

## EXTERNAL ASSESSORS' TERMS OF REFERENCE TEMPLATE

### 1. Scope and Objectives of the Assessment

The external assessor will conduct a comprehensive review to evaluate the effectiveness and maturity of the Internal Audit Function (IAF). The assessment will focus on the IAF's ability to create, protect, and sustain organizational value by examining the following key areas:

#### Conformance and Compliance

- Global Internal Audit Standards (GIAS): Assess the IAF's conformance with all 5 Domains, 15 Principles, and 52 Standards of the GIAS.
- Topical Requirements: Review the IAF's adherence to all relevant topical requirements as part of the EQA process.
- Legal and Regulatory Compliance: Evaluate the IAF's compliance with applicable laws and regulations (as per Standard 1.3).

**User note:** The entity should specify the PFM Section that guides on External Quality Assurance-EQA

#### Strategy, Governance, and Operations

- Mandate and Charter: Review the IAF's charter, mandate, and strategic plan to ensure they align with entity's objectives and the GIAS.
- Methodologies and Processes: Assess the adequacy of the IAF's methodologies, processes, and risk assessment approach, including the annual internal audit plan.
- Performance and Contribution: Evaluate the IAF's performance criteria, measures, and assessment results, and its overall contribution to the entity's governance, risk management, and control processes. This includes its ability to meet the expectations of the governing body, audit committee, senior management, and other stakeholders.
- Maturity Assessment: If requested conduct a maturity assessment of the IAF to identify its current level of development and key areas for improvement.

#### Independence and Competencies

- Organizational Integration: Assess the IAF's integration into the entity's governance processes and its relationship with key stakeholders to ensure the IAF can operate with the required independence.
- Staff Competencies: Review the qualifications and competencies of the IAF staff, including the Head of Internal Audit, as defined by their career progression guidelines/scheme of service, job descriptions and/or hiring profiles.
- Professional Development: Evaluate the IAF's focus on continual professional development and its use of appropriate tools and techniques to ensure due professional care.

## **Improvement and Remediation**

- Performance Objectives: Evaluate the IAF's achievement of its performance objectives (as per Standards 12.1 and 12.2).
- Action Planning: Review the IAF's plan to address any deficiencies or opportunities for improvement (as per Standards 8.1, 8.3, and 12.1).

## **2. Qualifications of External Assessment Team**

- At least one member of the external assessment team should be an active Certified Internal Auditor (in good standing).
- Experience with and knowledge of the Standards and leading internal audit practices.
- Experience as a chief audit executive or comparable senior level of internal audit management.
- Experience in the organization's industry and/or sector.
- Previous experience performing external quality assessments.
- Completion of external quality assessment training recognized by The Institute of Internal Auditors.

**User note:** The entity should customize the number of years of experience. The size of the assessment team will be determined by the entity's maturity level and size of IAF.