

NEWSLETTER

The Global Internal Audit Standards: Kenya's Audit Revolution

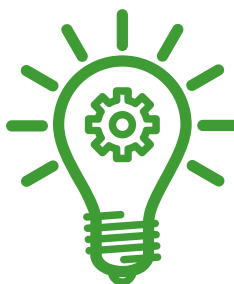
Introduction

On January 9, 2025, the mandatory implementation of the 2024 Global Internal Audit Standards took effect, superseding the 2017 International Professional Practices Framework. Introduced on January 9th 2024, these standards have begun revolutionizing internal auditing globally, and just two months into their application, they are yielding notable benefits for Kenya.

Due to fast economic growth, regulatory changes and rising governance changes, this framework offers businesses a powerful toolkit to strengthen resilience, enhance decision-making and build trust with various stakeholders. Despite it being designed for auditors, its real value lies in how businesses can use it to pivot operational excellence and strategic success.

A framework for a changing business landscape

The 2024 Standards replaces the 2017 IPPF, responding to a decade of ever-changing risks; from a 15% hike in digital fraud occurrences as reported by the Central Bank of Kenya in 2024 to tightened Environmental, Social and Governance disclosure rules by the Capital Markets Authority as well as pressures changing corporate priorities and transforming everything from supply chains to risk management. The old standards weren't obsolete but were not agile and flexible enough for today's high-stakes landscape.



Structure of the new framework

What's changed? For starters, the framework consolidates the IPPF's former standalone elements like the Code of Ethics and Core Principles into an integrated whole, supported by practical requirements and implementation considerations. Organized across 5 domains and 15 principles, the new framework connects ethics, governance and actionable guidance into a unified, principle-based approach. Endorsed by the IIA Kenya Chapter, these standards are a professional mandate for auditors, but their impact extends far beyond. As IIA Global President, Anthony Pugliese noted in January 2025, "The 2024 Standards align auditing with strategic objectives, fostering trust in an era of unprecedented risk." For Kenyan businesses, this translates into a blueprint for leveraging internal audit as a strategic partner.

Kenya's early wins: Business impact in 2025

Kenyan businesses are benefiting from the 2024 Global Internal Audit Standards, particularly in the financial sector. The upcoming Cybersecurity Topical Requirement, effective 5th February 2026 (under consultation since July 2024) is driving Kenyan banks to strengthen internal audit processes under **Domain IV (Proactively Manage Risks)**. This follows Kshs 4 billion in cyber losses in 2024, per the Central Bank of Kenya, prompting banks to address vulnerabilities like mobile money fraud and phishing. The standards' Quality Assurance and Improvement Program (QAIP) tied to **Domain V (Actionable Insights)** further supports this by enhancing process efficiency and spotting issues like procurement weaknesses early. The Kenya Revenue Authority (KRA) modelled this approach in February 2025, by leveraging audit findings to optimize tax collection processes in the informal sector, resulting in a Kshs 300 million revenue boost in Q1 2025.

Why this matters for businesses

Developed in collaboration with 27,000 global practitioners, including Kenya's IIA Chapter and backed by the IIA's 245,000 members, the 2024 Standards are authoritative and globally recognized. They align seamlessly with local regulations like the CBK's Prudential Guidelines and ICPAK standards, offering Kenyan businesses a competitive edge. Beyond compliance, they transform internal audit into a strategic asset delivering insights that mitigate risks, optimize operations and enhance credibility with various regulators, investors and customers alike. With Kenya ranking 126th in Transparency International's 2024 Corruption Perceptions Index, ethical breaches can weaken reputations. The standards' ethics reinforcement process offers businesses a tool to embed integrity in the internal audit function and in turn safeguard their market standing.

A Call to Action for Kenyan Organizations

In Kenya's dynamic landscape where economic agility and integrity are paramount the 2024 Global Internal Audit Standards are more than an audit tool; they're a business lifeline. Leaders should:



Engage Auditors: Support internal audit teams to align the standards with corporate goals.

Act on Insights: Incorporate audit findings to mitigate risks and seize opportunities, moving forward.

Should you need any assistance/clarifications in respect of the above, please reach out to the below or your usual RSM contact.

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