Internal Audit Code of Practice

We are excited to introduce the new Internal Audit Code of Practice, which sets out fundamental principles for running a strong and effective internal audit function. For the first time, we present a unified Code that encompasses the financial, private, and third sectors.

The Code reflects the final recommendations of the Independent Internal Audit Code of Practice Review Committee and has received full endorsement by the Chartered IIA's Council. We urge boards and internal audit professionals across the financial, private and third sectors to adopt and implement the Code's principles, embarking on their path to full compliance. Embracing these principles will maximise the value of internal audit and unlock the full potential of our profession.

The release of the new Code is particularly timely as our profession navigates an increasingly more uncertain, risky and rapidly changing world. It provides a unique opportunity to strengthen the role of internal audit in assisting boards and senior management with identifying, managing and mitigating risks effectively in a dynamic landscape. A stronger internal audit profession is also essential in restoring trust in the broader audit and corporate governance ecosystem.

The Code aligns with new Global Internal Audit Standards which constitutes the baseline for our profession. The Code serves as an industry benchmark to embed best practices and raise the bar of the internal audit profession across the UK and Ireland. We believe it is crucial to continually challenge internal audit functions to enhance their performance, given the significant role our nations play in the global economy and in championing world-leading corporate governance.

Effective from January 2025, the Code will be applicable to all internal audit functions in the financial services, private and third sectors, in alignment with the new Global Internal Audit Standards and the revised UK Corporate Governance Code. Although the Code remains principles-based and should be applied proportionately, we recognise that some internal audit functions may be at different stages of their compliance journey. Nonetheless, all functions are expected to engage with the Code's principles. External Quality Assessment (EQA) providers will benchmark against the Code and assess progress towards best practices.

The Code's recommendations were developed by a diverse and experienced committee of senior internal audit professionals and audit committee chairs, with input from several UK and Ireland regulators who participated as observers. The Code underwent extensive public consultation, and the feedback received was thoroughly considered by both the Independent Internal Audit Code of Practice Review Committee and the Chartered IIA's Council. While modifications were made based on feedback, it is noteworthy that all the proposed changes were strongly supported by the majority of consultation participants.

Both the Chartered IIA’s Council and the Committee are confident that the final Code equips the UK and Ireland internal audit profession to meet current challenges, remain relevant, and evolve as strategic advisors to the organisations we serve. Now, more than ever, our profession needs to be bold and courageous. The new Code ensures that internal audit continues to play a crucial role in protecting the assets, reputation, and sustainability of our organisations.

We believe this Code will be instrumental in moving our profession forward and enhancing corporate governance in the UK and Ireland.

Sandro Boeri, President, Chartered IIA &

Sally Clark, Chair, The Independent Internal Audit Code

The Principles

The purpose of the Code

The principles which follow are aimed at enhancing the overall impact and effectiveness of internal audit within organisations operating in the UK and Ireland. They are regarded as a benchmark of good practice against which organisations should assess their internal audit function.

Who is it for?

The intended audience for the Code of Practice (the ‘Code’) includes members of board audit and risk committees, chief audit executives, non-executive directors, senior management, and, where appropriate, regulatory bodies.

The Code is intended to be applied by all organisations in the financial services, private and third sectors with an internal audit function and a board audit committee of independent non-executive directors or their equivalent. This Code may prove useful for internal audit in the public sector, but it is not drafted with the public sector specifically in mind. Public sector internal audit functions should continue to follow the Global Internal Audit Standards.

How should it be applied?

The Code should be applied in conjunction with the Global Internal Audit Standards. The Code builds on these Standards and seeks to increase the impact and effectiveness of internal audit.

The Code is principles-based. It is expected that the principles are applied proportionately, in line with the nature, scope and complexity of the organisation. Internal audit functions should apply the Code in the context of internal audit regulatory standards applicable to the organisation.