

2023 Illinois Government Auditing Conference

STATE OF THE INTERNAL AUDIT PROFESSION



October 25, 2023

AGENDA



Global Footprint



*Research & Business
Environment*



Top Issues



IIA Initiatives



GLOBAL FOOTPRINT

The IIA is *the internal audit profession's most widely recognized advocate*, educator, and provider of standards, guidance, and certifications.



GLOBAL FOOTPRINT

235,000+

MEMBERS

170+

COUNTRIES &
TERRITORIES

115

AFFILIATES

190,000+

CIA's AWARDED





STRATEGIC PLAN



2023 STRATEGIC PLAN 2.0 (REFRESH)



Reimagine & Transform Our Organization

A. Reimagine the global operating model

B. Build and continuously evolve agile, secure, and scalable technologies

C. Cultivate a data-driven culture

D. Reimagine the North American operational model



Promote Competency & Learning

A. Elevate customer experience with MC&L products and services

B. Embed new IPPF updates into new and existing product



Grow Membership & Models

A. Expand Professional Audience

B. Elevate the membership experiences and value proposition

C. Improve awareness of the profession among students



Advocate for Public Interests of the Profession

A. Support affiliates and engage global orgs to promote internal audit's value globally

B. Advance laws and regulations to establish internal audit as an indispensable governance component in the US

C. Advance laws and regulations to establish internal audit as an indispensable governance component in Canada

D. Strengthen the role of IA in the global corporate governance ecosystem



Elevate the Value of IIA Credentials

A. Ensure accessibility of certification for current & future internal auditors globally

B. Reimagine the Certified Internal Auditor Designation



Enable the Profession for the Future

A. Reimagine the IPPF to advance the profession globally

B. Establish internal audit as a tech-savvy profession and desirable career choice

C. Embrace the principles of diversity, equity & inclusion

D. Create a comprehensive & integrated vision of the profession's future

E. Growing pipeline into the profession (supply & demand)



RESEARCH & BUSINESS ENVIRONMENT

2023 North American Pulse of Internal Audit

Benchmarks for Internal Audit Leaders



The Institute of
Internal Auditors



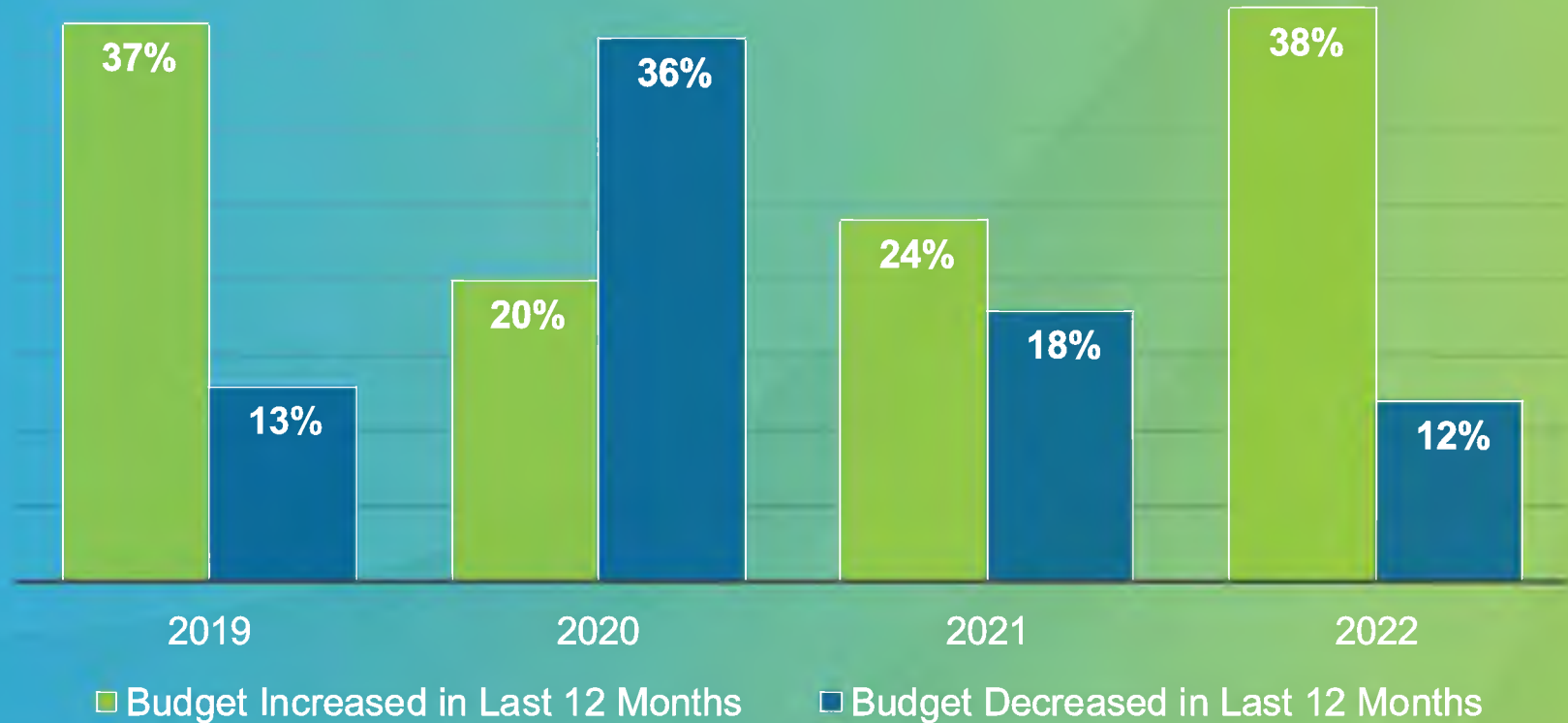
- **Insights into budgets, staff, audit plans, and more**
- **Year-round benchmarking**
- **Year-over-year comparisons**



RESEARCH & BUSINESS ENVIRONMENT



Internal Audit Budget Trend Returned to Pre-COVID Levels





RESEARCH & BUSINESS ENVIRONMENT



***New metric this
year – Audit
frequency***

Discovered that high risk areas such as IT and cybersecurity are reviewed continuously or annually by about 7 in 10 respondents

Rates of Continuous or Annual Auditing

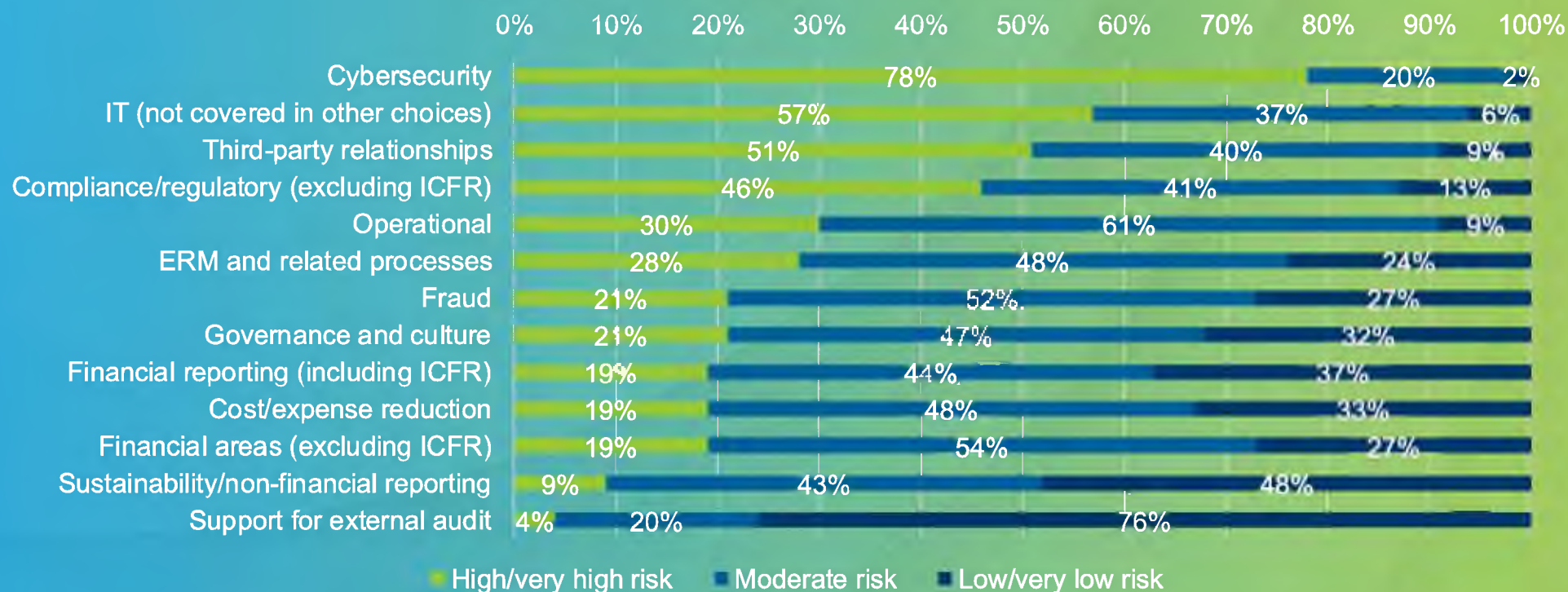




RESEARCH & BUSINESS ENVIRONMENT

Top Risks – 2023 Pulse Report

Risk Levels - North American CAEs & Directors



Note: The IIA's North American Pulse of Internal Audit Survey.



RESEARCH & BUSINESS ENVIRONMENT

Cybersecurity, Fraud, ESG, and Digital Disruption are among the main risk categories identified by CAEs





RESEARCH & BUSINESS ENVIRONMENT



Our complex and fast-paced world
brings new challenges and new
risks to our profession



RESEARCH & BUSINESS ENVIRONMENT



Risk in Focus

Consolidate global risk research

September release

Regional reports

Data sets for each Affiliates' country



One Global Risk in Focus Report



RISK IN FOCUS: FUTURE STATE

The Internal Audit Foundation will expand the report's reach to five additional regions and partner with regional bodies in 2023–24.



Coordinated September releases for global roll out



Deliverables: Regional report + Board briefing deck + global infographic covering all reports



Robust methodology: Survey + focus groups + interviews



Africa, Asia Pacific, Europe, Latin America, Middle East/Arab States, and North America



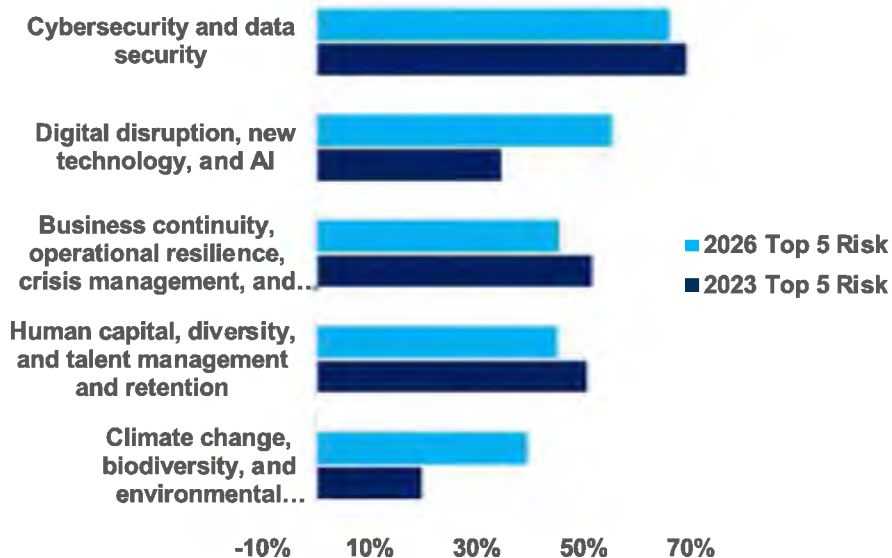
Affiliates receive real-time raw data from the survey and a complete data set for their country



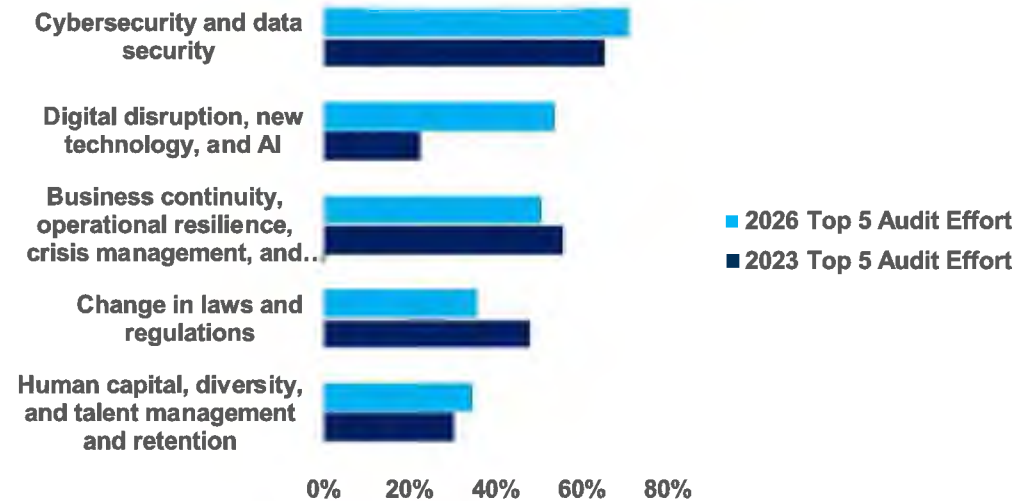
RISK IN FOCUS REPORT

Top 5 risk areas on which internal audit spends the most time and effort (2023 vs. 2026)

Risk Level Top 5 - Global



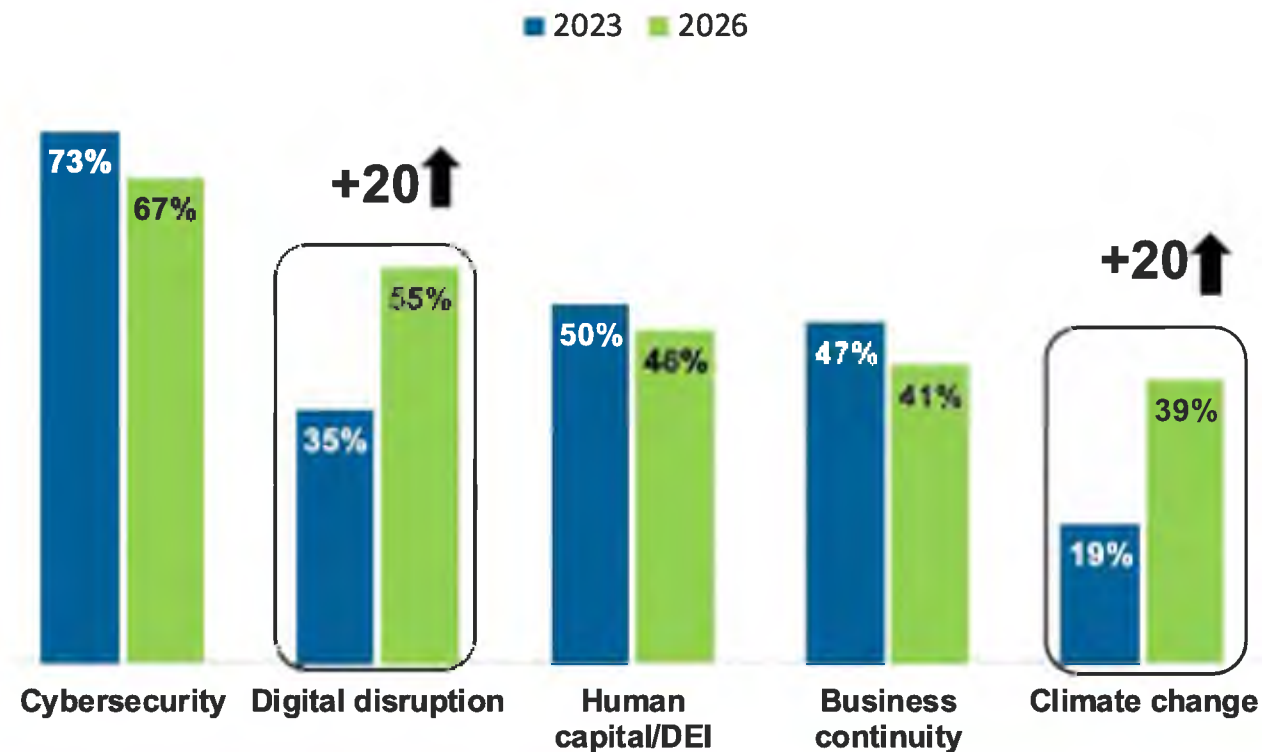
Internal Audit Effort Top 5 - Global





RISK IN FOCUS REPORT

Risks Expected to See Biggest Increase – Digital Disruption and Climate Change





Fraud

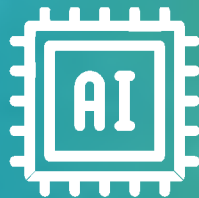


ESG

TOP ISSUES



Cybersecurity



Digital Disruption



Data Privacy



CYBERSECURITY



TOP ISSUES: CYBERSECURITY

In the News...

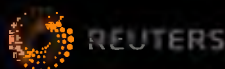
**Russian National Arrested & Charged with
Conspiring to Commit LockBit
Ransomware Attacks Against U.S. and
Foreign Businesses**

U.S. Dept. of Justice

**Italy's Industry Ministry reports
'heavy' cyberattack**



**Senegalese government websites
hit with cyber attack**



**Cyber attack crashes school
exam platform in Greece**



**Brazilian Cybercriminals Recently Targeted
Portuguese Bank Customers, Report Says**



**Dutch Watchdog Looking Into
Alleged Tesla Data Breach**



**Hackers Access Hundreds of
Metro Vancouver Transit
Police Files**





TOP ISSUES: CYBERSECURITY

What Role do Internal Auditors Play in Cybersecurity?

Internal auditors help organizations manage cyber threats by conducting cyber risk assessments and helping the audit committee and board understand and address digital risks.

Internal Auditor's Role in Leading Cybersecurity Efforts:

- Risk assessment
- Security controls evaluation
- Compliance with regulations
- Incident response planning
- Staff training and awareness
- Continuous auditing





TOP ISSUES: CYBERSECURITY

Cybersecurity Audit Guidance

GTAGS* RELEASED SINCE 2021 COVERING:

- Prevention and detection
- Cyber incident response and recovery
- Authorization and authentication
- Software planning, development, testing, and support
- Risks from a mobile workforce
- Organization's data communication infrastructure



* Global Technology Audit Guide



TOP ISSUES: CYBERSECURITY

Cybersecurity: The Road Ahead

• *Financial Services Exchange Conference*

• *Cybersecurity – Threats Facing Organizations, Part 2*

**AUGUST
2023**

**SEPTEMBER
2023**

**OCTOBER
2023**

**NOVEMBER
2023**

**DECEMBER
2023**

- *Protecting Against Cyber Attacks*
- *Cyber Disclosures*
- *Preparing for New SEC Cyber Disclosures*

- *Data Privacy: The New Frontier of Cybersecurity Virtual Conference*
- *Cybersecurity – Threats Facing Organizations, Part 1*

- *Cybersecurity – Threats Facing Organizations, Part 3*



TOP ISSUES: CYBERSECURITY

By the Numbers

\$8 Trillion

Cost of cybercrime in 2023

\$10.5 Trillion

Cost of cybercrime in 2025

42 Million

U.S. adults impacted
by identity fraud

\$52 Billion

Identity fraud losses in 2022

277 Days

Average time for security teams
to identify
and contain a data breach

61%

Increase in phishing
attacks in 2022

47%

Of all U.S. businesses
suffered a cyber attack in 2022

\$9.44 Million

Average cost of 2022 data
breaches in U.S.

33 Billion

Records will be stolen in
2023 – an increase of
175% from 2018

\$10.89 Billion

Amount budgeted by U.S.
government for cybersecurity
in 2023 (excluding Dept. of
Defense).

436,080

Security workforce gap in the
U.S. at end of 2022 (3.4
Million globally)



TOP ISSUES: CYBERSECURITY

By the Numbers

\$8

TRILLION

Cost of cybercrime in
2023

42

MILLION

U.S. adults impacted
by identity fraud

277

DAYS

Average time for security
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61%

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Of all U.S. businesses
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in 2022

33

BILLION

Records will be stolen in
2023 - an increase of
175% from 2018



DATA PRIVACY



TOP ISSUES: DATA PRIVACY



Source: DLA Piper, Compare Data Protection Laws Around the World



TOP ISSUES: DATA PRIVACY

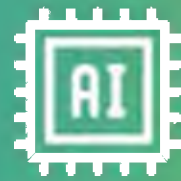
What Role do Internal Auditors Play in Data Privacy?

Internal auditors serve as independent and objective assessors of an organization's data privacy practices, helping ensure compliance, mitigate risks, and promote a strong privacy culture.

Internal Auditor's Role in Leading Data Privacy Efforts:

- Stay informed
- Assess privacy risks
- Audit privacy controls
- Report findings and recommendations
- Monitor compliance
- Collaborate across departments





DIGITAL DISRUPTION



TOP ISSUES: DIGITAL DISRUPTION

ChatGPT: Chat Generative Pre-Trained Transformer



Content Creator

Researcher/Writer

Digital Artist

Teacher/Instructor

Personal Assistant



TOP ISSUES: DIGITAL DISRUPTION

ChatGPT - Transformational Technology?

ChatGPT passes MBA exam given by a Wharton professor



Citi transforms critical internal audit with machine learning, NLP and AI



ChatGPT is growing faster than TikTok

MONEYWATCH



ChatGPT can pick stocks better than your fund manager



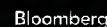
ChatGPT Shows Human-Surpassing Creativity, Study Finds



Microsoft to launch new version of ChatGPT, will solve privacy concerns



Turns Out, ChatGPT Is Pretty Good at Planning Your Next Vacation



Bill Gates says ChatGPT will 'change our world' but it doesn't mean your job is at risk





OpenAI says 80% of workers could see their jobs impacted by AI. These are the jobs most affected:

Humans identified **15 occupations as fully exposed**



- Mathematicians
- Tax Preparers
- Financial Quantitative Analysts
- Writers & Authors
- Web & Digital Interface Designers

AI identified **86 occupations as fully exposed**



- Mathematicians
- Accountants & Auditors
- Reporters, and Journalists
- Legal Secretaries and Admin Assistants
- Climate Change Policy Analysts
- Clinical Data Managers



TOP ISSUES: DIGITAL DISRUPTION

What Role do Internal Auditors Play in Digital Disruption?

Internal auditors are vital partners in helping organizations understand and navigate the rapidly shifting AI risk landscape.

Internal Auditor's Role in Leading Digital Disruption Efforts:

- Governance & Strategy
- Risk assessment of AI technologies
- Control environment
- Promote employee training and awareness of AI
- Ethical & responsible AI practices





AI: More Than Fun & Fluff

Battle between tech companies

Battle between countries

Geopolitical strategy

Propaganda

Cyberattacks

Synthetic biology



“It’s not just about what AI gets invented. It’s about who applies it first.”

– Christopher Kirchhoff

Former director of strategic planning - NSC



**Trust, But Verify:
The Human Factor Remains Vital**



FRAUD, CORRUPTION, & RETALIATION



TOP ISSUES: FRAUD

Solving for Fraud: IIA & ACFE Education & Research Partnership



Association of Certified Fraud Examiners

- Collaboratively-developed education
- Joint research projects
- Impactful thought leadership
- Conference and event programming



TOP ISSUES: FRAUD

What Role do Internal Auditors Play in Fraud?

Internal auditors are vital in detecting and preventing fraud and supporting fraud investigations.

Internal Auditor's Role in Leading Fraud Efforts:

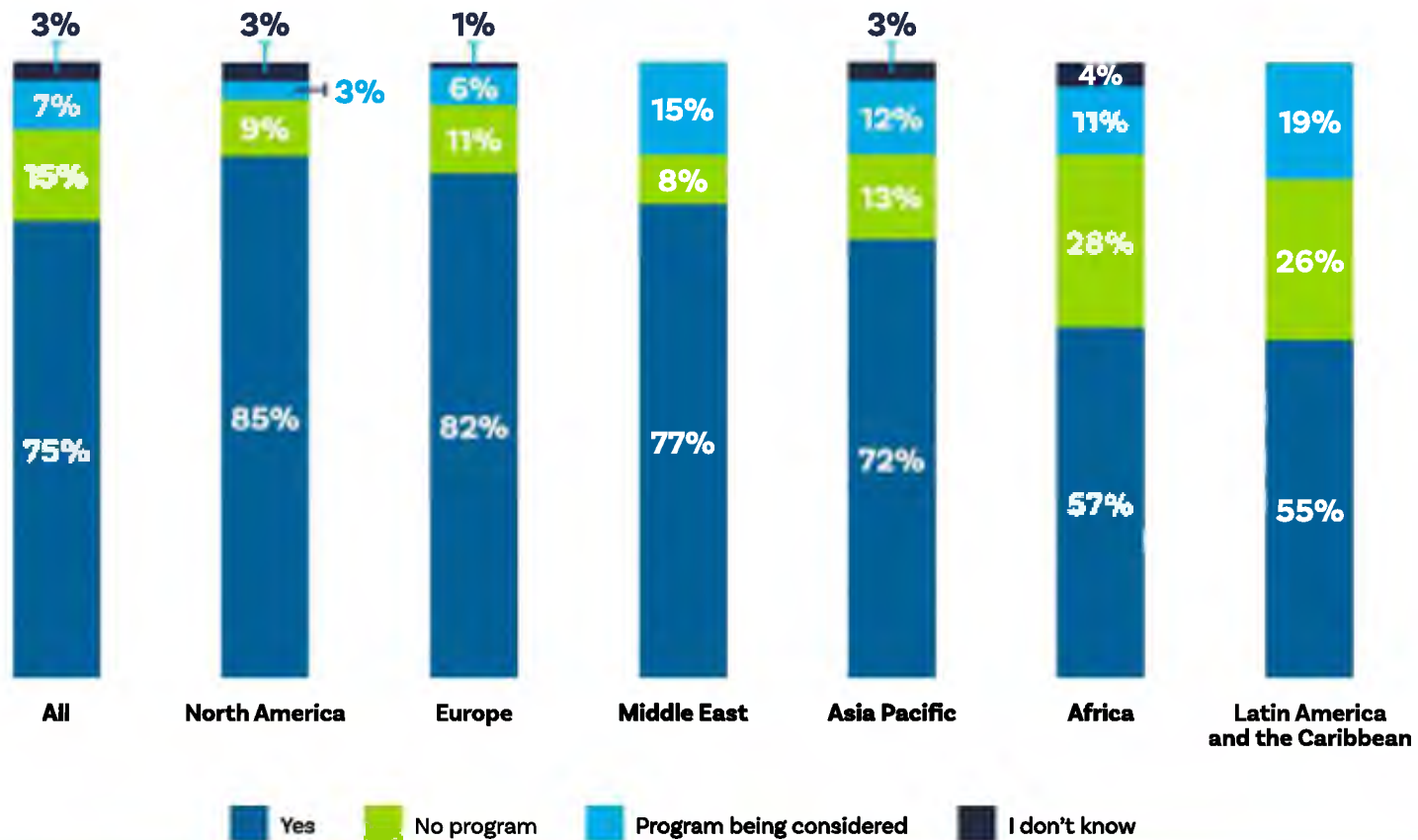
- Risk assessment
- Fraud detection/prevention
- Internal control evaluation
- Investigative procedures
- Compliance monitoring
- Fraud risk management
- Reporting and communication





TOP ISSUES: FRAUD

PRESENCE OF HOTLINE PROGRAM





ESG



TOP ISSUES: ESG

ESG is where value and values meet

“Tangible assets used to account for more than 80 percent of value in 1975 and that has shrunk to only 10 percent now. A lot of the intangible value today is related to various ESG metrics and brand value.”

- Janice Warren – Managing Director and Head of ESG Reporting Solutions at Nasdaq





TOP ISSUES: ESG

Top Risks – World Economic Forum

80% of the Top 10 risks – both in the short term and long term – are ESG-related risks

Short term

1. Cost-of-living crisis
2. Natural disasters and extreme weather events
3. Geoeconomic confrontation
4. Failure to mitigate climate change
5. Erosion of social cohesion and societal polarization
6. Large-scale environmental damage incidents
7. Failure of climate-change adaption
8. Widespread cybercrime and cyber insecurity
9. Natural resource crises
10. Large-scale involuntary migration

Long term

1. Failure to mitigate climate change
2. Failure of climate-change adaption
3. Natural disaster extreme weather events
4. Biodiversity loss and ecosystem collapse
5. Large-scale involuntary migration
6. Natural resource crisis
7. Erosion of social cohesion and societal polarization
8. Widespread cybercrime and cyber insecurity
9. Geoeconomics confrontation
10. Large-scale environmental damage incidents



Economic



Environmental



Geopolitical



Societal



Technological



TOP ISSUES: ESG

What Role do Internal Auditors Play in ESG?

Internal auditors should validate ESG as part of the enterprise-wide risk conversation.

Internal Auditor's Role in Leading ESG Efforts:

- Incorporating ESG into the internal audit plan
- Performing internal audits to provide assurance that the control environment is sound
- Testing relevant controls and risks
- Advising on ESG reporting
- Validating risk mitigation activities
- Advising on broader risk management capabilities
- Anticipating and aligning efforts to emerging ESG risks





IIA INITIATIVES



STUDENT INITIATIVES



FREE North American Student Memberships

Student memberships (U.S. and Canada) rose from 997 in 2022 to 2,370 as of July 2023.

Student Memberships Include:



Chapter
Affiliation



Global
Access



Mentorship
Program



Grants &
Awards



Free
Webinars



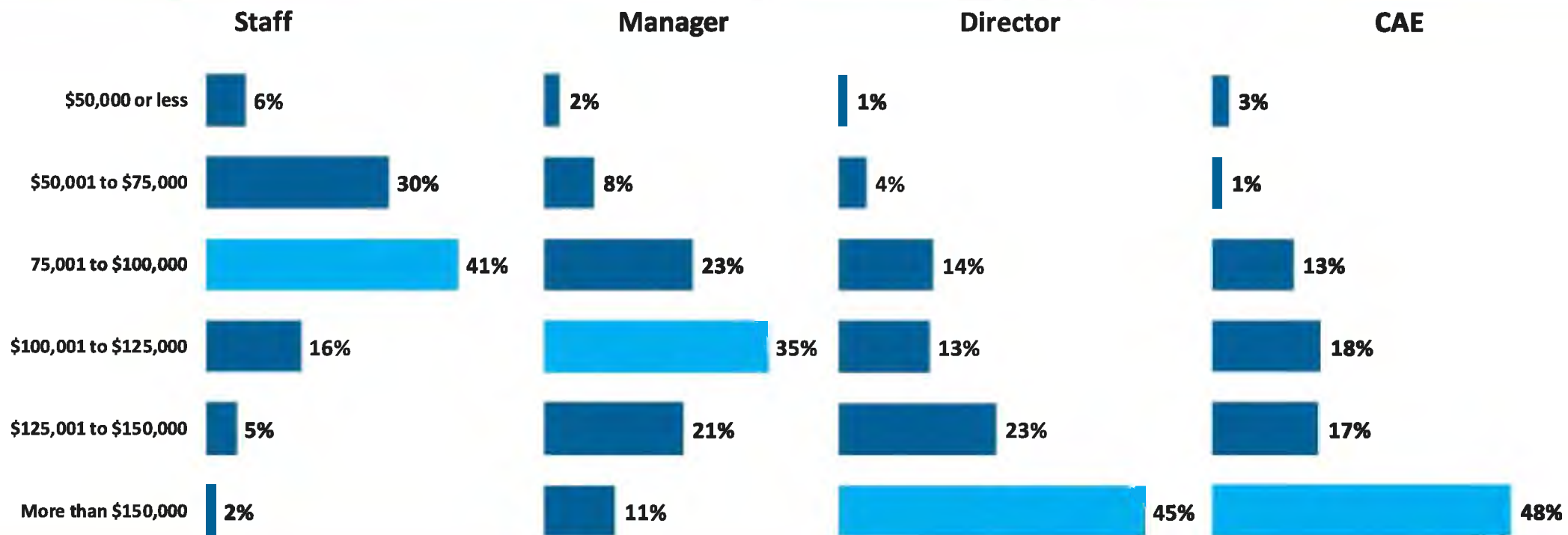
CIA
Discount

and so much more...



STUDENT INITIATIVES

Internal Auditing is a great career path!



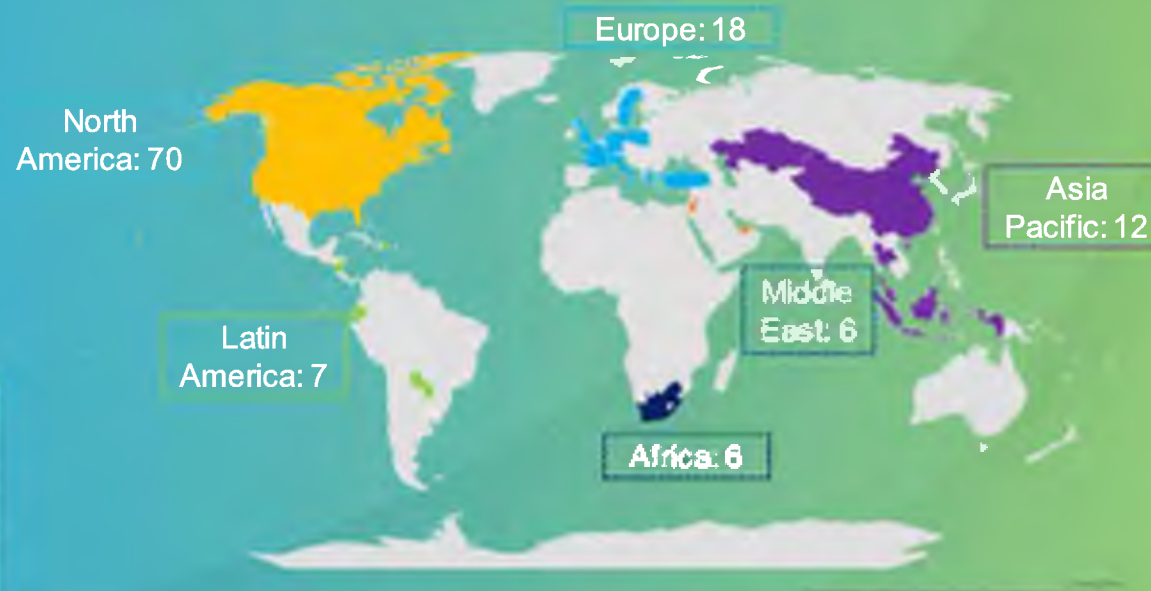
Source: IIA Member Satisfaction Survey
The Internal Audit Foundation



STUDENT INITIATIVES

IIA Academic Programs (IAAP & IAEP)

More than 115 colleges and universities worldwide



U.S. & Caribbean
Students Join Now!



Canada Students Join Now!



 ne IIA

MEMBERSHIPS

Memberships

- Overall count of 70,800+ members
- YoY growth of 2000 members (June 2022 vs June 2023)





IPPF EVOLUTION: ENABLING THE PROFESSION NOW AND INTO THE FUTURE

Our profession is in constant evolution, and so are our Standards...

Goals to IPPF Evolution:

-  Simplify the structure of the IPPF.
-  Clarify and align elements.
-  Timely and emerging topical areas.
-  Ensure practical and applicable (regardless of size, industry, maturity).
-  Communicate and advocate (with internal audit, stakeholders, regulators, etc.).

Global Internal Audit Standards Milestones



2021

Research and benchmarking as input for revisions to framework and standard-setting process.



2022

Outreach and engagement to receive input from broad variety of stakeholders. Revisions and development of new Standards.



2023: Q1 – Q3

Translation and release of draft for 90 days of public comment. Analysis and disposition of results.



2023: Q4

Approval of final draft. Translations begin.



2024: Q1

Target publication dates:

- Digital – January
- Print – March



2024

Updated Quality Assessment manual in Q1. New IIA instructor-led training and updated learning library in Q1. Updated Internal Audit Practitioner exam to be ready in Q3.



2025

New Standards become effective 12 months from the release date.



2025

Updated CIA Exam and study materials expected to be available March or later.

Standard-Setting & Oversight Council

- The IPPF Oversight Council was established in October 2010 to:
- Evaluate the due process for setting standards and guidance to promote inclusiveness and transparency, which ultimately serves the **public interest** and increases stakeholder confidence in The IIA's *Standards*.

Organizations represented:



Impacts

GOVERNANCE

ASSURANCE
& ADVISORY

**Internal
Audit**

Board
PUBLIC INTEREST

INSIGHT

**Management
& Organization**

2024
ASSURANCE +
ADVISORY

- Organization's Strategy and Activities
- Governance
- Risk Management
- Internal Controls

**BETTER QUALITY
HIGHER VALUE
ELEVATING IMPACTS**

Thank You!

We asked. You responded.

With your help, we will elevate the impact of internal auditing.

The public comment period closed (for all languages) on June 26.

Total Completed Surveys: 1,612

Countries & Territories: 135

The survey respondents submitted almost

19,000 comments

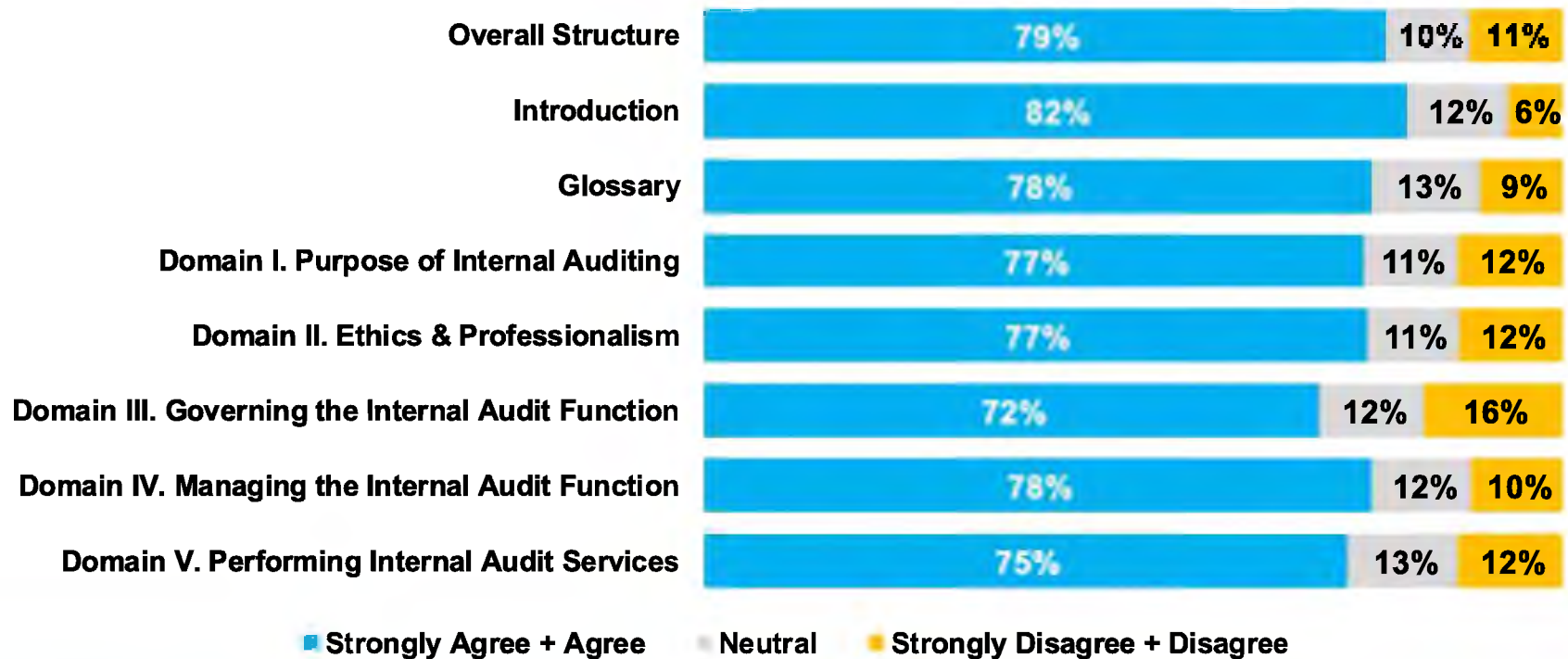
on specific areas.

This is an average of about

12 specific comments per person.

IPPF EVOLUTION: SURVEY RESULTS

Level of Agreement Among Respondents



IIA STANDARDS AND GUIDANCE

The IPPF Evolution

Current IPPF

International Professional Practices Framework



Proposed IPPF

International Professional Practices Framework

Global Internal Audit Standards

including requirements and considerations for implementation as well as evidence of conformance.

Guidance

including clarifications and best practices (Practice Guides and GTAGs).

Topical Requirements

A new mandatory element being developed.

Approved Topical Requirements will cover governance, risk management, and control processes over specific audit subjects.

New Structure

Five Domains

15 Principles

53 Standards

- Requirements
- Considerations for:
 - Implementation
 - Evidence of Conformance





GLOBAL INTERNAL AUDIT STANDARDS

Five Domains, 15 Principles

I: Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate Integrity

2. Maintain Objectivity

3. Demonstrate Competency

4. Exercise Due Professional Care

5. Maintain Confidentiality

III. Governing the Internal Audit Function

6. Authorized by the Board

7. Positioned Independently

8. Overseen by the Board

IV. Managing the Internal Audit Function

9. Plans Strategically

10. Manages Resources

11. Communicates Effectively

12. Enhances Quality

V. Performing Internal Audit Services

13. Plan Engagements Effectively

14. Conduct Engagement Work

15. Communicate Engagement Conclusions and Monitor Action Plans

GLOBAL INTERNAL AUDIT STANDARDS

Noteworthy Changes to Glossary

Old Term or Concept (Changing)	New Term
consulting services →	advisory services
engagement opinion →	engagement conclusion
internal audit activity →	internal audit function
purpose, authority, responsibility →	internal audit mandate
policies and procedures (internal audit) →	methodologies

Not a comprehensive list.
See the Glossary
Disposition resource at
theiaa.org/IPPFEvolution.

Existing Terms With New Definitions

board
control processes
fraud
internal auditing
risk appetite
should

New to the Glossary

assurance	finding	integrity	public sector	risk tolerance
competency	engagement planning	internal audit manual	residual risk	root cause
condition	engagement supervisor	internal audit plan	results of internal audit services	senior management
criteria	impact	likelihood	risk and control matrix	stakeholder
effect	inherent risk	may	risk assessment	workpapers

GLOBAL INTERNAL AUDIT STANDARDS

Domain I. Purpose of Internal Auditing

Internal auditing enhances the organization's success by providing the board and management with objective assurance and advice.

Internal auditing strengthens the organization's:

- Value creation, protection, and sustainability.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by internal auditors in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is positioned independently with direct accountability to the board.
- Internal auditors are free from bias and undue influence and committed to making objective assessments.

GLOBAL INTERNAL AUDIT STANDARDS

Domain II. Ethics and Professionalism

1. Demonstrate Integrity

Internal auditors demonstrate integrity in their work and behavior.

1.1 Honesty and Courage

1.2 Organization's Ethical Expectations

1.3 Legal and Professional Behavior

2. Maintain Objectivity

Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.

2.1 Individual Objectivity

2.2 Safeguarding Objectivity

2.3 Disclosing Impairments to Objectivity

3. Demonstrate Competency

Internal auditors apply the knowledge, skills, and abilities to fulfill their roles and responsibilities successfully.

3.1 Competency

3.2 Continuing Professional Development

4. Exercise Due Professional Care

Internal auditors apply due professional care in planning and performing internal audit services.

4.1 Conformance with Global Internal Audit Standards™

4.2 Due Professional Care

4.3 Professional Skepticism

5. Maintain Confidentiality

Internal auditors use and protect information appropriately.

5.1 Use of Information

5.2 Protection of Information

GLOBAL INTERNAL AUDIT STANDARDS

Domain III. Governing the Internal Audit Function

6. Authorized by the Board

The board establishes the authority, role, and responsibilities of the internal audit function.

6.1 Internal Audit Mandate

6.2 Board Support

7. Positioned Independently

The board establishes and protects the internal audit function's independence.

7.1 Organizational Independence

7.2 Chief Audit Executive Roles

7.3 Safeguards to Independence

8. Overseen by the Board

The board oversees the internal audit function to ensure the function's effectiveness.

8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Quality Assessment

GLOBAL INTERNAL AUDIT STANDARDS

Domain IV. Managing the Internal Audit Function

9. Plans Strategically

The chief audit executive plans strategically to ensure the internal audit function fulfills its mandate and is positioned for long-term success.

9.1 Understanding GRC Processes

9.2 Internal Audit Strategy

9.3 Internal Audit Charter

9.4 Methodologies

9.5 Internal Audit Plan

9.6 Coordination and Reliance

10. Manages Resources

The chief audit executive manages resources to implement the internal audit function's strategy, complete its plan, and achieve its mandate.

10.1 Financial Resource Management

10.2 Human Resource Management

10.3 Technological Resources

11. Communicates Effectively

The chief audit executive ensures the internal audit function communicates effectively with its stakeholders.

11.1 Building Relationships and Communicating with Stakeholders

11.2 Effective Communication

11.3 Communicating Results

11.4 Errors and Omissions

11.5 Communicating the Acceptance of Risks

12. Enhances Quality

The chief audit executive ensures conformance with the Global Internal Audit Standards™ and continuously improves the internal audit function's performance.

12.1 Internal Quality Assessment

12.2 Performance Measurement

12.3 Ensuring and Improving Engagement Performance

GLOBAL INTERNAL AUDIT STANDARDS

Domain V. Performing Internal Audit Services

13. Plan Engagements Effectively

Internal auditors plan each engagement using a systematic, disciplined approach.

13.1 Engagement Communication

13.2 Engagement Risk Assessment

13.3 Engagement Objectives and Scope

13.4 Evaluation Criteria

13.5 Engagement Resources

13.6 Work Program

14. Conducting Engagement Work

Internal auditors implement the engagement work program to achieve the engagement objectives.

14.1 Gathering Information for Analysis and Evaluation

14.2 Analyses and Potential Engagement Findings

14.3 Evaluation of Findings

14.4 Recommendations and Action Plans

14.5 Developing Engagement Conclusions

14.6 Documenting Engagements

15. Communicate Engagement Conclusions and Monitor Actions Plans

Internal auditors communicate the engagement findings and conclusions to the appropriate parties and monitor management's progress toward the completion of action plans.

15.1 Final Engagement Communication

15.2 Confirming the Implementation of Action Plans

GLOBAL INTERNAL AUDIT STANDARDS



International Professional
Practices Framework



- Present structure from 2017.
- Providing practical, authoritative guidance according to the IPPF.
- Created by teams of global subject matter experts
- Rigorous formal due diligence process.

GLOBAL INTERNAL AUDIT STANDARDS



International Professional
Practices Framework



- Ten new pieces of Supplemental Guidance introduced since 2022:
 - General guidance practice guides
 - Financial services practice guides
 - Public sector practice guides
 - Global Technology Audit Guides (GTAGs)
- 2024 and Beyond: Changes coming to update and align existing guidance to new Global Internal Audit Standards™.

IPPF EVOLUTION

Topical Requirements

Topical Requirements Defined

- Requirements when providing assurance on the topics
- Applicable for a specific audit topic or engagement
- Covering aspects of Governance, Risk Management and Controls

Topics Being Considered:

- Cybersecurity
- Sustainability: Environmental, Social & Governance
- Third Party Management
- Information Technology Governance
- Organizational Governance
- Fraud Risk Management
- Privacy Risk Management
- Public Sector: Performance Audits

Timeline

Topical Requirements will be under Development (2023-Q1/Q2 2024)

Topical Requirements will be published (Date: TBD)

2023

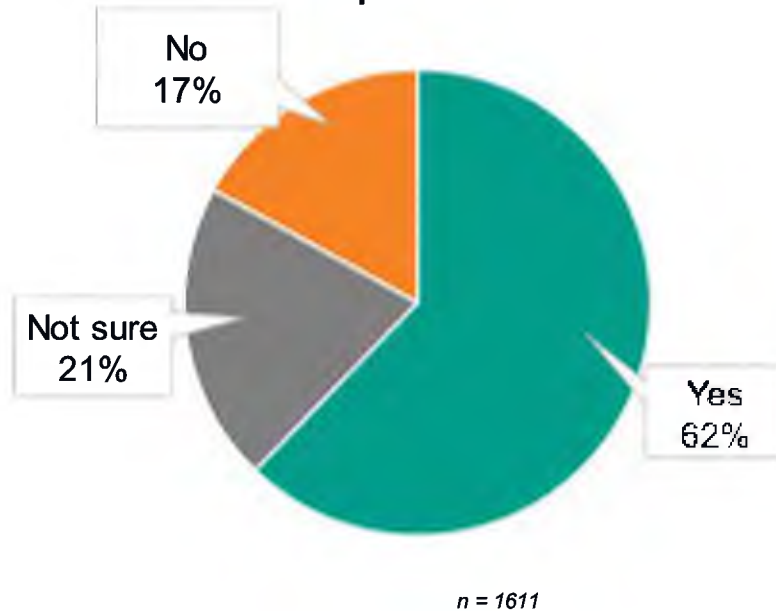
2024

2025

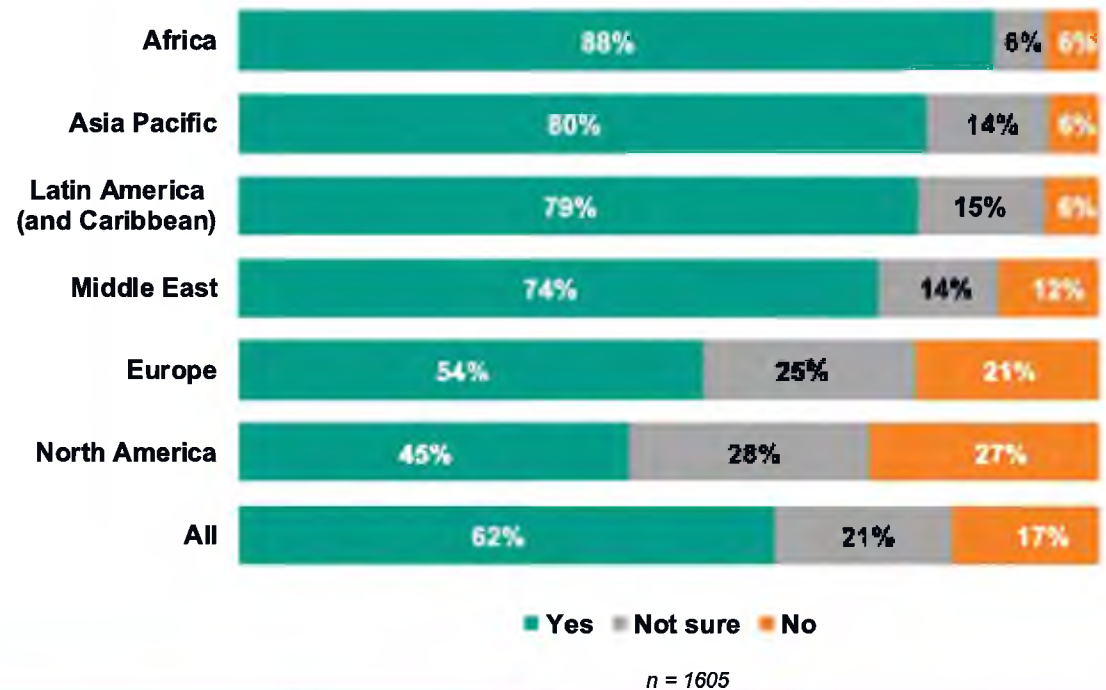
Topical Requirements will open for public comment (Date: TBD)

Survey Responses to Questions about Topical Requirements

Overall Support for Adding Topical Requirements

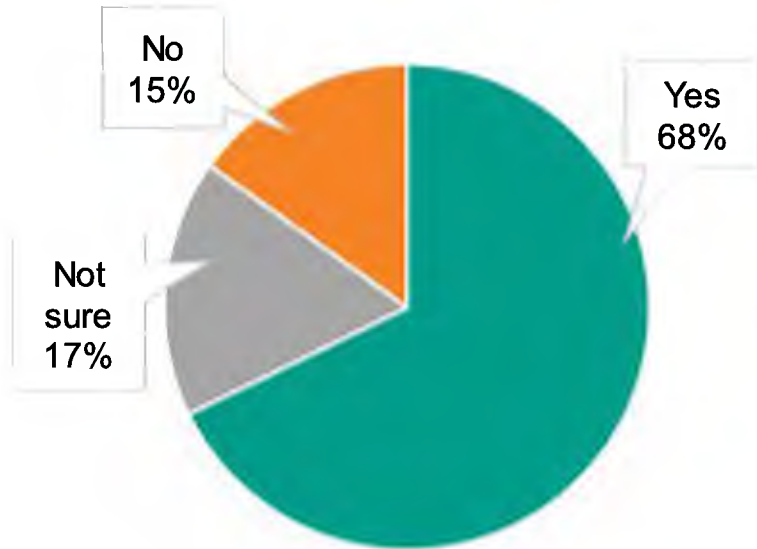


Support by region for Including Topical Requirements in the IPPF



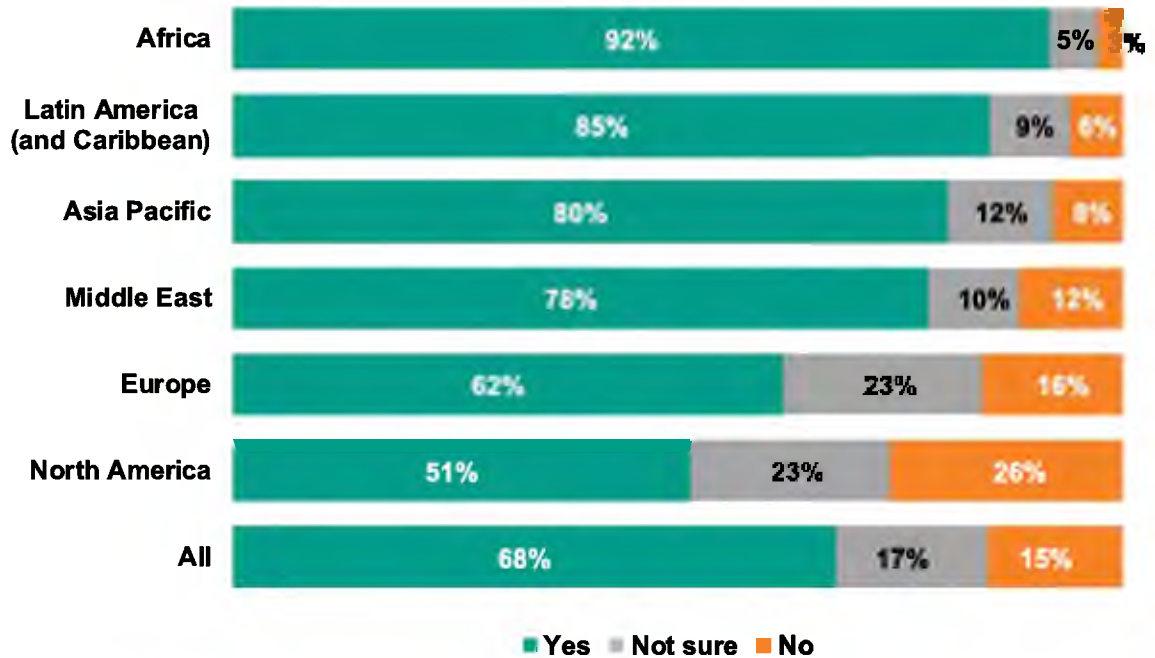
Survey Responses to Questions about Topical Requirements

Support for Proposed Topics



n = 1611

Support for Proposed Group of Topics for Topical Requirements by Region



n = 1605



CHANGES TO EXAMS FOR IIA CREDENTIALS



Exam

- *No changes before March 2025*
- *More information to come late in 2023*

Transition period

- *Information about changes will be communicated at least 1 year in advance*
- *In-process candidates will receive detailed information with time to select a path and complete it*

Study materials – CIA Learning System

- *Not before March 2025*



**Internal Audit
Practitioner**

- *No changes before July 2024*



CRMA

Certification in Risk Management Assurance[®]

- *Not affected; remains the same*

STANDARDS & GUIDANCE



- Providing practical, authoritative global guidance supplemental to the IPPF.
- Created by teams of global subject matter experts.
- Rigorous formal due diligence process.

***Scan the QR code or visit
theiia.org/practiceguides***

STANDARDS & GUIDANCE



- Ten new pieces of Supplemental Guidance introduced since 2022:
 - General guidance practice guides.
 - Financial services practice guides.
 - Public sector practice guides.
 - Global Technology Audit Guides.
- 2024 and Beyond: Changes coming to update and align existing guidance to new Global Internal Audit Standards™.

INTERNAL AUDIT FOUNDATION

IAF: 2023 RESEARCH RELEASES



Pulse of Internal Audit

- Released: March 2023



Building A Best-In-Class Whistleblower Hotline Program

- Released: May 2023
- With ACFE



Supporting Diversity, Equity, and Inclusion from the Inside Out

- Released: May 2023
- With Deloitte



Increase Your Data Analytics ROI: Action Steps for IA Leaders

- Releasing: June 2023
- With Grant Thornton



Risk in Focus Global Reports

- Releasing Sept. 2023
- 5 regional reports
- With IIA regional bodies and Audit Board



IT Audit Benchmarking Survey

- Releasing Oct. 2023
- With Protiviti



Privacy and Data Protection

- Releasing Q3/Q4 2023
- With Crowe



Expanding the Internal Audit Talent Pipeline

- Releasing Q3/Q4 2023
- Seeking sponsor

SUPPORTING DIVERSITY, EQUITY, AND INCLUSION FROM THE INSIDE OUT

- Part 3 of a three-part series
- In partnership with Deloitte
- Released July 2023
- Available online
- Provides a roadmap for how the internal audit function can practically apply techniques ‘inside out,’ beginning within its own function and expanding outwards to the enterprise level and also to key stakeholders to support management in achieving its DEI objectives.



IAF: INCREASE YOUR DATA ANALYTICS ROI

ACTION STEPS FOR IA LEADERS:

- Analytic investments translate to tangible value.
- As usage of data analytics increases, so does perceived value.
- A broad range of use cases to drive value.
- The top 3 areas of value for internal audit were internal controls evaluation, fraud detection, and compliance monitoring.



IAF: INCREASE YOUR DATAANALYTICS ROI

- In partnership with Grant Thornton
- Releasing June 2023
- Nearly 200 chief audit executives and directors weighed in on how they are using data and analytics to create and enhance value. Their insights can serve as a guide for enhancing analytic success and overcoming common roadblocks. Some of the key takeaways from the CAE survey respondents include:
 - CAEs reported that analytic investments translate to tangible value.
 - As the usage of data analytics increases, so does the perceived value.
 - Value was achieved across internal audit activities (e.g., internal controls evaluation, fraud detection, compliance monitoring).
 - CAEs reported a broad range of use cases to drive value (which are described in this report).

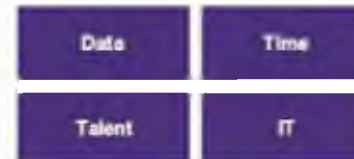
The Power of Data Analytics

- 94%** of internal audit teams have prioritized analytics through dedicated analytic resources and/or training.
- 85%** reported that analytics and automation add value to internal audit. Value is reported across all sizes of internal audit teams.

Top 3 Areas for Adding Value Through Data Analytics

- Internal controls evaluation
- Fraud detection
- Compliance monitoring

Common Inhibitors of Analytics Progress



Opportunities to Increase Value



IAF: RISK IN FOCUS REGIONAL REPORTS

- In partnership with IA regional bodies
- 5 reports in September from IAF:
 - Africa
 - Asia Pacific
 - Middle East
 - Latin America
 - North America
- European report to be issued by ECIIA

IAF: IT AUDIT BENCHMARKING SURVEY

- Inaugural edition
- Research occurring Q3 2023
- Report expected to be issued in Oct. 2023
- In partnership with Proviviti



IAF: PRIVACY AND DATA PROTECTION PART 3

- Joint effort with Crowe
- Third in a 3-part series
- Research in Q3 2023
- Report expected by Dec. 2023

Purpose:

To uncover additional opportunities for internal auditors to contribute to their organizations' data privacy and protection program

Data Collection:

Conduct focus groups with CAEs, consultants, and privacy professionals from various organizations and industries

Deliverable:

Written report (final article of the series)

Expanding the Internal Audit Pipeline

IAF: RESEARCH OBJECTIVE

Expanding the Internal Audit Pipeline

- The Internal Audit Foundation's 2022 Global Premier Report *Internal Audit: A Global View* reported on the changing demographics of our profession.
- Our research shows a marked drop-off in the percentage of respondents under age 40, indicating that as time passes, we are not refilling the internal audit pipeline with a new generation of talent.

A Two-Part Series

Through this global research we seek to:

- 1) Learn how educators and higher education institutions are supporting the pipeline of internal auditors.
- 2) Investigate recruitment in internal audit functions to uncover the key skills and characteristics that make ideal internal auditors and define typical promotion pathways.

IAF: RESEARCH APPROACH

Phase 1: Educators' Perspectives

- **Purpose:** To understand educators' perspectives on expanding the IA pipeline and positioning students for internal audit careers
- **Data collection methods and sample:** Rapid brainstorming exercise at Global Student Conference (GSC)
- An online survey to educators of participating Internal Auditing Education Partnership Program (IEAP) and Academic Awareness Program schools
- Supplemental research activity at AAA's 2023 Annual Meeting (half-day session)
- **Deliverable:** Report on findings from collected data
- **Anticipated public release date:** October 2023



IAF: RESEARCH APPROACH

Phase 2: Perspectives of Practitioners in Hiring Roles

- **Purpose:** To understand IA hiring trends of recent college graduates for entry-level internal audit positions and the important characteristics and competencies hiring managers are looking for according to the current landscape.
- **Data collection methods and sample:** Online survey to practitioners/hiring managers (IIA contacts).
- **Deliverables:**
 - Report on survey findings; Academic journal publication
 - One-page infographic (geared toward students) illustrating the practical application of phase 1 and phase 2 results
- **Anticipated public release date of the report:** July 2024



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