



## Additional Requirements for the External Quality Assessment

### 1. Introduction

All members of IIA Netherlands who work as internal auditors are subjected to an external quality assessment every 5 years in accordance with the 'Regulations Concerning External Quality Assessment of Internal Audit Functions'.

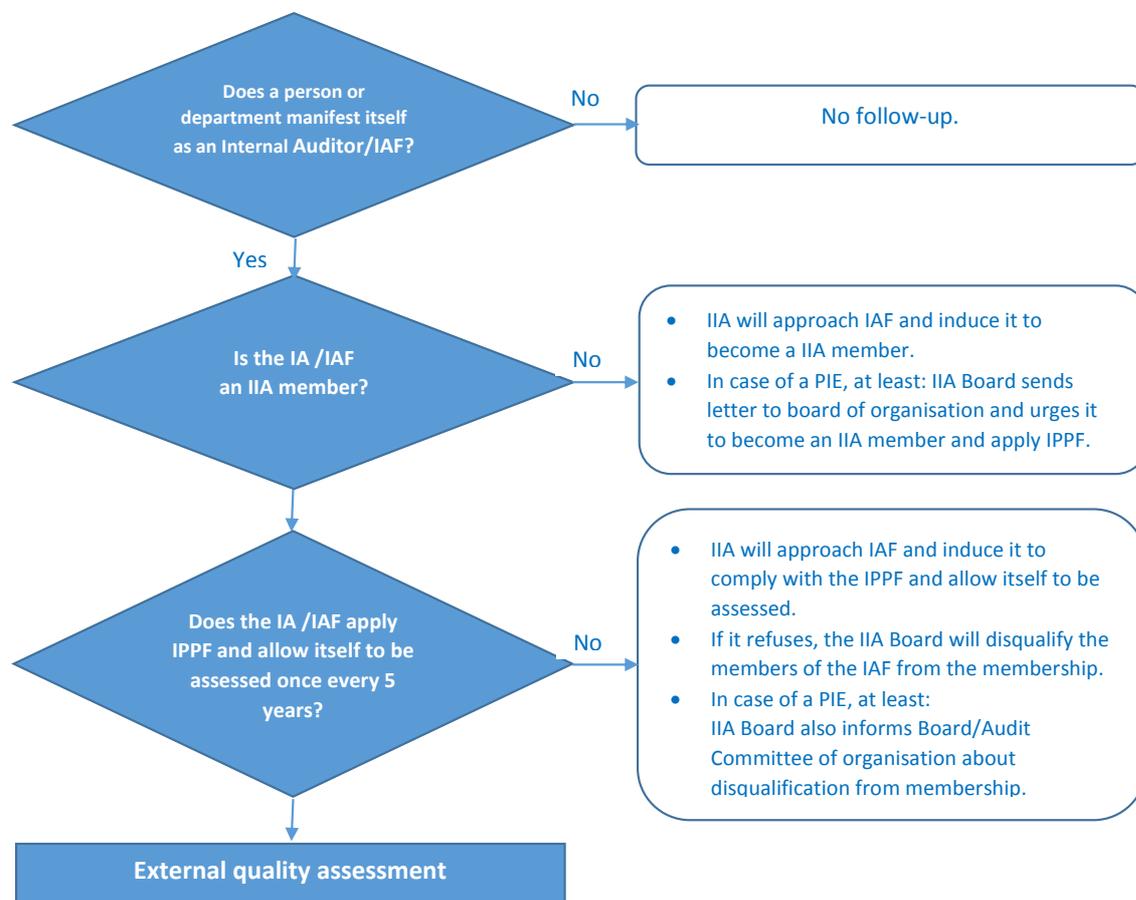
The Regulations refer to the additional requirements relating to the subjects covered by the regulations, as laid down by the general members' meeting on the recommendation of the IIA Board and the Quality Assessments Supervisory Authority.

IIA Netherlands attaches great importance to the quality of the internal audit functions and strives to bind all internal audit functions (IAF) in the Netherlands to them by means of the IIA membership and thus also subject these functions to the external quality assessment. If none of the employees of an IAF is a member of the IIA (yet), IIA will endeavour to get the employees of this IAF to join.

### 2. Quality assessment decision making model

For determining whether an IAF must be assessed, the following Quality Assessment Decision Making Model must be applied.

#### External Quality Assessment Decision Making Model





If the outcome of this decision tree is that that IAF must be subjected to an external quality assessment, the quality assessment process is started up, as set out and explained schematically below in Chapters 3 and 4.

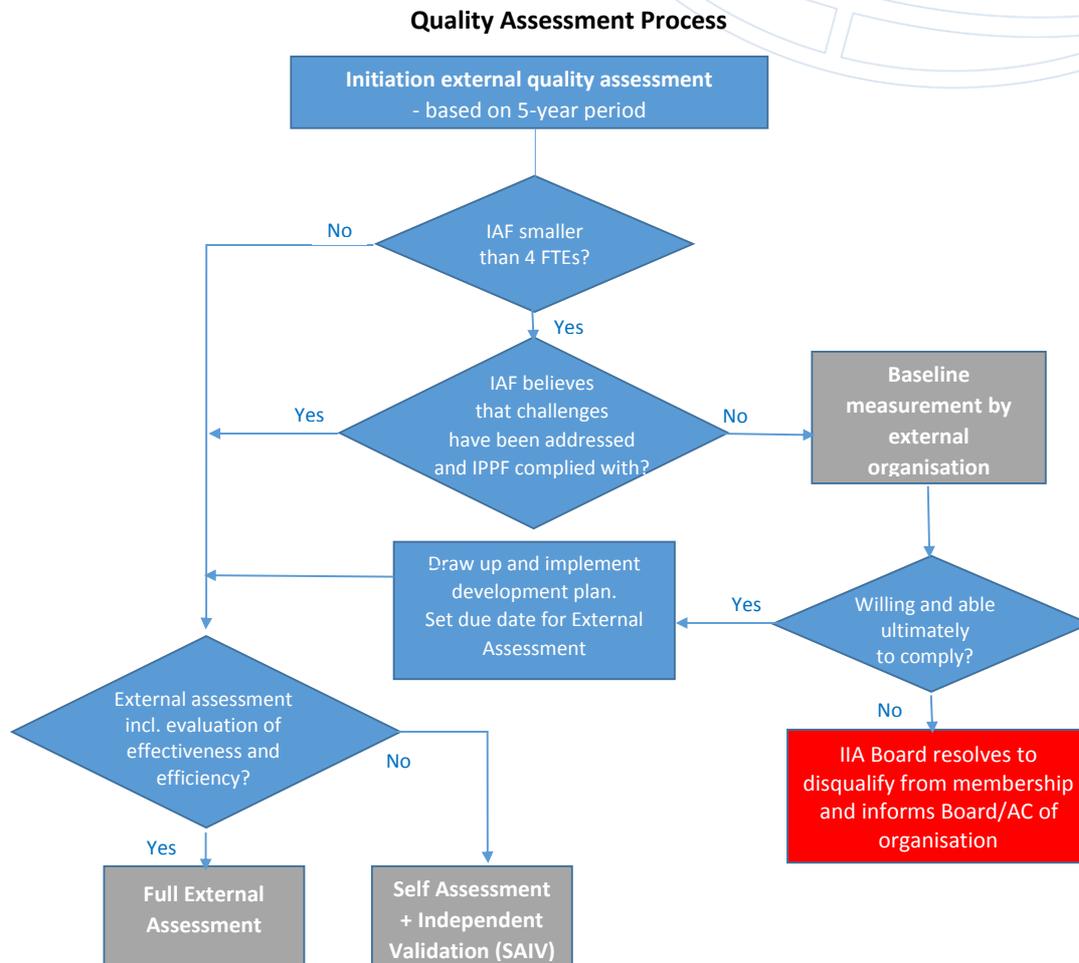
### 3. External quality assessment process: different possibilities, size of IAF relevant

All IAFs are subjected to an external quality assessment (at least) once every 5 years.

If the IAF comprises fewer than 4 persons, it will be challenging in a number of areas of the system of standards to comply with the IPPF. These challenges are described in the practice guide [Assisting Small Internal Audit Activities in implementing the Standards](#).

Measures will have to be taken to address these challenges.

If an IAF states that it has done so, the IAF will be able to comply with the IPPF and an external quality assessment can be done.



*A schematic presentation of the possibilities of the quality assessment process*

In order to determine the extent to which the Standards are being complied with, a self-assessment will be done. The Internal Audit Ambition Model is a practical aid for this, which can be used to



establish both the situation vis-a-vis the Standards and the ambition of the IAF. It also provides a good basis for discussing the results with the various stakeholders.

If the challenges have not been addressed, the IAF will not yet comply with the IPPF. In this case the CAE can opt for a Baseline Measurement performed by an (external) party designated by the CAE who is recognised by IIA as a qualified assessor. The Baseline Measurement only focuses on the setup, and not on the functioning of the internal quality control system of the IAF. The purpose of the baseline measurement is to detect the aspects that must be improved in order to comply with the standards in the actual quality assessment that is to follow later, and the translation thereof into an plan of action or a plan for improvement. Also, a date is agreed on which the improvement plan will be implemented, after which a normal assessment will take place.

If the IAF is unable or unwilling to draw up and implement a plan for improvement, the IIA Board will disqualify the IAF from the membership.

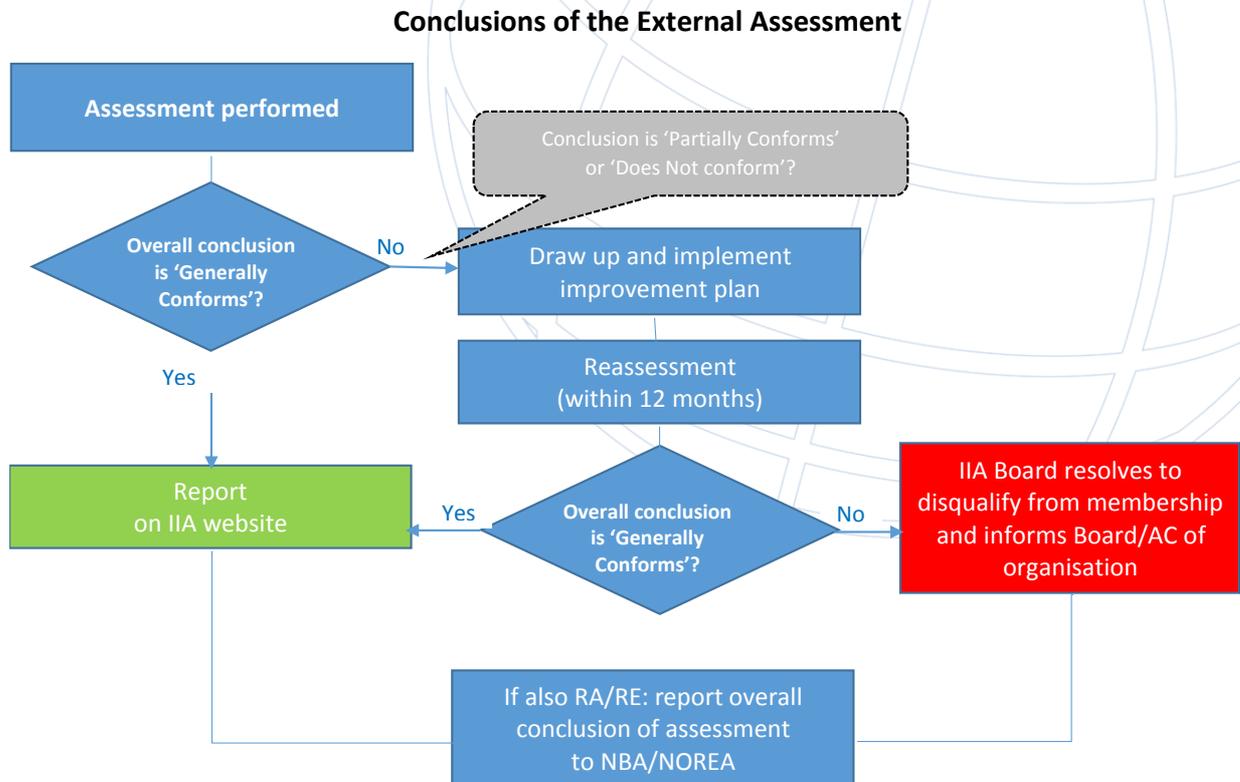
Regardless of the size of an IAF, external assessments can be performed in two ways: a full external assessment, or a self-assessment with independent external validation (SAIV). Regardless of the choice of approach, the assessment must be performed by a qualified independent internal assessor or assessment team. In the SAIV the evaluation is usually performed by the internal audit function itself, which is subsequently validated by an qualified independent external assessor.

In both approaches, therefore, the same work is done and documented to establish that the professional standards are being conformed with. In the SAIV, the validator validates the self-assessment by means of a review of the planning and performance of the evaluation, by reperforming elements based on random samples and through interviews with the main stakeholders .

### ***Differences between approaches***

The full evaluation not only looks at conformance with the standards, but also at the efficiency and effectiveness of the internal audit activity (also compared to leading practices of other IAFs) and the degree to which the internal audit function meets the expectations of the Board, the senior management and the executive management, and provides added value to the organisation. The SAIV does not focus on, or gives very little attention to, areas other than conformity.

4. External quality assessment process: Conclusions



- If the conclusion of the external quality assessment is that the IAF ‘generally conforms’ with the IPPF, the name of the IAF assessed and the year of assessment will be placed on the IIA website.
- If the conclusion is ‘does not conform’ or ‘partially conforms’, the IAF will get the opportunity to draw up and implement an improvement plan. In case of ‘does not conform’ a reassessment must take place within 12 months. In case of a ‘partially conforms’ a reassessment of the points for improvement must confirm that the IAF ‘conforms’ after all.
- If after reassessment the verdict remains ‘does not conform’ or ‘partially conforms’ the Quality Assessments Supervisory Authority will report this to the IIA Board. The IIA Board will then decide on the measures to be taken. The measure of last resort is disqualification of the relevant members/the IAF from membership.

The IIA Board will inform the CAE and the Board/Audit Committee of the relevant organisation of this measure.

- In the context of the accreditation that IIA Netherlands has from NBA and NOREA to perform the assessments of RAs and REs who work as internal auditors, the overall conclusion on the assessment will also be reported to NBA and NOREA.

For IAFs with NBA and/or NOREA members that have been assessed based on the standards of these professional groups and received a verdict of ‘does not conforms’, NBA and NOREA may take disciplinary action. Whether they do so, is for them to decide.



5. Publication of conclusions of external quality assessment on IIA website

The overall conclusions of the external quality assessments will be published on the IIA website, along with the year in which the IAF was assessed. The list can be consulted on the open part of the IIA website.

Members who were given the verdict 'does not conform' or 'partially conforms' and still did not comply after the reassessment are expelled. Therefore, they will be removed from the list of IAF members.