

Report



Quality Assessment of Internal Audit at <Organisation>

Draft Report / Final Report

<Date>

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1. Introduction

The standards applied to Internal Audit are the 'International Standards for the Professional Practice of Internal Auditing' (Standards) contained in the 'International Professional Practices Framework' (IPF) issued by the Institute of Internal Auditors (IIA). These require Internal Audit functions to develop and maintain a Quality assurance and Improvement Program which includes a periodic independent Quality Assessment of Internal Audit at least once every 5 years.

This report follows a Quality Assessment process and satisfies that requirement of the Standards.

The methodology involved a full Quality Assessment performed by an independent <assessor / assessment team> from outside <Organisation>. This methodology is promoted by the IIA. A full description of the methodology is shown at Appendix A 'Methodology'.

A Quality Assessment is a comprehensive review that examines an Internal Audit function for:

- Conformance with mandatory internal auditing requirements, including the Standards.
- Whether Audit Committee and management expectations of Internal Audit are being met.
- Opportunities for improvement.

Where the term Chief Audit Executive (CAE) has been used in this report, this relates to the generic term used in the Standards to refer to the head of Internal Audit in an organisation.

Throughout this report, findings have been rated according to the following legend:

	Generally conforms with: <ul style="list-style-type: none">• Internal Audit good practice OR• The International Standards for the Professional Practice of Internal Auditing
	Partially conforms with: <ul style="list-style-type: none">• Internal Audit good practice OR• The International Standards for the Professional Practice of Internal Auditing
	Does not conform with: <ul style="list-style-type: none">• Internal Audit good practice OR• The International Standards for the Professional Practice of Internal Auditing

2. Executive Summary

2.1 Objectives and Scope

The objectives of the Quality Assessment were to assess:

1. Conformance with mandatory internal auditing requirements, including the Standards.
2. Whether Audit Committee and management expectations of Internal Audit are being met.

The scope of the Quality Assessment focused on the value of the Internal Audit contribution to the business outcomes of <Organisation>, and to form an opinion on conformance to the Standards.

2.2 Conclusion

The Quality Assessment found that, at the time it was conducted, the Internal Audit function at <Organisation> is achieving expectations of the Audit Committee and management. There was general conformance with mandatory internal auditing requirements, including the Standards.

<Where there is a negative result, this will need to be explained>

The overall assessment against the Quality Assessment objectives is:

Objectives		Assessment
1	Internal Audit conformance with the:	
	• Core Principles for the Professional Practice of Internal Auditing.	
	• Definition of Internal Auditing.	
	• Code of Ethics.	
	• International Standards for the Professional Practice of Internal Auditing.	
2	Whether Audit Committee and management expectations of Internal Audit are being met.	

As with many Internal Audit functions, there are some areas where improvements can be made. These are shown later in this report for consideration of the <Chief Audit Executive>.

3. Core Principles

3.1 Core Principles Assessment

Assessment against the Core Principles for the Professional Practice of Internal Auditing is shown below:

No.	Core Principles	Assessment
1	Demonstrates integrity.	
2	Demonstrates competence and due professional care.	
3	Is objective and free from undue influence (independent).	
4	Aligns with the strategies, objectives, and risks of the organisation.	
5	Is appropriately positioned and adequately resourced.	
6	Demonstrates quality and continuous improvement.	
7	Communicates effectively.	
8	Provides risk-based assurance.	
9	Is insightful, proactive, and future-focused.	
10	Promotes organisational improvement.	

4. Findings and Recommendations

4.1 Internal Audit Good Practice

Examples of Internal Audit good practice observed during the Quality Assessment included the following:

Good Practice
<ul style="list-style-type: none">• X• X• X• X• X

4.2 Findings and Recommendations

Finding	Recommendation	Rating
Matters for Management Consideration		
The following matters were noted for consideration by management:		
Objective 1 – Conformance with mandatory internal auditing requirements, including the Standards		
The following areas were identified where the Internal Audit function is not fully conforming to the Standards:		
Standard 1300 – Quality Assurance and Improvement Program	A more comprehensive Quality Assurance and Improvement Program should be considered, including for example: <ul style="list-style-type: none"> • Audit client feedback surveys. • Annual internal assessments. • Performance measures (key performance indicators). • More rigorous quality assurance over the work of the Internal Auditors. 	
Standard 2010 – Planning	The risk-based methodology used to develop the Internal Audit Plan should have stronger links to key organisation risks.	
Standard 2040 – Policies and Procedures	The Internal Audit Manual should be updated to reflect current operating procedures.	
Objective 2 – Whether Audit Committee and management expectations of Internal Audit are being met		
The following areas were identified as requiring action:		
<u>Implementation of Recommendations</u>		

Finding	Recommendation	Rating
<p>Audit Committee members expressed concern that many internal audit recommendations are not actioned promptly by management, or are not actioned at all.</p>	<p>Internal Audit should consult with management to consider methods that could be introduced to ensure internal audit recommendations are actioned promptly.</p>	<p></p>
<p><u>Value-Add</u></p> <p>Audit Committee members and management interviewed as part of the Quality Assessment expressed a common view that the Internal Audit function was not delivering 'value-adding' services to the organisation</p>	<p>Internal Audit should more actively engage with the Audit Committee and management to ascertain the types of 'value-added' services they would like to see provided by Internal Audit.</p>	<p></p>

Appendix A – Methodology

A requirement of the Standards is for Internal Audit functions to have an independent Quality Assessment conducted at least once every 5 years by a qualified, independent assessor or assessment team from outside the organisation (Standard 1312).

The methodology used involved for the Quality Assessment involved a full Quality Assessment performed by an independent <assessor / assessment team> from outside <Organisation>. This methodology is promoted by the IIA.

The process undertaken was:

- Review of Internal Audit policies, procedures and practices.
- Review of internal audit planning.
- Discussions with key stakeholders.
- Review Internal Audit information and documents.
- Review Internal Audit planning.
- Review selected internal audit engagements by reviewing the working papers.
- Analyse the work of Internal Audit.
- Review conformance of Internal Audit with mandatory internal auditing requirements, including the Standards.
- Prepare a report summarising results of the Quality Assessment.

Appendix B – Glossary

CAE	Chief Audit Executive – CAE is the term used in the Standards to refer to the head of Internal Audit in an organisation.
Control	Any action taken by management, the Board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.
Engagement	A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy.
Governance	The combination of processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organisation toward the achievement of its objectives.
IIA	Institute of Internal Auditors.
Independence	The freedom from conditions that threaten the ability of the internal audit activity to carry out Internal Audit responsibilities in an unbiased manner.
Internal Auditing	An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
IPPF	International Professional Practices Framework – the conceptual framework that organises the authoritative guidance promulgated by the IIA.
IT	Information Technology.
Must	The Standards use the word to specify an unconditional requirement
Objectivity	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.
Risk Management	A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives.
Standards	International Standards for the Professional Practice of Internal Auditing.
Value-Add	Internal Audit adds value to the organisation and its stakeholders when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

Appendix C – Discussions

Name	Position
Audit Committee	
Management	
Internal Audit	

Appendix D – Internal Audit Maturity Assessment

Based on the IIA Internal Audit maturity assessment model, we have provided below our assessment of the maturity rating of Internal Audit at <Organisation> against each of the Internal Audit Standards. It should be noted that not all organisations will seek to achieve 'Optimised' rating due to the size and complexity of the organisation, the size and resources of the Internal Audit function, and consideration of any extra value this may add.

Internal Audit Maturity Rating	Standard 1000 Purpose, Authority and Responsibility	Standard 1100 Independence and Objectivity	Standard 1200 Proficiency and Due Professional Care	Standard 1300 Quality Assurance and Improvement Program	Standard 2000 Managing the Internal Audit Activity	Standard 2100 Nature of Work
Optimised	Internal Audit Charter in place, reviewed and approved by Audit Committee on annual basis, clearly linked to corporate governance objectives, specifies good practice Internal Audit reporting arrangements	Internal Audit reporting arrangements defined in Internal Audit Charter, specifies good practice reporting arrangements, independence and objectivity requirements defined by Internal Audit policy including requirement for conflict of interest disclosure, annual attestation required by Internal Audit staff	Internal Audit resources are credentialed, specialist resources are available when required, annual Risk Assessment conducted, ongoing and periodic Quality Assurance processes in place, training programs reinforce Internal Audit credentials and support execution of Internal Audit work	Documented ongoing and periodic Quality Assurance Program in place, Quality Assurance activities occur for internal audit engagements, Internal Assessment conducted annually, External Assessment conducted at least every 5 years	Internal Audit policies and procedures in place, Internal Audit plans linked to corporate objectives, effective Internal Audit reporting arrangements, audit client feedback sought, performance measures in place and used to drive continuous improvement	Internal Audit focuses on controls, risk and governance, Internal Audit plans are clearly linked to enterprise-wide view of risk and plans are periodically adjusted, Internal Audit uses recognised control frameworks in its work
Managed	Internal Audit Charter in place, reviewed and approved by Audit Committee on annual basis, clearly linked to corporate governance objectives	Internal Audit reporting arrangements defined in Internal Audit Charter, specifies good practice reporting arrangements, independence and objectivity requirements defined by Internal Audit policy including requirement for conflict of interest disclosure	Internal Audit resources are credentialed, some specialist resources are available, annual Risk Assessment conducted, ongoing and periodic Quality Assurance processes in place	Documented ongoing and periodic Quality Assurance Program in place, Quality Assurance activities occur for internal audit engagements, Internal Assessment conducted annually	Internal Audit policies and procedures in place, Internal Audit plans linked to corporate objectives, effective Internal Audit reporting arrangements, audit client feedback sought	Internal Audit focuses on controls, risk and governance, Internal Audit plans are clearly linked to enterprise-wide view of risk and plans are periodically adjusted
Implemented	Internal Audit Charter in place, reviewed and approved by Audit Committee on a periodic basis	Internal Audit reporting arrangements defined in Internal Audit Charter, specifies good practice reporting arrangements	Some Internal Audit resources are credentialed, some specialist resources are available, annual Risk Assessment conducted, ongoing Quality Assurance processes in place	Ongoing and periodic Quality Assurance Program elements in place, Quality Assurance activities occur for internal audit engagements	Internal Audit policies and procedures in place, Internal Audit plans linked to corporate objectives, effective Internal Audit reporting arrangements	Internal Audit focuses on controls, risk and governance
Defined	Internal Audit Charter in place and approved by Audit Committee	Internal Audit reporting arrangements defined in Internal Audit Charter, but not good practice reporting arrangements	Internal Audit resources are partially credentialed, specialist resources may be available, annual Risk Assessment conducted, some ongoing Quality Assurance processes in place	Some ongoing Quality Assurance Program elements in place, some Quality Assurance activities occur for internal audit engagements	Internal Audit policies and procedures in place, Internal Audit plans linked to corporate objectives	Internal Audit focuses on controls and risk
Initial	No Internal Audit Charter or in draft or not approved by Audit Committee	Internal Audit reporting arrangements not defined in Internal Audit Charter or reporting arrangements not in line with good practice	Internal Audit resources not credentialed, no specialist resources, no annual Risk Assessment, limited ongoing Quality Assurance processes in place	No formal Quality Assurance Program in place, some Quality Assurance activities may occur for internal audit engagements	No Internal Audit policies and procedures in place, Internal Audit plans not linked to corporate objectives	Internal Audit focuses on controls

Internal Audit Maturity Rating	Standard 2200 Engagement Planning	Standard 2300 Performing the Engagement	Standard 2400 Communicating Results	Standard 2500 Monitoring Progress	Standard 2600 Communicating the Acceptance of Risks	Code of Ethics
Optimised	Planning performed in collaboration with stakeholders, planning adjusted for differing circumstances, planning documented, consistent methodology applied to internal audit engagements, supervisory review and sign-off occurs	Internal Audit policies and procedures clearly define internal audit engagement process, Audit Work Plans are tailored for each engagement, supervisory review and sign-off occurs, automated audit working paper system in place, CAATs and other audit techniques actively used	Reporting protocol established for communicating results, reporting done consistently from content and format perspective, CAE reviews and signs-off audit reports before issue, management input to reporting is actively sought, reports contain management comments and agreed actions, Internal Audit prepares reports that show systemic issues found through its work	Follow-up protocol established, follow-up on implementation of audit recommendations performed consistently, reporting to Audit Committee on status of audit recommendations, automated system for receiving progress updates from management, high rate of audit recommendation clearance	Escalation protocol defined, process clearly understood by Internal Audit and management, collaborative approach to resolution, clear definition of level of risk that can be assumed by Management that precludes need for escalation protocol	Organisation Code of Conduct established, IIA Code of Ethics is embedded in Internal Audit policies, ethics training is conducted, Internal Audit staff complete annual Code of Ethics declaration
Managed	Planning performed in collaboration with stakeholders, planning documented, consistent methodology applied to internal audit engagements, supervisory review and sign-off occurs	Internal Audit policies and procedures clearly define internal audit engagement process, Audit Work Plans are tailored for each engagement, supervisory review and sign-off occurs, may have automated audit working paper system in place	Reporting protocol established for communicating results, reporting done consistently from content and format perspective, CAE reviews and signs-off audit reports before issue, reports contain management comments and actions to implement recommendations	Follow-up protocol established, follow-up on implementation of audit recommendations performed consistently, reporting to Audit Committee on status of audit recommendations	Escalation protocol defined, process clearly understood by Internal Audit and Management, collaborative approach to resolution	Organisation Code of Conduct established, IIA Code of Ethics is embedded in Internal Audit policies, ethics training is conducted
Implemented	Planning performed and documented, consistent methodology applied to internal audit engagements, supervisory review and sign-off occurs	Internal Audit policies and procedures clearly define internal audit engagement process, Audit Work Plans are tailored for each engagement, supervisory review and sign-off occurs	Reporting protocol established for communicating results, reporting done consistently from content and format perspective, CAE reviews and signs-off audit reports before issue	Follow-up protocol established, follow-up on implementation of audit recommendations performed consistently	Escalation protocol defined, process clearly understood by Internal Audit and Management	Organisation Code of Conduct established, IIA Code of Ethics is embedded in Internal Audit policies
Defined	Planning performed and documented, consistent methodology applied to internal audit engagements	Some elements of Internal audit engagement process defined, standard Audit Work Plans used	Reporting protocol established for communicating results, reporting done inconsistently from content and format perspective	Follow-up protocol established, follow-up on implementation of audit recommendations occurs but not performed consistently	No escalation protocol established, Management may assume inappropriate level of risk	Organisation Code of Conduct established, IIA Code of Ethics receives some attention
Initial	Planning not performed or documented, no consistent methodology applied to internal audit engagements	Internal audit engagement process not clearly defined or Audit Work Plans not prepared for internal audit engagements	Reporting protocol not established for communicating results, reporting is ad hoc	No follow-up protocol established, follow-up on implementation of audit recommendations not performed consistently or not performed	No escalation protocol established	Organisation Code of Conduct not established, IIA Code of Ethics does not receive formal attention

Appendix E – Evaluation against the Standards

The International Standards for the Professional Practice of Internal Auditing

Legend:

	Generally conforms with the International Standards for the Professional Practice of Internal Auditing
	Partially conforms with the International Standards for the Professional Practice of Internal Auditing
	Does not conform with the International Standards for the Professional Practice of Internal Auditing

Note: A more detailed Legend is shown on the last page

ATTRIBUTE STANDARDS			
Number	Standard	Description	Assessment
1000	Purpose, Authority, and Responsibility	The purpose, authority and responsibility of the Internal Audit activity must be formally defined in an Internal Audit Charter, consistent with the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards. The Chief Audit Executive must periodically review the Internal Audit Charter and present it to senior management and the Board for approval.	
1010	Recognition of the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter.	The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Standards must be reflected in the Internal Audit Charter. The Chief Audit Executive should discuss the Mission, the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards with senior management and the Board.	
1100	Independence and Objectivity	The Internal Audit activity must be independent, and Internal Auditors must be objective in performing their work.	
1110	Organisational Independence	The Chief Audit Executive must report to a level within the organisation that allows the Internal Audit activity to fulfil its responsibilities. The Chief Audit Executive must confirm to the Board, at least annually, the organisational independence of the Internal Audit activity.	
1111	Direct Interaction with the Board	The Chief Audit Executive must communicate and interact directly with the Board.	
1112	Chief Audit Executive Roles beyond Internal Auditing	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.	
1120	Individual Objectivity	Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest.	

ATTRIBUTE STANDARDS			
Number	Standard	Description	Assessment
1130	Impairments to Independence or Objectivity	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.	
1200	Proficiency and Due Professional Care	Engagements must be performed with proficiency and due professional care.	
1210	Proficiency	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.	
1220	Due Professional Care	Internal Auditors must apply the care and skill expected of a reasonably prudent and competent Internal Auditor. Due professional care does not imply infallibility.	
1230	Continuing Professional Development	Internal Auditors must enhance their knowledge, skills, and other competencies through continuing professional development.	
1300	Quality Assurance and Improvement Program	The Chief Audit Executive must develop and maintain a Quality Assurance and Improvement Program that covers all aspects of the Internal Audit activity.	
1310	Requirements of the Quality Assurance and Improvement Program	The Quality Assurance and Improvement Program must include both internal and external assessments.	
1311	Internal Assessments	Internal assessments must include: <ul style="list-style-type: none"> • Ongoing monitoring of the performance of the Internal Audit activity. • Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices. 	
1312	External Assessments	External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Chief Audit Executive must discuss with the Board: <ul style="list-style-type: none"> • The form and frequency of external assessment; and • The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest. 	
1320	Reporting on the Quality Assurance and Improvement Program	The Chief Audit Executive must communicate the results of the Quality Assurance and Improvement Program to senior management and the Board. Disclosure should include: <ul style="list-style-type: none"> • The scope and frequency of both the internal and external assessments. • Conclusions of assessors. • Corrective action plans. 	

ATTRIBUTE STANDARDS			
Number	Standard	Description	Assessment
		The qualifications and independence of the assessor or assessment team, including potential conflicts of interest.	
1321	Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”	Indicating that the Internal Audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if the results of the Quality Assurance and Improvement Program support such a statement.	
1322	Disclosure of Non-conformance	When non-conformance 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 non-conformance and the impact to senior management and the Board.	

PERFORMANCE STANDARDS			
Number	Standard	Description	Assessment
2000	Managing the Internal Audit Activity	The Chief Audit Executive must effectively manage the Internal Audit activity to ensure it adds value to the organisation.	
2010	Planning	The Chief Audit Executive must establish a risk-based plan to determine the priorities of the Internal Audit activity, consistent with the organisation's goals.	
2020	Communication and Approval	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.	
2030	Resource Management	The Chief Audit Executive must ensure that Internal Audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.	
2040	Policies and Procedures	The Chief Audit Executive must establish policies and procedures to guide the Internal Audit activity.	
2050	Co-ordination and Reliance	The Chief Audit Executive should share information and co-ordinate activities with other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.	
2060	Reporting to the Board and Senior Management	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 Standards. 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.	

PERFORMANCE STANDARDS			
Number	Standard	Description	Assessment
2070	External Service Provider and Organisational Responsibility for Internal Auditing	When an external service provider serves as the Internal Audit activity, the provider must make the organisation aware that the organisation has the responsibility for maintaining an effective Internal Audit activity.	
2100	Nature of Work	The Internal Audit activity must evaluate and contribute to the improvement of 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.	
2110	Governance	The Internal Audit activity must assess and make appropriate recommendations to improve the organisation's governance processes for: <ul style="list-style-type: none"> • Making strategic and operational decisions. • Overseeing risk management and control. • Promoting appropriate ethics and values within the organisation. • Ensuring effective organisational performance management and accountability. • Communicating risk and control information to appropriate areas of the organisation. • Co-ordinating the activities of, and communicating information among, the Board, external and Internal Auditors, other assurance providers, and management. 	
2120	Risk Management	The Internal Audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.	
2130	Control	The Internal Audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.	
2200	Engagement Planning	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 organisation's strategies, objectives, and risks relevant to the engagement.	
2201	Planning Considerations	In planning the engagement, Internal Auditors must consider: <ul style="list-style-type: none"> • The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance; • 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; • The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant control framework or model; and 	

PERFORMANCE STANDARDS			
Number	Standard	Description	Assessment
		<ul style="list-style-type: none"> The opportunities for making significant improvements to the activity's governance, risk management and control processes. 	
2210	Engagement Objectives	Objectives must be established for each engagement.	
2220	Engagement Scope	The established scope must be sufficient to achieve the objectives of the engagement.	
2230	Engagement Resource Allocation	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.	
2240	Engagement Work Program	Internal Auditors must develop and document work programs that achieve the engagement objectives.	
2300	Performing the Engagement	Internal Auditors must identify, analyse, evaluate, and record sufficient information to achieve the engagement's objectives.	
2310	Identifying Information	Internal Auditors must identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives.	
2320	Analysis and Evaluation	Internal Auditors must base conclusions and engagement results on appropriate analyses and evaluations.	
2330	Documenting Information	Internal Auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.	
2340	Engagement Supervision	Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.	
2400	Communicating Results	Internal Auditors must communicate the results of engagements.	
2410	Criteria for Communicating	Communications must include the engagement's objectives scope, and results.	
2420	Quality of Communications	Communications must be accurate, objective, clear, concise, constructive, complete, and timely.	
2421	Errors and Omissions	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.	
2430	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"	Stating that engagements are "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing" is appropriate only if the results of the Quality Assurance and Improvement Program support the statement.	

PERFORMANCE STANDARDS			
Number	Standard	Description	Assessment
2431	Engagement Disclosure of Non-conformance	<p>When non-conformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:</p> <ul style="list-style-type: none"> • Principle(s) or rule(s) of conduct of the Code of Ethics or standard(s) with which full conformance was not achieved; • Reason(s) for non-conformance; and • Impact of non-conformance on the engagement and the communicated engagement results. 	
2440	Disseminating Results	The Chief Audit Executive must communicate results to the appropriate parties.	
2450	Overall Opinions	When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organisation; and the expectations of senior management, the Board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.	
2500	Monitoring Progress	The Chief Audit Executive must establish and maintain a system to monitor the disposition of results communicated to management.	
2600	Communicating the Acceptance of Risks	When the Chief Audit Executive believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation, 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 communicate the matter to the Board.	
	IIA Code of Ethics: Integrity Objectivity Confidentiality Competency	The purpose of the Code of Ethics is to promote an ethical culture in the profession of internal auditing.	

Legend

	Generally Conforms	Means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the <u>individual</u> Standard or element of the Code of Ethics in all material respects. For the <u>sections</u> and <u>major categories</u> , this means that there is general conformity to a majority of the individual Standards or elements of the Code of Ethics, and partial conformity to the others, within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the Standards or the Code of Ethics, is not applying them effectively, or is not achieving their stated objectives.
	Partially Conforms	Means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the <u>individual</u> Standard or element of the Code of Ethics, <u>section</u> and <u>major category</u> , but has fallen short of achieving some of the major objectives. This will usually represent some significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives. Some of the deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the Board of the organisation.
	Does Not Conform	Means the evaluator has concluded that the 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 <u>individual</u> Standard or element of the Code of Ethics, <u>section</u> and <u>major category</u> . These deficiencies will usually have a significant negative effect on the activity's effectiveness and its potential to add value to the organisation. They may also represent significant opportunities for improvement, including actions by senior management or the Board.