

F1: SAMPLE REPORT

Purpose: Provide a basic template for reporting the results of a quality assessment of an internal audit function.

Note to the Assessor: The optional page for the independent validator's observations can be deleted if not used. However, the independent validator should provide some additional information about the work they performed and any helpful context around the self-assessment's conformance conclusions.

Assessors [Notes: The](#) performance appraisal report can either be separate of form part of the Annual internal Audit Report.

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Executive Summary

Document Title: Quality Assessment of the Internal Audit Function
Document Section: Executive Summary
Organization Name: [enter organization name]
Assessment Type:
Assessment Lead: [enter your data]
Report Date: [enter your data]

[enter your data]
[enter your data]

	Achievement / Conformance Conclusion
Overall Quality Conclusion	0
Overall Maturity Conclusion	0
Purpose of Internal Auditing	0
Principle 1 Demonstrate Integrity	0
Principle 2 Maintain Objectivity	0
Principle 3 Demonstrate Competency	0
Principle 4 Exercise Due Professional Care	0
Principle 5 Maintain Confidentiality	0
Principle 6 Authorized by the Board	0
Principle 7 Positioned Independently	0
Principle 8 Overseen by the Board	0
Principle 9 Plan Strategically	0
Principle 10 Manage Resources	0
Principle 11 Communicate Effectively	0

Principle 12 Enhance Quality	0
Principle 13 Plan Engagements Effectively	0
Principle 14 Conduct Engagement Work	0
Principle 15 Communicate Engagement Results and Monitor Action Plans	0

Executive Summary of Results

Specified Communications		
	Conclusion	Assessor Notes
Conformance with the Standards, as expressed in the Overall Quality Conclusion	0	Point #1 in Standard 8.3 Quality. Not a Specific Communication because it's the primary communication.
A: Achievement of Performance Objectives	[Consider inserting a recent performance measurement report from the Head of Internal Audit to the board and senior management. Either embed a report as an object, or paste a summary below this line, before the next section "Successful Internal Audit Practices".]	Point #2 in Standard 8.3 Quality. Specific Communication A.
B: Compliance with laws and regulations relevant to the internal audit function.	0	Point #3 in Standard 8.3 Quality. Specific Communication B.
C: Plans to address achievement / conformance gaps and enhancement opportunities.	See the "Achievement / Conformance Gaps" section below.	Point #4 in Standard 8.3 Quality. Specific Communication C.

D: Conformance with applicable Topical Requirements	[Not applicable until Topical Requirements are in effect. Once they are, review the assessment of conformance with Standard 13.3 Engagement Objectives and Scope in 'D6' to determine conformance with Topical Requirements.]	Not mentioned in Standard 8.3, but a required element of the IPPF. Specific Communication D.
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Successful Internal Audit Practices

Document Title: Document Section: Organization Name: Assessment Type: Assessment Lead: Report Date	Quality Assessment of the Internal Audit Function Successful Internal Audit Practices [enter organization name] 0 [enter your data] [enter your data]
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Note to the Assessor: [don't include this row in the report]	In this table, list the Successful Internal Audit Practices noted in E2; assign a unique reference #. For example, if there are two successful practices noted for Standard 1.1, give them reference #s SP.1.1.a and SP.1.1.b. If there are two successful practices noted for Principle 1, use #s SP.P1.a and SP.P1.b. Assigning context-rich reference #s helps make future references more immediately understandable.
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Quality assessors are encouraged to identify practices that demonstrate notably successful implementations of requirements.

Element of the Standards	Requirement Ref. # (if applicable)	Successful Practice Ref. #	Successful Internal Audit Practices
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		SP.x.y	[add/delete rows if necessary]

Achievement / Conformance Gaps

Document Title: Quality Assessment of the Internal Audit Function
Document Section: Achievement / Conformance Gaps
Organization Name: [enter organization name]
Assessment Type: 0
Assessment Lead: [enter your data]
Report Date: [enter your data]

Note to the Assessor: [don't include this row in the report]

In this table, list the Achievement or Conformance gaps noted in E2; assign a unique reference #. For example, if there are two A/C gaps noted for Standard 1.1, give them reference #s AC.1.1.a and AC.1.1.b. If there are two A/C gaps noted for Principle 1, use #s AC.P1.a and AC.P1.b. Obtain and record the Head of Internal Audit's corrective action plan in this table. There may be multiple parts or stages of an action plan, with different owners or target dates.

Brief descriptions of achievement or conformance gaps noted in the assessment, along with the Head of Internal Audit's corrective action plans.

Element of the Standards	Requirement Ref. # (if applicable)	A/C Gap Ref. #	Achievement / Conformance Gaps	Corrective Action Plan	Due Date
		AC.x.y	[add/delete rows if necessary]	[enter your data here]	

Enhancement Opportunities

Document Title: Quality Assessment of the Internal Audit Function
Document Section: Enhancement Opportunities
Organization Name: [enter organization name]
Assessment Type: 0
Assessment Lead: [enter your data]
Report Date: [enter your data]

Note to the Assessor: [don't include this row in the report]

In this table, list the Enhancement Opportunities noted in E2; assign a unique reference #. For example, if there are two Enhancement Opportunities noted for Standard 1.1, give them reference #s EO.1.1.a and EO.1.1.b. If there are two Enhancement Opportunities noted for Principle 1, use #s EO.P1.a and EO.P1.b.

Quality assessors may identify potential enhancements to conforming practices.

Element of the Standards	Requirement Ref. # (if applicable)	Enhancement Opportunity Ref. #	Enhancement Opportunities
		EO.x.y	[add/delete rows if necessary]

Maturity Assessment Results

Document Title: Quality Assessment of the Internal Audit Function
Document Section: Maturity Assessment Results
Organization Name: [enter organization name]
Assessment Type: 0
Assessment Lead: [enter your data]
Report Date: [enter your data]

Detailed Assessment Results

Document Title: Quality Assessment of the Internal Audit Function
Document Section: Detailed Assessment Results
Organization Name: [enter organization name]
Assessment Type: 0
Assessment Lead: [enter your data]
Report Date: [enter your data]

Note to the Assessor: [don't include this row in the report]

This section can essentially be a copy of the data in E2, modified as appropriate for the report's audience.

Table 1 - Presented at Standard level and higher

Element of the Standards	Achievement / Conformance Conclusion	Successful Internal Audit Practices	Achievement / Conformance Gaps	Enhancement Opportunities	Maturity Assessment Results
Overall Quality Conclusion	0	0	0	0	0
Overall Maturity Conclusion	0	0	0	0	0
Purpose of Internal Auditing	0	0	0	0	0
Principle 1 Demonstrate Integrity	0	0	0	0	0
Standard 1.1 Honesty and Professional Courage	0	0	0	0	0
Standard 1.2 Organization's Ethical Expectations	0	0	0	0	0
Standard 1.3 Legal and Ethical Behavior	0	0	0	0	0
Principle 2 Maintain Objectivity	0	0	0	0	0

Standard 2.1 Individual Objectivity	0	0	0	0	0
Standard 2.2 Safeguarding Objectivity	0	0	0	0	0
Standard 2.3 Disclosing Impairments to Objectivity	0	0	0	0	0
Principle 3 Demonstrate Competency	0	0	0	0	0
Standard 3.1 Competency	0	0	0	0	0
Standard 3.2 Continuing Professional Development	0	0	0	0	0
Principle 4 Exercise Due Professional Care	0	0	0	0	0
Standard 4.1 Conformance with the Global Internal Audit Standards	0	0	0	0	0
Standard 4.2 Due Professional Care	0	0	0	0	0
Standard 4.3 Professional Skepticism	0	0	0	0	0
Principle 5 Maintain Confidentiality	0	0	0	0	0
Standard 5.1 Use of Information	0	0	0	0	0
Standard 5.2 Protection of Information	0	0	0	0	0
Principle 6 Authorized by the Board	0	0	0	0	0
Standard 6.1 Internal Audit Mandate	0	0	0	0	0
Standard 6.2 Internal Audit Charter	0	0	0	0	0
Standard 6.3 Board and Senior Management Support	0	0	0	0	0
Principle 7 Positioned Independently	0	0	0	0	0
Standard 7.1 Organizational Independence	0	0	0	0	0
Standard 7.2 Chief Audit Executive / Head of Internal Audit Qualifications	0	0	0	0	0
Principle 8 Overseen by the Board	0	0	0	0	0
Standard 8.1 Board Interaction	0	0	0	0	0
Standard 8.2 Resources	0	0	0	0	0

Standard 8.3 Quality	0	0	0	0	0
Standard 8.4 External Quality Assessment	0	0	0	0	0
Principle 9 Plan Strategically	0	0	0	0	0
Standard 9.1 Understanding Governance, Risk Management, and Control Processes	0	0	0	0	0
Standard 9.2 Internal Audit Strategy	0	0	0	0	0
Standard 9.3 Methodologies	0	0	0	0	0
Standard 9.4 Internal Audit Plan	0	0	0	0	0
Standard 9.5 Coordination and Reliance	0	0	0	0	0
Principle 10 Manage Resources	0	0	0	0	0
Standard 10.1 Financial Resource Management	0	0	0	0	0
Standard 10.2 Human Resources Management	0	0	0	0	0
Standard 10.3 Technological Resources	0	0	0	0	0
Principle 11 Communicate Effectively	0	0	0	0	0
Standard 11.1 Building Relationships and Communicating with Stakeholders	0	0	0	0	0
Standard 11.2 Effective Communication	0	0	0	0	0
Standard 11.3 Communicating Results	0	0	0	0	0
Standard 11.4 Errors and Omissions	0	0	0	0	0
Standard 11.5 Communicating the Acceptance of Risks	0	0	0	0	0
Principle 12 Enhance Quality	0	0	0	0	0
Standard 12.1 Internal Quality Assessment	0	0	0	0	0
Standard 12.2 Performance Measurement	0	0	0	0	0
Standard 12.3 Oversee and Improve Engagement Performance	0	0	0	0	0

Principle 13 Plan Engagements Effectively	0	0	0	0	0
Standard 13.1 Engagement Communication	0	0	0	0	0
Standard 13.2 Engagement Risk Assessment	0	0	0	0	0
Standard 13.3 Engagement Objectives and Scope	0	0	0	0	0
Standard 13.4 Evaluation Criteria	0	0	0	0	0
Standard 13.5 Engagement Resources	0	0	0	0	0
Standard 13.6 Work Program	0	0	0	0	0
Principle 14 Conduct Engagement Work	0	0	0	0	0
Standard 14.1 Gathering Information for Analyses and Evaluation	0	0	0	0	0
Standard 14.2 Analyses and Potential Engagement Findings	0	0	0	0	0
Standard 14.3 Evaluation of Findings	0	0	0	0	0
Standard 14.4 Recommendations and Action Plans	0	0	0	0	0
Standard 14.5 Engagement Conclusions	0	0	0	0	0
Standard 14.6 Engagement Documentation	0	0	0	0	0
Principle 15 Communicate Engagement Results and Monitor Action Plans	0	0	0	0	0
Standard 15.1 Final Engagement Communication	0	0	0	0	0
Standard 15.2 Confirming the Implementation of Recommendations or Action Plans	0	0	0	0	0

Table 2 - Presented at Principle level and lower

Element of the Standards	Achievement / Conformance Conclusion
Principle 1 Demonstrate Integrity	0
Standard 1.1 Honesty and Professional Courage	0
Internal auditors must perform their work with honesty and professional courage.	0
Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing skepticism or offering an opposing viewpoint.	0
Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications.	0
Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organization's ability to make well-informed decisions.	0
Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.	0
The Head of Internal Audit must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable.	0
Standard 1.2 Organization's Ethical Expectations	0
Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognize conduct that is contrary to those expectations.	0

Internal auditors must encourage and promote an ethics-based culture in the organization.	0
If internal auditors identify behavior within the organization that is inconsistent with the organization's ethical expectations, they must report the concern according to applicable policies and procedures.	0
Standard 1.3 Legal and Ethical Behavior	0
Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organization or the profession of internal auditing or that may harm the organization or its employees.	0
Internal auditors must understand and abide by the laws and/or regulations relevant to the industry and jurisdictions in which the organization operates, including making disclosures as required.	0
If internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.	0
Principle 2 Maintain Objectivity	0
Standard 2.1 Individual Objectivity	0
Internal auditors must maintain professional objectivity when performing all aspects of internal audit services.	0
Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases.	0
Standard 2.2 Safeguarding Objectivity	0
Internal auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity.	0

Internal auditors must not accept any tangible or intangible item, such as a gift, reward, or favor, that may impair or be presumed to impair objectivity.	0
Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or the interests of others, including senior management or others in a position of authority, or by the political environment or other aspects of their surroundings.	0
When performing internal audit services: • Internal auditors must refrain from assessing specific activities 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 12 months.	0
If the internal audit function is to provide assurance services where it had previously performed advisory services, the Head of Internal Audit must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed.	0
Assurance engagements for functions over which the Head of Internal Audit has responsibility must be overseen by an independent party outside the internal audit function.	0
If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement.	0
The Head of Internal Audit must establish methodologies to address impairments to objectivity.	0
Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.	0
Standard 2.3 Disclosing Impairments to Objectivity	0
If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties.	0

If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the Head of Internal Audit or a designated supervisor.	0
If the Head of Internal Audit determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the Head of Internal Audit must discuss the impairment with the management of the activity under review, the board, and/or senior management and determine the appropriate actions to resolve the situation.	0
If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the Head of Internal Audit must discuss the concern with the management of the activity under review, the board, senior management, and/or other affected stakeholders and determine the appropriate actions to resolve the situation.	0
If the objectivity of the Head of Internal Audit is impaired in fact or appearance, the Head of Internal Audit must disclose the impairment to the board.	0
Principle 3 Demonstrate Competency	0
Standard 3.1 Competency	0
Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience.	0
Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards.	0
Internal auditors must engage only in those services for which they have or can attain the necessary competencies.	0
Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfill their professional responsibilities.	0

Additionally, the Head of Internal Audit must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies.	0
Standard 3.2 Continuing Professional Development	0
Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services.	0
Internal auditors must pursue continuing professional development, including education and training.	0
Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfill the requirements applicable to their certifications.	0
Principle 4 Exercise Due Professional Care	0
Standard 4.1 Conformance with the Global Internal Audit Standards	0
Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards.	0
The internal audit function's methodologies must be established, documented, and maintained in alignment with the Standards.	0
Internal auditors must follow the Standards and the internal audit function's methodologies when planning and performing internal audit services and communicating results.	0
If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate.	0
If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made.	0

When internal auditors are unable to conform with a requirement, the Head of Internal Audit must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.	0
Standard 4.2 Due Professional Care	0
Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including: <ul style="list-style-type: none"> • The organization’s strategy and objectives. • The interests of those for whom internal audit services are provided and the interests of other stakeholders. • Adequacy and effectiveness of governance, risk management, and control processes. • Cost relative to potential benefits of the internal audit services to be performed. • Extent and timeliness of work needed to achieve the engagement’s objectives. • Relative complexity, materiality, or significance of risks to the activity under review. • Probability of significant errors, fraud, noncompliance, and other risks that might affect objectives, operations, or resources. • Use of appropriate techniques, tools, and technology. 	0
Standard 4.3 Professional Skepticism	0
Internal auditors must exercise professional skepticism when planning and performing internal audit services.	0
To exercise professional skepticism, internal auditors must: <ul style="list-style-type: none"> • Maintain an attitude that includes inquisitiveness. • Critically assess the reliability of information. • Be straightforward and honest when raising concerns and asking questions about inconsistent information. • Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading. 	0
Principle 5 Maintain Confidentiality	0

Standard 5.1 Use of Information	0
Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information.	0
The information must not be used for personal gain or in a manner contrary or detrimental to the organization's legitimate and ethical objectives.	0
Standard 5.2 Protection of Information	0
Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships.	0
Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organization and internal audit function. Considerations specifically relevant to the internal audit function include: <ul style="list-style-type: none"> • Custody, retention, and disposal of engagement records. • Release of engagement records to internal and external parties. • Handling of, access to, or copies of confidential information when it is no longer needed. 	0
Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so.	0
Internal auditors must manage the risk of exposing or disclosing information inadvertently.	0
The Head of Internal Audit must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.	0
Principle 6 Authorized by the Board	0
Standard 6.1 Internal Audit Mandate	0

The Head of Internal Audit must provide the board and senior management with the information necessary to establish the internal audit mandate.	0
In those jurisdictions and industries where the internal audit function's mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate.	0
To help the board and senior management determine the scope and types of internal audit services, the Head of Internal Audit must coordinate with other internal and external assurance providers to gain an understanding of each other's roles and responsibilities.	0
The Head of Internal Audit must document or reference the mandate in the internal audit charter, which is approved by the board.	0
Periodically, the Head of Internal Audit must assess whether changes in circumstances justify a discussion with the board and senior management about the internal audit mandate.	0
If so, the Head of Internal Audit must discuss the internal audit mandate with the board and senior management to assess whether the authority, role, and responsibilities continue to enable the internal audit function to achieve its strategy and accomplish its objectives.	0
Essential Conditions - Board	
Discuss with the Head of Internal Audit and senior management the appropriate authority, role, and responsibilities of the internal audit function.	0
Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.	0
Essential Conditions - Senior Management	

Participate in discussions with the board and Head of Internal Audit and provide input on expectations for the internal audit function that the board should consider when establishing the internal audit mandate.	0
Support the internal audit mandate throughout the organization and promote the authority granted to the internal audit function.	0
Standard 6.2 Internal Audit Charter	0
<p>The Head of Internal Audit must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:</p> <ul style="list-style-type: none"> • Purpose of Internal Auditing. • Commitment to adhering to the Global Internal Audit Standards. • Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function. (See also Standard 6.1 Internal Audit Mandate.) • Organizational position and reporting relationships. (See also Standard 7.1 Organizational Independence.) 	0
The Head of Internal Audit must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.	0
Essential Conditions - Board	
Discuss with the Head of Internal Audit and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function.	0
Approve the internal audit charter.	N/A
Review the internal audit charter with the Head of Internal Audit to consider changes affecting the organization, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependencies of risks to the organization.	0
Essential Conditions - Senior Management	

Communicate with the board and Head of Internal Audit about management's expectations that should be considered for inclusion in the internal audit charter.	0
Standard 6.3 Board and Senior Management Support	0
The Head of Internal Audit must provide the board and senior management with the information needed to support and promote recognition of the internal audit function throughout the organization.	0
The Head of Internal Audit must coordinate the internal audit function's board communications with senior management to support the board's ability to fulfill its requirements.	0
Essential Conditions - Board	
Champion the internal audit function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.	0
Work with senior management to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate.	0
Support the Head of Internal Audit through regular, direct communications.	0
Demonstrate support by: <ul style="list-style-type: none"> • Specifying that the Head of Internal Audit reports to a level within the organization that allows the internal audit function to fulfill the internal audit mandate. • Approving the internal audit charter, internal audit plan, budget, and resource plan. • Making appropriate inquiries of senior management and the Head of Internal Audit to determine whether any restrictions on the internal audit function's scope, access, authority, or resources limit the function's ability to carry out its responsibilities effectively. • Meeting periodically with the Head of Internal Audit in sessions without senior management present. 	0
Essential Conditions - Senior Management	
Support recognition of the internal audit function throughout the organization.	0

Work with the board and management throughout the organization to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate.	0
Principle 7 Positioned Independently	0
Standard 7.1 Organizational Independence	0
The Head of Internal Audit must confirm to the board the organizational independence of the internal audit function at least annually. This includes communicating incidents where independence may have been impaired and the actions or safeguards employed to address the impairment.	0
The Head of Internal Audit must document in the internal audit charter the reporting relationships and organizational positioning of the internal audit function, as determined by the board.	0
The Head of Internal Audit must discuss with the board and senior management any current or proposed roles and responsibilities that have the potential to impair the internal audit function's independence, either in fact or appearance.	0
The Head of Internal Audit must advise the board and senior management of the types of safeguards to manage actual, potential, or perceived impairments.	0
When the Head of Internal Audit has one or more ongoing roles beyond internal auditing, the responsibilities, nature of work, and established safeguards must be documented in the internal audit charter.	0
If those areas of responsibility are subject to internal auditing, alternative processes to obtain assurance must be established, such as contracting with an objective, competent external assurance provider that reports independently to the board.	0
When the Head of Internal Audit's nonaudit responsibilities are temporary, assurance for those areas must be provided by an independent third party during the temporary assignment and for the subsequent 12 months.	0

Also, the Head of Internal Audit must establish a plan to transition those responsibilities to management.	0
If the governing structure does not support organizational independence, the Head of Internal Audit must document the characteristics of the governing structure limiting independence and any safeguards that may be employed to achieve this principle.	0
Essential Conditions - Board	
Establish a direct reporting relationship with the Head of Internal Audit and the internal audit function to enable the internal audit function to fulfill its mandate.	0
Authorize the appointment and removal of the Head of Internal Audit.	0
Provide input to senior management to support the performance evaluation and remuneration of the Head of Internal Audit.	0
Provide the Head of Internal Audit with opportunities to discuss significant and sensitive matters with the board, including meetings without senior management present.	0
Require that the Head of Internal Audit be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the board when necessary.	0
Acknowledge the actual or potential impairments to the internal audit function's independence when approving roles or responsibilities for the Head of Internal Audit that are beyond the scope of internal auditing.	0
Engage with senior management and the Head of Internal Audit to establish appropriate safeguards if Head of Internal Audit roles and responsibilities impair or appear to impair the internal audit function's independence.	0
Engage with senior management to ensure that the internal audit function is free from interference when determining its scope, performing internal audit engagements, and communicating results.	0

Essential Conditions - Senior Management	
Position the internal audit function at a level within the organization that enables it to perform its services and responsibilities without interference, as directed by the board.	0
Recognize the Head of Internal Audit's direct reporting relationship with the board.	0
Engage with the board and the Head of Internal Audit to understand any potential impairments to the internal audit function's independence caused by nonaudit roles or other circumstances and support the implementation of appropriate safeguards to manage such impairments.	0
Provide input to the board on the appointment and removal of the Head of Internal Audit.	0
Solicit input from the board on the performance evaluation and remuneration of the Head of Internal Audit.	0
Standard 7.2 Chief Audit Executive / Head of Internal Audit Qualifications	0
The Head of Internal Audit must help the board understand the qualifications and competencies of a Head of Internal Audit that are necessary to manage the internal audit function. The Head of Internal Audit facilitates this understanding by providing information and examples of common and leading qualifications and competencies.	0
The Head of Internal Audit must maintain and enhance the qualifications and competencies necessary to fulfill the roles and responsibilities expected by the board.	0
Essential Conditions - Board	
Review the requirements necessary for the Head of Internal Audit to manage the internal audit function, as described in Domain IV: Managing the Internal Audit Function.	0
Approve the Head of Internal Audit's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.	0

Engage with senior management to appoint a Head of Internal Audit with the qualifications and competencies necessary to manage the internal audit function effectively and ensure the quality performance of internal audit services.	0
Essential Conditions - Senior Management	
Engage with the board to determine the Head of Internal Audit's qualifications, experience, and competencies.	0
Enable the appointment, development, and remuneration of the Head of Internal Audit through the organization's human resources processes.	0
Principle 8 Overseen by the Board	0
Standard 8.1 Board Interaction	0
The Head of Internal Audit must provide the board with the information needed to conduct its oversight responsibilities. This information may be specifically requested by the board or may be, in the judgment of the Head of Internal Audit, valuable for the board to exercise its oversight responsibilities.	0
<p>The Head of Internal Audit must report to the board and senior management:</p> <ul style="list-style-type: none"> • The internal audit plan and budget and subsequent significant revisions to them. (See also Standards 6.3 Board and Senior Management Support and 9.4 Internal Audit Plan.) • Changes potentially affecting the mandate or charter. (See also Standards 6.1 Internal Audit Mandate and 6.2 Internal Audit Charter.) • Potential impairments to independence. (See also Standard 7.1 Organizational Independence.) • Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results. (See also Standards 11.3 Communicating Results, 14.5 Engagement Conclusions, and 15.2 Confirming the Implementation of Recommendations or Action Plans.) • Results from the quality assurance and improvement program. (See also Standards 8.3 Quality, 8.4 External Quality Assessment, 12.1 Internal Quality Assessment, and 12.2 Performance Measurement.) 	0

There may be instances when the Head of Internal Audit disagrees with senior management or other stakeholders on the scope, findings, or other aspects of an engagement that may affect the ability of the internal audit function to execute its responsibilities. In such cases, the Head of Internal Audit must provide the board with the facts and circumstances to allow the board to consider whether, in its oversight role, it should intervene with senior management or other stakeholders.	0
Essential Conditions - Board	
Communicate with the Head of Internal Audit to understand how the internal audit function is fulfilling its mandate.	0
Communicate the board's perspective on the organization's strategies, objectives, and risks to assist the Head of Internal Audit with determining internal audit priorities.	0
Set expectations with the Head of Internal Audit for: <ul style="list-style-type: none"> • The frequency with which the board wants to receive communications from the Head of Internal Audit. • The criteria for determining which issues should be escalated to the board, such as significant risks that exceed the board's risk tolerance. • The process for escalating matters of importance to the board. 	0
Gain an understanding of the effectiveness of the organization's governance, risk management, and control processes based on the results of internal audit engagements and discussions with senior management.	0
Discuss with the Head of Internal Audit disagreements with senior management or other stakeholders and provide support as necessary to enable the Head of Internal Audit to perform the responsibilities outlined in the internal audit mandate.	0
Essential Conditions - Senior Management	
Communicate senior management's perspective on the organization's strategies, objectives, and risks to assist the Head of Internal Audit with determining internal audit priorities.	0

Assist the board in understanding the effectiveness of the organization's governance, risk management, and control processes.	0
Work with the board and the Head of Internal Audit on the process for escalating matters of importance to the board.	0
Standard 8.2 Resources	0
The Head of Internal Audit must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan.	0
If not, the Head of Internal Audit must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.	0
Essential Conditions - Board	
Collaborate with senior management to provide the internal audit function with sufficient resources to fulfill the internal audit mandate and achieve the internal audit plan.	0
Discuss with the Head of Internal Audit, at least annually, the sufficiency, both in numbers and capabilities, of internal audit resources to fulfill the internal audit mandate and achieve the internal audit plan.	0
Consider the impact of insufficient resources on the internal audit mandate and plan.	0
Engage with senior management and the Head of Internal Audit on remedying the situation if the resources are determined to be insufficient.	0
Essential Conditions - Senior Management	
Engage with the board to provide the internal audit function with sufficient resources to fulfill the internal audit mandate and achieve the internal audit plan.	0
Engage with the board and the Head of Internal Audit on any issues of insufficient resources and how to remedy the situation.	0

Standard 8.3 Quality	0
<p>The Head of Internal Audit must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments:</p> <ul style="list-style-type: none"> • External assessments. (See also Standard 8.4 External Quality Assessment.) • Internal assessments. (See also Standard 12.1 Internal Quality Assessment.) 	0
At least annually, the Head of Internal Audit must communicate the results of the internal quality assessment to the board and senior management.	0
The results of external quality assessments must be reported when completed.	0
<p>In both cases, such communications include:</p> <ul style="list-style-type: none"> • The internal audit function's conformance with the Standards and achievement of performance objectives. • If applicable, compliance with laws and/or regulations relevant to internal auditing. • If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement. 	0
Essential Conditions - Board	
Discuss with the Head of Internal Audit the quality assurance and improvement program, as outlined in Domain IV: Managing the Internal Audit Function.	0
Approve the internal audit function's performance objectives at least annually. (See also Standard 12.2 Performance Measurement.)	0
<p>Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:</p> <ul style="list-style-type: none"> • Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws, and regulations; ability to meet the internal audit mandate; and progress toward completion of the internal audit plan. • Considering the results of the internal audit function's quality assurance and improvement program. • Determining the extent to which the internal audit function's performance objectives are being met. 	0

Essential Conditions - Senior Management	
Provide input on the internal audit function's performance objectives.	0
Participate with the board in an annual assessment of the Head of Internal Audit and internal audit function.	0
Standard 8.4 External Quality Assessment	0
The Head of Internal Audit must develop a plan for an external quality assessment and discuss the plan with the board.	0
The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.	0
When selecting the independent assessor or assessment team, the Head of Internal Audit must ensure at least one person holds an active Certified Internal Auditor designation.	0
Essential Conditions - Board	
Discuss with the Head of Internal Audit the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.	0
Collaborate with senior management and the Head of Internal Audit to determine the scope and frequency of the external quality assessment.	0
Consider the responsibilities and regulatory requirements of the internal audit function and the Head of Internal Audit, as described in the internal audit charter, when defining the scope of the external quality assessment.	0

<p>Review and approve the Head of Internal Audit's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:</p> <ul style="list-style-type: none"> • The scope and frequency of assessments. • The competencies and independence of the external assessor or assessment team. • The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment. 	0
<p>Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.</p>	0
<p>Review and approve the Head of Internal Audit's action plans to address identified deficiencies and opportunities for improvement, if applicable.</p>	0
<p>Approve a timeline for completion of the action plans and monitor the Head of Internal Audit's progress.</p>	0
<p>Essential Conditions - Senior Management</p>	
<p>Collaborate with the board and the Head of Internal Audit to determine the scope and frequency of the external quality assessment.</p>	0
<p>Review the results of the external quality assessment, collaborate with the Head of Internal Audit and board to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable, and agree on a timeline for completion of the action plans.</p>	0
<p>Principle 9 Plan Strategically</p>	
<p>Standard 9.1 Understanding Governance, Risk Management, and Control Processes</p>	
<p>To develop an effective internal audit strategy and plan, the Head of Internal Audit must understand the organization's governance, risk management, and control processes.</p>	0

<p>To understand governance processes, the Head of Internal Audit must consider how the organization:</p> <ul style="list-style-type: none"> • Establishes strategic objectives and makes strategic and operational decisions. • Oversees risk management and control. • Promotes an ethical culture. • Delivers effective performance management and accountability. • Structures its management and operating functions. • Communicates risk and control information throughout the organization. • Coordinates activities and communications among the board, internal and external providers of assurance services, and management. 	0
<p>To understand risk management and control processes, the Head of Internal Audit must consider how the organization identifies and assesses significant risks and selects appropriate control processes. This includes understanding how the organization identifies and manages the following key risk areas:</p> <ul style="list-style-type: none"> • Reliability and integrity of financial and operational information. • Effectiveness and efficiency of operations and programs. • Safeguarding of assets. • Compliance with laws and/or regulations. 	0
Standard 9.2 Internal Audit Strategy	0
<p>The Head of Internal Audit must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.</p>	0
<p>An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfillment of the internal audit mandate.</p>	0
<p>The Head of Internal Audit must review the internal audit strategy with the board and senior management periodically.</p>	0
Standard 9.3 Methodologies	0

The Head of Internal Audit must establish methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards.	0
The Head of Internal Audit must evaluate the effectiveness of the methodologies and update them as necessary to improve the internal audit function and respond to significant changes that affect the function.	0
The Head of Internal Audit must provide internal auditors with training on the methodologies.	0
Standard 9.4 Internal Audit Plan	0
The Head of Internal Audit must create an internal audit plan that supports the achievement of the organization's objectives.	0
The Head of Internal Audit must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks.	0
This assessment must be informed by input from the board and senior management as well as the Head of Internal Audit's understanding of the organization's governance, risk management, and control processes.	0
The assessment must be performed at least annually.	0

<p>The internal audit plan must:</p> <ul style="list-style-type: none"> • Consider the internal audit mandate and the full range of agreed-to internal audit services. • Specify internal audit services that support the evaluation and improvement of the organization’s governance, risk management, and control processes. • Consider coverage of information technology governance, fraud risk, the effectiveness of the organization’s compliance and ethics programs, and other high-risk areas. • Identify the necessary human, financial, and technological resources necessary to complete the plan. • Be dynamic and updated timely in response to changes in the organization’s business, risks, operations, programs, systems, controls, and organizational culture. 	0
<p>The Head of Internal Audit must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:</p> <ul style="list-style-type: none"> • The impact of any resource limitations on internal audit coverage. • The rationale for not including an assurance engagement in a high-risk area or activity in the plan. • Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements. • Limitations on scope or restrictions on access to information. 	0
<p>The Head of Internal Audit must discuss the internal audit plan, including significant interim changes, with the board and senior management.</p>	0
<p>The plan and significant changes to the plan must be approved by the board.</p>	0
<p>Standard 9.5 Coordination and Reliance</p>	0
<p>The Head of Internal Audit must coordinate with internal and external providers of assurance services and consider relying upon their work. Coordination of services minimizes duplication of efforts, highlights gaps in coverage of key risks, and enhances the overall value added by providers.</p>	0

If unable to achieve an appropriate level of coordination, the Head of Internal Audit must raise any concerns with senior management and, if necessary, the board.	0
When the internal audit function relies on the work of other assurance service providers, the Head of Internal Audit must document the basis for that reliance and is still responsible for the conclusions reached by the internal audit function.	0
Principle 10 Manage Resources	0
Standard 10.1 Financial Resource Management	0
The Head of Internal Audit must manage the internal audit function's financial resources.	0
The Head of Internal Audit must develop a budget that enables the successful implementation of the internal audit strategy and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and acquisition of technology and tools.	0
The Head of Internal Audit must manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget.	0
The Head of Internal Audit must seek budget approval from the board.	0
The Head of Internal Audit must communicate promptly the impact of insufficient financial resources to the board and senior management.	0
Standard 10.2 Human Resources Management	0
The Head of Internal Audit must establish an approach to recruit, develop, and retain internal auditors who are qualified to successfully implement the internal audit strategy and achieve the internal audit plan.	0
The Head of Internal Audit must strive to ensure that human resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan. Appropriate refers to the mix of knowledge, skills, and abilities; sufficient refers to the quantity of resources; and effective deployment refers to assigning resources in a way that optimizes the achievement of the internal audit plan.	0

The Head of Internal Audit must communicate with the board and senior management regarding the appropriateness and sufficiency of the internal audit function's human resources.	0
If the function lacks appropriate and sufficient human resources to achieve the internal audit plan, the Head of Internal Audit must determine how to obtain the resources or communicate timely to the board and senior management the impact of the limitations.	0
The Head of Internal Audit must evaluate the competencies of individual internal auditors within the internal audit function and encourage professional development.	0
The Head of Internal Audit must collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring.	0
Standard 10.3 Technological Resources	0
The Head of Internal Audit must strive to ensure that the internal audit function has technology to support the internal audit process.	0
The Head of Internal Audit must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency.	0
When implementing new technology, the Head of Internal Audit must implement appropriate training for internal auditors in the effective use of technological resources.	0
The Head of Internal Audit must collaborate with the organization's information technology and information security functions to implement technological resources properly.	0
The Head of Internal Audit must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management.	0
Principle 11 Communicate Effectively	0
Standard 11.1 Building Relationships and Communicating with Stakeholders	0

<p>The Head of Internal Audit must develop an approach for the internal audit function to build relationships and trust with key stakeholders, including the board, senior management, operational management, regulators, and internal and external assurance providers and other consultants.</p>	0
<p>The Head of Internal Audit must promote formal and informal communication between the internal audit function and stakeholders, contributing to the mutual understanding of:</p> <ul style="list-style-type: none"> • Organizational interests and concerns. • Approaches for identifying and managing risks and providing assurance. • Roles and responsibilities of relevant parties and opportunities for collaboration. • Relevant regulatory requirements. • Significant organizational processes, including financial reporting. 	0
<p>Standard 11.2 Effective Communication</p>	0
<p>The Head of Internal Audit must establish and implement methodologies to promote accurate, objective, clear, concise, constructive, complete, and timely internal audit communications.</p>	0
<p>Standard 11.3 Communicating Results</p>	0
<p>The Head of Internal Audit must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate.</p>	0
<p>The Head of Internal Audit must understand the expectations of the board and senior management regarding the nature and timing of communications.</p> <p>The results of internal audit services can include:</p> <ul style="list-style-type: none"> • Engagement conclusions. • Themes such as effective practices or root causes. • Conclusions at the level of the business unit or organization. 	0
<p>Engagement Conclusions</p> <p>The Head of Internal Audit must review and approve final engagement communications, which include engagement conclusions, and decide to whom and how they will be disseminated before they are issued. If these duties are delegated to other internal auditors, the Head of Internal Audit retains overall responsibility.</p>	0

<p>Engagement Conclusions (cont.) The Head of Internal Audit must seek the advice of legal counsel and/or senior management as required before releasing final communications to parties outside the organization, unless otherwise required or restricted by laws and/or regulations.</p>	0
<p>Themes The findings and conclusions of multiple engagements, when viewed holistically, may reveal patterns or trends, such as root causes. When the Head of Internal Audit identifies themes related to the organization's governance, risk management, and control processes, the themes must be communicated timely, along with insights, advice, and/or conclusions, to the board and senior management.</p>	0
<p>Conclusions at the Level of the Business Unit or Organization The Head of Internal Audit may be required to make a conclusion at the level of the business unit or organization about the effectiveness of governance, risk management, and/or control processes, due to industry requirements, laws and/or regulations, or the expectations of the board, senior management, and/or other stakeholders. Such a conclusion reflects the professional judgment of the Head of Internal Audit based on multiple engagements and must be supported by relevant, reliable, and sufficient information.</p> <p>When communicating such a conclusion to the board or senior management, the Head of Internal Audit must include:</p> <ul style="list-style-type: none"> • A summary of the request. • The criteria used as a basis for the conclusion; for example a governance framework or risk and control framework. • The scope, including limitations and the period to which the conclusion pertains. • A summary of the information that supports the conclusion. • A disclosure of reliance on the work of other assurance providers, if any. 	0
<p>Standard 11.4 Errors and Omissions</p>	0
<p>If a final engagement communication contains a significant error or omission, the Head of Internal Audit must communicate corrected information promptly to all parties who received the original communication.</p> <p>Significance is determined according to criteria agreed upon with the board.</p>	0

Standard 11.5 Communicating the Acceptance of Risks	0
The Head of Internal Audit must communicate unacceptable levels of risk.	0
When the Head of Internal Audit concludes that management has accepted a level of risk that exceeds the organization's risk appetite or risk tolerance, the matter must be discussed with senior management.	0
If the Head of Internal Audit determines that the matter has not been resolved by senior management, the matter must be escalated to the board. It is not the responsibility of the Head of Internal Audit to resolve the risk.	0
Principle 12 Enhance Quality	0
Standard 12.1 Internal Quality Assessment	0
The Head of Internal Audit must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives.	0
The Head of Internal Audit must establish a methodology for internal assessments, as described in Standard 8.3 Quality, that includes: <ul style="list-style-type: none"> • Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives. • Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices to evaluate conformance with the Standards. • Communication with the board and senior management about the results of internal assessments. 	0
Based on the results of periodic self-assessments, the Head of Internal Audit must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions.	0
The Head of Internal Audit must communicate the results of periodic self-assessments and action plans to the board and senior management.	0
Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the organization's external quality assessment.	0

If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the Head of Internal Audit must disclose to the board and senior management the nonconformance and its impact.	0
Standard 12.2 Performance Measurement	0
The Head of Internal Audit must develop objectives to evaluate the internal audit function's performance.	0
The Head of Internal Audit must consider the input and expectations of the board and senior management when developing the performance objectives.	0
The Head of Internal Audit must develop a performance measurement methodology to assess progress toward achieving the function's objectives and to promote the continuous improvement of the internal audit function.	0
When assessing the internal audit function's performance, the Head of Internal Audit must solicit feedback from the board and senior management as appropriate.	0
The Head of Internal Audit must develop an action plan to address issues and opportunities for improvement.	0
Standard 12.3 Oversee and Improve Engagement Performance	0
The Head of Internal Audit must establish and implement methodologies for engagement supervision, quality assurance, and the development of competencies.	0
The Head of Internal Audit or an engagement supervisor must provide internal auditors with guidance throughout the engagement, verify work programs are complete, and confirm engagement workpapers adequately support findings, conclusions, and recommendations.	0
To assure quality, the Head of Internal Audit must verify whether engagements are performed in conformance with the Standards and the internal audit function's methodologies.	0
To develop competencies, the Head of Internal Audit must provide internal auditors with feedback about their performance and opportunities for improvement.	0

The extent of supervision required depends on the maturity of the internal audit function, the proficiency and experience of internal auditors, and the complexity of engagements.	0
The Head of Internal Audit is responsible for supervising engagements, whether the engagement work is performed by the internal audit staff or by other service providers. Supervisory responsibilities may be delegated to appropriate and qualified individuals, but the Head of Internal Audit retains ultimate responsibility.	0
The Head of Internal Audit must ensure that evidence of supervision is documented and retained, according to the internal audit function's established methodologies.	0
Principle 13 Plan Engagements Effectively	0
Standard 13.1 Engagement Communication	0
Internal auditors must communicate effectively throughout the engagement.	0
Internal auditors must communicate the objectives, scope, and timing of the engagement with management.	0
Subsequent changes must be communicated with management timely.	0
At the end of an engagement, if internal auditors and management do not agree on the engagement results, internal auditors must discuss and try to reach a mutual understanding of the issue with the management of the activity under review.	0
If a mutual understanding cannot be reached, internal auditors must not be obligated to change any portion of the engagement results unless there is a valid reason to do so.	0
Internal auditors must follow an established methodology to allow both parties to express their positions regarding the content of the final engagement communication and the reasons for any differences of opinion regarding the engagement results.	0
Standard 13.2 Engagement Risk Assessment	0

<p>Internal auditors must develop an understanding of the activity under review to assess the relevant risks. For advisory services, a formal, documented risk assessment may not be necessary, depending on the agreement with relevant stakeholders.</p>	0
<p>To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding:</p> <ul style="list-style-type: none"> • The organization’s strategies, objectives, and risks relevant to the activity under review. • The organization’s risk tolerance, if established. • The risk assessment supporting the internal audit plan. • The governance, risk management, and control processes of the activity under review. • Applicable frameworks, guidance, and other criteria that can be used to evaluate the effectiveness of those processes. 	0
<p>Internal auditors must review the gathered information to understand how processes are intended to operate.</p>	0
<p>Internal auditors must identify the risks to review by:</p> <ul style="list-style-type: none"> • Identifying the potentially significant risks to the objectives of the activity under review. • Considering specific risks related to fraud. • Evaluating the significance of the risks and prioritizing them for review. 	0
<p>Internal auditors must identify the criteria that management uses to measure whether the activity is achieving its objectives.</p> <p>When internal auditors have identified the relevant risks for an activity under review in past engagements, only a review and update of the previous engagement risk assessment is required.</p>	0
<p>Standard 13.3 Engagement Objectives and Scope</p>	0
<p>Internal auditors must establish and document the objectives and scope for each engagement.</p>	0

The engagement objectives must articulate the purpose of the engagement and describe the specific goals to be achieved, including those mandated by laws and/or regulations.	0
The scope must establish the engagement's focus and boundaries by specifying the activities, locations, processes, systems, components, time period to be covered in the engagement, and other elements to be reviewed, and be sufficient to achieve the engagement objectives.	0
Internal auditors must consider whether the engagement is intended to provide assurance or advisory services because stakeholder expectations and the requirements of the Standards differ depending on the type of engagement.	0
Scope limitations must be discussed with management when identified, with a goal of achieving resolution. Scope limitations are assurance engagement conditions, such as resource constraints or restrictions on access to personnel, facilities, data, and information, that prevent internal auditors from performing the work as expected in the audit work program.	0
If a resolution cannot be achieved with management, the Head of Internal Audit must elevate the scope limitation issue to the board according to an established methodology.	0
Internal auditors must have the flexibility to make changes to the engagement objectives and scope when audit work identifies the need to do so as the engagement progresses.	0
The Head of Internal Audit must approve the engagement objectives and scope and any changes that occur during the engagement.	0
Standard 13.4 Evaluation Criteria	0
Internal auditors must identify the most relevant criteria to be used to evaluate the aspects of the activity under review defined in the engagement objectives and scope. For advisory services, the identification of evaluation criteria may not be necessary, depending on the agreement with relevant stakeholders.	0
Internal auditors must assess the extent to which the board and senior management have established adequate criteria to determine whether the activity under review has accomplished its objectives and goals.	0

If such criteria are adequate, internal auditors must use them for the evaluation.	0
If the criteria are inadequate, internal auditors must identify appropriate criteria through discussion with the board and/or senior management.	0
Standard 13.5 Engagement Resources	0
When planning an engagement, internal auditors must identify the types and quantity of resources necessary to achieve the engagement objectives.	0
Internal auditors must consider: <ul style="list-style-type: none"> • The nature and complexity of the engagement. • The time frame within which the engagement is to be completed. • Whether the available financial, human, and technological resources are appropriate and sufficient to achieve the engagement objectives. 	0
If the available resources are inappropriate or insufficient, internal auditors must discuss the concerns with the Head of Internal Audit to obtain the resources.	0
Standard 13.6 Work Program	0
Internal auditors must develop and document an engagement work program to achieve the engagement objectives.	0
The engagement work program must be based on the information obtained during engagement planning, including, when applicable, the results of the engagement risk assessment.	0
The engagement work program must identify: <ul style="list-style-type: none"> • Criteria to be used to evaluate each objective. • Tasks to achieve the engagement objectives. • Methodologies, including the analytical procedures to be used, and tools to perform the tasks. • Internal auditors assigned to perform each task. 	0

The Head of Internal Audit must review and approve the engagement work program before it is implemented and promptly when any subsequent changes are made.	0
Principle 14 Conduct Engagement Work	0
Standard 14.1 Gathering Information for Analyses and Evaluation	0
<p>To perform analyses and evaluations, internal auditors must gather information that is:</p> <ul style="list-style-type: none"> • Relevant – consistent with engagement objectives, within the scope of the engagement, and contributes to the development of engagement results. • Reliable – factual and current. Internal auditors use professional skepticism to evaluate whether information is reliable. Reliability is strengthened when the information is: <ul style="list-style-type: none"> o Obtained directly by an internal auditor or from an independent source. o Corroborated. o Gathered from a system with effective governance, risk management, and control processes. • Sufficient – when it enables internal auditors to perform analyses and complete evaluations and can enable a prudent, informed, and competent person to repeat the engagement work program and reach the same conclusions as the internal auditor. 	0
Internal auditors must evaluate whether the information is relevant and reliable and whether it is sufficient such that analyses provide a reasonable basis upon which to formulate potential engagement findings and conclusions.	0
Internal auditors must determine whether to gather additional information for analyses and evaluation when evidence is not relevant, reliable, or sufficient to support engagement findings.	0
If relevant evidence cannot be obtained, internal auditors must determine whether to identify that as a finding.	0
Standard 14.2 Analyses and Potential Engagement Findings	0

Internal auditors must analyze relevant, reliable, and sufficient information to develop potential engagement findings. For advisory services, gathering evidence to develop findings may not be necessary, depending on the agreement with relevant stakeholders.	0
Internal auditors must analyze information to determine whether there is a difference between the evaluation criteria and the existing state of the activity under review, known as the “condition.”	0
Internal auditors must determine the condition by using information and evidence gathered during the engagement.	0
A difference between the criteria and the condition indicates a potential engagement finding that must be noted and further evaluated.	0
If initial analyses do not provide sufficient evidence to support a potential engagement finding, internal auditors must exercise due professional care to determine whether additional analyses are required.	0
If additional analyses are required, the work program must be adjusted accordingly and approved by the Head of Internal Audit.	0
If internal auditors determine that no additional analyses are required and there is no difference between the criteria and the condition, the internal auditors must provide assurance in the engagement conclusion regarding the effectiveness of the activity’s governance, risk management, and control processes.	0
Standard 14.3 Evaluation of Findings	0
Internal auditors must evaluate each potential engagement finding to determine its significance.	0
When evaluating potential engagement findings, internal auditors must collaborate with management to identify the root causes when possible, determine the potential effects, and evaluate the significance of the issue.	0
To determine the significance of the risk, internal auditors must consider the likelihood of the risk occurring and the impact the risk may have on the organization’s governance, risk management, or control processes.	0

If internal auditors determine that the organization is exposed to a significant risk, it must be documented and communicated as a finding.	0
Internal auditors must determine whether to report other risks as findings, based on the circumstances and established methodologies.	0
Internal auditors must prioritize each engagement finding based on its significance, using methodologies established by the Head of Internal Audit.	0
Standard 14.4 Recommendations and Action Plans	0
Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to: <ul style="list-style-type: none"> • Resolve the differences between the established criteria and the existing condition. • Mitigate identified risks to an acceptable level. • Address the root cause of the finding. • Enhance or improve the activity under review. 	0
When developing recommendations, internal auditors must discuss the recommendations with the management of the activity under review.	0
If internal auditors and management disagree about the engagement recommendations and/or action plans, internal auditors must follow an established methodology to allow both parties to express their positions and rationale and to determine a resolution.	0
Standard 14.5 Engagement Conclusions	0
Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives.	0
The engagement conclusion must summarize the internal auditors' professional judgment about the overall significance of the aggregated engagement findings.	0

Assurance engagement conclusions must include the internal auditors' judgment regarding the effectiveness of the governance, risk management, and/or control processes of the activity under review, including an acknowledgment of when processes are effective.	0
Standard 14.6 Engagement Documentation	0
Internal auditors must document information and evidence to support the engagement results.	0
The analyses, evaluations, and supporting information relevant to an engagement must be documented such that an informed, prudent internal auditor, or similarly informed and competent person, could repeat the work and derive the same engagement results.	0
Internal auditors and the engagement supervisor must review the engagement documentation for accuracy, relevance, and completeness.	0
The Head of Internal Audit must review and approve the engagement documentation.	0
Internal auditors must retain engagement documentation according to relevant laws and/or regulations as well as policies and procedures of the internal audit function and the organization.	0
Principle 15 Communicate Engagement Results and Monitor Action Plans	0
Standard 15.1 Final Engagement Communication	0
For each engagement, internal auditors must develop a final communication that includes the engagement's objectives, scope, recommendations and/or action plans if applicable, and conclusions.	0
The final communication for assurance engagements also must include: <ul style="list-style-type: none"> • The findings and their significance and prioritization. • An explanation of scope limitations, if any. • A conclusion regarding the effectiveness of the governance, risk management, and control processes of the activity reviewed. 	0

The final communication must specify the individuals responsible for addressing the findings and the planned date by which the actions should be completed.	0
When internal auditors become aware that management has initiated or completed actions to address a finding before the final communication, the actions must be acknowledged in the communication.	0
The final communication must be accurate, objective, clear, concise, constructive, complete, and timely, as described in Standard 11.2 Effective Communication.	0
Internal auditors must ensure the final communication is reviewed and approved by the Head of Internal Audit before it is issued.	0
The Head of Internal Audit must disseminate the final communication to parties who can ensure that the results are given due consideration. (See also Standard 11.3 Communicating Results.)	0
If the engagement is not conducted in conformance with the Standards, the final engagement communication must disclose the following details about the nonconformance: <ul style="list-style-type: none"> • Standard(s) with which conformance was not achieved. • Reason(s) for nonconformance. • Impact of nonconformance on the engagement findings and conclusions. 	0
Standard 15.2 Confirming the Implementation of Recommendations or Action Plans	0
Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes: <ul style="list-style-type: none"> • Inquiring about progress on the implementation. • Performing follow-up assessments using a risk-based approach. • Updating the status of management's actions in a tracking system. 	0
The extent of these procedures must consider the significance of the finding.	0

If management has not progressed in implementing the actions according to the established completion dates, internal auditors must obtain and document an explanation from management and discuss the issue with the Head of Internal Audit. The Head of Internal Audit is responsible for determining whether senior management, by delay or inaction, has accepted a risk that exceeds the risk tolerance.

0

DRAFT

Appendix A - Assessment Type, Scope, Objectives, and Methodology

Document Title: Quality Assessment of the Internal Audit Function
Document Section: Appendix A - Assessment Type, Scope, Objectives, and Methodology
Organization Name: [enter organization name]
Assessment Type: 0
Assessment Lead: [enter your data]
Report Date: [enter your data]

Assessment Type	Description
0	[Summarize the description from chapter 3 for the type of assessment: periodic self-assessment; full external quality assessment; or self-assessment with independent validation.]

Assessment Scope

[Summarize the organization and internal audit function, using metadata from 'A2' and other discussions.]

Assessment Objectives

The objectives of an internal audit quality assessment are to:

- Assess the internal audit function's conformance with the Global Internal Audit Standards.
- Report on the internal audit function's achievement of performance objectives, compliance with relevant laws and regulations, and plans to address conformance gaps or enhancement opportunities.
- Identify successful internal audit practices demonstrated by the internal audit function.
- Identify enhancement opportunities to improve the efficiency and effectiveness of the internal audit function's infrastructure and processes as well as value to their stakeholders.

Assessment Methodology

[Summarize the methodology, or mention that the quality assessment was conducted in conformance with The IIA's Quality Assessment Manual, including if any modifications were made. Mention that the Manual's methodology provides a reasonable basis for quality and maturity conclusions. May want to mention the assessment team leader and other contributors here.]

Appendix B - Quality Rating and Maturity Rating Tables

Note to the Assessor: [don't include this row in the report]

Copy the rating scales from template 'E1.'