

# **The Atlanta Conference 2025**

## **The State of the Internal Audit Profession**

**Benito Ybarra, CIA, CISA, CFE, CCEP**

**EVP – Global Standards, Guidance & Certifications**



## Session Agenda

- Our Expanding Role in ERM
- Standards: What You Need to Know
  - Domains I-V
  - Topical Requirements
- Four-level Quality Rating and Conclusion Model
- EQA Process
- Strategic Partnerships
- Driving the Future of Internal Audit
- Strategic Insights

The background of the slide features a dark grey field populated with numerous small, solid purple circles. These circles are arranged in a non-uniform, somewhat random pattern, with some areas showing higher density than others, creating a textured, starry effect.

# **Our Expanding Role in ERM**

# Our Expanding Role in ERM

## ERM is Expanding and Redefining Internal Audit

### Internal Audit's Traditional Role in ERM

Observer and evaluator  
Compliance and controls focus  
Limited engagement

### Shifting To a More Dynamic, Proactive Role

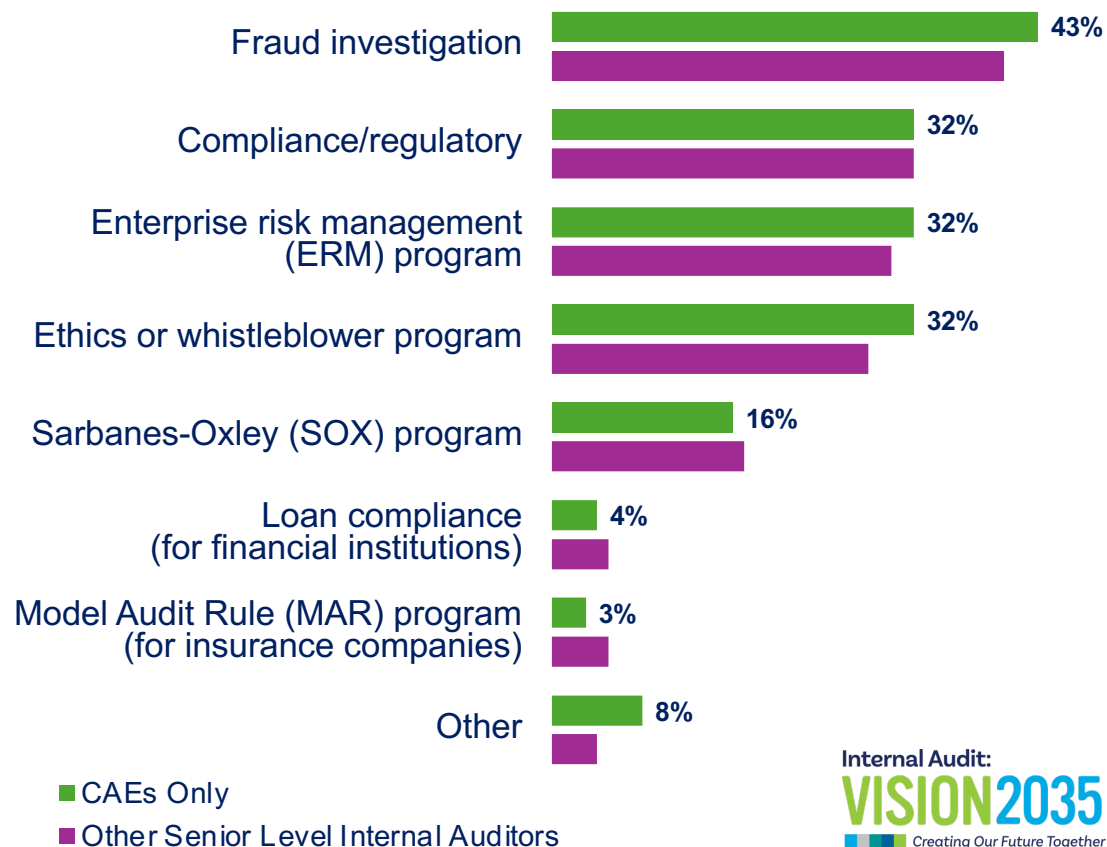
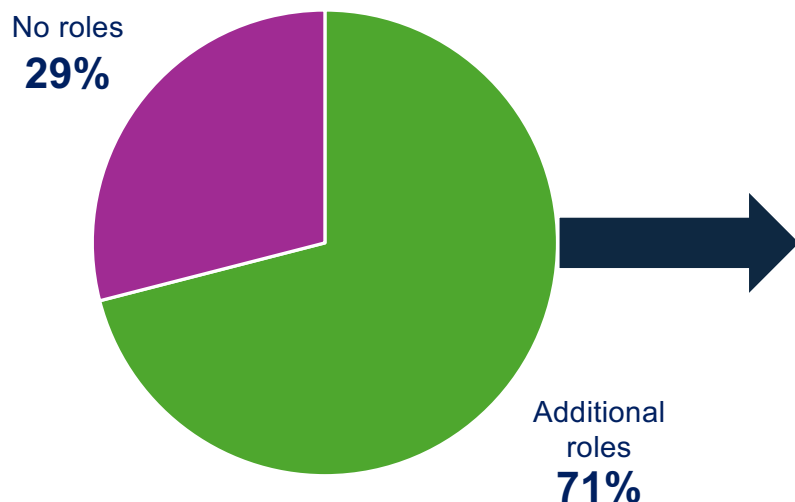
Strategic advisor  
Connector across functions  
Promote risk culture

### Going Beyond Internal Audit

71% of CAEs have roles beyond  
internal audit, including ERM, fraud  
investigation, and compliance

# Our Expanding Role in ERM

**71%** of respondents have roles outside of Internal Audit





# Our Expanding Role in ERM

## From Assurance to Foresight

*Modern audit is about anticipating, not just validating risks*

Internal Audit:  
**VISION2035**  
Creating Our Future Together

Go beyond assurance  
and compliance

Prioritize strategic  
planning with a  
long-term focus

YEAR  
2035

Provide advice and  
strategy for the  
profession as a whole

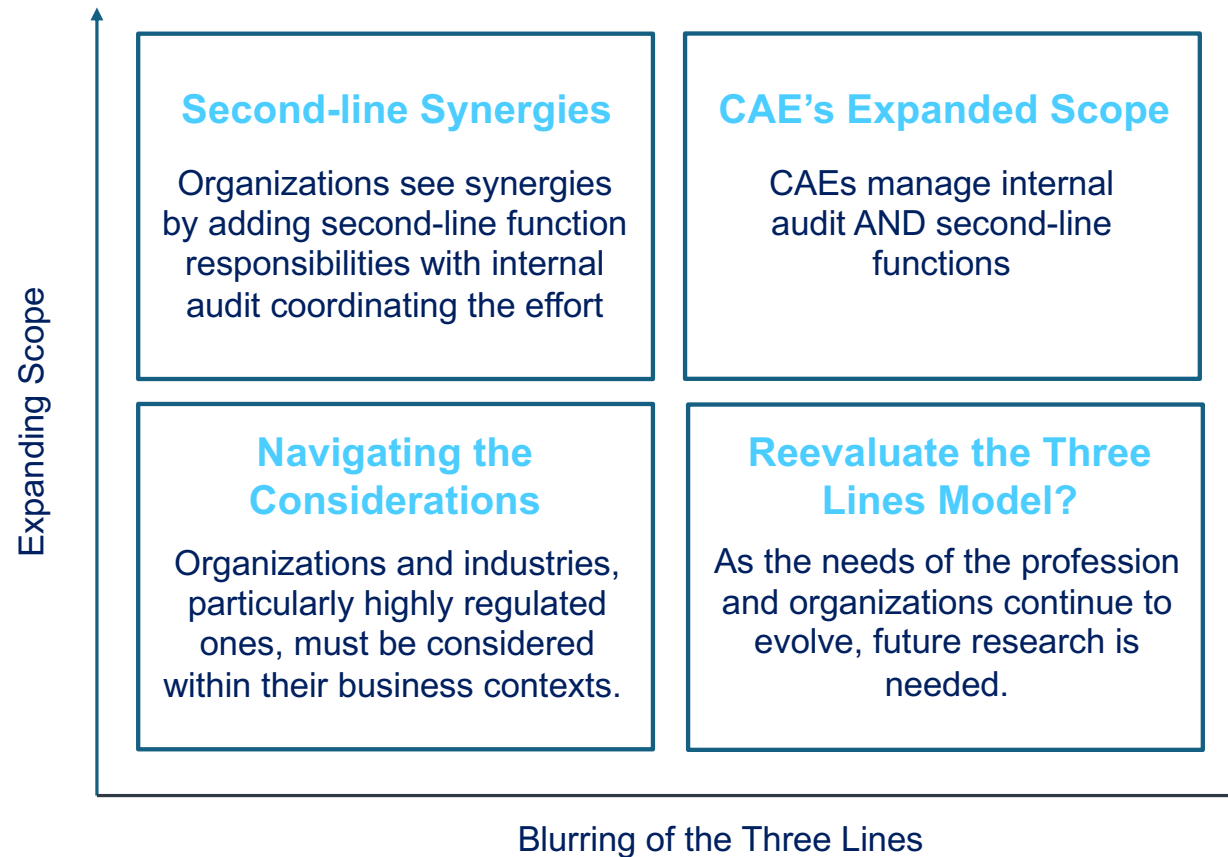
Prepare the profession  
for a future with a  
stronger advisory role

Shift away from hindsight and move into foresight

# Our Expanding Role in ERM

## The IIA's Three Lines Model

The Three Lines  
are already being  
blurred



# Our Expanding Role in ERM

**We Illuminate Risk**  
We Don't Manage It





# Our Expanding Role in ERM

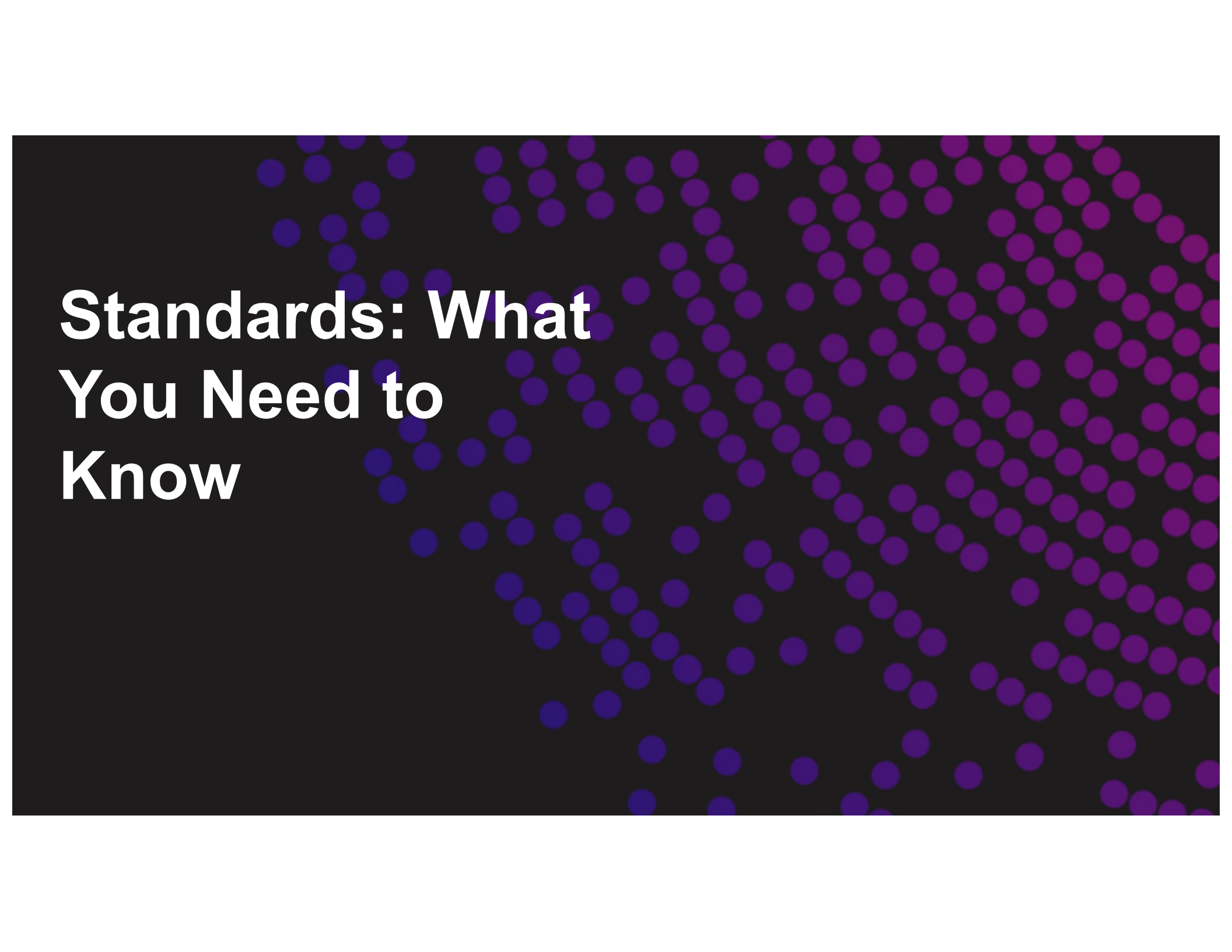
- Advise on the development and implementation of the ERM framework
- Facilitate risk assessments and strategic discussions
- Provide insight into risk mitigation plans
- Evaluate risk culture and risk appetite alignment
- Audit the effectiveness of governance and risk management activities
- Report independently to management and the board

Internal auditors do not own or accept responsibility for risks—they help ensure the right people do



# Our Expanding Role in ERM



The background of the slide features a dark, textured surface with a pattern of small, semi-transparent purple dots. These dots are arranged in a way that creates a sense of depth and movement, with some dots appearing more prominent than others.

# **Standards: What You Need to Know**

# Standards: What You Need to Know

## The IPPF Evolution

Aligning with the shifting role of internal auditors by emphasizing:

- Risk management and governance
- Stakeholder engagement
- Use of technology
- Contribution to strategic objectives
- Focus on continuous improvement





# Standards: What You Need to Know

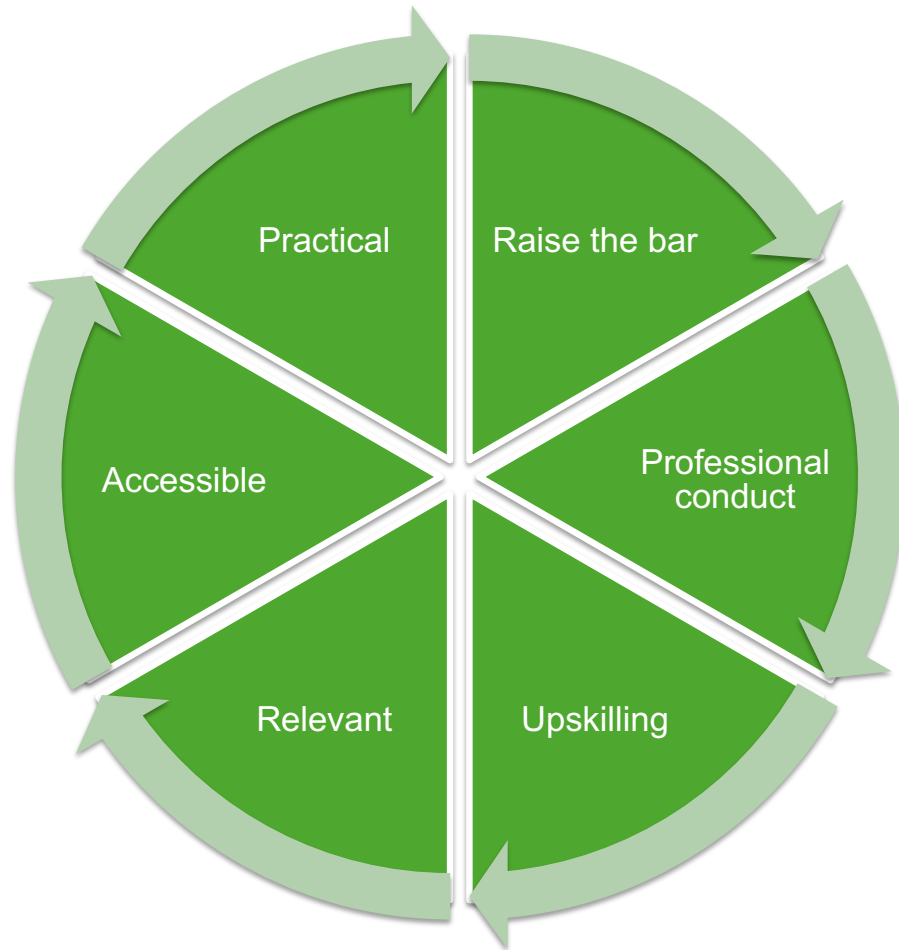
## Global Internal Audit Standards: New Structure

- 5 Domains
- 15 Principles
  - 52 Standards
    - Requirements
    - Considerations for Implementation
    - Examples of Evidence of Conformance

### Additional features:

- Fundamentals
- Applying the Standards in the Public Sector
- Glossary

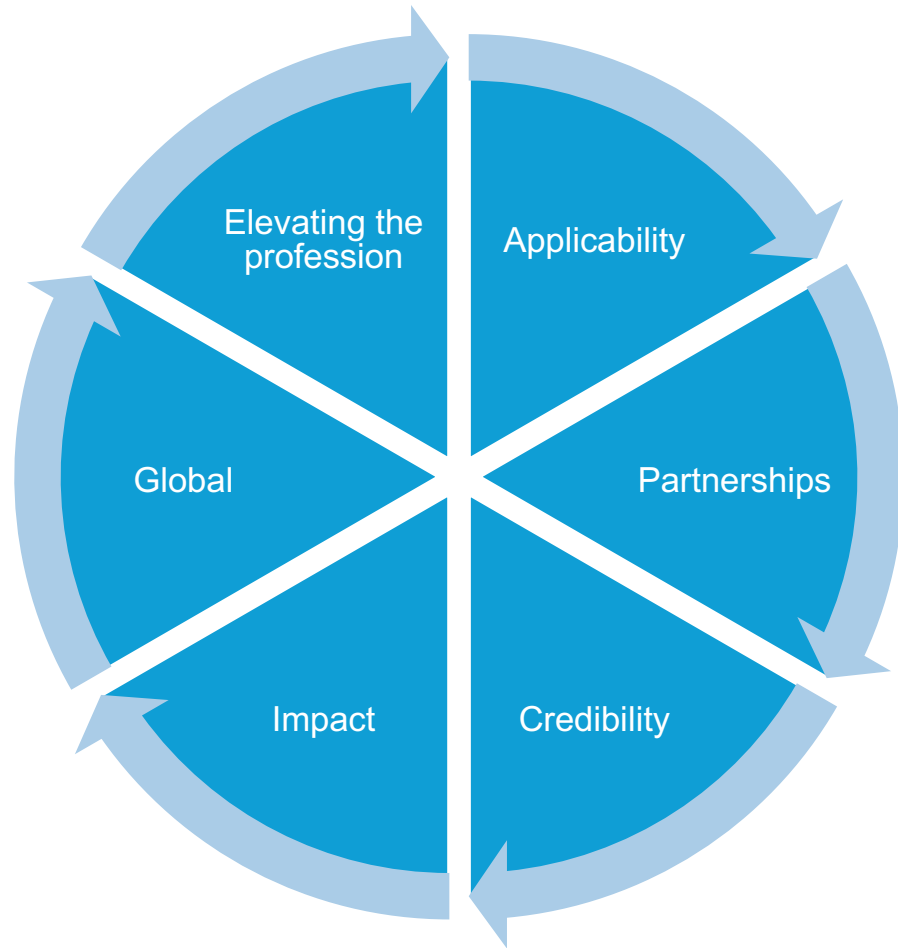
## Significance for Internal Auditors



## Significance for Internal Audit Function



# Significance for Internal Audit Profession





# Standards: What You Need to Know

## Domain I: Purpose of Internal Auditing

## Domain II: Ethics and Professionalism

1. Demonstrate Integrity

2. Maintain Objectivity

3. Demonstrate Competency

4. Exercise Due Professional Care

5. Maintain Confidentiality

## Domain III: Governing the Internal Audit Function

- 6. Authorized by the Board
- 7. Positioned Independently
- 8. Overseen by the Board

## Domain IV: Managing the Internal Audit Function

- 9. Plan Strategically
- 10. Manage Resources
- 11. Communicate Effectively

## Domain V: Performing Internal Audit Services

- 13. Plan Engagements Effectively
- 14. Conduct Engagement Work
- 15. Communicate Engagement Conclusions and Monitor Action Plans

# **Standards: What You Need to Know**

## **Fundamentals of the Global Internal Audit Standards**

**Internal Auditing &  
Public Interest**

**Application in Small  
Internal Audit  
Functions**

**Demonstrating  
Conformance with  
the Standards**

**Application for Public  
Sector**

# Standards: What You Need to Know

## Applying the Standards in the Public Sector

Internal auditors in the public sector operate in a political environment, which sometimes differs from private sector in how they apply the Standards and use terminology, specifically related to the following areas:



**Laws and/or  
Regulations**

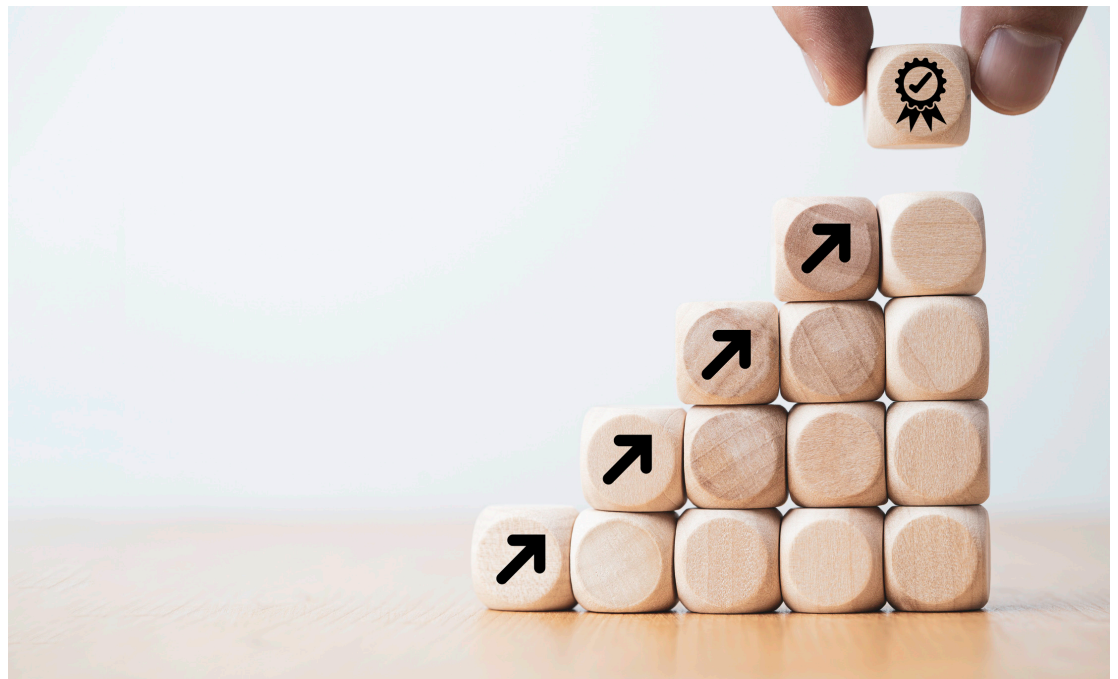
**Governance  
and  
Organizational  
Structure**

**Funding**

# Domain I: Purpose of Internal Auditing

## Purpose Statement:

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.





# Domain II: Ethics and Professionalism

## 1. Demonstrate Integrity

Internal auditors demonstrate integrity in their work and behavior.

1.1 Honesty and Professional Courage

1.2 Organization's Ethical Expectations

1.3 Legal and Ethical 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. Maintain Objectivity

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

# Domain III: Governing the Internal Audit Function

**Domain III standards include “essential conditions” for an effective internal audit function**

## 6. Authorized by the Board

The board establishes, approves, and supports the mandate of the internal audit function.

6.1 Internal Audit Committee

6.2 Internal Audit Charter

6.3 Board and Senior Management Support

## 7. Positioned Independently

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

7.1 Organizational Independence

7.2 Chief Audit Executive Qualifications

## 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

# Domain IV: Managing the Internal Audit Function

## 9. Plan Strategically

The chief audit executive plans strategically to position the internal audit function to fulfill its mandate and achieve long-term success.

9.1 Understanding Governance, Risk Management, and Control Processes

9.2 Internal Audit Strategy

9.3 Methodologies

9.4 Internal Audit Plan

9.5 Coordination and Reliance

## 10. Manage Resources

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

10.1 Financial Resource Management

10.2 Human Resources Management

10.3 Technological Resources

## 11. Communicate Effectively

The chief audit executive guides the internal audit function to communicate 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. Enhance Quality

The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.

12.1 Internal Quality Assessment

12.2 Performance Measurement

12.3 Oversee and Improve Engagement Performance

# 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. Conduct Engagement Work

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

14.1 Gathering Information for Analyses and Evaluation

14.2 Analyses and Potential Engagement Findings

14.3 Evaluation of Findings

14.4 Recommendations and Action Plans

14.5 Engagement Conclusions

14.6 Engagement Documentation

## 15. Communicate Engagement Results and Monitor Actions Plans

Internal auditors communicate the engagement results to the appropriate parties and monitor management's progress toward implementation of recommendations or action plans.

15.1 Final Engagement Communication

15.2 Confirming the Implementation of Recommendations or Action Plans



# Standards: What You Need to Know

## Topical Requirements

Topical Requirements are developed by volunteer and staff experts representing diverse sectors and industries globally, getting public and stakeholder input, and having independent oversight.

### Why Topical Requirements?

- Ensures consistency
- Builds confidence
- Increases focus
- Strengthens relevance

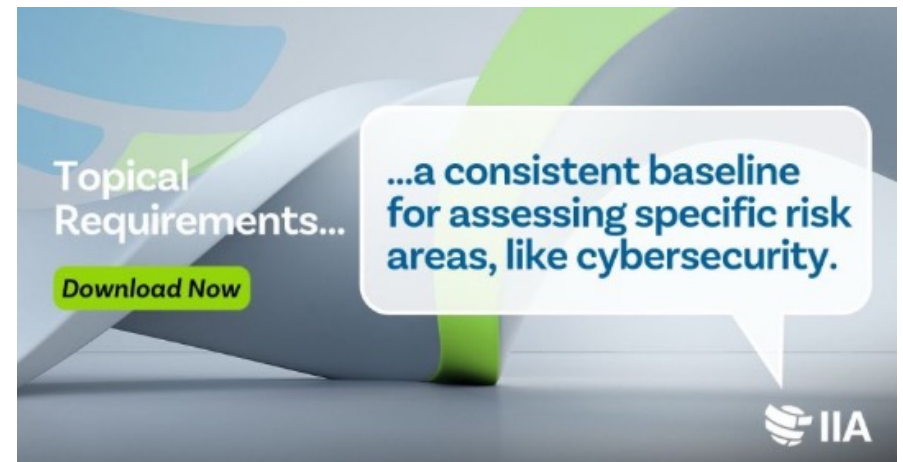


# Standards: What You Need to Know



## Topics Approved by Global Guidance Council

- **Cybersecurity**
- **Third-Party**
- **Organizational Behavior**
- Organizational Resilience
- Anti-Corruption/Bribery
- People Management
- Fraud Risk Management
- Sustainability: ESG



# Standards: What You Need to Know

New structure,  
new content

New purpose  
statement

Ethical principles  
and standards

Considerations  
for  
implementation

Essential  
conditions for  
governance

Conform or  
explain

Strategy and  
relationship  
building

Conclusions and  
themes

Emphasis on  
board oversight

Performance as  
part of quality

No separate  
assurance/  
advisory  
standards

Section for public  
sector



# Four-level Quality Rating and Conclusion Model



# Four-level Quality Rating and Conclusion Model

## (Full and General Achievement)

CAE may include in reports that engagements are performed in conformance with the Standards

Quality Rating	For Conclusions on Achieving Overall Conformance	For Conclusions on Achieving Each Principle	For Conclusions on Conforming with Each Standard
<b>Full Achievement (or Conformance)</b>	The internal audit function is fully achieving all 15 Principles and the Purpose of Internal Auditing (Domain I).	The internal audit function is fully achieving all standards related to the Principle and the Principle's intent.	The internal audit function is fully conforming with all requirements of the Standard and the Standard's intent.
<b>General Achievement (or General Conformance)</b>	The internal audit function is not fully achieving at least one Principle or aspect of Domain I but is achieving the Purpose of Internal Auditing.	The internal audit function is not fully achieving at least one Standard but is achieving the Principle's intent.	The internal audit function is not fully conforming with at least one requirement but is achieving the Standard's intent.

# Four-level Quality Rating and Conclusion Model

## (Partial and Nonachievement)

CAE may not include in reports that engagements are performed in conformance with the Standards

Quality Rating	For Conclusions on Achieving Overall Conformance	For Conclusions on Achieving Each Principle	For Conclusions on Conforming with Each Standard
<b>Partial Achievement (or Partial Conformance)</b>	The internal audit function is not fully achieving at least one Principle or aspect of Domain I, and the impact is significant enough to rate the function's overall achievement as partially achieving.	The internal audit function is not fully conforming with at least one Standard, and the impact is significant enough to rate the function as partially achieving the Principle's intent.	The internal audit function is not fully conforming with at least one requirement, and the impact is significant enough to rate conformance with the Standard as partially conforming with the Standard's intent.
<b>Nonachievement (or Nonconformance)</b>	The internal audit function is not fully achieving at least one Principle and the impact is significant enough to rate the function's overall achievement as not achieving.	The internal audit function is not fully conforming with at least one Standard, and the impact is significant enough to rate the function as not achieving the Principle's intent.	The internal audit function is not fully conforming with at least one requirement, and the impact is significant enough to rate conformance with the Standard as not achieving the Standard's intent.



# EQA Process

# EQA Process

## Summary of Requirements

- The results of internal and external quality assessments must include (Standard 8.3):
- Communications of the internal audit function's:
  - Standards Conformance
  - Achievement of performance objectives
- If applicable,
  - Compliance with laws and/or regulations relevant to internal auditing
  - Plans to address
    - Conformance gaps
    - Enhancement opportunities

## Recommendations

- Conclusions on:
  - Maturity of the IA function
  - Achievement of Principles
- Enhanced guidance for IAFs
  - Public sector
  - Small functions (1 to 10 FTEs)
  - All functions
- Topical Requirements



# EQA Process

- Internal Audit Charter
- Audit Committee Charter
- Internal Audit Manual (Methodologies, i.e., Policies & Procedures)
- QAIP (Quality Assurance and Improvement Program)
- Internal Audit Strategic Plan
- Audit Committee and Senior Management Presentations
- Balanced Scorecards to Report Performance
- Internal Audit/Audit Committee Checklist
- Internal Audit Training
- Internal Audit Awareness/Marketing Program

The background of the slide features a dark grey field populated with numerous small, solid purple circles. These circles are arranged in a non-uniform, somewhat random pattern, with some areas showing higher density than others, creating a textured, starry effect.

# Strategic Partnerships

# Strategic Partnerships

- Association of Certified Fraud Examiners (ACFE)
- Association of Chartered Certified Accountants (ACCA)
- International Organization of Supreme Audit Institutions (INTOSAI)
- Organization for Economic Co-operation and Development (OECD)
- Public Expenditure Management Peer-Assisted Learning (PEMPAL)
- Association of Local Government Auditors (ALGA)





The background of the slide features a dark grey field populated with numerous small, solid purple circles. These circles are arranged in a non-uniform, somewhat random pattern, with some areas appearing denser than others, creating a textured, digital effect.

# Driving the Future of Internal Audit



# Driving the Future of Internal Audit

## The Importance of Certifications



- ✓ Permanent credential
- ✓ Part 1 of CIA Exam



- ✓ New syllabi
- ✓ Three ways to achieve



- ✓ No prerequisite
- ✓ Risk-focused certification

# Driving the Future of Internal Audit

## Excitement Around the New IAP® Pathway

### Students

- **Professional Awareness** – Discover internal auditing as a viable career path as an undergraduate
- **Career Acceleration** – Stand out in the job market with early progress toward a respected credential
- **Applied Learning** – Reinforce academic concepts through practical certification preparation

### Academic Institutions

- **Program Differentiation** – Enhance curriculum value by aligning with a globally recognized certification
- **Student Outcomes** – Improve graduate employability and placement statistics
- **Stronger Industry Connections** – Deepen partnerships with employers and the IIA

### Internal Audit Profession

- **Talent Pipeline** – Broaden and deepen the pool of entry-level internal audit professionals.
- **Earlier Engagement** – Cultivate awareness and interest in the profession among future professionals.

# Driving the Future of Internal Audit

## CIA® 2025

- CIA with the updated syllabus launched May 28, 2025
- First CIA 2025 exam administered in Brisbane, Australia
- Online proctoring discontinued on May 28, 2025; actions taken to minimize candidate impact:
  - Activated **28 additional test centers** to support candidates in remote locations, **12 pending activations**; total: **1,279 test centers in 248 countries and territories**
  - Evaluating the need for additional test centers based on candidate location at time of registration
  - Developing a secret shopper program to audit test center practices and adherence to security protocols
    - Collaborating with test security vendor to develop a training and audit protocols
    - Recruit CIA members (on a voluntary basis) to perform the audit in exchange for CPE hours
    - Launch program in Q4
- Adding **10 languages** to our practice test offerings with the help of AI translation – practice tests available in **14 languages total** when all CIA exams are updated

# Strategic Insights

The background of the slide features a dark, charcoal-colored field populated with numerous small, solid purple circles. These circles are scattered across the entire area, with a higher density on the right side, creating a textured, starry effect.





# Strategic Insights: Your Role in the New Landscape

**Independence**

**Compliance**

**Risk  
Identification**



**Collaboration**

**Strategic  
Advisor**

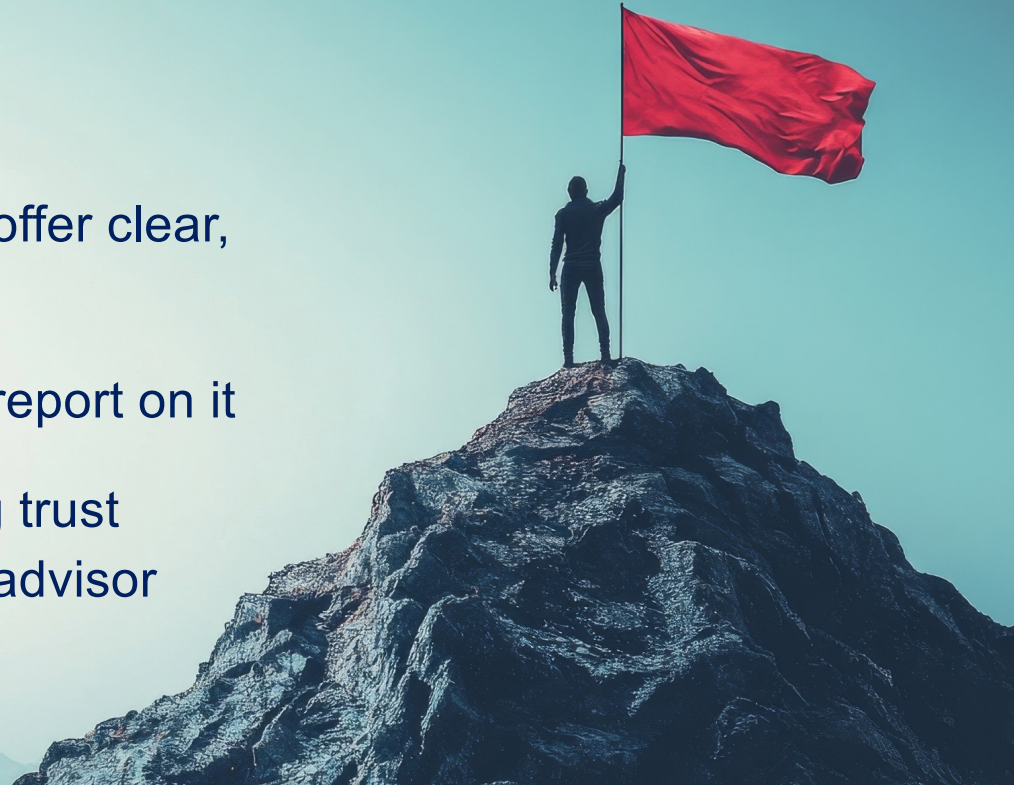
**Risk  
Ownership**



# Strategic Insights: Your Role in the New Landscape

## **The Auditors that Boards Need:** Courageous, Candid, and Connected

- Speak up, challenge assumptions, and offer clear, candid insight
- Be bold: help shape strategy, don't just report on it
- Take a seat at the table through building trust and demonstrating value as a strategic advisor





# Thank you!



Connect with me on LinkedIn!