., resource allocation tool).
Standard 14.2	Analysis and potential engagement findings	<ul style="list-style-type: none"> Internal auditors should understand and use technologies that improve the efficiency and effectiveness of analyses, such as software applications that enable testing of an entire population rather than just a sample.



Actions IA functions should consider



IA functions 'call to action'

Several changes are expected to be conducted by IA functions to be in conformance of the Global IA Standards. Listed below are actions IA functions should prioritize to understand, conform, and practice the Standards.

1

Conduct gap assessment to understand magnitude of change for your organization

5

Raise AC awareness of the new Standards and impact to your organization including AC reporting

2

Review audit methodology and align to new Standards

6

Raise LOB awareness of the new Standards for any impact on how interaction with IA may change

3

Update P&P references to existing Standards for the new Standards

7

Update QAIP programs to address new Standards and/or changes to methodology

4

Train audit team members on the new Standards

8

Determine impact on 2024 self-assessment activities

Impact on quality assessment

EQR due in early 2024



Proceed with assessment under the existing IPPF

AND

Should consider a gap assessment performed to assess readiness in implementing the new Standards

**EQR due in second half
2024**



Can choose to accelerate assessment under existing IPPF AND consider a gap assessment to help support accurate implementation of the new Standards

OR

Conduct assessment against new Global IA Standards

**EQR due in 2025 and
beyond**



Conduct external quality assessment against Global IA Standards (2024)



Regulatory Updates Affecting Higher Education

Background

What is NSPM-33?

Why was NSPM-33 issued?

How Does NSPM-33 Impact Higher Education?

NSPM-33 Elements



What is Internal Audits role in mitigating the risk?



Specialized
Risk
Assessments



Policy and
Procedure
Implementati
on



Training and
Awareness



Cyber Control
Assessments



Ongoing
Advisory
Services

Other Relevant Resources



ACUA – Association of College and University Audits

- *A primary resource for higher education auditing, regulatory compliance, and risk management*
- Useful for risk assessment and planning, audit coverage, gap analysis, benchmarking and best practices, and compliance



ISO – International Organization for Standardization

- *A set of requirements for defining, implementing, operating, and improving an Information Security Management System*
- Useful to enhance audit processes, improve quality, and ensure compliance with internationally recognized best practices



ISACA – Information Systems Audit and Control Association

- *Leading organization that empowers IT professionals to advance digital trust through audit, governance, risk and privacy*
- Provides frameworks, standards, and practices for the field of information systems audit, control, risk, security, and governance



IIA – Institute of Internal Auditors

- Comprehensive and up-to-date list of resources for guidance, knowledge sharing, publications, certifications, training, events, and more relating to Internal Audit

Questions?