



# INTERNAL AUDIT AMBITION MODEL



## OVERVIEW AND APPLICATION GUIDE



The Institute of  
**Internal Auditors**  
*Netherlands*

## Colofon

### Authors

This publication and Ambition Model (AM) itself are the results of the efforts of the committee established by the IIA Netherlands.

*Els Heesakkers*

*Floris Stokkers*

*Maureen Vermeij*

Ambition Model Committee IIA Netherlands

Reviewed by:

Peter Hartog

Director Professional Practices IIA Netherlands

© IIA Netherlands, 2025

Use of this publication is permitted, provided it is properly cited.

# Content

Foreword	4
Introduction	5
The Ambition Model	6
<b>1. The Ambition Model</b>	<b>7</b>
1.1 What is the aim of the Ambition Model	7
1.2 The structure of the Ambition Model	8
1.2.1 Themes	8
1.2.2 Ambition levels	9
1.2.3 Ambition Model overview	14
<b>2. The Ambition Model: reporting and design choices</b>	<b>19</b>
2.1 Dashboard	19
2.2 Questionnaire and essential activities	20
2.3 Applying and interpreting the Ambition Model	20
2.3.1 Principles in applying the Ambition Model	20
2.3.2 External and organizational factors	20
2.3.3 The Ambition Model and a Quality Assurance and Improvement Program	20
2.3.4 Next steps	21

## Foreword

The Institute of Internal Auditors (IIA) Netherlands proudly presents the update of the Ambition Model, which is fully aligned with the GIAS and supplemented with emerging topics relevant for internal audit.

The Ambition Model has continued to evolve since its introduction. This update reflects our ambition to remain at the forefront of the profession and provide good practices. The purpose of the model remains unchanged: to enable internal audit functions to realize their full potential by setting ambitious goals and taking a proactive approach to quality assurance and improvement. Through the self-assessment tool, you'll gain insight into where you are now, how this compares to the Standards, what your ambitions are and which steps you can take to realize these ambitions.

With the introduction of the new GIAS in 2024, we have updated the Ambition Model to reflect the new Standards effective from January 2025. This IPPF Evolution brings important changes and emerging topics that internal audit professionals can apply as they navigate the complexities of an ever-changing business landscape.

Our goal is not only to provide a framework for development, but also to facilitate knowledge sharing and collaboration between CAEs in different organizations, industries, and between both small and large IAFs. The new version of the Ambition Model provides practical insights and concrete application options that can be effectively used to determine the ambition level, perform the self-assessment, and respond to for new developments and risks relevant to internal audit. With sufficient participants, the Ambition Model provides the opportunity for benchmarking.

We are convinced that the Ambition Model update will be a valuable tool for internal auditors worldwide. We invite you to explore the benefits of the Ambition Model and share your good practices and feedback with us. Together we can continue to develop our profession and add value within our organizations. Delivering quality is not just “conformance” but also going the extra mile with effective “performance” of your IAF.

*Frans Eusman*

**President IIA Netherlands**

## Introduction

There is an ever-increasing broader recognition of the added value of the Internal Audit Function (IAF). Good practices and Codes on Corporate Governance, like the new Dutch Code in 2022, stipulate the importance of the IAF and its quality. Also supervisors demand that internal audit functions demonstrate the quality of the services provided.

In 2014 a taskforce from IIA Netherlands developed the Ambition Model to help CAEs in identifying specific improvements and ambition opportunities in addition to just conformance with the standards and regulations. The ambition of the Ambition Model is to assist IAFs in developing their important role, in providing assurance that controls are working effectively and giving advice on changes and operational issues.

In fact, the Ambition Model, recognizes three different stakeholders:

1. CAE's (with their team): with the Ambition Model the IAF can dare to express ambitions and check if you conform with the IPPF standards. It supports the development of a clear roadmap to realize the ambitions.
2. Board members: the model supports the CAE's dialogue with the Board as well as the Audit Committee by providing the relevant themes and topics, as an important part of the (GIAS, standard 8.1) required Board Interaction.
3. IIA institutes as professional bodies: the Ambition Model can be used as a benchmark tool, to gain insight into the current state and ambition levels of IAFs within industries or within in the country in general. This enables the institute to develop dedicated guidance to help their members.

In the past ten years the Ambition Model developed from launch in the Netherlands as a self-assessment tool (2016) to a dynamic model on themes and topics which was presented at the EC IIA in 2018. With a broad professional dialogue and feedback from knowledge groups, stakeholders and by acting on emerging risks relevant for internal auditing, the model developed in an online tool and the launch at the IIA Global conference in 2019.

In 2021 the European User Group for the Ambition Model was founded to share experiences and good practices among users in Europe. From that point on the task force Ambition Model updated the model with good practices, pilots from the External Quality Review (EQA) and added with the input from experts and relevant publications new topics such as Sustainability, Cybersecurity and Artificial Intelligence. The Ambition Model has been a topic on many internal audit conferences in Europa and Globally. [The Global Perspectives & Insights, published by IIA Global](#) contains best practices of users of the Ambition Model to apply the Internal Audit Ambition Model.

With the evolution of the IPPF standards into GIAS, the committee of the Ambition Model aligned the model with the new GIAS. Also in this new context, we can continue to add value to CAEs and their IAFs.

The last update resulted in revision of the Ambition Model to align with the domains and definitions of the new standards. We chose to maintain the characteristics of the Ambition Model, with a clear mapping to the new standards.

The new draft of the Ambition Model was reviewed and validated by various stakeholders, during the various stages of its development, both in the Netherlands and abroad, by the Committee Professional Practices (CPP) and Committee Quality Assessments IIA Netherlands (QIN) and NBA LiO, by the European User Group and IIA Global staff

of the Standards Board and the group working on the realignment of the IIA Global External Quality Manual.

Internal auditors and subject matter experts have contributed to the emerging topics we added to the Ambition Model which deals with the broad spectrum of the proactive design, set up and further development of the IAF. The committee ensured alignment of the model with the IIA's Global Internal audit Standards (GIAS). Additional input was gathered from good practices developed by a variety of internal audit professionals.

### THE AMBITION MODEL

The Ambition Model is intended for self-assessment, evaluating the role, scope and ambition level of the IAF in consultation with the Executive and Supervisory Board.

The Ambition Model includes a spider web dashboard and bar chart that enables high level communication with the Board and other stakeholders on the current status of the IAF in comparison with its ambitions. Its primary users are expected to be internal audit professionals together with the profession's stakeholders. In line with the principle-based nature of internal auditing, this model is not intended to be prescriptive in terms of how a process should be carried out. More important is that the user assesses whether the internal audit function is able to realize its ambition level. It should align with the ambition of the organization. Just as the world around us changes at exponential speed, the internal audit profession needs to adapt to these changes, if we wish to provide continuously relevant insights, assurance and advice. The Ambition Model is therefore a living document that needs regular updates. Today's ambitions are different from tomorrow's.

The Ambition Model was a game changer for many IAF's. In the past years several IAFs used the model as a strategy development, basis for the (annual) audit plan, self-assessment to prepare for external quality review and team building activity. By examining the current state of their IAF by discussing scoping and ambitions the teams experienced a more shared vision of the future of their IAF. CAEs also discussed the output with the Audit Committee.

We encourage you to provide us with feedback, so we can continuously enhance the quality of the model. Only your feedback will enable us to regularly further develop and improve the model. Finally, we wish to express our gratitude to the task force for devoting countless hours of their precious time to develop this outstanding Internal Audit Ambition model.

For more information about the Ambition Model and to share feedback and good practices, please send us an email: [ambition@iia.nl](mailto:ambition@iia.nl)

An automated tool is available for the application of the Ambition Model. With this tool, the assessment is easy to perform, and the various graphs are automatically generated. You can obtain this tool via your local IIA institute or via [the website of IIA Netherlands](#).

# 1. The Ambition Model

## 1.1 What is the aim of the Ambition Model

The Ambition Model provides levels of ambition and concrete good practices intended as guidance for the IAF wanting more than just meeting professional standards. The Ambition Model helps CAEs formulate strategic objectives, evaluate the current IAF and define a roadmap to achieve the stated objectives. The Ambition Model can support the board and senior management determine which aspects to take into account when assessing the internal audit mandate and ambition level.

The Ambition Model provides a tool that an organization can use as:

- **A communication vehicle** – a basis for communicating what is meant by effective internal auditing, how it serves an organization and its stakeholders, and for advocating the importance of internal auditing to decision makers. Determine the internal audit requirements according to the nature, complexity, and associated risks of its operations.
- **A framework for assessment** – a self-assessment framework for evaluating the capabilities of an IAF in alignment with professional internal audit standards and good practices and prepare for the external quality review. In the QA manual of IIA Global the Ambition Model is presented as a optional maturity assessment for the EQA.
- **A roadmap for improvement** – It helps to identify the potential gaps and development areas in your audit department. Create a roadmap for further improvement and professionalization of the IAF.
- With enough users, establish a peer benchmark against which to compare your IAF.

The model can be applied for various concrete purposes, such as:

- **Strategic planning:** GIAS, standard 9.2 requires the development of a strategic plan; the Ambition Model can be used for analyzing the current state, and future objectives, including the necessary steps to achieve those longer-term objectives.
- **Developing the annual Internal Audit Plan,** The annual audit plan is mainly about the selection of audits, but also addresses the budgets required for this. Through the Ambition Model, specific attention can be paid to required development activities of the IAF and the budgets required for this.
- **A tool for teambuilding,** for example by having various IAF employees complete the assessment and discuss the results with each other; in practice we also see the variant where the management team compares the evaluation with that of a group of employees. Discussing the results increases understanding and sets joint ambitions.
- **Alignment of objectives in a decentralized IAF.** For example in a internationally working IAF, with several regional departments, asking regional internal audit managers to fill out Ambition Model and then meet to present and discuss their results with each other, could lead to agreement about global objectives.
- **The periodic Internal Quality Assessment** (GIAS, standard 12.1) and as basis for the External Quality Assessment (standard 8.4). The new Quality Assessments Manual explicitly mentions the importance of a maturity assessment for optimizing the internal audit function's ability to meet the organization's needs and exceed stakeholders' expectations, and mentions the Ambition Model as a good example of such an assessment.

## 1.2 The structure of the Ambition Model

The Ambition Model consists of the following three building blocks which are explained in the following paragraphs:

1. Themes: Five themes are identified for an IAF.
2. Subthemes and topics: To further detail and clarify the specific aspects that should be addressed by the IAF in order to progress to a next ambition level, the five themes have been divided into thirteen subthemes and forty topics. For an overview see section 1.2.3.
3. Essential activities: The activities that must be performed are defined as essential activities for each of the topics at each level. See also section 2.2.

In addition, the levels illustrate the five stages through which an IAF can evolve as it defines, implements, measures, controls and improves its processes and practices to meet its ambitions. The outcome of the Ambition Model questionnaire results in a spider web (dashboard) and bar chart that enables high level communication with the executive and supervisory board and other stakeholders.

### 1.2.1 THEMES

The following five themes are identified for an IAF:

1. Services and Role of Internal Auditing
2. Professional development
3. Governing the Internal Audit Function
4. Strategic planning and Performance Measurement
5. Professional Practices

A high-level description of the five themes is presented below.

**Services and Role of Internal Auditing** Based on the GIAS of the IIA, the purpose of internal audit is to strengthen the organization's ability to create, protect and sustain value by providing independent, risk-based and objective assurance,

advice, insight and foresight. However, the means by which this purpose is accomplished and the services provided varies among different environments. The services provided are typically based on the organization's needs and the IAF's authority, scope, and capacity. Services include the provision of assurance and advisory engagements and can consist of audits of transactions, compliance, systems, processes, operations, performance/ value-for money, information and related technology, and financial statements and systems.

**Emerging topics:** we want to inspire internal audit functions on new themes in the scope of internal audit; where relevant we want to add new substantial topics with high impact to the model. We only add new topics in the Ambition Model after consultation with stakeholders and experts.

**Professional Development** is the process of creating a working environment that enables people to perform to the best of their abilities. This is an important theme in Domain IV, Managing the IAF. It is the system that begins when a job is defined as needed. Professional development also relates to building effective teams to guide improvement and progress with a training and development plan. Furthermore it refers to coordinating long-term workforce development activities to meet future business needs of the IAF. Additionally, specific attention has been paid to team dynamics regarding a professional skepticism and technological resources. It refers to discussing ethical dilemmas and organizing professional feedback.

**Governing the Internal Audit Function** (Domain III in GIAS) generally refers to the combination of processes and structures implemented by the executive board and/ or a supervising body or an audit committee to inform, direct, and monitor the organization's activities toward the achievement of its objectives and include the administrative and functional reporting relationships of the IAF. It also refers to the policies and

processes established to provide the necessary authority, support, and resources for the IAF to carry out its duties and contribute to its effectiveness and independence. All of these are part of Domain III in GIAS.

It also includes the CAE's relationships with senior management and as part of the management team as well as the ability to advise and influence top-level management and develop effective and ongoing relationships. This element refers to the organization's internal relationships and internal environment, and how these relationships may impact on key stakeholders and others outside the organization, including the public. It also refers to the IAF's relationships with other review groups, including the external or legislative auditor.

It also refers to the organization and relations within the IAF itself and with other units in the organization.

**Strategic Planning and Performance Measurement** refers to two essential new elements in GIAS, (Domain IV); it's about the information needed to give direction, manage and control the operations of the IAF and account for its performance and results. It refers to the (strategic, long-term) objectives and budget of the IAF and alignment of these objectives with the company's strategy. The reporting element includes the performance measures, both financial and non-financial performance information, to promote its continuous improvement. As standard 12.2 "Performance Measurement" states, the establishment and monitoring of performance objectives is critical to determining whether an internal audit function is fulfilling its mandate and achieving its strategic objectives to achieve its purpose.

**Professional Practices** reflect the full set of methodologies (policies, processes, and practices) that enables the IAF to be performed effectively and conform with all standards including

the ethical and professionalism principles (of Domain II of GIAS). It refers to the capacity of the IAF to align itself with the organization's priorities and risk management strategies and contribute to continuous improvement of the IAF and the organization. It includes the development and maintenance of a quality assurance and improvement program that covers all aspects of the internal audit function. This concerns the elements from domains III, IV and V with regard to the professional way of working.

### 1.2.2 AMBITION LEVELS

The Ambition Model is a framework for strengthening or enhancing the IAF through evolutionary steps. Each of these steps have been organized into five progressive ambition levels. Improvements in processes and practices at each stage provide the foundation on which to progress to the next ambition level. Hence, it is a "building block" approach to establishing effective internal auditing in an organization. A fundamental premise underlying the Ambition Model is that a process or practice cannot be improved, before it is a stable process.

Each ambition level describes the characteristics and capabilities of an IAF at that level, for all the themes and topics. As either the size or complexity of an organization or the risks associated with its operations increases, so does the need for more sophisticated internal audit capabilities. The model attempts to match the nature and complexity of an organization with the internal audit capabilities needed to support it. The ambition level is often tied to the governance structure of the organization within which it is situated.

The ambition levels in the model provide a roadmap for continuous improvement within the IAF. However, an IAF may choose to remain at level 3 and still represent good practice for that IAF in that particular organization and environment.

**The five ambition levels of the IA Ambition Model are:**

1. Initial
2. Infrastructure
3. Integrated
4. Managed
5. Optimizing.

Below a high-level description of the ambition levels is given.

**Level 1 - Initial**

- Internal auditing services are primarily compliance-based; processes are ad hoc and uncoordinated.
- Professional practices are not implemented and followed consistently.

At the Initial level, internal auditing is ad hoc or unstructured, few processes are defined, and practices are performed inconsistently. Isolated single audits and/or reviews of documents, compliance with regulations and transactions could be performed.

The infrastructure for the IAF has not been established and the auditors are likely part of a larger organizational unit. At this level, internal auditing must rely on the individual efforts or personal skills of the auditors conducting the audits and their personal objectivity. There are no professional practices established other than those provided by professional associations.

**Level 2 - Infrastructure**

- The internal audit charter, policies, and disciplined process are established to ensure basic internal audit practices and processes are performed regularly and repeatably.
- The internal audit function may achieve only partial conformance with GIAS.

At the Infrastructure level, the primary objective is to instill a process discipline into the IAF that ensures that basic internal audit practices and processes are performed on a regular and repeatable basis. Management has processes in place to advise on and deal with audit or other ad hoc consulting requests. To do so, the IAF is initiating the development of its management and administrative infrastructures. An audit charter establishing the purpose, authority, and responsibility of the IAF and its reporting relationship (administrative and functional) within the organization is developed. Organizational policies are being established that provide for the IAF's full access to the organization's information, assets, and people to conduct its work. At the Infrastructure Level, the IAF primarily conducts traditional compliance auditing, or in other words, audits of conformity and adherence of a particular area, process, or system to policies, plans, procedures, laws, regulations, contracts, or other requirements. These could include financial audits as well as system or process-approach audits that assess whether an appropriate internal control framework is in place and operating.

Soft controls are included in the annual plan but no structured approach is included in the audit methodology yet. The IAF has started to identify and recruit people with the necessary competencies and relevant skills to carry out the work. However, to some extent, there continues to be reliance on individual people and their personal skills and competencies. Emphasis is placed on individuals taking responsibility for their own professional development to ensure that they continuously maintain and enhance their professional capabilities. A professional practices and processes framework is being developed which includes documented policies, processes, and procedures to encourage consistent application of internal audit guidance and practices across the IAF.

However, all relevant internal audit policies, processes, and practices may not have been institutionalized, and the IAF may fall short of meeting some major conditions. For example, the IAF may not have sufficient organizational independence, and may not have fully implemented a quality assurance and improvement program (which includes ongoing internal monitoring as well as periodic internal and external quality assessments). The management effort of the IAF is primarily focused on its own operations and relationships, such as organizational structure, budget preparation and monitoring, annual planning, providing the necessary audit tools and technology, and performing audits. Interactions with organizational managers are focused on carrying out the business of the IAF. In this respect, the IAF develops its periodic (annual or multiyear) plans for which audits and/or other services will be provided, based on management's priorities through consultations with management and/or other stakeholders.

The IAF has been allocated its own operating budget. It prepares a periodic business plan for delivering the services of the IAF, including administrative and support services. At Level 2, there will be some significant opportunities for improving the effectiveness of the IAF.

### **Level 3 - Integrated**

- Internal audit management and professional practices are well established and uniformly applied.
- All relevant policies, processes, and procedures are defined, documented, and integrated.
- The internal audit function is established firmly as an independent provider of assurance and advisory services that coordinates with other internal and external providers.
- Internal audit's role and positioning in the organization is agreed in the internal audit charter.
- The CAE actively manages and reports on the operations of the internal audit function as a

whole and on the training and development of internal audit staff.

At this integrated level all relevant internal audit policies, processes, and procedures are defined, documented, and integrated into each other and the organization's infrastructure. Internal audit management and professional practices are well established and uniformly applied across the IAF. The IAF focuses on its capacity, its organizational independence, and the personal objectivity of its auditors.

The IAF is positioned as an independent assurance provider as the third line in the three lines model. This is formalized in the approved Internal Audit Charter. The IAF will coordinate the different (internal and/or external) consulting and assurance services to prevent overlap and drive efficiencies. This also allows the IAF to present a total overview to senior management and the board.

A key aspect of Level 3 is the changing role of internal auditing. The role evolves from performing only traditional internal audit services to integrating as a team player. Internal auditing is evolving to a 'value added' activity that helps an organization manage its risks and take advantage of opportunities to improve. Internal audit services have become more varied to support the needs of the organization's management. There is a direct reporting line to the AC or a similar committee to assure the independence of the IA function, broaden the activity's scope of input and influence, and help to strengthen the organization's accountability.

Other key process areas at this level focus on the IA function's capacity to monitor and assess the effectiveness of its operations. It will have planning and reporting mechanisms to ensure that resources are allocated appropriately to meet objectives and operations are performed efficiently and effectively. The necessary information, including both financial and non-financial informa-

tion, will be received and used to manage the IAF function's day-to-day operations, support decision making, and demonstrate accountability.

There is a training and development plan for each individual to guide improvement and progress through the competency framework. Auditors are encouraged to be involved in professional associations and criteria for effective teamwork behaviors and practices are incorporated into the staff competency framework. As said, when the IAF functions at this level, the standards as formulated in the IPPF are adhered to and the external auditor should be able to rely on its work, according to the requirements formulated in ISA 610. Their external auditor will have periodic meetings with the IAF and include the findings of the IAF in the risk analysis.

#### **Level 4 - Managed**

- The internal audit function comprises an integral part of the organization's governance and risk management, including strategic advising and coordination.
- The alignment between the internal audit plan of engagements and the organization wide risk management is communicated and clear to senior management and the board.
- The CAE has implemented an audit management system to plan, perform, monitor, review, and report internal audit work.
- The internal function has a stated vision and plan that aligns with organizational objectives.

At this managed level, the IAF functions as an integral part of the organization's governance and risk management. The CAE is positioned to both formally and informally advise on strategic issues and influences the executive board, and audit committee and/or supervisory board. The IAF audit engagements cover the process of strategy formulation or drivers of the realization of the organizational strategy.

This relationship facilitates the organization's understanding and appreciation of the strategy, leadership, and foresight of the CAE and the contribution of the IAF. The CAE uses the Ambition Model when communicating with the executive board and supervisory board about the services and planning of the IAF.

In Level 4, relevant internal and external providers of assurance and advisory services for the organization are assessed by the IAF. The CAE continues to maintain and develop effective relationships with management and key stakeholders, including the independent oversight body, to ensure that their needs and expectations are aligned with the services of the IAF, and that the visibility and contribution of the IAF is evident.

The words and actions of senior management, the oversight body, and all key stakeholders demonstrate full acceptance for and support of the IAF. The IAF has regular contact with the external accountant and other assurance providers to share plans, and encourage complementarity of the work. If the IAF is conducting (prework to) financial audits, the audit committee will actively involve the IAF in the evaluation of the external accountant.

The IAF has integrated its use of quantitative and qualitative data and information to help it achieve its strategic objectives and continuously improve its performance. The IAF functions as a well-managed business unit and has a longer term vision and plan in line with the organization's direction. Use of an Audit Management System is part of Level 4. This is used for the (annual) audit planning, performing the audit, monitoring realization of the audit plan, review of working papers, and reporting audit results. The monitoring results can be used for continuous improvement of audit.

In developing its periodic audit plan, the IAF aligns, as appropriate, its engagements with the organization's management of risks. It takes

into consideration the organization's enterprise risk-management strategies and practices. The organization and the IAF integrate the development of the organization's managers by providing mutual training and exchanging experiences of the IAF with operational management and vice versa.

The internal audit services and role are also expanding significantly at this level. Besides giving conclusions on the effectiveness of the governance, risk management and control of operations the IAF is now conducting sufficient work to assess also the efficiency of processes supported by for example data analysis and process mining. Soft controls and a tailored model of soft controls are part of the audit vision and a part of every audit and work program. The IAF has coordinated its audit services to be sufficiently comprehensive so that it can provide reasonable assurance at a corporate level that these processes are adequate and functioning as intended to meet the organization's objectives.

#### **Level 5 - Optimizing**

- The internal audit function's governance structure is optimized, and the activity has uncompromising independence, power, and authority to determine its scope, perform its work, and communicate its results.
- The function has the stability and independence to focus on future directions and continuously improving itself and the organization.
- The CAE continually evaluates and improves the efficiency and effectiveness of the internal audit function and transforms audit processes and communications.
- The internal audit function comprises top-level professionals with specialized skills and has sufficiently developed its leadership capacity to provide foresight and serve as a catalyst to achieve positive change in the organization.
- The internal audit function understands the organization's strategic direction and emerging issues and risks.

At Level 5 - Optimizing, the focus is on learning for continuous improvement in adding value to the organization. At this level is characterized as a learning organization with continuous process improvements and innovations. It monitors the changing external environment and uses information from inside and outside the organization to refine its approaches to assessing governance, risk management, and control. If chosen to conduct 'financial audits' or when overlap and relationships in the work have been established the collaboration with the external accountant entails, as a good practice combining findings in a joint management letter, strong reliance on work of IAF and sharing access to audit files.

By providing advice on emerging trends and organization-wide issues, the IAF contributes to organizational learning and improvement and encourages the development of innovative business practices and processes to help the organization achieve its strategic business objectives. The IAF's governance structure is fully developed.

The IAF innovates the audit process and audit reports by continuously evaluating all aspects of efficiency and effectiveness of the IAF. Soft controls are an audit object in the audit plan and working programs. Soft controls are periodically mapped in a structured way and assessed for effectiveness in conjunction with the hard controls. The IAF has top-level professional and specialized skills and has sufficiently developed its leadership capacity to provide foresight and serve as a catalyst to achieve positive change in the organization. It also supports and facilitates its leaders to become key leaders in relevant professional bodies - as thought leaders to influence the growth and evolution of the profession and apply forward-thinking innovative practices in the organization.

The IAF understands the organization's strategic directions and emerging issues and risks. It evolves its business requirements, workforce de-

velopment needs (including resources and skill sets), risk assessment strategies, and processes to meet the organization’s potential future needs. At this level, the IAF is conducting sufficient work to be able to give an opinion on the overall adequacy and effectiveness of the organization’s governance, risk management and control processes.

### 1.2.3 AMBITION MODEL OVERVIEW

An overview of the five themes, 13 subthemes and 40 topics is included in following table.

On the next pages you find the detailed overview by ambition level.

Themes		Subtheme	Topic
1.	Services and Role of Internal Auditing	1.1	IA Emerging topics Artificial Intelligence Cybersecurity audits Sustainability Strategy Soft Controls
		1.2	Advisory services Scope Perform advisory services
2.	Professional development	2.1	Manages Resources Staff training (target-budget) Team development Professional associations Performance cycle and remuneration policy Technological resources
		2.2	HR Planning Resource allocation (including co-sourcing or outsourcing) Resource planning Recruitment
3.	Governing the Internal Audit Function	3.1	Role and authority of Internal Audit Authorized by the Board (audit charter)
		3.2	Management and oversight of the internal audit function Reporting Line Funding of the audit department Oversight of the IAF Governance and Risk Management
		3.3	Access and awareness Access to information, assets and people Awareness of the internal audit function
4.	Strategic planning and Performance Measurement	4.1	Plans Strategically Objectives Budget
		4.2	Performance Measurement Measures Audience Process
		4.3	Communicates Effectively Communication on IAF’s activities IAF’s collaborations IAF’s collaborations: external auditor
5.	Professional Practices	5.1	QAIP Compliance with IPPF and other (professional) standards Quality Management reviews
		5.2	Planning Internal Audit Audit universe and scope Periodicity of evaluating the plan Prioritization and approval of the plan
		5.3	Performing internal audit services Audit procedures Performing the audit - Planning Performing the audit - Fieldwork Communicating audit results Follow-up monitoring

Theme	Subtheme	1 - Initial	2 - Infrastructure	3 - Integrated
Services and Role of IA	IA Emerging topics	<b>Ad hoc services</b> Isolated single audits or reviews of documents and transactions for accuracy and compliance.	<b>Compliance auditing</b> Carry out an audit of conformity and adherence of a particular area, process, or system for policies, plans, procedures, laws, regulations, contracts, or other requirements that govern the conduct of the area, process, or system subject to audit.	<b>Assess and report on the effectiveness of activities or programs</b> Conduct independent and objective risk-based engagements on governance, risk management and internal control of the audit object: Helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Evaluate and improve the effectiveness of risk management, control, and governance processes.
	Advisory services	<b>No advisory services</b> Internal audit function does not provide advisory services.	<b>Advisory as part of assurance services</b> Internal audit function provides advisory services as part of their assurance services.	<b>Advisory services add value without the internal auditor assuming management responsibility</b> Advisory services are those that are directed toward facilitation rather than assurance and include training, systems development reviews, performance and control self-assessment, counselling, and advice.
Professional Development	Manage resources	<b>Ad hoc professional development</b> No development objectives set.	<b>Individual professional development</b> Ensure that internal auditors continuously maintain and develop their professional competencies.	<b>Professionally qualified staff and team building</b> Staff the IAF with professionally qualified staff and retain the individuals who have demonstrated at least a minimum level of competence. Develop staff members' capacity to function effectively in a team environment. Because many audit engagements cover scopes that require the concerted effort of a team of auditors to conduct, and because the skills and tools needed to conduct an audit engagement are not necessarily the same skills to work effectively in a group environment, additional team competencies are required.
	HR Planning	<b>Ad hoc HR planning</b> Output is dependent upon the skills of specific individuals holding the position.	<b>Skilled people identified and recruited</b> Identify and attract people with the necessary competencies and relevant skills to carry out the work of the IAF. Appropriately qualified and recruited internal auditors are more likely to provide credibility to internal audit results.	<b>Workforce coordination</b> Coordinate the development of the periodic audit engagement and services plan to the human resource levels authorized to the IAF. Because resources are often limited, the IAF needs to use appropriate methods to set priorities of planned projects and services to limit its commitments to a "doable" quantity and types of project and services.
Governing the Internal Audit Function	Role and authority of Internal Audit  Management and oversight of the IAF	<b>No separate IAF</b> Auditors are likely part of a larger organizational unit. No specific reporting relationships are established.	<b>Reporting relationships established</b> Establish formal reporting relationships (administrative and functional) for the IAF. The functional reporting line to the executive board for the IAF is the ultimate source of its independence and authority.	<b>CAE reports to top-level authority</b> Strengthen the CAE's independence by establishing a direct functional reporting relationship to the board and a direct administrative reporting relationship to the CEO. Establish a mechanism/process within the organization to provide oversight and advice and review the results of the IAF to strengthen its independence and ensure appropriate action is taken. Involvement of a variety of managers in the decisions related to the IAF helps to extend the activity's support and scope beyond a single individual. Establish a robust and transparent funding process that ensures adequate resources to allow the IAF to discharge its obligations. Budgetary controls and considerations imposed by administrative reporting lines should not impede the ability of the IAF to accomplish its mission.
	Access and awareness	<b>Limited access</b> No specific arrangements are made for data access. Limited awareness of internal audit function	<b>Full access to the organization's information, assets, and people specified in the internal audit charter</b> Provide the authority for the IA function to obtain access to all the information, assets, and people that it requires to carry out its duties. Regular meetings with senior management to increase awareness of internal audit function.	<b>The senior management supports the internal audit mandate</b> The authority of the IAF is visibly and proactively supported by the board and senior management.

Theme	Subtheme	4 - Managed	5 - Optimizing
Services and Role of IA	IA Emerging topics	<p><b>Assurance on governance, risk management and control</b></p> <p>The IA activity has coordinated its audit services to be sufficiently comprehensive so that it can provide reasonable assurance at a corporate level that these processes are adequate and functioning as intended to meet the organization's objectives.</p>	<p><b>Overall assurance on governance, risk management and control</b></p> <p>Conduct sufficient work to provide an opinion on the overall adequacy and effectiveness of the organization's governance, risk management, and control processes.</p>
	Advisory services	<p><b>Advisory services on governance, risk management, and control</b></p> <p>Added value on the key risks of the organization by analysing a situation and/or providing guidance and advice to management.</p>	<p><b>Internal auditing recognized as key agent of change</b></p> <p>Sufficiently develop the professional and leadership capacity of the IA activity to provide foresight and serve as a catalyst to achieve positive change on the overall adequacy and effectiveness of the organization's governance, risk management, and control.</p>
Professional Development	Manage resources	<p><b>IAF supports professional bodies and contributes to management development</b></p> <ul style="list-style-type: none"> <li>• Provides leadership and professional development opportunities for the internal audit staff by supporting their involvement and participation in professional bodies.</li> <li>• Integrates the development of the organization's managers with the training, tools and experiences of the IAF and vice versa.</li> <li>• The organization and the IAF encourage people to contribute to a good understanding of governance, risk management, and controls throughout the organization.</li> </ul>	<p><b>Leadership involvement with professional bodies</b></p> <ul style="list-style-type: none"> <li>• Facilitate and support top leaders of the IAF becoming key leaders within relevant professional bodies. In addition to making contributions to the profession through their volunteer work, the CAE and other internal auditors will become thought leaders and influence the growth and evolution of the profession.</li> <li>• Participating in the administration and/or leadership of professional bodies helps auditors learn and practice higher-level people skills, since their roles vis-à-vis their colleagues require different ways of interacting than their "auditor" or "manager" role within their organization.</li> </ul>
	HR Planning	<p><b>Workforce planning</b></p> <p>Coordinate workforce activities to achieve current business needs of the IAF. Workforce planning involves developing a workforce plan that sets out the resources, skills, training, and tools required to conduct the audits that have been identified (or are proposed) in the periodic audit and services plan.</p>	<p><b>Workforce projection</b></p> <p>Coordinate long-term workforce development activities to meet future business needs of the IAF. Workforce projection involves developing a strategic workforce plan that sets out the IAF's objectives for competency development and workforce activities, in conjunction with the organization's projected strategic needs, and developing plans to guide workforce development activities for the IAF.</p>
Governing the Internal Audit Function	<p>Role and authority of Internal Audit</p> <p>Management and oversight of the IAF</p>	<p><b>CAE has frequent contact with the board and senior management</b></p> <ul style="list-style-type: none"> <li>• The CAE reports to the board and has access to the full supervisory board if necessary.</li> <li>• The CAE is involved in determining the board's agenda.</li> <li>• Align the charter of the board with that of the IAF to reinforce the critical relationship between the board and the IAF.</li> <li>• The board and senior management are actively involved in evaluating CAE and IAF performance.</li> </ul>	<p><b>State of the art IAF</b></p> <p>Perform the required oversight on activities without any restrictions, safeguards or involvement of external assurance providers.</p>
	Access and awareness	<p><b>Key meetings</b></p> <p>The CAE can attend key business meetings (executive board, supervisory board) on request.</p>	<p><b>CAE participation</b></p> <p>The CAE has a standing invitation and takes part in top-level authority business meetings.</p>

Theme	Subtheme	1 - Initial	2 - Infrastructure	3 - Integrated
Strategic planning and Performance measurement	Plans strategically	<b>The IAF department plan is aligned with the company's plan</b>	<b>The IAF department plan for the year is based on the longer-term strategic plan for the IAF.</b>	<b>The IAF department plan is aligned with the company's plan.</b>
	Performance measurement	<b>Unstructured reporting</b> No structured performance measures in place.	<b>Internal audit management reports</b> Use information to manage the IAF's day-to-day operations, support decision making, and demonstrate accountability.	<b>Performance measures</b> Develop meaningful indicators and measures (in addition to time and cost data) that enable the IAF to measure and report on its performance and routinely monitor its progress against targets (this is to ensure that results are achieved as economically and efficiently as possible. These will be primarily input and process measures, with some output or qualitative outcome measures).
	Communicates effectively	<b>No structured (internal) communication</b> Absence of IAF infrastructure.	<b>Managing within the internal audit function (IAF).</b> Focus management of the IAF on its own operations and relationships within the function itself, such as organizational structure, people management, budget preparation and monitoring, annual planning, providing the necessary audit tools and technology and performing audits. Interactions with organizational managers are focused on carrying out the business of the IAF.	<b>Integral component of the management team</b> Participate in the organization's management activities in some form as a member of the management team. Although the CAE does not carry out management responsibilities, the CAE is included in communications and forums of the management team, and as an observer, is able to maintain a channel of communication with senior management.  <b>Coordination with other review groups</b> Share information and coordinate activities with other internal and external providers of assurance and advisory services to ensure appropriate organizational coverage and minimize duplication of effort.
Professional Practices	QAIP	<b>Limited audit processes</b> No specific professional practices established other than those provided by professional associations.	<b>The professional practices and processes framework includes the policies, processes, and procedures that will guide the IAF in:</b> • managing its operations; • developing its internal audit work program; • and in planning, performing, and reporting on the results of internal audits according to the Global Internal Audit Standards (GIAS).	<b>Quality Management framework</b> Establish and maintain processes to continuously monitor, assess, and improve the effectiveness of the IAF. Processes include ongoing internal monitoring of the performance of the IAF as well as periodic internal and external quality assessments.
	Planning internal audit	<b>Ad hoc planning</b> Internal audit activities are performed on an ad hoc basis.	<b>Internal audit plan based on management/stakeholder priorities</b> Develop periodic (annual or multiyear) plans for which audits and/or other services will be provided, based on consultations with management and/or other stakeholders.	<b>Risk-based internal audit plans</b> Systematically assess risks and focus the priorities of the Internal Audit Function (IAF)'s periodic audit and services plan on risk exposures throughout the organization.

Theme	Subtheme	4 - Managed	5 - Optimizing
Strategic planning and Performance measurement	Plans strategically	<b>The IAF department plan for the year is based on the longer-term strategic plan for the IAF.</b>	<b>The IAF's longer-term strategic plan is aligned with the company's strategy.</b>
	Performance measurement	<b>Integration of qualitative and quantitative performance measures</b> Enable the IAF to use information on performance to measure and monitor fluctuations that affect its results. The function has balanced its use of quantitative and qualitative data to help it measure the achievement of its strategic objectives.	<b>Overall reporting of Internal audit effectiveness</b> Report on the effectiveness of the IAF for selected parties to demonstrate transparency and accountability to the organization's stakeholders and auditee management, and identify the contribution and impact made by the IAF with the resources provided.
	Communicates effectively	<b>The CAE advises and influences top-level management</b> Facilitate the organization's understanding and appreciation of the vision, leadership, and foresight of the CAE, and develop a professional relationship with top-level management while remaining independent and objective.	<b>Effective and ongoing (external) relationships</b> <ul style="list-style-type: none"> <li>• Use the CAE's strong relationship management skills of the CAE for maintaining appropriate visibility and alignment with key stakeholders, senior management, and needs and expectations.</li> <li>• Internal auditing is recognized as a key agent of change. Develop the professional and leadership capacity of the IAF to provide foresight and serve as a catalyst to achieve positive change in the organization.</li> </ul>
Professional Practices	QAIP	<b>Continuous Improvement in professional practices</b> Integrate the performance data, global leading practices, and feedback received from ongoing quality assurance and improvement program processes to continuously strengthen and develop the IAF's capacity to deliver world-class internal auditing. This includes efforts for audit innovation, data analysis and audit automation/audit management systems.	<b>Continuous Improvement in professional practices for audit innovation</b> Initiate research capabilities on audit innovation or data analysis and audit automation/audit management systems.
	Planning internal audit	<b>The internal audit plan leverages the organization's management of risk</b> <ul style="list-style-type: none"> <li>• Link the IAF's periodic audit and services plan with the organization's enterprise risk management strategies and practices.</li> <li>• Enterprise risk management strategies and practices refers to formal and documented processes put in place by the organization to identify risks, and manage those risks within its risk appetite, thus providing reasonable assurance that the organization's objectives will be achieved.</li> </ul>	<b>Strategic Internal audit planning</b> <ul style="list-style-type: none"> <li>• Understand the organization's strategic directions and emerging issues and risks.</li> <li>• Anticipate future needs by changing the IAF's skill sets and audit services.</li> </ul>

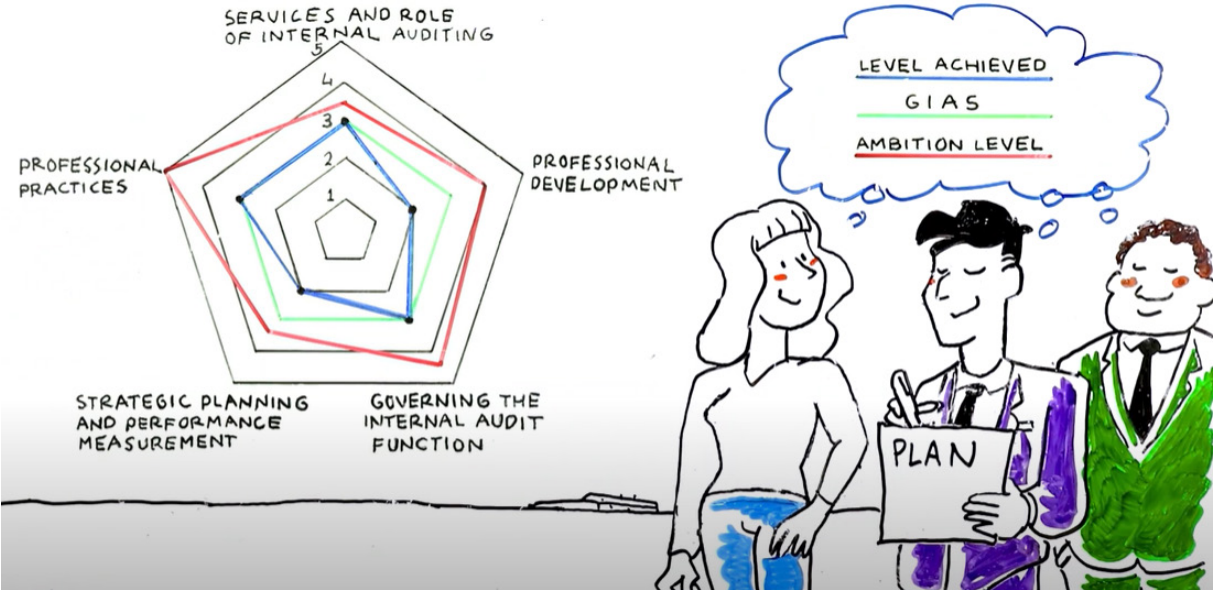
## 2. The Ambition Model: reporting and design choices

The Ambition Model consists of a dashboard, five separate questionnaires for each of the five themes and a report showing in a broad outline the compliance with GIAS.

### 2.1 Dashboard

The Ambition Model tool includes a dashboard that enables high level communication with the executive and supervisory board and other stakeholders. It gives a visual overview of the results of the Ambition Model questionnaire compared to the desired ambition level which is set by the CAE based on input of for example its audit commit-

tee. In the spider web the blue line shows the level achieved. The orange line is the desired ambition level which is set by the CAE/IAF. Level 3 gives the indication of conformance with GIAS, but of course, a final assessment as to whether an IAF complies with GIAS is to be determined via a more detailed checklist, which can be done in a more elaborate internal quality assessment or in the (minimum once every five years) External Quality Assessment done by an external professional.



## 2.2 Questionnaire and essential activities

For each of the five themes ‘essential activities’ on each level have been defined. For each of the ‘essential activities’ the user is requested to rate to what extent the IAF already performs these activities and to rate the ambition level of the IAF on this.. Based on the individual scores, the Ambition Model determines an equally weighted average of the scores on the level achieved by the IAF and the ambition level, on the topic and theme.

## 2.3 Applying and interpreting the Ambition Model

The following section provides some principles, factors, and issues to consider when applying and interpreting the Ambition Model.

### 2.3.1 PRINCIPLES IN APPLYING THE AMBITION MODEL

- Professional judgment is needed to apply and interpret the Ambition Model.
- A process or practice cannot be improved before it is a stable process.
- The Ambition Model is an ambition model. If, for example as part of the strategic plan the ambition level is set at level 3, the IAF may choose to stay at this level.
- The Ambition Model is intended primarily as a self-assessment exercise for continuous inspiration and improvement.

### 2.3.2 EXTERNAL AND ORGANIZATIONAL FACTORS

The model recognizes how the external regulatory environment and the organization itself may impact on the capability of the IAF. Within the organization, it is important to understand the influence of corporate governance, organizational culture, internal control systems, human resource capacities, and the demand and need for the IAF. In addition, other organizational factors such as

size, nature, complexity, and risks of operations must be considered when assessing whether and how a particular theme is implemented and institutionalized.

In using the Ambition Model, it is important to determine “what makes sense” and is reasonable considering the organization and environment. For example, IAFs in smaller organizations may be able to be easier implement a particular theme without the bureaucratic infrastructure of big cooperations.

### 2.3.3 THE AMBITION MODEL AND A QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The primary purpose of the Ambition Model is as a self-assessment and development tool for IAFs to determine the level of internal audit capability appropriate and optimum to their organization and environment. It describes an evolutionary path for organization to follow in developing effective internal auditing to meet its governance needs, taking into consideration the nature, complexity, and associated risks of the organization’s operations.

In addition to setting ambition levels the model also includes a tool that allows the CAE to self-assess in broad outline conformance with GIAS and guidance as defined in International Professional Practices Framework (IPPF). The Ambition Model has a link to the requirements in GIAS and describes the main intentions of the standards, however not every single requirement. This Ambition Model-based self-reflection can be used as the periodic internal quality assessment and serve as a starting point for the mandatory external quality assessment of the IAF. It is highly recommended to use the Ambition Model getting up to standard with the GIAS by sharing experiences and good practices.

Although a clear mapping has been made to each

of the standards in GIAS , no hard conclusions on conformance should be drawn from the scores from the model. An average score of 2.9 or even lower does not mean that the IAF does not generally complies with the GIAS; on the other side the Ambition Model is broader and also contains topics which are not directly linked to GIAS. Vice versa, having as score of 3 does not mean that the IAF automatically generally conforms with all individual requirements in the GIAS. Professional judgement and a good understanding of the GIAS is necessary to evaluate the results in this context.

The new QA manual of IIA Global explicitly describes a maturity assessment as an optional part of the EQA. The Ambition Model is a widely used model for this purpose.

## 2.3.4 NEXT STEPS

### **External Quality Assessment (EQA)**

With experiences of pilots using the Ambition Model as a basis for the EQA, we enriched level 4 and 5 of the model. With the update of the Ambition Model, based on GIAS, a new validation has to be made by the external quality assessors. With those new experiences from EQA's the Ambition Model possibly can be recalibrated again with additional good practices.

### **Benchmarking**

We encourage the benchmarking opportunities of the automated tool by submitting your scores. With enough participants you can benchmark your IAF with other peers, filtered to your choice by for example organizations, industry or size of your IAF.

### **Emerging topics**

The Ambition Model is a dynamic model to accommodate new topics; we will add topics as new developments in the profession occur or additional guidance or topical requirements are developed by IIA Global.

Already included in the Ambition Model are topics for strategy, soft controls and in 2023 sustainability. In 2024 we added artificial intelligence. Third party risk management is yet to come.



The Institute of  
**Internal Auditors**

*Netherlands*

[www.iaa.nl](http://www.iaa.nl) / [iaa@iaa.nl](mailto:iaa@iaa.nl)