

# **‘SCALING GUIDELINESS’**

## **MANUAL FOR THE QUALITY ASSESSMENT OF THE INTERNAL AUDIT FUNCTION**

**QUALITY ASSESSMENTS SUPERVISORY AUTHORITY**

**17 MAY 2019**



**Instituut van  
Internal Auditors  
Nederland**

## Introduction 'Document Scaling Guidelines'

### Goal document

The IIA strives for qualitative professional practice by its members. Compliance with the IIA Standards also contributes to this. This is more specifically captured in the 'Regulations concerning external quality assessment of internal audit functions (IIA Netherlands)', as adopted by the General Members' Meeting of 16 May 2019. According to these regulations, the Quality Assessments Supervisory Authority (TKT) is responsible for supervising the implementation of the quality assessments.

You are reading the 'Scaling Guidelines, Manual for the Quality Assessment of the Internal Audit Function' (DO). This document is part of the ongoing professionalisation of the external quality assessment at the IPPF of the IIA. It serves as guidance for all assessors who carry out the external quality assessment required by the IIA (once every 5 years); it indicates how to interpret the Standards and Code of Ethics and in which situations a 'DNC' or 'PC' applies. This way, the TKT wants to ensure that the result of a particular assessment is the same, regardless of the testing party and the assessor. We consider this instrument important and appropriate to the current status of the internal audit function in the Netherlands, as expressed in the Corporate Governance Code.

### Realization and status

The DO was originally developed by the Quality Assessments Committee of IIA NL (CKT). The present version is the result of consultation with all testing parties. The DO has formally entered into force on 1 January 2019. This means that from 1 January 2019 it is mandatory to apply this tool to your (final) judgment. The DO is a 'living' document. In the future, the DO will be adjusted based on adaptations of the Standards and Implementation Guidelines as well as, for example, comments, questions and learning experiences from the testing parties. The request is thus to pass all your feedback to the TKT, via [peter.hartog@iia.nl](mailto:peter.hartog@iia.nl). Questions and comments that require further analysis will be submitted by the TKT to the Professional Practices Committee.

### Structure

The DO consists of two parts:

1. The document in which the criteria are set for each Standard, consisting of 3 columns:

- The Standards: the relevant Standards, at section level (level XX00) and at the level of the underlying individual Standards;
- The Key Conformance Criteria: the most important criteria to comply with the relevant Standard, derived from the Evaluation Summary (Appendix E1) of the Quality Assessment Manual;
- The Scaling Guidelines, in which a detailed explanation is given of the judgments to be given per (sub) standard, or in which situations a DNC or PC must be given.

This column describes on the one hand factual situations and on the other hand (*italic*) how to total the scores per individual standard to a score on section level (1000, 1100, etc.).

2. The sheet 'Translation scores per section to final judgement', which has been adjusted to the three-track judgement on 16 May, with three possible final judgments, is included immediately after this introduction).

### Reading guide / explanation of judgment

In view of the various comments that have been made, we would like to clarify three points:

- The external quality assessment is aimed at determining the current situation and is not intended to see to what extent the internal audit activity has functioned in the past (five) years. After all, the goal of quality assessments is learning and improving. Looking at the method in the period prior to a major change is not useful. This also means that when assessing the files a relatively short reference period is used, which is representative of the current situation, such as up to ½ year, up to 1 year or up to 1½ years back.
- Where the (sub) Standards refer to "senior management and the board", this is translated to RvB/AC/RvC in the column Scaling Guidelines for the Dutch situation. This includes the combination of the management of the organization and supervision thereof. An adequate relationship with the Board of Directors, Audit Committee and Supervisory Board guarantees the independent positioning and position to properly fulfill the role. Discussions can be held on whether the Board of Directors is part of the Executive Board or not, and consequently whether senior management is referred to as the Executive Board or the layer under the Executive Board, and therefore also whether the charter, the annual plan, etc. must be discussed with that layer (in addition to the approval by the RvB/AC/RvC). Whether that is the case, depends on the governance in the organization in question. In general, however, it can be stated that in order to obtain sufficient insight and support in the organization, as well as for the proper exercise of the 'trusted advisor' role, it is advisable to also align the various aspects of working methods and scoping with the top management under the Board of Directors. This certainly applies to the risk analysis in the context of the annual planning.
- When a Standard is not met, but specific action is in progress, a PC can be given depending on the status of that action. As long as the action is in progress and therefore not yet fully complied with the Standard, no GC can be given.

### Use

As mentioned, the use of the DO is mandatory. The table in which the judgments on the (sub) Standards roll up into a final assessment has the status "apply or explain". Of course, on the basis of their professional judgment, assessors should consider the context in their (final) judgment and not try to mathematically add up partial judgments. Where the 'explain' principle is used, the testing party will provide the TKT with the motivation, in or together with the report.

We hope to make a constructive contribution to the quality of the external quality assessments and give you practical guidance as testers. Where you have comments to improve this, please let us know.

M.J.L. (Marjo) van Ool RA,  
Chairman of the Quality Assessments Supervisory Authority (TKT)

## Translation scores per section to final judgment

As decided in the General Members Meeting of 16 May, the transition from the two-track method used in the Netherlands to a three-track final judgment in accordance with the international situation, will be in effect starting from 16 May. This will be evaluated at the end of 2019.

The guideline for the final judgment is the question: when are there "shortcomings that have a significant negative impact on the effectiveness of the IAF and its ability to add value to the organization?"

In the Assessment Scales (Appendix E Assessment Scales from the QA Manual) the possible final judgments are described as follows:

- GC or '**Generally Conforms**' means that the assessor has concluded the following:  
There may be opportunities for improvement for the internal audit activity overall, but these should not represent situations where the internal audit activity has not implemented the Standards or Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.
- PC or '**Partially Conforms**' means that the assessor has concluded the following:  
For the internal audit activity overall there will be significant opportunities for improvement in the effectively applying the Standards or Code of Ethics (both Principles and Rules of Conduct) or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.
- DNC or '**Does Not Conform**' means that the assessor has concluded the following:  
For the internal audit activity overall there will be deficiencies that will usually have a significantly negative impact on the internal audit activity's effectiveness and its potential to add value to the organization. This may also represent significant improvements, including actions by senior management or the board.

It should be noted that an improvement plan must be drawn up for both the DNC and the PC and a re-assessment must take place within twelve months. For a DNC a full review must take place within this period, for a PC a limited review of the points for improvement.

The table below provides further guidance to arrive at one of the 3 final judgments mentioned. The table has the status "apply or explain". Naturally, based on their professional judgment, assessors should consider the context in their (final) judgment. It is hereby explicitly stated that there is no question of a mathematical sum. In order to be able to evaluate the use of the three-track judgment, the TKT asks the assessors to give a motivated justification for the DNC and PC in the report, bearing in mind the above description of the corresponding conclusion.

Final Assessment 'Does Not Conform' (DNC)	Final Assessment 'Generally Conforms' (GC)
<ul style="list-style-type: none"> <li>Code of Ethics and Attribute Standards, if:               <ul style="list-style-type: none"> <li>a DNC on the Code of Ethics</li> <li>a DNC on 1 or more sections (1000, 1100, 1200, 1300)</li> <li>a PC on 3 or more sections</li> </ul> </li> <li>Performance Standards: if:               <ul style="list-style-type: none"> <li>a DNC on section 2000 (Managing the internal audit activity)</li> <li>a DNC on 2 or more sections (2100, 2200, 2300, 2400, 2500, 2600)</li> <li>a DNC on 1 section and a PC on 2 or more sections</li> <li>a PC on 4 or more sections</li> </ul> </li> <li>Code of Ethics and all Standards: if:               <ul style="list-style-type: none"> <li>1 PC on the Code of Ethics or Attribute Standards + 3 PCs or more on the Performance Standards</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Code of Ethics and Attribute Standards, if:               <ul style="list-style-type: none"> <li>At most a PC on Code of Conduct or 1 section</li> </ul> </li> <li>Performance Standards: if:               <ul style="list-style-type: none"> <li>At most a DNC on 1 section (not being 2000) without a PC</li> <li>At most a PC on 2 sections (without DNCs)</li> </ul> </li> <li>Code of Ethics and all Standards: if:               <ul style="list-style-type: none"> <li>Maximaal op 3 secties een PC</li> </ul> </li> </ul>

Final Assessment 'Partially Conforms' (PC)
<ul style="list-style-type: none"> <li>Code of Ethics and Attribute Standards, if:               <ul style="list-style-type: none"> <li>On 2 sections a PC, with No DNC on the Code of Ethics + No DNC on the secties 1000, 1100, 1200, 1300</li> </ul> </li> <li>Performance Standards: if:               <ul style="list-style-type: none"> <li>At most a DNC on 1 section (not being 2000) and a PC</li> <li>On 3 sections a PC (without DNCs)</li> </ul> </li> <li>Code of Ethics and all Standards: does not apply (then GC or DNC, depending on the number of PCs)</li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<p><b>1000 – Purpose, Authority, and Responsibility</b></p> <p>The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.</p> <p><b>Interpretation:</b></p> <p><i>The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.</i></p>	<p><b>A.</b> The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility.</p> <p><b>B.</b> The internal audit charter is consistent with the Mission of Internal Audit and the mandatory elements of the IPPF (Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and the Standards).</p> <p><b>C.</b> The internal audit charter is periodically reviewed by the CAE and presented to senior management and the board for approval. Final approval of the internal audit charter resides with the board.</p> <p><b>D.</b> The internal audit charter establishes the position of the internal audit activity within the organization from a functional and administrative perspective.</p> <p><b>E.</b> The internal audit charter specifically describes the nature of the functional reporting relationship of the CAE to the board in a manner consistent with current practice.</p> <p><b>F.</b> The internal audit charter authorizes access to records, personnel, and physical properties</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• There is no charter (or similar document).</li> <li>• The internal audit charter is not up-to-date (does not tie in with the actual situation in terms of role and position). (i.e. a change in the role or position is not immediately processed)</li> <li>• The internal audit charter has not been formally approved by the senior management and board and/or audit committee/supervisory board.<sup>1</sup></li> <li>• The internal audit charter does (almost) not describe the purpose, authority, responsibility or scope of the internal audit activity.</li> <li>• The internal audit charter deviates substantially from the basic principles, the definition, the Code of Ethics and/or the Standards.</li> <li>• The (functional) reporting lines are not described.</li> <li>• <i>With a DNC for Standard 1000.A1 or C1 and/or 1010.</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• The internal audit charter is not periodically updated and discussed with the senior management and board and/or audit committee/supervisory board.</li> <li>• The commitments in the internal audit charter are insufficiently clear, not concrete or multi-interpretable.</li> <li>• <i>With a PC for Standard 1000.A1 or a DNC for C1 and/or a PC for Standard 1010.</i></li> </ul>

<sup>1</sup> With 'senior management and board and/or audit committee/supervisory board' is meant the highest competent body within the organization. This includes the combination of management of the organization and supervision thereof. In the case of the government, the audit committee may be a separate body that is not part of the supervisory board, or there might be no supervisory board at all. The audit committee has thus been mentioned separately.

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	<p>relevant to the performance of engagements.</p> <p><b>G.</b> The internal audit charter defines the scope of internal audit activities.</p> <p><b>H.</b> Functional reporting is demonstrated by the board approving the internal audit charter. (1000, 1110)<sup>1</sup></p> <p><b>I.</b> The CAE's reports and communications to senior management and the board include information about the internal audit charter. (1000, 2060)</p>	
<p><b>1000.A1</b> – The nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the internal audit charter.</p>	<p><b>H.</b> The nature of assurance services provided to the organization is defined in the internal audit charter.</p> <p><b>I.</b> If assurance services are provided outside the organization, the nature of these assurances is defined in the internal audit charter.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The internal audit activity gives assurance to third parties, while this is not mentioned in the internal audit charter.</li> <li>• The nature of the assurance services provided to the organization is not defined in the charter.</li> </ul>
<p><b>1000.C1</b> – The nature of consulting services must be defined in the internal audit charter.</p>	<p><b>J.</b> The nature of consulting services provided is defined in the internal audit charter.</p>	<p><b>Context:</b></p> <p>The natural advisory function is not seen as an consulting service; consulting services are separate assignments.</p> <p>The nature of the consulting services can be diverse and might not always be determined in advance; thus the definition of the services to be provided can be formulated in general terms.</p>

<sup>1</sup> In various places 2 standards are mentioned; this is the case if the criterion in question is mentioned in both those standards.

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		<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>The internal audit activity performs consulting services, other than the natural advisory function, and this is not mentioned in the internal audit charter.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>The nature of the consulting services is not mentioned in the internal audit charter.</li> </ul>
<p><b>1010 – Recognizing Mandatory Guidance in the Internal Audit Charter</b></p> <p>The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.</p>	<p><b>A.</b> The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and the <i>Standards</i> is recognized in the internal audit charter.</p> <p><b>B.</b> The CAE discusses the Mission of Internal Audit and the mandatory elements of the IPPF with senior management and the board.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>One or more of the mandatory components of the Core Principles for the Professional Practice of Internal Auditing, Definition, Code of Ethics, Standards is missing in the internal audit charter.</li> <li>The internal audit charter and the agreements recorded therein has been discussed with non of the mentioned stakeholders.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>The elements of the definition of internal audit are insufficiently mentioned in the internal audit charter.</li> <li>The internal audit charter and the agreements recorded therein have not been discussed with all of the mentioned stakeholders.</li> </ul>
<p><b>1100 – Independence and Objectivity</b></p> <p>The internal audit activity must be independent, and internal auditors must be objective in performing their work.</p> <p><b>Interpretation:</b></p>	<p><b>A.</b> The internal audit activity is free from conditions that threaten the ability of the internal audit activity to carry out its internal audit responsibilities in an unbiased manner.</p> <p><b>B.</b> The CAE has direct and unrestricted access to senior management and the board.</p>	<p>See for this Standard the relation with the Code of Ethics.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li><i>With a DNC for one or more of the Standards 1110, 1120 and 1130.</i></li> </ul>



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<p><i>Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels.</i></p> <p><i>Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.</i></p>	<p><b>C.</b> Threats to independence are managed at the individual auditor, engagement, functional, and organizational levels.</p> <p><b>D.</b> Internal auditors do not subordinate their judgment in audit matters to others.</p> <p><b>E.</b> Threats to objectivity are managed at the individual auditor, engagement, functional, and organizational levels.</p> <p><b>F.</b> Functional reporting is demonstrated by the board receiving communications from the CAE on the internal audit activity's performance relative to its plan and other matters. (1100, 2060)</p>	<p>A PC for this main Standard can hardly occur. So it will be GC or DNC. With the underlying Standards, a PC may occur, but that should not affect a GC here. When deciding whether or not a DNC, the PC plays a role in the consideration.</p>
<p><b>1110 – Organizational Independence</b></p> <p>The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill</p>	<p><b>A.</b> The CAE reports to a level in the organization that allows the internal audit activity to fulfill its responsibilities.</p> <p><b>B.</b> The CAE confirms to the board, at least</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>The functional reporting lines deviate from or do not meet the minimum standards that have been set for this within IIA NL (eg. reporting to the CFO with the 5 conditions (see footnote<sup>1</sup>, based</li> </ul>

<sup>1</sup> - There are no obstacles to the judgment of the internal audit activity on the GRC and the work that is carried out under the responsibility of the CFO.

- The CAE has its own (escalation) reporting line to the CEO and the AC.
- The Auditing Charter has been signed by the CEO.

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<p>its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.</p> <p><b>Interpretation:</b>  <i>Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:</i></p> <ol style="list-style-type: none"> <li>1. Approving the internal audit charter.</li> <li>2. Approving the risk-based internal audit plan.</li> <li>3. Approving the internal audit budget and resource plan.</li> <li>4. Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters.</li> <li>5. Approving decisions regarding the appointment and removal of the chief audit executive.</li> <li>6. Approving the remuneration of the chief audit executive.</li> <li>7. Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.</li> </ol>	<p>annually, the organizational independence of the internal audit activity.</p> <p><b>C.</b> The CAE reports functionally to the board.</p> <p><b>D.</b> Functional reporting is demonstrated by the board approving the internal audit charter. (1000, 1110)</p> <p><b>E.</b> Functional reporting is demonstrated by the board approving the risk-based internal audit plan. (1110, 2020)</p> <p><b>F.</b> Functional reporting is demonstrated by the board approving the internal audit budget and resource plan. (1110, 2020)</p> <p><b>G.</b> Functional reporting is demonstrated by the board receiving communications from the CAE on the internal audit activity's performance relative to its plan and other matters. (1110, 2060)</p> <p><b>H.</b> Functional reporting is demonstrated by the board approving decisions regarding the appointment and removal of the CAE.</p> <p><b>I.</b> Functional reporting is demonstrated by the board approving the remuneration of the CAE.</p> <p><b>J.</b> Functional reporting is demonstrated by the audit committee making appropriate inquiries of management and the CAE to determine whether</p>	<p>on the report 'Hot Issues' in context of Validation Standards Framework by the Committee Professional Practices)).</p> <ul style="list-style-type: none"> <li>• The CAE has not at least annually discussed its independence and confirmed it to the board and/or audit committee/supervisory board (for instance via update of the charter).</li> <li>• The board and/or audit committee/supervisory board is not involved in: 1, 2, 3, 4 and 5 (from the interpretation in the left-hand column).</li> <li>• The CAE is confronted with an impediment in its functioning or conflict with the internal audit charter and/or has not reported this impediment/conflict to the CEO and/or<sup>1</sup> audit committee/supervisory board (including 7. Limitations in scope or resources), see also Standard 1130.</li> <li>• The board and/or audit committee/supervisory board prevent the CAE from taking responsibility by limiting the material scope or the available resources.</li> <li>• <i>With a DNC for Standard 1110.A1, 1111 or 1112.</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• The audit committee/supervisory board is not involved in the following element of the interpretation in the left column: 6.</li> <li>• <i>With a PC for one of the Standards from the 11xx category.</i></li> </ul>

- The annual audit plan is approved by the CEO (and put on the agenda in the AC),
- The (critical) audit reports are addressed to the CEO, and (often via a summary report) to the AC.

<sup>1</sup> In case the obstruction has occurred at a low level in the organization, a report to the CEO is sufficient.

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	the scope or resources are inappropriate or limited. (1110, 2020)	
<b>1110.A1</b> – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications.	<b>K.</b> Internal audit is free from interference in determining the scope of internal auditing, performing work, and communicating results. <b>L.</b> If interference has occurred, the CAE disclosed such interference to the board and discussed the implications.	<b>DNC:</b> <ul style="list-style-type: none"> <li>The internal audit activity has been confronted with a material negative interference and/or has not reported this interference and discussed the implications with the board and/or audit committee/supervisory board.</li> <li>In the event of a negative, obstructive interference by the board, this has not been discussed with the chairman of the audit committee.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li><i>Can not occur.</i></li> </ul>
<b>1111 – Direct Interaction with the Board</b> The chief audit executive must communicate and interact directly with the board.	<b>A.</b> The CAE communicates and interacts directly with the board.	<b>DNC:</b> <ul style="list-style-type: none"> <li>There is shown ineffectiveness and/or absence of communication with the board, CEO and/or audit committee/supervisory board.</li> <li>There is no (frequent) presence of the internal audit activity in regular audit committee meetings.</li> <li>There is no direct access to the board and/or audit committee/supervisory board.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>There are no frequent and/or structured forms of consultation with the board and/or audit committee/supervisory board, which results in reduced relevance.</li> </ul>

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<p><b>1112 – Chief Audit Executive Roles Beyond Internal Auditing</b></p> <p>Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.</p> <p><b>Interpretation:</b></p> <p><i>The chief audit executive may be asked to take on additional roles and responsibilities outside of internal auditing, such as responsibility for compliance or risk management activities. These roles and responsibilities may impair, or appear to impair, the organizational independence of the internal audit activity or the individual objectivity of the internal auditor. Safeguards are those oversight activities, often undertaken by the board, to address these potential impairments, and may include such activities as periodically evaluating reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.</i></p>	<p><b>A.</b> Where the CAE has, or is expected to have, roles and/or responsibilities that fall outside of internal auditing, safeguards have been put in place to limit impairments to independence and objectivity.</p> <p><b>B.</b> Safeguards to address potential impairments include periodically evaluating reporting lines and responsibilities.</p> <p><b>C.</b> Safeguards to address potential impairments include developing alternative processes to obtain assurances related to the areas of additional responsibility.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• In case of a responsibility of the internal audit activity/CAE for 1st or 2nd line function, no analysis of impairments (the consequences of concurrence) has been made and no or not enough compensatory measures or safeguards have been taken. (See, for illustration, the position of IIA NL with regard to responsibility for Risk Management/Compliance in the report 'Hot issues' in the context of the study 'Validation Standards Framework' by the CPP).</li> <li>• The concurrence of functions (and the mitigating measures taken for this purpose) is insufficiently expressed in the internal audit charter and has been insufficiently discussed with the board and/or audit committee/supervisory board.</li> <li>• The concurrence of functions is insufficiently expressed in the reporting of the studies of relevant activities.</li> </ul>
<p><b>1120 – Individual Objectivity</b></p> <p>Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.</p> <p><b>Interpretation:</b></p> <p><i>Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing</i></p>	<p><b>A.</b> Internal auditors have an impartial, unbiased attitude and avoid any conflicts of interest.</p>	<p>This Standard is closely related to the clauses in the Code of Ethics of IIA, NBA and NOREA.</p> <p>Approach: To examine in the quality research how the CAE ensures that this conflict of interest does not arise and the individual objectivity is guaranteed.</p> <p><b>DNC:</b></p>

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<p><i>professional or personal interest. Such competing interests can make it difficult to fulfill his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.</i></p>		<ul style="list-style-type: none"> <li>There have been situations where it appeared that the objectivity is at risk and/or a biased/advantaged attitude has been adopted.</li> </ul> <p>PC:</p> <ul style="list-style-type: none"> <li>Can not occur.</li> </ul>
<p><b>1130 – Impairment to Independence or Objectivity</b></p> <p>If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.</p> <p><b>Interpretation:</b></p> <p><i>Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding.</i></p> <p><i>The determination of appropriate parties to which the details of an impairment to independence or objectivity must be disclosed is dependent upon the expectations of the internal audit activity's and the chief audit executive's responsibilities to senior management and the board as described in the internal audit charter, as well as the nature of the impairment.</i></p>	<p><b>A.</b> Impairment to independence or objectivity, in fact or in appearance, is disclosed in detail to appropriate parties. The nature of the disclosure depends on the impairment.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>The conflict of interest has been neglected once and no appropriate action has been taken.</li> <li>The conflict of interest has been neglected more than once (while appropriate action has been taken).</li> <li>Material impairments have been imposed where no report was made the board and/or audit committee/supervisory board. As far as the severity of the damage is concerned, every damage must be reported given the current zeitgeist.</li> <li>The impairment was not reported in time (i.e. as soon as possible).</li> <li>The impairment has been reported, but not the nature and possible impact.</li> <li>No assessment has been made of the impact on the functioning of the internal audit activity, let alone that this impact has been discussed with the relevant parties involved.</li> </ul> <p>PC:</p>

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		<ul style="list-style-type: none"> <li>PC can only originate from PC for the underlying Standards 1130 A1/A2, C1/C2.</li> </ul>
<p><b>1130.A1</b> – Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.</p> <p><b>1130.A2</b> – Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.</p> <p><b>1130.A3</b> – The internal audit activity may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.</p>	<p><b>B.</b> Internal auditors refrain from assessing specific operations for which they were previously responsible. Objectivity is assumed to be impaired if the internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year. (1130.A1)</p> <p><b>C.</b> Assurance engagements for functions over which the CAE has responsibility are overseen by a party outside the internal audit activity. (1130.A2)</p> <p><b>D.</b> Where the internal audit activity provides assurance services in areas where it had previously performed consulting services, the nature of the consulting services did not impair objectivity. (1130.A3)</p> <p><b>E.</b> Individual objectivity is managed when assigning resources to assurance engagements in areas where consulting services had been provided previously. (1130.A3)</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>An employee of the internal audit activity is in a situation as described in the Standard.</li> <li>In the event of internal rotation within the organization, the CAE or internal auditor is appointed from another business unit and no appropriate compensatory measures have been taken or they are not clearly defined.</li> <li>An assurance engagement is performed on a component for which the CAE was responsible less than 1 year ago and the assignment is not managed by an appropriate organization outside the internal audit activity (eg external auditor).</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>With the approval of the highest management (board/CEO) prior to the execution of the engagement, an individual employee is involved in an assurance engagement (within a year) for which he was responsible in the past, and it is not indicated which mitigating measures have been taken.</li> <li>In the reporting on such an engagement, no attention was paid to the special circumstance and it was not indicated which mitigating measures have been taken.</li> </ul>
<p><b>1130.C1</b> – Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.</p>	<p><b>F.</b> If internal auditors have potential impairments to independence and objectivity relating to proposed consulting services, disclosure is</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>In the engagement discussion or description, no attention was paid to the auditor's recent responsibility for this part and the resulting</li> </ul>

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<b>1130.C2</b> – If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.	made to the engagement client prior to accepting the engagement. (1130.C2)	limitations.  <b>PC:</b> <ul style="list-style-type: none"> <li>The report did not pay any attention to the auditor's recent responsibility for this part.</li> </ul>
<b>1200 – Proficiency and Due Professional Care</b> Engagements must be performed with proficiency and due professional care.	<b>A.</b> Engagements are performed with proficiency and due professional care.	<b>DNC:</b> <ul style="list-style-type: none"> <li>With a DNC for Standard 1210 and/or 1220.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>With a PC for Standard 1210 and/or 1220.</li> <li>With a DNC for Standard 1230.</li> </ul> <b>GC:</b> <ul style="list-style-type: none"> <li>With a PC for Standard 1230, rest GC.</li> <li>Standard 1230 weighs the least heavily.</li> </ul>
<b>1210 – Proficiency</b> Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities. <b>Interpretation:</b> <i>Proficiency is a collective term that refers to the knowledge, skills, and other competencies required of internal auditors to effectively carry out their professional responsibilities. It encompasses consideration of current</i>	<b>A.</b> Internal auditors possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. <b>B.</b> The internal audit activity collectively possesses or has obtained the knowledge, skills, and other competencies needed to perform its responsibilities. <b>C.</b> Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the CIA designation and	<b>Context:</b> <ul style="list-style-type: none"> <li>Based on the company's typology, the IT environment and the mission/vision/ambition, the CAE has developed a vision on which combinations of knowledge/skills/competencies and experience the department wants to have. Including a choice on what one wants to hire externally (temporarily).</li> <li>Job descriptions, containing the core competences regarding auditing, are available.</li> <li>Auditors are given the opportunity to develop themselves.</li> </ul> <b>DNC:</b>



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<p><i>activities, trends, and emerging issues, to enable relevant advice and recommendations. Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor designation and other designations offered by The Institute of Internal Auditors and other appropriate professional organizations.</i></p>	<p>other designations offered by The IIA and other appropriate professional organizations.</p>	<ul style="list-style-type: none"> <li>• The conditions set under the context mentioned above are not met.</li> <li>• In the case of more than one assignment, a lack of knowledge and expertise is found, eg in the management responses to the report or in evaluations).</li> <li>• The lack of or insufficient knowledge and expertise has led to limitations in the annual audit plan (in relation to the scope as established in the internal audit charter).</li> <li>• <i>With a DNC for Standard 1210.A1-A3 or 1210.C1.</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• Gaps in relation to the context above have been observed, but no timely/appropriate action has been taken.</li> <li>• <i>With a PC for Standard 1210 A1-A3 or 1210.C1.</i></li> </ul>
<p><b>1210.A1</b> – The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.</p> <p><b>1210.A2</b> – Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.</p>	<p><b>D.</b> The CAE has obtained competent advice and assistance when the internal audit staff lacks the knowledge, skills, or other competencies needed to perform all or part of the engagement. (1210.A1)</p> <p><b>E.</b> Internal auditors have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization. (1210.A2)</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• In the methodology and implementation, no attention is paid to the availability of sufficient knowledge and expertise of the audit department in relation to the engagements to be carried out.</li> <li>• No attention is paid to knowledge and expertise in the field of fraud.</li> <li>• No action is taken when there is lack of knowledge or expertise.</li> <li>• Engagements have been accepted and carried out for which there are demonstrably not the right knowledge, experience or skills within the internal audit activity.</li> <li>• No competent advice and/or assistance is sought in case there are internal shortcomings in the skills, knowledge or experience.</li> </ul>



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		<b>PC:</b> <ul style="list-style-type: none"> <li>There are incidental problems in the implementation that are the result of temporarily insufficient knowledge or expertise.</li> </ul>
<b>1210.A3</b> – Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.	<b>F.</b> Internal auditors have sufficient knowledge of key IT risks and controls and available technology-based audit techniques to perform their assigned work. Not all internal auditors are expected to have IT auditing expertise.	<b>DNC:</b> <ul style="list-style-type: none"> <li>There is a lack of IT (audit) knowledge so that no assessment of the risks can be made.</li> <li>There is no/insufficient knowledge about the possibilities of available IT-based audit techniques (and no action has been taken).</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>There is still insufficient IT knowledge, but appropriate and targeted action has been taken and is in progress.</li> <li>In individual assignments it appears that in some areas the IT knowledge of the employees of the internal audit activity is not sufficient.</li> <li>No actions are taken in the event of an incidental lack of IT knowledge.</li> </ul>

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<b>1210.C1</b> – The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.	<b>G.</b> The CAE has declined consulting engagements or obtains competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.	<b>DNC:</b> <ul style="list-style-type: none"> <li>One or more consultancy engagements have been carried out by the internal audit activity, while the right knowledge, experience or skills are demonstrably not available within the internal audit activity, and this lack has not been sufficiently compensated by hiring the necessary knowledge.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li><i>Can not occur.</i></li> </ul>
<b>1220 – Due Professional Care</b> Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.	<b>A.</b> Internal auditors apply the care and skill expected of a reasonably prudent and competent internal auditor.	See Standard 1220.A1-A3 and 1220.C1.  <b>DNC:</b> <ul style="list-style-type: none"> <li><i>With a DNC for Standard 1220.A1-A3 and 1220.C1.</i></li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li><i>With a PC for Standard 1220.A1-A3 and 1220.C1.</i></li> </ul>
<b>1220.A1</b> – Internal auditors must exercise due professional care by considering the: <ul style="list-style-type: none"> <li>Extent of work needed to achieve the engagement's objectives.</li> <li>Relative complexity, materiality, or significance of matters to which assurance procedures are applied.</li> <li>Adequacy and effectiveness of governance, risk management, and control processes.</li> <li>Probability of significant errors, fraud, or</li> </ul>	<b>B.</b> Internal auditors exercise due professional care by considering the extent of work needed to achieve the engagement's objectives. (1220.A1) <b>C.</b> Internal auditors exercise due professional care by considering the relative complexity, materiality, or significance of matters to which assurance procedures are applied. (1220.A1) <b>D.</b> Internal auditors exercise due professional care by considering the adequacy and	<b>DNC:</b> <ul style="list-style-type: none"> <li>It can not be deduced from the audit methodology and/or files that the aspects mentioned in the Standard are taken into account with sufficient depth.</li> <li>The audit costs are disproportionately high in relation to the research objective - unless the client has consciously opted for this. (1220.A1 - last bullet).</li> <li>In conducting the audits, auditing software/automated audit techniques has/have not been considered (1220.A2).</li> </ul>

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<p>noncompliance.</p> <ul style="list-style-type: none"> <li>• Cost of assurance in relation to potential benefits.</li> </ul> <p><b>1220.A2</b> – In exercising due professional care, internal auditors must consider the use of technology-based audit and other data analysis techniques.</p> <p><b>1220.A3</b> – Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.</p>	<p>effectiveness of governance, risk management, and control processes. (1220.A1)</p> <p><b>E.</b> Internal auditors exercise due professional care by considering the probability of significant errors, fraud, or noncompliance. (1220.A1)</p> <p><b>F.</b> Internal auditors exercise due professional care by considering the cost of assurance in relation to potential benefits. (1220.A1)</p> <p><b>G.</b> Internal auditors consider the use of technology-based audit and other data analysis techniques. (1220.A2)</p> <p><b>H.</b> Internal auditors are alert to the significant risks that might affect objectives, operations, or resources. (1220.A3)</p>	<p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• Not all relevant aspects have been taken into account.</li> </ul>

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<p><b>1220.C1</b> – Internal auditors must exercise due professional care during a consulting engagement by considering the:</p> <ul style="list-style-type: none"> <li>• Needs and expectations of clients, including the nature, timing, and communication of engagement results..</li> <li>• Relative complexity and extent of work needed to achieve the engagement’s objectives.</li> <li>• Cost of the consulting engagement in relation to potential benefits.</li> </ul>	<p><b>I.</b> Internal auditors exercise due professional care during consulting engagements by considering the needs and expectations of clients, including the nature, timing, and communication of engagement results.</p> <p><b>J.</b> Internal auditors exercise due professional care during consulting engagements by considering the relative complexity and extent of work needed to achieve the engagement’s objectives.</p> <p><b>K.</b> Internal auditors exercise due professional care during consulting engagements by considering the cost of the consulting engagement in relation to potential benefits.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• Several assignments are executed that do not fit within the needs/expectations as indicated by the client.</li> <li>• The agreed timeframes are not lived up to and there is no or insufficient communication.</li> <li>• The engagements are underestimated, as a result of which implementation is seriously inadequate, which can be blamed on the internal audit activity because of the wrong estimate.</li> <li>• The costs are disproportionately high in relation to the goal, unless the client has consciously opted for this.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• With one engagement, the same situation has occurred as with DNC, but not with other consultancy engagements.</li> </ul>

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<p><b>1230 – Continuing Professional Development</b></p> <p>Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.</p>	<p><b>A.</b> Internal auditors enhance their knowledge, skills, and other competencies through continuing professional development.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• One or more employees of the internal audit activity have systematically not fulfilled the CPE obligation of the professional organization of which they are part (is indicator that process is not working properly).</li> <li>• There is no policy regarding training and development within the internal audit activity.</li> <li>• There is a policy, but it is not tailored to and arising from the departmental vision.</li> <li>• The policy does not pay attention to IT and fraud issues.</li> <li>• The policy does not pay attention to the specific business knowledge required.</li> <li>• There is policy, but no effectuation.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• One or more employees does/do occasionally not fulfill the CPE obligation, due to valid reasons.</li> <li>• The internal audit activity does not systematically monitor the training courses followed by the employees and this relates to the policy (see also Standard 1210) and the individual training plans.</li> <li>• The CAE did not convince himself that employees have complied with the CPE obligation.</li> </ul>
<p><b>1300 – Quality Assurance and Improvement Program (QAIP)</b></p> <p>The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.</p>	<p><b>A.</b> The CAE has developed and maintains a QAIP that covers all aspects of the internal audit activity.</p> <p><b>B.</b> The QAIP is designed to enable the evaluation of the internal audit activity's conformance with</p>	<p><b>Context:</b></p> <p><i>For a detailed explanation please refer to the Practice Guide Quality Assurance and Improvement Program (QAIP). All key conformance criteria at 1300 are reflected in the criteria for the standards below. This means that there is only a 'roll up'.</i></p>

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<b>Interpretation:</b> <i>A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The chief audit executive should encourage board oversight in the quality assurance and improvement program.</i>	<p>the <i>Standards</i>.</p> <p><b>C.</b> The QAIP is designed to enable the evaluation of whether internal auditors apply the Code of Ethics.</p> <p><b>D.</b> The QAIP assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.</p> <p><b>E.</b> The CAE encourages board oversight in the QAIP.</p>	<p><b>Roll up:</b></p> <ul style="list-style-type: none"> <li>The rating is determined by the "roll up" of the Standards below (1310, among which 1311 and 1323, and 1320), whereby the weakest link determines the judgment.</li> </ul>
<p><b>1310 – Requirements of the Quality Assurance and Improvement Program</b></p> <p>The quality assurance and improvement program must include both internal and external assessments.</p>	<p><b>A.</b> The QAIP has both internal and external assessment components.</p>	<p><b>Roll up to 1310:</b></p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>The program does not include internal and external evaluations.</li> <li>With a DNC for Standard 1311 and/or 1312.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>With a PC for Standard 1311 and/or 1312.</li> </ul> <p><b>GC:</b></p> <ul style="list-style-type: none"> <li>With a GC for Standard 1311 and 1312.</li> </ul>
<p><b>1311 – Internal Assessments</b></p> <p>Internal assessments must include:</p> <ul style="list-style-type: none"> <li>Ongoing monitoring of the performance of the internal audit activity.</li> <li>Periodic self-assessments or assessments by other</li> </ul>	<p><b>A.</b> There is evidence of ongoing monitoring of the performance of the internal audit activity.</p> <p><b>B.</b> Ongoing monitoring is incorporated into the routine policies and practices of the internal audit activity and uses processes, tools, and</p>	<p><b>Context:</b></p> <p>1) Ongoing monitoring of the audit: (See Implementation Guideline 1311 for examples of adequate implementation.)</p>

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<p>persons within the organization with sufficient knowledge of internal audit practices<sup>1</sup></p> <p><b>Interpretation:</b>  <i>Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics, and the Standards.</i></p> <p><i>Periodic assessments are conducted to evaluate conformance with the Code of Ethics and the Standards. Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.</i></p>	<p>information considered necessary to evaluate conformance with the Code of Ethics and the Standards.</p> <p><b>C.</b> There is evidence of periodic assessments conducted to evaluate conformance with the Code of Ethics and the Standards.</p> <p><b>D.</b> Periodic assessments are conducted by individuals who have an understanding of all of the elements of the IPPF.</p>	<ul style="list-style-type: none"> <li>Set up is lacking, but there is complete and systematic monitoring → GC (with a recommendation).</li> <li>Set up is present, but not systematically applied → PC</li> <li>Set up is present, but not applied → DNC</li> </ul> <p>2) Periodic (at least annually) assessments:          (See Implementation Guideline 1311 for examples of adequate implementation.)</p> <ul style="list-style-type: none"> <li>Set up is lacking, but there is complete and systematic assessment → GC (with a recommendation).</li> <li>Set up is present, but not systematically applied → PC</li> <li>Set up is present, but not applied → DNC</li> </ul> <p><b>Roll Up:</b>  <i>Base: 1) and 2) carry the same weight.</i></p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li><i>In the absence of 1) and/or 2).</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li><i>With a PC of 1) and 2) or with a PC of 1) or 2), with a GC of 1) or 2).</i></li> </ul>
<p><b>1312 – External Assessments</b></p> <p>External assessments must be conducted at least once</p>	<p><b>A.</b> There is evidence that an external assessment has been conducted within the past five years.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>The external assessment has not been completed after five years.</li> </ul>

<sup>1</sup> The periodic assessments can be conducted by a qualified expert from outside the organization. So it is possible for smaller organizations to work together to conduct the periodic assessments at each other.

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<p>every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:</p> <ul style="list-style-type: none"> <li>• The form and frequency of external assessment.</li> <li>• The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.</li> </ul> <p><b>Interpretation:</b>  <i>External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation. The external assessor must conclude as to conformance with the Code of Ethics and the Standards; the external assessment may also include operational or strategic comments.</i>  <i>A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or industry, and technical issues is more valuable than less relevant experience. In the case of an assessment team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified. An independent assessor or assessment team means not</i></p>	<p><b>B.</b> The external assessment was conducted by a qualified and independent assessor or assessment team from outside the organization.</p> <p><b>C.</b> The external assessor or assessment team concluded as to conformance with the Code of Ethics and the <i>Standards</i>.</p> <p><b>D.</b> The external assessor or assessment team demonstrated competence in the professional practice of internal auditing and the external assessment process.</p> <p><b>E.</b> The external assessor or assessment team demonstrated competence in the professional practice of internal auditing and the external assessment process.</p> <p><b>F.</b> There is evidence that the CAE has discussed with the board the qualifications and independence of the external assessor or assessment team, including any potential conflicts of interest.</p> <p><b>G.</b> The independent assessor or assessment team does not have actual or perceived conflicts of interest of the organization to which the internal audit activity belongs. They are not a part of or under the control of the organization.</p> <p><b>H.</b> The CAE encourages board oversight in the external assessment to reduce perceived or potential conflict of interest.</p>	<ul style="list-style-type: none"> <li>• The external assessment was not carried out in accordance with the regulations of the IIA.</li> <li>• There is no prior coordination with the board about the evaluation and independence of the assessor.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• The external evaluation is completed later than five years, but within six years.</li> </ul>



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<p><i>having either an actual or a perceived conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs. The chief audit executive should encourage board oversight in the external assessment to reduce perceived or potential conflicts of interest.</i></p>		
<p><b>1320 – Reporting on the Quality Assurance and Improvement Program (QAIP)</b></p> <p>The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:</p> <ul style="list-style-type: none"> <li>• The scope and frequency of both the internal and external assessments.</li> <li>• The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.</li> <li>• Conclusions of assessors.</li> <li>• Corrective action plans.</li> </ul> <p><b>Interpretation:</b></p> <p><i>The form, content, and frequency of communicating the results of the quality assurance and improvement program is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the Code of Ethics and the</i></p>	<p><b>A.</b> There is evidence that the CAE has communicated the results of the QAIP to senior management and the board. Disclosure includes the scope and frequency of both the internal and external assessments.</p> <p><b>B.</b> There is evidence that the CAE has communicated the results of the QAIP to senior management and the board. Disclosure includes the qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.</p> <p><b>C.</b> There is evidence that the CAE has communicated the results of the QAIP to senior management and the board. Disclosure includes conclusions of assessors.</p> <p><b>D.</b> There is evidence that the CAE has communicated the results of the QAIP to senior management and the board. Disclosure includes corrective action plans.</p> <p><b>E.</b> There is evidence that the CAE has communicated the results of ongoing monitoring</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The CAE has not demonstrably discussed about the outcomes of the external quality assessment with the board and/or audit committee/supervisory board.</li> <li>• The CAE has not demonstrably communicated action plans with corrective measures to the board and/or audit committee/supervisory board.</li> <li>• There has not been a follow-up on the points for improvement.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• The CAE did not align the expectations of the board and/or audit committee/supervisory board in regard to this subject.</li> <li>• The board and/or audit committee/supervisory board has not been reported to in accordance with the aligned expectations.</li> <li>• Agreements on the expectations of the board and/or audit committee/supervisory board should be updated again, among other things by changes in the composition of the board and/or audit committee/supervisory board, legislation and regulations or expiration of the time.</li> </ul>

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<p><i>Standards, the results of external and periodic internal assessments are communicated upon completion of such assessments, and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance.</i></p>	<p>annually to senior management and the board. Results include the independent assessor's or assessment team's evaluation with respect to the degree of conformance.</p> <p><b>F.</b> There is evidence that the CAE has communicated the results of external assessments to senior management and the board upon completion. Results include the independent assessor's or assessment team's evaluation with respect to the degree of conformance.</p> <p><b>G.</b> De rapportages en mededelingen van de CAE aan het senior management en het bestuur bevatten informatie over de naleving van de gedragscode en de Standaarden en actieplannen om belangrijke nalevingskwesties aan te pakken. (1320, 2060)</p>	<p><b>Note:</b> <i>In case the audit committee has indicated not to have any interest in the report, this must be verified in the meeting with the chairman of the audit committee (and be included in the report).</i></p>
<p><b>1321 – Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”</b></p> <p>Indicating that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if supported by the results of the quality assurance and improvement program.</p> <p><b>Interpretation:</b> <i>The internal audit activity conforms with the Code of</i></p>	<p><b>A.</b> Indicating that the internal audit activity conforms with the <i>Standards</i> is supported by the results of the QAIP.</p>	<p><b>Context:</b> Also see Standard 2430. Often not applicable because in the Dutch internal audit world the passage is virtually not included.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>The sentence mentioned was wrongly used in audit reports.</li> </ul>

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<p><i>Ethics and the Standards when it achieves the outcomes described therein. The results of the quality assurance and improvement program include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.</i></p>		
<p><b>1322 – Disclosure of Nonconformance</b></p> <p>When nonconformance with the Code of Ethics or the Standards impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.</p>	<p><b>A.</b> There is evidence that when nonconformance with the Definition of Internal Auditing, the Code of Ethics, or the <i>Standards</i> impacts the overall scope or operation of the internal audit activity, the CAE has disclosed the nonconformance and the impact to senior management and the board.</p>	<p><i>Make a distinction between conform (see Standard 1321) and not conform (see Standard 1322). In the latter case this must be reported. See also the link with Standard 1311.</i></p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>The Standards (including the Code of Ethics) are not met, as a result of which the scope or the operation of the internal audit activity is seriously influenced, and this is not reported.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>Some Standards are not met, as a result of which the scope or the operation of the internal audit activity is partly influenced, and this is not reported.</li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<p><b>2000 – Managing the Internal Audit Activity</b></p> <p>The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.</p> <p><b>Interpretation:</b>  <i>The internal audit activity is effectively managed when:</i></p> <ul style="list-style-type: none"> <li>• <i>It achieves the purpose and responsibility included in the internal audit charter.</i></li> <li>• <i>It conforms with the Standards.</i></li> <li>• <i>Its individual members conform with the Code of Ethics and the Standards.</i></li> <li>• <i>It considers trends and emerging issues that could impact the organization.</i></li> </ul> <p><i>The internal audit activity adds value to the organization and its stakeholders when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.</i></p>	<p><b>A.</b> Effective management of the internal audit activity is demonstrated when the internal audit activity achieves the purpose and responsibility included in the internal audit charter.</p> <p><b>B.</b> Effective management of the internal audit activity is demonstrated when the internal audit activity conforms with the Standards.</p> <p><b>C.</b> Effective management of the internal audit activity is demonstrated when the internal audit activity's individual members conform with the Code of Ethics.</p> <p><b>D.</b> Effective management of the internal audit activity is demonstrated when the internal audit activity considers trends and emerging issues that could impact the organization.</p> <p><b>E.</b> The internal audit activity adds value to the organization and its stakeholders when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• <i>With a DNC for Standard 2010.</i></li> <li>• <i>With more than one DNC for Standards 2020, 2030, 2040, 2050, 2060 and 2070.</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• <i>With a DNC for one of the Standards 2020, 2030, 2040, 2050, 2060 and 2070.</i></li> <li>• <i>With more than one PC for Standards 2010, 2020, 2030, 2040, 2050, 2060 and 2070.</i></li> </ul> <p><b>GC:</b></p> <ul style="list-style-type: none"> <li>• <i>With a maximum of one PC for one of the Standards 2020, 2030, 2040, 2050, 2060 and 2070.</i></li> </ul>
<p><b>2010 – Planning</b></p> <p>The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.</p>	<p><b>A.</b> The CAE has established a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.</p> <p><b>B.</b> To develop the risk-based plan, the CAE consults with senior management and the board</p>	<p><b>Context:</b>          The IIA knows:</p> <ol style="list-style-type: none"> <li>1. audit universe;</li> <li>2. audit risk assessment;</li> <li>3. annual audit plan.</li> </ol>

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<p><b>Interpretation:</b>  <i>To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.</i></p>	<p>and obtains an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes.</p> <p><b>C.</b> The CAE reviews and adjusts the plan as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.</p>	<p>The <b>audit universe</b> is an overview of (possible) audit objects, linked to the business processes and strategy of the company, the risk register and the company structure/legal structure. This is based on governance, risk management &amp; control functions including the underlying control structure and regulatory requirements. The internal audit activity does an <b>audit risk assessment</b> on these audit objects. This is different from the risk assessment of the company itself.</p> <p>In consultation with senior management and the board, and taking their wishes into account, an <b>annual audit plan</b> is derived from this. Existing knowledge, expertise and manpower are taken into account and bottlenecks are defined.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The audit universe has not been made explicit.</li> <li>• The audit universe does not include the entire scope of the internal audit activity as defined in the internal audit charter.</li> <li>• The audit risk assessment is missing, as base for the annual plan.</li> <li>• The annual audit plan is missing.</li> <li>• <i>With a DNC for the Standards 2010.A1 or A2.</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• There are gaps in the performance of the audit risk assessment.</li> <li>• The internal audit activity does not have its own idea of risks but only relies on internal risk assessments, without their own evaluation.</li> </ul>

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		<ul style="list-style-type: none"> <li>It is insufficient visible that the business objectives and the senior management or the board and/or audit committee/supervisory board are involved in the realization of the annual audit plan.</li> <li><i>With a PC for the Standards 2010.A1 or A2 (without a DNC for one of them).</i></li> <li><i>With a DNC or PC for Standard 2010.C1.</i></li> </ul>
<b>2010.A1</b> – The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.	<b>D.</b> The internal audit activity plan of engagements is based on a documented risk assessment undertaken at least annually.  <b>E.</b> The input of senior management and the board is considered in the risk assessment process.	<b>DNC:</b> <ul style="list-style-type: none"> <li>There is no (at least) annual (audit) risk assessment.</li> <li>The audit plan is not based on input from senior management and the board and/or audit committee/supervisory board.</li> <li>The audit plan is not demonstrably linked to the risk evaluation.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>There is insufficient documentation regarding risk assessment.</li> <li>There is no timely alignment of the outcomes of the risk assessment with the board and/or audit committee/supervisory board.</li> <li>There is no alignment with top management.</li> </ul>
<b>2010.A2</b> – The chief audit executive must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.	<b>F.</b> The CAE identifies and considers the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.	<b>DNC:</b> <ul style="list-style-type: none"> <li>There is no alignment about the expectations of senior management and the board and/or audit committee/supervisory board.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>There is no timely alignment with the senior management and board and/or audit committee/supervisory board.</li> </ul>

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		<ul style="list-style-type: none"> <li>• There is no alignment with other 'assurance' or 2nd line functions within the organization.</li> <li>• There is no alignment with the external accountant.</li> </ul>
<b>2010.C1</b> – The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements must be included in the plan.	<b>G.</b> The CAE considers accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements are included in the audit plan.	<b>DNC:</b> <ul style="list-style-type: none"> <li>• The considerations of the added value of planned consulting engagements were not explicitly communicated the board and/or audit committee/supervisory board.</li> <li>• The planned consulting engagements are not included in the (overall) plan of the internal audit activity.</li> </ul>
<b>2020 – Communication and Approval</b> The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.	<b>A.</b> The CAE communicates the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. <b>B.</b> The CAE communicates the impact of resource limitations to senior management and the board. <b>C.</b> Functional reporting is demonstrated by the board approving the risk-based internal audit plan. (1110, 2020) <b>D.</b> Functional reporting is demonstrated by the board approving the internal audit budget and resource plan. (1110, 2020) <b>E.</b> Functional reporting is demonstrated by the audit committee making appropriate inquiries of	<b>DNC:</b> <ul style="list-style-type: none"> <li>• The plans, resources and/or significant changes have not been submitted and approved by the board and/or audit committee/supervisory board.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>• The plans were discussed with the board and/or audit committee/supervisory board, but not formally approved.</li> </ul>

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	<p>management and the CAE to determine whether the scope or resources are inappropriate or limited. (1110, 2020)</p> <p><b>F.</b> The CAE's reports and communications to senior management and the board include information about the audit plan and progress against the plan. (2010, 2020, 2060)</p>	
<p><b>2030 – Resource Management</b></p> <p>The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.</p> <p><b>Interpretation:</b></p> <p><i>Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimizes the achievement of the approved plan.</i></p>	<p><b>A.</b> The CAE ensures that internal audit resources are appropriate to achieve the approved plan.</p> <p><b>B.</b> The CAE ensures that internal audit resources are sufficient to achieve the approved plan.</p> <p><b>C.</b> The CAE ensures that internal audit resources are effectively deployed to achieve the approved plan.</p> <p><b>D.</b> The CAE's reports and communications to senior management and the board include information about resource requirements. (2030, 2060)</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• There is insufficient budget to implement the audit plan or the outcomes of the audit universe - risk assessment - audit plan.</li> <li>• The CAE did not take into account the knowledge needed to implement the audit plan.</li> <li>• There is no evaluation of the required hours in advance to realize the annual audit plan.</li> <li>• The missing knowledge areas within the internal audit activity have not been addressed in order to be able to implement the annual audit plan.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• Budgeting of hours (resources), technology and knowledge required for implementing the audit plan has only been implemented in a global manner.</li> <li>• The budget is under pressure and leads to an adjustment of the audit plan, without having been approved by the board and/or audit committee/supervisory board.</li> </ul>
<p><b>2040 – Policies and Procedures</b></p>	<p><b>A.</b> The CAE has established policies and</p>	<p><b>DNC:</b></p>



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<p>The chief audit executive must establish policies and procedures to guide the internal audit activity.</p> <p><b>Interpretation:</b>  <i>The form and content of policies and procedures are dependent upon the size and structure of the internal audit activity and the complexity of its work.</i></p>	<p>procedures to guide the internal audit activity.</p> <p><b>B.</b> The form and content of policies and procedures are consistent with and appropriate for the size and structure of the internal audit activity and the complexity of its work.</p>	<ul style="list-style-type: none"> <li>• There is no audit manual (policy and procedures) drawn up that ensures that the internal audit activity is guided.</li> <li>• Changes in policy and procedures (eg IIA Standards) were not processed in time in the audit manual.</li> <li>• The audit manual has demonstrable gaps (in regards to IG2040).</li> <li>• The audit staff is insufficiently familiar with the audit manual or gets insufficiently disclosed with the audit methodology, policies and procedures.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• There is an audit manual (policies and procedures), but there are gaps in some areas, or it needs to be updated. However, these gaps are not essential for the performance of audit assignments.</li> <li>• Changes in the audit manual are not communicated in a structured way to the audit staff.</li> </ul>
<p><b>2050 – Coordination</b></p> <p>The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.</p> <p><b>Interpretation:</b>  <i>In coordinating activities, the chief audit executive may rely on the work of other assurance and consulting service providers. A consistent process for the basis of reliance should be established, and the chief audit executive should consider the competency, objectivity, and due professional care of the assurance and</i></p>	<p><b>A.</b> The CAE shares information with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of effort.</p> <p><b>B.</b> The CAE coordinates activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of effort.</p> <p><b>C.</b> If the CAE relies upon the work of other internal and external providers of assurance and consulting services, a consistent process for the basis of reliance should be established.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The CAE does not share the audit plan with other internal and external assurance providers, including the external accountant.</li> <li>• The CAE does not demonstrably coordinate the audit plan with other internal and external assurance providers, including the external accountant.</li> <li>• Interviews with other internal and external assurance providers (ie external accountant) showed that the CAE does not coordinate the audit activities with them.</li> <li>• When deploying other internal or external auditors, objectivity and quality are not explicitly considered.</li> <li>• When deploying other internal or external auditors, the scope and</li> </ul>

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<p><i>consulting service providers. The chief audit executive should also have a clear understanding of the scope, objectives, and results of the work performed by other providers of assurance and consulting services. Where reliance is placed on the work of others, the chief audit executive is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.</i></p>	<p><b>D.</b> If the CAE relies upon the work of other internal and external providers of assurance and consulting services, the CAE should consider the competency, objectivity, and due professional care of the assurance and consulting service providers.</p> <p><b>E.</b> If the CAE relies upon the work of other internal and external providers of assurance and consulting services, the CAE should have a clear understanding of the scope, objectives, and results of the work performed by other providers of assurance and consulting services.</p>	<p>purpose of their assignment are not explicitly laid down.</p> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• The CAE shares the audit plan with other internal and external assurance providers, but this is not visible/demonstrable.</li> <li>• The CAE coordinates the audit plan with other internal and external assurance providers, but that is not visible/demonstrable.</li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<p><b>2060 – Reporting to Senior Management and the Board</b></p> <p>The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the <i>Standards</i>. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board.</p> <p><b>Interpretation:</b>  <i>The frequency and content of reporting are determined collaboratively by the chief audit executive, senior management, and the board. The frequency and content of reporting depends on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and/or the board.</i></p>	<p><b>A.</b> The CAE reports periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.</p> <p><b>B.</b> The CAE reports periodically to senior management and the board on the internal audit activity's conformance with the Code of Ethics and the <i>Standards</i>.</p> <p><b>C.</b> The CAE reports significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.</p> <p><b>D.</b> The frequency and content of reporting has been determined based on discussions with senior management and the board, and depends on the importance of the information communicated and the urgency of related actions to be taken by senior management and the board.</p>	<p><b>Context:</b>  <i>In this Standard, there is an overlap with previous Standards on a number of points. Choose where a point gets included and reported in the assessment (so that the same point does not count negatively in multiple places).</i></p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The CAE does not periodically report to the board and/or audit committee/supervisory board on the implementation of the internal audit plan and/or the functioning of the internal audit activity.</li> <li>• Reports to the board and/or audit committee/supervisory board do not indicate the most important risks and shortcomings in the area of internal control.</li> <li>• Other points of attention (for example in the area of governance and other necessary subjects, such as as mentioned in the key conformance criteria) are not periodically reported to the board and/or audit committee/supervisory board.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• Not all three aspects above are met.</li> </ul> <p><b>GC:</b></p> <ul style="list-style-type: none"> <li>• There are some, but not material gaps (in relation to the key conformance criteria mentioned) in what is reported.</li> </ul>

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<p><i>The chief audit executive's reporting and communication to senior management and the board must include information about:</i></p> <ul style="list-style-type: none"> <li>• <i>The audit charter.</i></li> <li>• <i>Independence of the internal audit activity.</i></li> <li>• <i>The audit plan and progress against the plan.</i></li> <li>• <i>Resource requirements.</i></li> <li>• <i>Results of audit activities.</i></li> <li>• <i>Conformance with the Code of Ethics and the Standards, and action plans to address any significant conformance issues.</i></li> <li>• <i>Management's response to risk that, in the chief audit executive's judgment, may be unacceptable to the organization.</i></li> </ul> <p><i>These and other chief audit executive communication requirements are referenced throughout the Standards.</i></p>	<p><b>E.</b> The CAE's reports and communications to senior management and the board include information about the internal audit charter. (1000, 2060)</p> <p><b>F.</b> The CAE's reports and communications to senior management and the board include information about the independence of the internal audit activity. (1100, 2060)</p> <p><b>G.</b> The CAE's reports and communications to senior management and the board include information about the audit plan and progress against the plan. (2010, 2020, 2060)</p> <p><b>H.</b> The CAE's reports and communications to senior management and the board include information about resource requirements. (2030, 2060)</p> <p><b>I.</b> The CAE's reports and communications to senior management and the board include information about the results of audit activities.</p> <p><b>J.</b> The CAE's reports and communications to senior management and the board include information about conformance with the Code of Ethics and the <i>Standards</i> and action plans to address any significant conformance issues. (1320, 2060)</p>	

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	<p><b>K.</b> The CAE's reports and communications to senior management and the board include information about management's response to risk that, in the CAE's judgment, may be unacceptable to the organization. (2060, 2600)</p> <p><b>L.</b> The CAE's reports and communications to senior management and the board include information about management's response to risk that, in the CAE's judgment, may be unacceptable to the organization. (2060, 2600)</p>	
<p><b>2070 – External Service Provider and Organizational Responsibility for Internal Auditing</b></p> <p>When an external service provider serves as the internal audit activity, the provider must make the organization aware that the organization has the responsibility for maintaining an effective internal audit activity.</p> <p><b>Interpretation:</b></p> <p><i>This responsibility is demonstrated through the quality assurance and improvement program which assesses conformance with the Code of Ethics and the Standards.</i></p>	<p><b>A.</b> When an external service provider serves as the internal audit activity, the provider makes the organization aware that the organization has the responsibility for maintaining an effective internal audit activity.</p> <p><b>B.</b> The responsibility for maintaining an effective internal audit activity is demonstrated through the QAIP, which assesses conformance with the Code of Ethics and the Standards.</p>	<p>If outsourcing of the internal audit activity has taken place, the same principles apply to the provider as to 'own' internal audit activities. This also means that this provider makes it known that it acts as an internal audit activity.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The external service provider does not make itself known as internal audit activity.</li> <li>• The external service provider also carries out other activities, as a result of which the independence and objectivity of the internal audit activity role is not guaranteed.</li> <li>• The provider does not remind the organization of its responsibility for maintaining an effective internal audit activity (including the external quality assessment).</li> <li>• The provider does not comply with the Code of Ethics and/or Standards while carrying out the audit activities.</li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<p><b>2100 – Nature of Work</b></p> <p>The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.</p>	<p><b>A.</b> The internal audit activity evaluates and contributes to the improvement of governance, risk management, and control processes using a systematic, disciplined, and risk-based approach.</p> <p><b>B.</b> Internal auditors are proactive and their evaluations offer new insights and consider future impact.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• <i>With a DNC for Standard 2110, 2120 or 2130, ie with demonstrably insufficient structured and systematic deployment of the internal audit activity on governance, risk management and control processes.</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• <i>With a PC for Standard 2110, 2120 or 2130.</i></li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<p><b>2110 – Governance</b></p> <p>The internal audit activity must assess and make appropriate recommendations to improve the organization's governance processes for:</p> <ul style="list-style-type: none"> <li>• Making strategic and operational decisions.</li> <li>• Overseeing risk management and control.</li> <li>• Promoting appropriate ethics and values within the organization.</li> <li>• Ensuring effective organizational performance management and accountability.</li> <li>• Communicating risk and control information to appropriate areas of the organization..</li> <li>• Coordinating the activities of, and communicating information among, the board, external and internal auditors, other assurance providers, and management.</li> </ul>	<p><b>A.</b> The internal audit activity assesses and makes appropriate recommendations for improving governance processes for making strategic and operational decisions.</p> <p><b>B.</b> The internal audit activity assesses and makes appropriate recommendations for improving governance processes for overseeing risk management and control.</p> <p><b>C.</b> The internal audit activity assesses and makes appropriate recommendations for improving governance processes for promoting appropriate ethics and values within the organization.</p> <p><b>D.</b> The internal audit activity assesses and makes appropriate recommendations for improving governance processes for ensuring effective organizational performance management and accountability.</p> <p><b>E.</b> The internal audit activity assesses and makes appropriate recommendations for improving governance processes for communicating risk and control information for appropriate areas of the organization.</p> <p><b>F.</b> The internal audit activity assesses and makes appropriate recommendations for improving governance processes for coordinating the activities of, and communicating information among, the board, external and internal auditors,</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• There is little or no attention to the governance in the audit plan and the implementation of that plan, in other words, there is no systematic approach of the internal audit activity on the subject of governance.</li> <li>• There is little or no attention for the six areas of attention mentioned in Standard 2110 in the planning/reporting of the internal audit activity.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• Relatively limited attention is paid to governance in (the realization of) the audit plan.</li> <li>• <i>With a DNC or PC for Standard 2110 A1 or A2.</i></li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
	other assurance provides, and management.	
<b>2110.A1</b> – The internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.	<b>G.</b> The internal audit activity evaluates the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.	<b>DNC:</b> <ul style="list-style-type: none"> <li>The internal audit activity performs virtually no research into the ethical objectives, programs and activities.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>The internal audit activity carries out research into the design and implementation of the ethical objectives, programs and activities, but the effectiveness has not been assessed.</li> </ul>
<b>2110.A2</b> – The internal audit activity must assess whether the information technology governance of the organization supports the organization's strategies and objectives.	<b>H.</b> The internal audit activity assesses whether IT governance of the organization supports the organization's strategies and objectives.	<b>DNC:</b> <ul style="list-style-type: none"> <li>The internal audit activity does (almost) not or inadequately conduct research into IT governance (given the importance of IT for the organization).</li> <li>In IT research, the internal audit activity does not involve the governance of IT.</li> <li>In IT (related) research, the internal audit activity does not sufficiently examine whether there is any connection with the strategy and objectives of the organization.</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>In IT research, no (visible) connection was made with the strategy and objectives of the organization.</li> <li>In the research, only the design was assessed and not the effective operation of the controls.</li> </ul>



STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<p><b>2120 – Risk Management</b></p> <p>The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.</p> <p><b>Interpretation:</b>  <i>Determining whether risk management processes are effective is a judgment resulting from the internal auditor's assessment that:</i></p> <ul style="list-style-type: none"> <li>• <i>Organizational objectives support and align with the organization's mission;</i></li> <li>• <i>Significant risks are identified and assessed;</i></li> <li>• <i>Appropriate risk responses are selected that align risks with the organization's risk appetite; and</i></li> <li>• <i>Relevant risk information is captured and communicated in a timely manner across the organization, enabling staff, management, and the board to carry out their responsibilities.</i></li> </ul> <p><i>The internal audit activity may gather the information to support this assessment during multiple engagements. The results of these engagements, when viewed together, provide an understanding of the organization's risk management processes and their effectiveness. Risk management processes are monitored through ongoing management activities, separate evaluations, or both.</i></p>	<p><b>A.</b> The internal audit activity evaluates the effectiveness and contributes to the improvement of risk management processes.</p> <p><b>B.</b> The internal audit activity determines whether organizational objectives align with the organization's mission.</p> <p><b>C.</b> The internal audit activity determines whether significant risks are identified and assessed.</p> <p><b>D.</b> The internal audit activity determines whether appropriate risk responses are selected that align risks with the organization's risk appetite.</p> <p><b>E.</b> The internal audit activity determines whether relevant risk information is captured and communicated in a timely manner across the organization, enabling staff, management, and the board to carry out their responsibilities.</p> <p><b>F.</b> Risk management processes are monitored through ongoing management activities, separate evaluations, or both.</p>	<p><b>Context:</b>          Addressing risk management can consist of performing audits on the functioning of the risk management functions as well as paying attention to the elements of risk management mentioned in the Key Conformance Criteria in the audits to be performed.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• Risk management is virtually no part of the audit plan, in other words, there is no systematic approach of the internal audit activity on the subject of risk management.</li> <li>• In the case of audits on specified objects (processes, systems), the functioning of risk management has not been involved several times, while risk management is an important pillar according to the Internal Control Framework of the organization.</li> <li>• <i>With a DNC for Standard 2120 A1 or A2.</i></li> </ul> <p><b>PC:</b>          Risk management is part of the scope/planning of the internal audit activity and of individual assignments, but:</p> <ul style="list-style-type: none"> <li>• Risk management is limited involved as audit objective in audits.</li> <li>• The internal audit activity does not report on the functioning of risk management.</li> <li>• <i>With a PC for Standard 2120 A1 or A2 (without a DNC for one of those).</i></li> <li>• <i>With a DNC for Standard 2120 C1, 2 or 3.</i></li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<p><b>2120.A1</b> – The internal audit activity must evaluate risk exposures relating to the organization’s governance, operations, and information systems regarding the:</p> <ul style="list-style-type: none"> <li>a. Achievement of the organization’s strategic objectives;</li> <li>b. Reliability and integrity of financial and operational information;</li> <li>c. Effectiveness and efficiency of operations and programs;</li> <li>d. Safeguarding of assets; and</li> <li>e. Compliance with laws, regulations, policies, procedures, and contracts.</li> </ul> <p><b>2120.A2</b> – The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.</p>	<p><b>G.</b> The internal audit activity evaluates risk exposures relating to the organization’s governance, operations, and information systems regarding:</p> <ul style="list-style-type: none"> <li>a. Achievement of the organization’s strategic objectives.</li> <li>b. Reliability and integrity of financial and operational information.</li> <li>c. Effectiveness and efficiency of operations and programs.</li> <li>d. Safeguarding of assets.</li> <li>e. Compliance with laws, regulations, policies, procedures, and contracts.</li> </ul> <p><b>H.</b> The internal audit activity evaluates how the organization manages fraud risk, and if there is fraud potential.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• Multiple risk evaluations with regards to the (COSO) goals/aspects mentioned in the Standard do not (really) appear in the audit plan or audit activities.</li> <li>• The internal audit activity has not analyzed the fraud risk at organizational level and/or does not carry out any research into the effectiveness of the measures that prevent fraud. <i>The assessor has checked during the audits (Standard 2200) whether fraud indicators have been addressed.</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• One of the five goals/aspects mentioned in the Standards is not reflected in the risk analysis/audit plan.</li> <li>• The internal audit activity carries out limited research into the effectiveness of fraud management measures within the organization.</li> <li>• It appears that, given the inherent fraud risk factors, there is too little research into fraud (<i>this requires industry knowledge from the assessor</i>).</li> </ul>
<p><b>2120.C1</b> – During consulting engagements, internal auditors must address risk consistent with the engagement’s objectives and be alert to the existence of other significant risks.</p> <p><b>2120.C2</b> – Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organization’s risk management processes.</p>	<p><b>I.</b> During consulting engagements, internal auditors address risk consistent with the engagement’s objectives and are alert to the existence of other significant risks. (2120.C1)</p> <p><b>J.</b> Internal auditors incorporate knowledge of risks gained from consulting engagements into their evaluation of the organization’s risk management processes. (2120.C2)</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• Files show that serious risks associated with the objective of the engagement have been insufficiently investigated and reported.</li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<b>2120.C3</b> – When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks.	<b>K.</b> When assisting management in establishing or improving risk management processes, internal auditors refrain from assuming any management responsibility by actually managing risks. (2120.C3)	
<b>2130 – Control</b> The internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.	<b>A.</b> The internal audit activity assists the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.	<b>Context:</b> The focus is on the effectiveness of controls; thus, failure to assess effectiveness leads to a DNC and failure to assess efficiency leads to a PC.  <b>DNC:</b> <ul style="list-style-type: none"> <li>The assessment of the effectiveness of controls is virtually no part of the audit plan and of the audits to be carried out. In other words, the internal audit activity does not have a systematic approach to the subject of Control. (Effectiveness means: set-up + efficiency + realizing effect of the measures taken.)</li> </ul> <b>PC:</b> <ul style="list-style-type: none"> <li>The assessment of controls is part of the scope/planning of the internal audit activity and individual engagements, but:               <ul style="list-style-type: none"> <li>They are assessed with insufficient depth for <b>effectiveness</b>.</li> <li>They are not or hardly assessed for efficiency.</li> </ul> </li> </ul>
<b>2130.A1</b> – The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization's governance, operations, and information systems regarding the:	<b>B.</b> The internal audit activity evaluates the adequacy and effectiveness of controls in responding to risks within the organization's governance, operations, and information systems	<i>For this Standard, the same applies as has been noted at 2120.A1.</i>  <b>DNC:</b> <ul style="list-style-type: none"> <li>The controls for a number of the (COSO) goals/aspects mentioned</li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<ul style="list-style-type: none"> <li>• Achievement of the organization's strategic objectives;</li> <li>• Reliability and integrity of financial and operational information;</li> <li>• Effectiveness and efficiency of operations and programs;</li> <li>• Safeguarding of assets; and</li> <li>• Compliance with laws, regulations, policies, procedures, and contracts.</li> </ul>	<p>regarding:</p> <ul style="list-style-type: none"> <li>a. Achievement of the organization's strategic objectives.</li> <li>b. Reliability and integrity of financial and operational information.</li> <li>c. Effectiveness and efficiency of operations and programs.</li> <li>d. Safeguarding of assets.</li> <li>e. Compliance with laws, regulations, policies, procedures, and contracts.</li> </ul>	<p>in the Standard are (virtually) not investigated, although they have been identified as a risk.</p> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• No attention is being paid to the controls of one of the five goals/aspects, despite being relevant for the organization and being included in the audit plan.</li> </ul>
<p><b>2130.C1</b> – Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organization's control processes.</p>	<p><b>C.</b> Internal auditors incorporate knowledge of controls gained from consulting engagements into evaluation of the organization's control processes.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The internal audit activity has not included knowledge about (weak) points in the control measures from consulting engagements in the evaluation of control processes.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• Knowledge about the control measures has only been partly incorporated in the evaluation of control processes.</li> </ul>
<p><b>2200 – Engagement Planning</b></p> <p>Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organization's strategies, objectives, and risks relevant to the engagement.</p>	<p><b>A.</b> Internal auditors develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.</p> <p><b>B.</b> The plan for each engagement considers the organization's strategies, objectives, and risks relevant to the engagement.</p>	<p><i>For sub Standards 22XX, it is necessary to first check at <b>project/engagement level</b> whether the Standards are met or not.</i></p> <p><i>Results of the representative selection of individual engagement files can result in a DNC/PC at Standard level.</i></p> <p><i>With a DNC on one of the engagement files (if necessary to be</i></p>

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		<i>supplemented with a partial observation of additional</i>
		<p><i>engagements, only to be assessed on this/these standard(s)), it will be examined whether this is an incidental or structural problem. This root cause analysis will lead to a judgment on Standard level.</i></p> <p><b>With a structural problem:</b> DNC.  <i>In case more than one engagement file gets a DNC, the judgment at Standard level is always a DNC.</i></p> <p><b>With an incidental problem</b> (1 file DNC and other(s) Complies): PC or GC, this depends on the root cause.  <i>In this case, it needs to be checked whether sufficient engagements (or parts of files) have been assessed in the assessment process. Expand partial observation if necessary.</i></p>
<p><b>2201 – Planning Considerations</b></p> <p>In planning the engagement, internal auditors must consider:</p> <ul style="list-style-type: none"> <li>• The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance.</li> <li>• The significant risks to the activity's objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.</li> <li>• The adequacy and effectiveness of the activity's governance, risk management, and control</li> </ul>	<p><b>A.</b> When planning the engagement, the internal auditors consider the strategies and objectives of the activity being reviewed and the means by which the activity controls its performance.</p> <p><b>B.</b> When planning the engagement, the internal auditors consider the significant risks to the activity's objectives, resources, and operations, and the means by which the potential impact of risk is kept to an acceptable level.</p> <p><b>C.</b> When planning the engagement, the internal auditors consider the adequacy and effectiveness of the activity's governance, risk management,</p>	<p><b>DNC at project/engagement level:</b></p> <p>In one or more of the following situations, it is noted that:</p> <ul style="list-style-type: none"> <li>• No attention has been paid to the objectives of the activity and the way in which it is controlled.</li> <li>• No attention has been paid to the specific risks of the activity in relation to its objectives, resources and operations.</li> <li>• No attention has been paid to the effectiveness of the governance, risk management and control processes, compared to a relevant framework or model for the activity, taking into account the maturity level of the second line of defense. In this case, attention is more than just pointing out. An assessment must be made and the results must be reflected in the work program.</li> </ul>

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<p>processes compared to a relevant framework or model.</p> <ul style="list-style-type: none"> <li>The opportunities for making significant improvements to the activity's governance, risk management, and control processes.</li> </ul>	<p>and control processes, compared to a relevant framework or model.</p> <p><b>D.</b> When planning the engagement, the internal auditors consider the opportunities for making significant improvements to the activity's governance, risk management, and control processes.</p>	<p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>Attention has been paid to the risks or to the control, but the assessment is insufficiently documented and/or included in the work program.</li> <li><i>With a DNC/PC for Standard 2201.A1.</i></li> <li><i>Possibly with a DNC for Standard 2201.C1 (depends on the extent to which consultancy engagements are carried out).</i></li> </ul>
<p><b>2201.A1</b> – When planning an engagement for parties outside the organization, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.</p>	<p><b>E.</b> When planning an engagement for parties outside the organization, internal auditors establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.</p>	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>Written understanding is lacking.</li> <li>There is a written understanding, but it does not comply with the Standard on essential points (like: objectives, scope, responsibilities, distribution).</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>There is a written understanding, but it does not comply with the Standard on one of the points.</li> </ul>
<p><b>2201.C1</b> – Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.</p>	<p><b>F.</b> Internal auditors establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding is documented.</p>	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>Written understanding is lacking, while there is an important, substantial engagement.</li> <li>There is a written understanding, but it does not meet the Standard on the essential points (objectives, scope, responsibilities, client expectations).</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>There is a written understanding, but it does not comply with the Standard on one of the points.</li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<p><b>2210 – Engagement Objectives</b> Objectives must be established for each engagement.</p>	<p><b>A.</b> Objectives are established for each engagement.</p>	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• <i>With a DNC for Standard 2210 A1 or A2.</i></li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• <i>With a PC for Standard 2210 A1 of A2.</i></li> <li>• <i>With a DNC/PC for Standard 2210 A3.</i></li> </ul>
<p><b>2210.A1</b> – Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.</p> <p><b>2210.A2</b> – Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.</p> <p><b>2210.A3</b> – Adequate criteria are needed to evaluate governance, risk management, and controls. Internal auditors must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must identify appropriate evaluation criteria through discussion with management and/or the board.</p> <p><b>Interpretation:</b> <i>Types of criteria may include:</i></p> <ul style="list-style-type: none"> <li>• <i>Internal (e.g., policies and procedures of the organization).</i></li> </ul>	<p><b>B.</b> Internal auditors conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives reflect the results of this assessment. (2210.A1)</p> <p><b>C.</b> The internal auditors consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives. (2210.A2)</p> <p><b>D.</b> The internal auditors ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors use such criteria in their evaluation. If inadequate, internal auditors identify appropriate evaluation criteria through discussion with management and/or the board. (2210.A3)</p>	<p><b>2210.A1</b> <b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• There is no preliminary assessment of the risks of the activity under review.</li> <li>• There is a preliminary assessment, but this has wrongly not led to consequences for the engagement objectives.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The preliminary assessment and translation to the engagement objectives have taken place, but do not fully meet the set requirements, due to incompleteness or lack of depth in the analysis and/or documentation.</li> </ul> <p><b>2210.A2</b> <b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• There is no documented preliminary assessment on the parts mentioned in the Standard.</li> <li>• There is a preliminary assessment, but this has wrongly not led to consequences for engagement objectives.</li> </ul>



STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
<ul style="list-style-type: none"> <li>• <i>External (e.g., laws and regulations imposed by statutory bodies).</i></li> <li>• <i>Leading practices (e.g., industry and professional guidance).</i></li> </ul>		<p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The preliminary assessment and translation to the engagement objectives have taken place, but do not fully meet the set requirements, due to incompleteness or lack of depth in the analysis and/or documentation.</li> </ul> <p><b>2210.A3</b></p> <p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• There are criteria (standards) established by management, but the auditor has not included them in his evaluation.</li> <li>• There are no criteria (standards) established by management, and the auditor has not or insufficiently consulted with the management about the criteria (standards) to be used in the audit and/or developed by the auditor.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• Alignment on criteria (standards) did not take place in time and/or with all stakeholders.</li> </ul>
<p><b>2210.C1</b> – Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client.</p> <p><b>2210.C2</b> – Consulting engagement objectives must be consistent with the organization's values, strategies, and objectives.</p>	<p><b>E.</b> Consulting engagement objectives address governance, risk management, and control processes to the extent agreed upon with the client. (2210.C1)</p> <p><b>F.</b> Consulting engagement objectives are consistent with the organization's values, strategies, and objectives. (2210.C2)</p>	<p><b>2210.C1 and C2</b></p> <p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The relevant governance, risk management and control processes did not play a role in drafting the objectives of the engagement or were not appointed as discussed with the client.</li> <li>• The objectives for consultancy engagements are inconsistent and not in accordance with the values, strategies and objectives of the organization.</li> </ul>



STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
		<p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The requested aspects are expressed in the objectives for consultancy engagements and there is consistency, but the elaboration has less depth than was discussed (or expected) with the customer or is not easily traceable in terms of documentation on file.</li> </ul>
<p><b>2220 – Engagement Scope</b> The established scope must be sufficient to achieve the objectives of the engagement.</p>	<p><b>A.</b> The established scope is sufficient to achieve the objectives of the engagement.</p>	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li><i>With a DNC for Standard 2220.A1, in other words: the scope is insufficient to achieve the engagement objectives.</i></li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li><i>With a PC for Standard 2220.A1.</i></li> <li><i>With a PC or DNC for Standard 2220.A2.</i></li> </ul>
<p><b>2220.A1</b> – The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.</p> <p><b>2220.A2</b> – If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities, and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.</p>	<p><b>B.</b> The scope of the engagement includes consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties. (2220.A1)</p> <p><b>C.</b> If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities, and other expectations is reached and the results of the consulting engagement are communicated in accordance with consulting standards. (2220.A2)</p>	<p><b>2220.A1</b> <b>DNC:</b></p> <ul style="list-style-type: none"> <li>In view of the audit objective, the scope (width and depth) of the engagement does not, or insufficiently, include the relevant systems, records, personnel and physical properties, including those under the control of third parties.</li> <li>There are material shortcomings in the scope to achieve the audit objectives.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The scope definition is insufficiently documented.</li> <li>The scope is incomplete on less relevant aspects.</li> </ul>

STANDARD	KEY CONFORMANCE CRITERIA	SCALING GUIDELINES
		<p><b>2220.A2</b>  <b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The advice possibilities are ignored.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>There is a written understanding, but it is not documented.</li> <li>There is a written understanding, but it falls short on relevant points.</li> </ul>
<p><b>2220.C1</b> – In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.</p> <p><b>2220.C2</b> – During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.</p>	<p><b>D.</b> When performing a consulting engagement, internal auditors ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations are discussed with the client to determine whether to continue with the engagement. (2220.C1)</p> <p><b>E.</b> During consulting engagements, internal auditors address controls consistent with the engagement's objectives and are alert to significant control issues. (2220.C2)</p>	<p><b>2220.C1</b>  <b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The scope of the engagement does not match the agreed engagement objectives.</li> <li>During the execution the scope was not adjusted, while it was necessary.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li><i>Does not apply.</i></li> </ul> <p><b>2220.C2</b>  <b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>Controls relating to the purpose of the engagement are not examined.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li><i>Does not apply.</i></li> </ul>

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<p><b>2230 – Engagement Resource Allocation</b></p> <p>Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.</p> <p><b>Interpretation:</b></p> <p><i>Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the engagement. Sufficient refers to the quantity of resources needed to accomplish the engagement with due professional care.</i></p>	<p><b>A.</b> Internal auditors determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.</p>	<p><b>DNC at project/engagement level<sup>1</sup>:</b></p> <ul style="list-style-type: none"> <li>• The team lacks the required knowledge, experience, skills, competences or company knowledge.</li> <li>• Given the nature and scope of the audit (complexity), taking into account the audit objectives and the audit scope, there is no or insufficient consideration of the composition of the competencies of the required audit team.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• Documentation about the evaluation of the allocation of resources to engagements is not adequate or not available, so afterwards it can not be made plausible that the appropriate person is involved in an engagement.</li> </ul>
<p><b>2240 – Engagement Work Program</b></p> <p>Internal auditors must develop and document work programs that achieve the engagement objectives.</p>	<p><b>A.</b> Internal auditors develop and document work programs that achieve the engagement objectives.</p>	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• A work program is missing.</li> <li>• There is a work program available, but this is too generic, which means that insufficient attention is paid to the risks and audit objectives.</li> <li>• The work program does not pay attention to the engagement objectives and there is no link with the risk analysis carried out in the preliminary phase, as a result of which these risks are not realized or covered in the implementation.</li> <li>• There is a work program, but it has been demonstrably drawn up after execution of the audit and attributed to the work carried out.</li> </ul>

<sup>1</sup> The essence of this Standard is that the allocation for each audit has been made consciously; that is also possible at the time of the Annual Audit Plan.

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		<b>PC at project/engagement level:</b> <ul style="list-style-type: none"> <li>There is a work program and the engagement objectives can be realized on that basis, but the work program shows gaps in less relevant parts.</li> </ul>
<b>2240.A1</b> – Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.	<b>B.</b> Work programs include procedures for identifying, analyzing, evaluating, and documenting information during the engagement.  <b>C.</b> The work program is approved prior to its implementation, and any adjustments are approved promptly.	<b>DNC at project/engagement level:</b> <ul style="list-style-type: none"> <li>Timely approval (before the fieldwork has started) is missing.</li> <li>There is no approval for significant changes to the work program.</li> </ul> <b>PC at project/engagement level:</b> <ul style="list-style-type: none"> <li><i>Does not apply.</i></li> </ul>
<b>2240.C1</b> – Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.	<b>D.</b> Work programs are in evidence for consulting engagements but may vary in form and content depending upon the nature of the engagement.	<b>DNC at project/engagement level:</b> <ul style="list-style-type: none"> <li>There is no work program.</li> <li>There work program is too generic, given the nature of the engagement.</li> </ul> <b>PC at project/engagement level:</b> <ul style="list-style-type: none"> <li><i>Does not apply.</i></li> </ul>

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<p><b>2300 – Performing the Engagement</b></p> <p>Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.</p>	<p><b>A.</b> Internal auditors identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.</p>	<p><i>For sub Standards 23XX, it is necessary to first check at <b>project/engagement level</b> whether the Standards are met or not.</i></p> <p><i>Results of the representative selection of individual engagement files can result in a DNC/PC at Standard level.</i></p> <p><i>With a DNC on one of the engagement files (if necessary to be supplemented with a partial observation of additional engagements, only to be assessed on this/these standard(s)), it will be examined whether this is an incidental or structural problem. This root cause analysis will lead to a judgment on Standard level.</i></p> <p><b>With a structural problem:</b> DNC.</p> <p><i>In case more than one engagement file gets a DNC, the judgment at Standard level is always a DNC.</i></p> <p><b>With an incidental problem</b> (1 file DNC and other(s) Complies): PC.</p> <p><i>In this case, it needs to be checked whether sufficient engagements (or parts of files) have been assessed in the assessment process. Expand partial observation if necessary.</i></p>
<p><b>2310 – Identifying Information</b></p> <p>Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.</p> <p><b>Interpretation:</b></p> <p><i>Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same</i></p>	<p><b>A.</b> Internal auditors identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.</p> <p><b>B.</b> Sufficient information identified is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusion as the internal auditor.</p>	<p>Based on professional judgment, it must be verified whether the information identified is: 1. sufficient, 2. reliable, 3. relevant and 4. useful.</p> <p><i>Rate this Standard in conjunction with Standard 2320 and 2330.</i></p> <p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>There is no or insufficient information ('reliable' and 'relevant') for multiple risk (objective) control test steps included in the</li> </ul>

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<p><i>conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organization meet its goals.</i></p>	<p><b>C.</b> Reliable information identified is the best attainable information using appropriate engagement techniques.</p> <p><b>D.</b> Relevant information identified supports engagement observations and recommendations and is consistent with the objectives for the engagement.</p> <p><b>E.</b> Useful information identified helps the organization meet its goals.</p>	<p>workpapers.</p> <ul style="list-style-type: none"> <li>Insufficient information has been included in the execution of the work in order to achieve the goal of the audit assignment.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>In the case of several risk (objective) control test steps, it was not explicitly explained in the workpapers to what extent, and in what way, the enclosed information contributed to the judgment ('reliable' and 'relevant').</li> </ul>
<p><b>2320 – Analysis and Evaluation</b></p> <p>Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.</p>	<p><b>A.</b> Internal auditors base conclusions and engagement results on appropriate analyses and evaluations.</p>	<p><i>This Standard is closely related to Standard 2310.</i></p> <p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The report contains conclusions that are insufficiently supported by the findings and analyzes.</li> <li>In the workpapers, the audit trail between the findings and the final conclusions is missing.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>There has been insufficient analysis and evaluation on parts of the work program.</li> </ul>
<p><b>2330 – Documenting Information</b></p> <p>Internal auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.</p>	<p><b>A.</b> Internal auditors document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.</p>	<p>The adage for keeping the file is "<i>Undocumented means it is not done</i>". The audit manual must define what the workpapers contain at the minimum. Everything that falls outside the definition of the workpapers is not part of the minimum audit file (for instance, 'emailbox' is often not defined as workpapers).</p>

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		<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• There is no or incomplete supporting documentation in the file on material audit steps/audit objectives/key risks.</li> <li>• The work performed by the internal audit activity can not be re-executed (crucial documents and conclusions are missing).</li> <li>• Conclusions on sub-questions are missing in the file. There is no clear trace of work program, work done, findings, partial conclusion, to report.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• Supporting documentation is missing with regard to non-material audit steps/audit objectives/key risks. (Risk (objective) control test steps).</li> <li>• The activities of the internal audit activity can be re-implemented to a lesser extent, for example due to poor references.</li> </ul> <p>Further explanation on the connection between Standards 2310, 2320 and 2330:</p> <ul style="list-style-type: none"> <li>• If the workpapers have inadequacies (for instance because documents are missing), but there has been a good analysis/evaluation, this will lead to a PC/DNC for Standard 2330 and a GC for Standard 2320.</li> <li>• If the records have inadequacies and it appears that the analysis has been insufficient, this will lead to a PC/DNC for Standards 2320 and 2330.</li> <li>• If it appears that incorrect/incomplete information is involved in the analysis, this leads to a PC/DNC for Standard 2310 and can also lead to a PC/DNC for Standard 2320.</li> </ul>

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<p><b>2330.A1</b> – The chief audit executive must control access to engagement records. The chief audit executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate.</p> <p><b>2330.A2</b> – The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.</p>	<p><b>B.</b> The CAE controls access to engagement records. The CAE obtains the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate. (2330.A1)</p> <p><b>C.</b> The CAE has developed retention requirements for engagement records regardless of the medium in which each record is stored. These retention requirements are consistent with the organization's guidelines and any pertinent regulatory or other requirements. (2330.A2)</p>	<p>Do not rate this Standard at project/engagement level, but for the whole. The rating for 2330.A1 and A2 does not automatically count towards the rating for 2330. Any findings should be separately mentioned in the report.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• Requests from external parties for documents are granted without consultation.</li> <li>• No retention period has been established and documented within which audit records must be retained.</li> <li>• There are no archival procedures that ensure that records can be consulted during the retention period.</li> <li>• No (logical and/or physical access security) measures have been taken to protect audit records (current and archive) against unauthorized access.</li> <li>• The procedures do not comply with the GDPR (General Data Protection Regulation) and other applicable regulations.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• The internal audit activity has not sufficiently examined whether the archiving procedures in obtaining a record from the (digital) archive are in order.</li> <li>• The obtained permission to provide reports to third parties is not documented.</li> <li>• The operation of (logical and/or physical access security) measures with regard to unauthorized inspection of audit files (current and archive) is not periodically tested.</li> </ul>



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<p><b>2330.C1</b> – The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organization's guidelines and any pertinent regulatory or other requirements..</p>	<p><b>D.</b> The CAE has developed policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies are consistent with the organization's guidelines and any pertinent regulatory or other requirements. (2330.C1)</p>	<p>See Standard 2330.A1 en A2.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• No measures (policies and procedures) have been defined for the storage of advisory files, and/or the provision of advisory files or reports to third parties.</li> <li>• There are no archival procedures available that ensure that records can be consulted during the fixed retention period.</li> <li>• There are no (logical and/or physical access security) measures (design) that protect advisory files (current and archive) against unauthorized access.</li> <li>• The procedures do not comply with the GDPR (General Data Protection Regulation) and other applicable regulations.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• Measures (policy and procedures) for the storage of audit records, and/or the provision of audit records or reports to third parties are not unambiguously recorded and/or are not periodically updated (design, existence).</li> <li>• The obtained permission to provide reports to third parties is not documented.</li> </ul>
<p><b>2340 – Engagement Supervision</b></p> <p>Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.</p> <p><b>Interpretation:</b></p> <p><i>The extent of supervision required will depend on the</i></p>	<p><b>A.</b> Engagements are properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.</p> <p><b>B.</b> Appropriate evidence of supervision is documented and retained.</p>	<p>The same rules apply as with Standard 2330: <i>Undocumented means it is not done</i>. The way in which the CAE can take its responsibility, is known to the employees of the internal audit activity, mostly through the manual.</p> <p><b>DNC at project/engagement level:</b></p>

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<p><i>proficiency and experience of internal auditors and the complexity of the engagement. The chief audit executive has overall responsibility for supervising the engagement, whether performed by or for the internal audit activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision is documented and retained.</i></p>		<ul style="list-style-type: none"> <li>• The supervision has not been adequately executed; has little depth (eg in the case of lack of proof of progress discussions or lack of review notes).</li> <li>• The records are not reviewed before sending the draft report (timeliness) in accordance with the procedures included in the internal audit activity manual.</li> <li>• The records show that the supervisor was insufficiently involved in the implementation of the different steps in the audit process. (These steps are: preliminary assessment, audit plan, work program, engagement letter).</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• There are no frameworks/standards (policy and procedures) within which the supervision of audit work has been set up, but in practice (operation) supervision is well executed.</li> </ul>
<p><b>2400 – Communicating results</b></p> <p>Internal auditors must communicate the results of engagements.</p>	<p><b>A.</b> Internal auditors communicate the results of engagements.</p>	<p><i>For sub Standards 24XX, it is necessary to first check at <b>project/engagement level</b> whether the Standards are met or not.</i></p> <p><i>Results of the representative selection of individual engagement files can result in a DNC/PC at Standard level.</i></p> <p><i>With a DNC on one of the engagement files (if necessary to be supplemented with a partial observation of additional engagements, only to be assessed on this/these standard(s)), it will be examined whether this is an incidental or structural problem. This root cause analysis will lead to a judgment on Standard level.</i></p>

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		<p><b>With a structural problem:</b> DNC.  <i>In case more than one engagement file gets a DNC, the judgment at Standard level is always a DNC.</i></p> <p><b>With an incidental problem</b> (1 file DNC and other(s) Complies): PC or GC, this depends on the root cause.  <i>In this case, it needs to be checked whether sufficient engagements (or parts of files) have been assessed in the assessment process. Expand partial observation if necessary.</i></p> <p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The results of engagements are not reported.</li> <li>• The report has a number of serious shortcomings, such as: important findings are not reported, the audit rating is disproportionate to the findings, recommendations are missing, findings into the (original) purpose of the engagement is missing.</li> <li>• The engagement report contains findings that are relevant to the final conclusion, but they can not be found in the records.</li> <li>• <i>With a DNC for Standard 2410.A1, 2420, 2430, 2440 or 2450.</i></li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The report contains findings that are not relevant to the final conclusion and that can not be found in the audit records.</li> <li>• <i>With a PC for Standard 2410.A1, 2420, 2430, 2440 or 2450.</i></li> <li>• <i>With a DNC for one of the other Standards from the 24xx category.</i></li> </ul>
<b>2410 – Criteria for Communicating</b> Communications must include the engagement's	<b>A.</b> Communications include the engagement's objectives, scope, and results.	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The report does not contain one or more of the three elements</li> </ul>

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objectives and scope as well as applicable conclusions, recommendations, and action plans.		<p>mentioned in Standard 2410.</p> <ul style="list-style-type: none"> <li>The report on the elements differs significantly from the actual work performed and does not match the engagement objective and/or the audit records.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The report contains all three elements mentioned in Standard 2410, but has little depth.</li> </ul>
<p><b>2410.A1</b> – Final communication of engagement results must, where appropriate, contain the internal auditors' opinion and/or conclusions. When issued, an opinion or conclusion must take account of the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.</p> <p><b>Interpretation:</b></p> <p><i>Opinions at the engagement level may be ratings, conclusions, or other descriptions of the results. Such an engagement may be in relation to controls around a specific process, risk, or business unit. The formulation of such opinions requires consideration of the engagement results and their significance.</i></p>	<p><b>B.</b> The final communication of engagement results includes applicable conclusions, as well as applicable recommendations and/or action plans.</p> <p><b>C.</b> Where appropriate, the internal auditor's opinion is provided. An opinion must take into account the expectations of senior management, the board, and other stakeholders, and must be supported by sufficient, reliable, relevant, and useful information.</p>	<p><b>Context:</b></p> <ul style="list-style-type: none"> <li><i>See also what is mentioned at Standard 2450 about overall opinions.</i></li> <li>In cases where an overall opinion is issued at the audit level, this must be substantiated by sufficient, reliable, relevant, useful information. <i>See also and align with 2320 on the subject of identification and analysis of the information, in order to prevent overlap.</i></li> <li>The manual of the internal audit activity should provide guidance on which overall opinions are used and which methodology/consideration is used. This must also be clear to the reader of the report.</li> </ul> <p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The overall opinion is based on insufficient, unreliable or irrelevant information.</li> <li>The prescribed methodology of the internal audit activity was not followed when determining the overall opinion, as a result of which</li> </ul>

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		<p>an incorrect conclusion/rating was provided.</p> <ul style="list-style-type: none"> <li>• The overall opinion is not drawn up in accordance with the prescribed wording and thus confusing or even misleading.</li> <li>• An overall opinion is provided, but guidance is not provided in the procedures of the internal audit activity (manual).</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The documentation on the scope of the overall opinion has gaps of a non-serious nature (but a reperformance does not lead to a different conclusion/rating).</li> <li>• In determining the overall opinion, the prescribed methodology of the internal audit activity was not followed, but in the end a correct conclusion/rating is provided.</li> <li>• The overall opinion has not been drawn up in accordance with the prescribed wording, but is not confusing or misleading.</li> </ul>
<p><b>2410.A2</b> – Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.</p> <p><b>2410.A3</b> – When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.</p>	<p><b>D.</b> Internal auditors acknowledge satisfactory performance in engagement communication. (2410.A2)</p> <p><b>E.</b> When releasing engagement results to parties outside the organization, the communication includes limitations on distribution and use of the results. (2410.A3)</p>	<p><b>A2:</b></p> <ul style="list-style-type: none"> <li>• If this is not the case, include a recommendation. No implications for rating on 2410/2400.</li> </ul> <p><b>A3:</b></p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The limitations in the distribution and use are not indicated.</li> </ul> <p><b>PC:</b> Does not apply.</p>
<p><b>2410.C1</b> – Communication of the progress and results of consulting engagements will vary in form and content</p>		<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The feedback from the client shows that the report does not meet</li> </ul>

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<p>depending upon the nature of the engagement and the needs of the client.</p>		<p>the expectations of the client to a large extent.</p> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The feedback from the client shows that the report does not meet the expectations of the client on several points.</li> </ul>
<p><b>2420 – Quality of Communications</b></p> <p>Communications must be accurate, objective, clear, concise, constructive, complete, and timely.</p> <p><b>Interpretation:</b></p> <p><i>Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial, and unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances. Clear communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness. Constructive communications are helpful to the engagement client and the organization and lead to improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue,</i></p>	<p><b>A.</b> Communications are accurate, free from errors and distortions, and are faithful to the underlying facts.</p> <p><b>B.</b> Communications are objective, fair, impartial, and unbiased, and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances.</p> <p><b>C.</b> Communications are clear, easily understood, and logical, avoid unnecessary technical language, and provide all significant and relevant information.</p> <p><b>D.</b> Communications are concise, to the point, and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness.</p> <p><b>E.</b> Communications are constructive, helpful to the engagement client and the organization, and lead to improvements where needed.</p> <p><b>F.</b> Communications are complete, lack nothing that is essential to the target audience, and include all significant and relevant information and observations to support recommendations</p>	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The report demonstrably does not comply with one or more key aspects included in the Standard and the interpretation.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The report does not fully comply with the interpretation of the aspects included in the Standard, but this is not so essential that it gives wrong image of the research outcomes.</li> </ul> <p><b>Further indication:</b></p> <p>Subjectivity in the assessment of this Standard can be prevented by involving the feedback from the board and/or audit committee/supervisory board of the organization in the internal audit activity or by making use of evaluations of the audit. Also check which tools the manual provides about reporting and whether they are met.</p>

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<i>allowing management to take appropriate corrective action.</i>	and conclusions. <b>G.</b> Communications are timely, opportune and expedient, and depending on the significance of the issue, allow management to take appropriate corrective action.	
<b>2421 – Errors and Omissions</b> If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.	<b>A.</b> If a final communication contained a significant error or omission, the CAE has communicated corrected information to all parties who received the original communication.	This Standard will only apply in exceptional cases, if there are actual reports with errors.  <b>DNC:</b> There are significant omissions in the final report and the CAE fails to take the necessary measures.  <b>PC:</b> <i>Does not apply.</i>
<b>2430 – Use of “Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing”</b> Indicating that engagements are “conducted in conformance with the International Standards for the Professional Practice of Internal Auditing” is appropriate only if supported by the results of the quality assurance and improvement program.	<b>A.</b> Indicating that engagements are “conducted in conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ” is appropriate only if supported by the results of the quality assurance and improvement program.	See also Standard 1321.  General: Not applicable because in the Dutch internal audit world this passage is virtually not included.  <b>DNC at project/engagement level:</b> <ul style="list-style-type: none"> <li>It appears that the mentioned sentence has been used in audit reports, while there is no external Quality Assessment Review with the result ‘Generally Complies’.</li> </ul>

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<p><b>2431 – Engagement Disclosure of Nonconformance</b></p> <p>When nonconformance with the Code of Ethics, or the <i>Standards</i> impacts a specific engagement, communication of the results must disclose the:</p> <ul style="list-style-type: none"> <li>• Principle(s) or rule(s) of conduct of the Code of Ethics or the Standard(s) with which full conformance was not achieved.</li> <li>• Reason(s) for nonconformance.</li> <li>• Impact of nonconformance on the engagement and the communicated engagement results.</li> </ul>	<p><b>A.</b> When nonconformance with the Definition of Internal Auditing, the Code of Ethics, or the <i>Standards</i> impacts a specific engagement, communication of the results disclose the:</p> <ol style="list-style-type: none"> <li>a. Principle or Rule of Conduct of the Code of Ethics or the <i>Standards</i> with which full conformance was not achieved.</li> <li>b. Reason(s) for nonconformance.</li> <li>c. Impact of nonconformance on the engagement and the communicated engagement results.</li> </ol>	<p>See also Standard 1322.</p> <p>Make a distinction between the declaration of <i>conform</i> (Standard 2430) and <i>does not conform</i> (Standard 2431). In the latter case this must be reported.</p> <p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The Standards are not met (overall judgment DNC) while this is not mentioned.</li> <li>• In a situation, essential Standards are not met, and this is not mentioned (professional judgment of the assessor).</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• Some non-essential Standards are not met, but this has not been mentioned.</li> </ul>
<p><b>2440 – Disseminating Results</b></p> <p>The chief audit executive must communicate results to the appropriate parties.</p> <p><b>Interpretation:</b></p> <p><i>The chief audit executive is responsible for reviewing and approving the final engagement communication before issuance and for deciding to whom and how it will be disseminated. When the chief audit executive delegates these duties, he or she retains overall responsibility.</i></p>	<p><b>A.</b> The CAE communicates results to the appropriate parties.</p> <p><b>B.</b> The CAE is responsible for reviewing and approving the final engagement communication before issuance, and for deciding to whom and how it will be disseminated. When the CAE delegates these duties, they retain overall responsibility.</p>	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The report has not been reviewed and approved by or on behalf of the CAE prior to the publication of the (final) report.</li> <li>• <i>With a DNC for Standard 2440.A1 or A2.</i></li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• <i>With a PC for Standard 2440.A1-A2 or a DNC for Standard 2440.C1-C2.</i></li> </ul> <p><i>With a review by or on behalf of the CAE that is limited in content and seems more like a formality.</i></p>
<p><b>2440.A1</b> – The chief audit executive is responsible for communicating the final results to parties who can ensure</p>	<p><b>C.</b> The CAE communicates the final results to parties who can ensure that the results are given</p>	<p><b>DNC at project/engagement level:</b></p>



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<p>that the results are given due consideration.</p> <p><b>2440.A2</b> – If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organization the chief audit executive must:</p> <ul style="list-style-type: none"> <li>Assess the potential risk to the organization;</li> <li>Consult with senior management and/or legal counsel as appropriate.</li> <li>Control dissemination by restricting the use of the results.</li> </ul>	<p>due consideration. (2440.A1)</p> <p><b>D.</b> If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organization, the CAE (suggested – not mandatory):</p> <ol style="list-style-type: none"> <li>Assesses the potential risk to the organization.</li> <li>Consults with senior management and/or legal counsel as appropriate.</li> <li>Controls dissemination by restricting the use of results. (2440.A2)</li> </ol>	<ul style="list-style-type: none"> <li>The report remains with the auditee and is not sent by the CAE to the next management level, while the auditee does not adequately follow up on the findings. (2440.A1)</li> <li>The measures that the CAE must take for the external publication of a report are not met. (2440.A2)</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The report has not been issued in accordance with the engagement letter and no further explanation is given on this. (2440.A1)</li> </ul>
<p><b>2440.C1</b> – The chief audit executive is responsible for communicating the final results of consulting engagements to clients.</p> <p><b>2440.C2</b> – During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organization, they must be communicated to senior management and the board.</p>	<p><b>E.</b> The CAE communicates the final results of consulting engagements to clients. (2440.C1)</p> <p><b>F.</b> During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organization, they are communicated to senior management and the board. (2440.C2)</p>	<p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>The results are not or only partially communicated (unless they are relatively unimportant points).</li> <li>It appears that important issues in the area of governance, risk management and control have not been reported to senior management.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>Less important (but not unimportant) points have not been communicated.</li> </ul>
<p><b>2450 – Overall Opinions</b></p> <p>When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion</p>	<p><b>A.</b> When an overall opinion is issued, it takes into account the expectations of senior management, the board, and other stakeholders, and it is supported by sufficient, reliable, relevant, and useful information.</p>	<p><b>Context:</b></p> <ul style="list-style-type: none"> <li>See also what is mentioned at Standard 2410.A1.</li> <li>In cases where an overall opinion is issued at the audit level, this must be substantiated by sufficient, reliable, relevant, useful information.</li> </ul>

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<p>must be supported by sufficient, reliable, relevant, and useful information.</p> <p><b>Interpretation:</b> The communication will <i>include</i>:</p> <ul style="list-style-type: none"> <li>• <i>The scope, including the time period to which the opinion pertains.</i></li> <li>• <i>Scope limitations.</i></li> <li>• <i>Consideration of all related projects including the reliance on other assurance providers.</i></li> <li>• <i>The risk or control framework or other criteria used as a basis for the overall opinion.</i></li> <li>• <i>The overall opinion, judgment, or conclusion reached.</i></li> <li>• <i>The reasons for an unfavorable overall opinion must be stated.</i></li> </ul>	<p><b>B.</b> An overall opinion communication identifies the scope, including the period to which the opinion pertains.</p> <p><b>C.</b> An overall opinion communication identifies scope limitations.</p> <p><b>D.</b> An overall opinion communication identifies consideration of all related projects, including the reliance on other assurance providers.</p> <p><b>E.</b> An overall opinion communication identifies the risk or control framework or other criteria used as the basis for the overall opinion.</p> <p><b>F.</b> An overall opinion communication identifies the overall opinion, judgment, or conclusion reached.</p> <p><b>G.</b> An overall opinion states the reasons for an unfavorable overall opinion.</p>	<ul style="list-style-type: none"> <li>• The manual of the internal audit activity should provide guidance on which overall opinions are used and which methodology is used. The audit report should also contain a passage in which the ranking and methodology are explained or a reference to a generally accessible website has been included.</li> </ul> <p><b>DNC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The overall opinion is based on insufficient, unreliable, or irrelevant information.</li> <li>• The prescribed methodology of the internal audit activity was not followed when determining the overall opinion, as a result of which an incorrect conclusion/rating was provided.</li> <li>• The overall opinion is not drawn up in accordance with the prescribed wording and thus confusing or even misleading.</li> <li>• An overall opinion is provided, but guidance is not provided in the procedures of the internal audit activity (manual).</li> <li>• The organization (senior management, the board and audit committee and/or supervisory board) is insufficiently familiar with the system of overall opinions.</li> </ul> <p><b>PC at project/engagement level:</b></p> <ul style="list-style-type: none"> <li>• The documentation on the scope of the overall opinion has gaps of a non-serious nature (but reperformance does not lead to a different conclusion/rating).</li> <li>• In determining the overall opinion, the prescribed methodology of the internal audit activity was not followed, but in the end a correct conclusion/rating is provided.</li> <li>• The overall opinion has not been drawn up in accordance with the</li> </ul>

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		<p>prescribed wording, but is not confusing or misleading.</p> <ul style="list-style-type: none"> <li>One of the other elements, as indicated in the Key Conformance Criteria, is missing.</li> </ul>
<p><b>2500 – Monitoring progress</b></p> <p>The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.</p>	<p><b>A.</b> The CAE has established and maintains a system to monitor the disposition of results communicated to management.</p>	<p><b>Context:</b></p> <p>It is possible that, on the initiative of or in consultation with the CAE, the monitoring (possibly also in relation to action points from other assurance providers) is filled in by another function, for example from the second line. The CAE must then monitor both its results and the operation of this system.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>There is no monitoring system in which the follow-up of agreed action points is clear.</li> <li>There is a monitoring system, but it is not used or inadequately maintained.</li> <li>A regular reminder is missing.</li> <li>There is no report on the follow-up to senior management and the board and/or audit committee/supervisory board.</li> <li><i>With a DNC for Standard 2500.A1.</i></li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li><i>With a PC for Standard 2500.A1.</i></li> <li><i>With a DNC for Standard 2500.C1.</i></li> </ul>
<p><b>2500.A1</b> – The chief audit executive must establish a follow-up process to monitor and ensure that</p>	<p><b>B.</b> The CAE has established a follow-up process to monitor and ensure that management actions</p>	<p><b>Context:</b></p> <p>The auditor does not assume the responsibility or ownership of an</p>

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management actions have been effectively implemented or that senior management has accepted the risk of not taking action.	have been effectively implemented or that senior management has accepted the risk of not taking action.	<p>action, but has a clear reminder function.</p> <p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• A structured and periodically updated follow-up process is missing.</li> <li>• There is a follow-up process, but it is not carried out regularly.</li> <li>• There is a follow-up process, and it is carried out regularly, but senior management is not regularly and systematically reported on the progress.</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• There is a follow-up process, but there is no structural monitoring whether the outstanding action plans have been followed up adequately.</li> </ul>
<b>2500.C1</b> – The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.	<b>C.</b> The internal audit activity monitors the disposition of results of consulting engagements to the extent agreed upon with the client.	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• There is no monitoring.</li> <li>• There is monitoring, but no signaling</li> </ul> <p><b>PC:</b></p> <ul style="list-style-type: none"> <li>• Monitoring does not take place systematically.</li> </ul>
<p><b>2600 – Communicating the Acceptance of Risks</b></p> <p>When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must</p>	<p><b>A.</b> When the CAE concludes that management has accepted a level of risk that may be unacceptable to the organization, the CAE discusses the matter with senior management. If the CAE determines that the matter has not been resolved, he or she communicates the matter to the board.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The CAE does not discuss accepted risks higher than the risk appetite with senior management involved.</li> <li>• The CAE does not report any accepted risks higher than the risk appetite to the board/CEO and audit committee/supervisory board.</li> </ul> <p><b>PC:</b></p>

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<p>communicate the matter to the board.</p> <p><b>Interpretation:</b>  <i>The identification of risk accepted by management may be observed through an assurance or consulting engagement, monitoring progress on actions taken by management as a result of prior engagements, or other means. It is not the responsibility of the chief audit executive to resolve the risk.</i></p>	<p><b>B.</b> The CAE's reports and communications to senior management and the board include information about management's response to risk that, in the CAE's judgment, may be unacceptable to the organization. (2060, 2600)</p>	<ul style="list-style-type: none"> <li>• The CAE has not documented the discussion with senior management, but does report to the board/CEO and audit committee/supervisory board on accepted risks higher than the risk appetite.</li> <li>• Management is shifting the deadline for a solution on important audit issues and this is not explicitly reported to the audit committee (or the board) by the CAE.</li> </ul>

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<p><b>The IIA's Code of Ethics</b></p> <p>Van internal auditors wordt verwacht dat zij de volgende beginselen toepassen en hooghouden:</p> <p>Internal auditors are expected to apply and uphold the following principles:</p> <ol style="list-style-type: none"> <li>1. <b>Integrity</b> – The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.</li> <li>2. <b>Objectivity</b> – Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments</li> <li>3. <b>Confidentiality</b> – Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.</li> <li>4. <b>Competency</b> – Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.</li> </ol>	<p><b>A.</b> Department policy establishes the expectation that the internal audit staff will conform to the Code of Ethics requirements.</p> <p><b>B.</b> There is evidence that the policy is communicated to and understood by the internal audit activity staff.</p> <p><b>C.</b> Internal auditors apply and uphold the principles of integrity, objectivity, confidentiality, and competency.</p>	<p><b>DNC:</b></p> <ul style="list-style-type: none"> <li>• The policy documents/manual does/do not describe that the Code of Ethics of the IIA must be complied with.</li> <li>• It has not been individually documented for all employees that they are familiar with the Code of Ethics, and that they endorse it and will adhere to it.</li> <li>• Incidents are not or insufficiently taken up by the CAE and discussed with the relevant employee.</li> </ul>