Programs

**QUALITY ASSESSMENT PROCESS MAP**

Programs

Background Information on the internal audit (IA) activity.

Document Request Checklist cross-referenced to planning/program process flow: IA Governance, IA Staff, IA Management, and IA Process.

Planning Guides designed for each segment.

Surveys containing elements from each segment.

- B-1 Executive Leadership & Operating Management
- B-2 IA Staff

Interview Guides containing elements from each segment.

- C-1 Chief Audit Executive
- C-2 Board Members, Senior & Operating Management
- C-3 IA Staff
- C-4 External Auditors & Other Assurance Providers

Programs designed for each segment. Assessors document their conclusions regarding conformance with mandatory guidance here.

Evaluation Summary provides a record of ratings determined within the programs by assessors.

Quality Assessment Report formatted to meet the needs of key stakeholders.
Program Segments: Format and Features

The four program segments follow the same flow that was used in the planning guides, surveys, and interview guides: D1: Internal Audit Governance, D2: Internal Audit Staff, D3: Internal Audit Management, and D4: Internal Audit Process. Each of the four program segments has three components:

- **Planning and Preparation** is intended to assist the quality assessment team members assigned to prepare for their assignment. Each program segment has two general objectives: a) determine the internal audit activity’s level of conformance with the spirit and intent of The IIA’s *International Standards for the Professional Practice of Internal Auditing* (*Standards*) and b) assess the efficiency and effectiveness of the internal audit activity, and identify opportunities for the chief audit executive (CAE)/internal audit staff to improve their performance and increase their ability to add value.

- **Objective #1: Conformance with the Standards** should be used on all types of quality assessments: full external assessment, self-assessment with independent validation, and periodic self-assessment.

- **Objective #2: Opportunities for Improvement** should be used on full external assessment and periodic self-assessment. It is not required on a self-assessment with independent validation where the primary focus is on conformance with the *Standards*.

Following are some of the key features of the program segments:

**Objective #1: Conformance with the Standards**

Many of the steps in the programs refer to specific documents that will be reviewed. The underlined documents (e.g., the internal audit activity charter in the Internal Audit Governance Program) are listed on the Document Request Checklist (A0), which also indicates which programs will use the requested documents.
Many program steps ask the assessor to “review the survey and interview results for this program segment.” D5: Tool Road Map found at the end of this appendix outlines the flow of information and how it relates to the *Standards*. Here is an example of how this works with Standard 1110: Organization Independence:

- The planning guide (A1: Internal Audit Governance) gathers information on the topic at items #3–6.
- Both the Management (statements #5 and #6) and Internal Audit Staff (statement #2) Surveys have statements to collect information on the topic.
- All four interview guides cover the same topic to collect additional information on the topic.
- Finally, all of this information is analyzed and any additional reviews are completed in the Internal Audit Governance Program (D1: IIB).

Several program steps ask the assessor to “check with the quality assessment team member assigned to another program segment and determine whether any conformance issues were noted.” For example, the Internal Audit Governance Program has the primary responsibly to assess conformance with Standard 1120: Individual Objectivity. The Internal Audit Process Program has supporting information regarding conformance with Standard 1120 on individual engagements. The evaluation summary indicates which program segments are the primary and secondary sources of evidence for assessing conformance with each standard.

After program steps are completed, the assessor will briefly recap results and document their conclusions regarding the internal audit activity’s compliance with key conformance criteria. The key conformance criteria are referenced to the applicable standards. These ratings will be transferred to the quality assessment evaluation summary where they will be summarized and overall conformance ratings will be determined.

Conformance ratings used by the assessor are defined as follows:

- **“Generally Conforms”** means the assessor has concluded for individual standards that the internal audit activity complies with the requirements of the standard (e.g., 1000, 1010, 2000, 2010, etc.) or elements of the Code of Ethics (both Principles and Rules of Conduct) in all material respects.
• “Partially Conforms” means the assessor has concluded for individual standards that the internal audit activity is making good faith efforts to comply with the requirements of the standard (e.g., 1000, 1010, 2000, 2010, etc.) or elements of the Code of Ethics (both Principles and Rules of Conduct) but falls short of achieving some major objectives.

• “Does Not Conform” means the assessor has concluded for individual standards that the internal audit activity is not aware of, is not making good faith efforts to comply with, or is failing to achieve many/all of the objectives of the standard (e.g., 1000, 1010, 2000, 2010, etc.) or element of the Code of Ethics (both Principles and Rules of Conduct).

Objective #2: Opportunities for Improvement

The programs outline a general approach for identifying opportunities for improvement. The approach starts with the review of planning guide information. The premise is that many internal audit activities will use the self-assessment process outlined in the planning guide to identify areas where they would like the external assessment team to focus.

This program section includes a review of benchmarking information and an evaluation of the internal audit activity’s awareness and use of The IIA’s International Professional Practices Framework (IPPF) resources to improve the quality of the internal audit activity’s processes. This section also invites assessors to tailor program steps based on information collected during the planning phase.

The effective completion of this part of the program heavily relies on the competency and experience of the assessors. The IPPF reinforces this assumption when it indicates that external assessors should be well versed in the best practices of the profession (Practice Advisory 1312-1: External Assessments, #7).
Frequently Asked Questions (FAQ)

1. **Question:** Why was Standard 2450: Overall Opinions covered in the internal audit management segment rather than the internal audit process segment?

   ➜ **Answer:** This is the only case like this in the *Quality Assessment Manual*. The *Standards* focuses on overall opinions (versus opinions on individual engagements). There is also a related standard (2010.A2) in the internal audit management segment. Both standards are related to CAE activities, so they were rolled into internal audit management.

2. **Question:** The Internal Audit Governance Program (D1-II.B#7) asks us to “Collect the Code of Ethics from internal audit staff and determine if it is signed by them as read and understood.” Does the IPPF require this type of evidence?

   ➜ **Answer:** No. Although many internal audit activities require annual acknowledgments, there are other forms of evidence that could be used (e.g., staff meeting or training records where the Code of Ethics was discussed) along with survey and interview results.

3. **Question:** In the Internal Audit Process Program (D4-IIA#3), we are asked to select a representative sample of completed engagements. How large should the sample be?

   ➜ **Answer:** The sample size will depend on a number of factors (e.g., size/complexity of the audit universe, staff experience levels, ongoing monitoring program coverage and results). It is not unusual to see the sample size be in the 10 percent to 20 percent range of completed audits.