

IA Quality Assurance and Improvement Program: Sustainable Credibility

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Learning Objectives

- What is a Quality Assurance and Improvement Program (QAIP)?
- How do I implement a QAIP?
- How do I assess performance?
- What resources are available?

Polling Question

What is your role within your organization?

- Chief Audit Executive
- Audit Manager
- Senior Auditor
- Staff Auditor
- Other

What is a QAIP?



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Quality Assurance and Improvement Program

- Structure
- Assessment
- Credibility
- Quality and Value
- Efficiency and Effectiveness
- Compliance with the *Standards*

Purpose and Elements of a QAIP

- IPPF Standard 1300: “The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.”
- Purpose: to enable an evaluation of the internal audit activity’s conformance with the Standards and Code of Ethics & assess efficiency and effectiveness
- Internal (1311) and External Assessments (1312)

Polling Question

Does your organization use “conforms with the *International Standards for the Professional Practice of Internal Auditing*”?

- Yes
- No
- Not Sure

Required Compliance and Frequency

- 1321: Use of “conforms with the *International Standards for the Professional Practice of Internal Auditing*”
- Internal assessments:
 - Ongoing monitoring (quality)
 - Periodic self-assessments (conformance)
- External assessments at least every five years
(Every three years for Generally Accepted Government Auditing Standards)

How Do I Implement a QAIP?

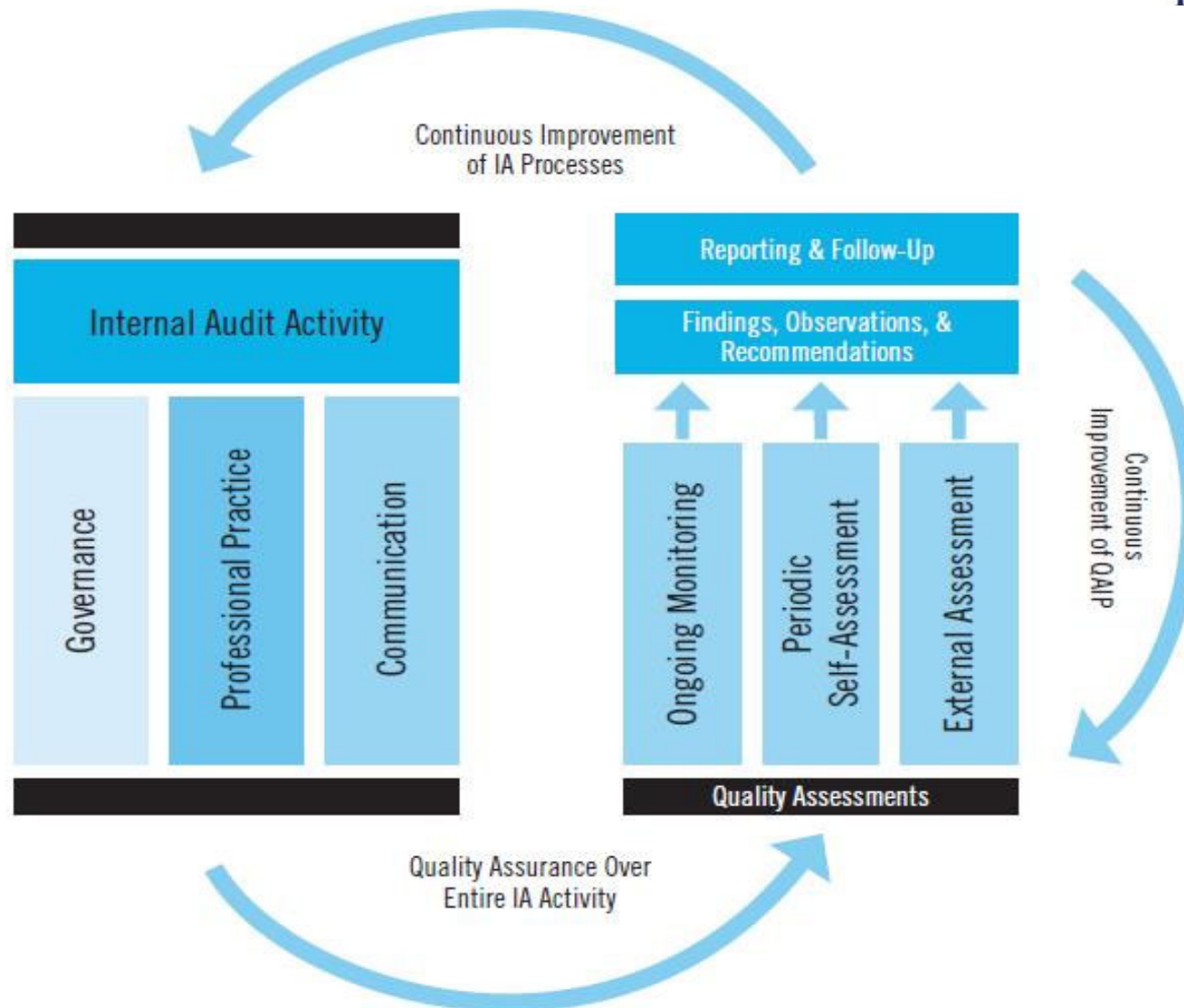


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Responsibility for QAIP Implementation

- The Chief Audit Executive is responsible for development and maintenance of the program.
- The Internal Audit team is responsible for implementation and execution.
- The audit committee is responsible for oversight of the Internal Audit activity, including quality, independence, and other factors.

QAIP Framework



Governance Elements

Element	Example
Charter	<ul style="list-style-type: none">• Audit Committee Charter• Internal Audit Charter
Standards and Regulations	<ul style="list-style-type: none">• IPPF/GAO• Policies and Procedures
Resources	<ul style="list-style-type: none">• IA Organizational Chart• Job Descriptions• Required Certifications• Audit Plan/Budget
Independence and Objectivity	<ul style="list-style-type: none">• IA Reporting Structure• Individual Team Member

Professional Practice Elements

Element	Example
Roles and Responsibilities	<ul style="list-style-type: none"> • Protocol Document • Planning Memo - Staffing Assignments
Risk-Based Planning	<ul style="list-style-type: none"> • Annual Risk Assessment • Risk and Control Matrix • Notes for Next Time
Engagement Planning	<ul style="list-style-type: none"> • Annual Risk Assessment • Planning Memo
Engagement Performance	<ul style="list-style-type: none"> • Protocol Document • Workpaper Management System • Templates

Professional Practice Elements

Element	Example
Proficiency and Due Professional Care	<ul style="list-style-type: none">• Planning Memo – Staffing Assignments• Workpaper Review
Quality Assurance	<ul style="list-style-type: none">• Report Control Sheet• Standards Review Checklist• Management Surveys• Performance Evaluations• Job Evaluation

Polling Question

Does your organization have an IA Charter and/or documented IA Policies and Procedures?

- Charter
- Policies and Procedures
- Both a Charter and Policies and Procedures
- Neither
- Not Sure

Protocol Document

- Organizational Chart
- Audit Plan
- Strategic Objectives
- Sampling Methodology
- Conducting the Audit
- Workpaper Documentation and Review
- Independence
- QAIP Guidelines
- Confidentiality

Planning Memo

- Background Information
- Risks – Annual Risk Assessment
- Key IT Systems in Scope
- Regulatory Requirements
- Assessment of Team Member Qualifications
- Audit Objectives
- Reference to Budget & Risk and Control Matrix
- Timeline

Risk and Control Matrix

- Risk
- Risk Ranking
- Control
- Planned Audit Procedures
- Budget Estimate

Communication Elements

Element	Example
Reporting Engagement Results	<ul style="list-style-type: none">• Exit Meeting• Audit Report• Additional Recommendations
Reporting on the IA Activity	<ul style="list-style-type: none">• Audit Committee Calendar• Annual Report to the Audit Committee
Reporting Results of Assessments	<ul style="list-style-type: none">• Annual Report to the Audit Committee• External Assessment Report

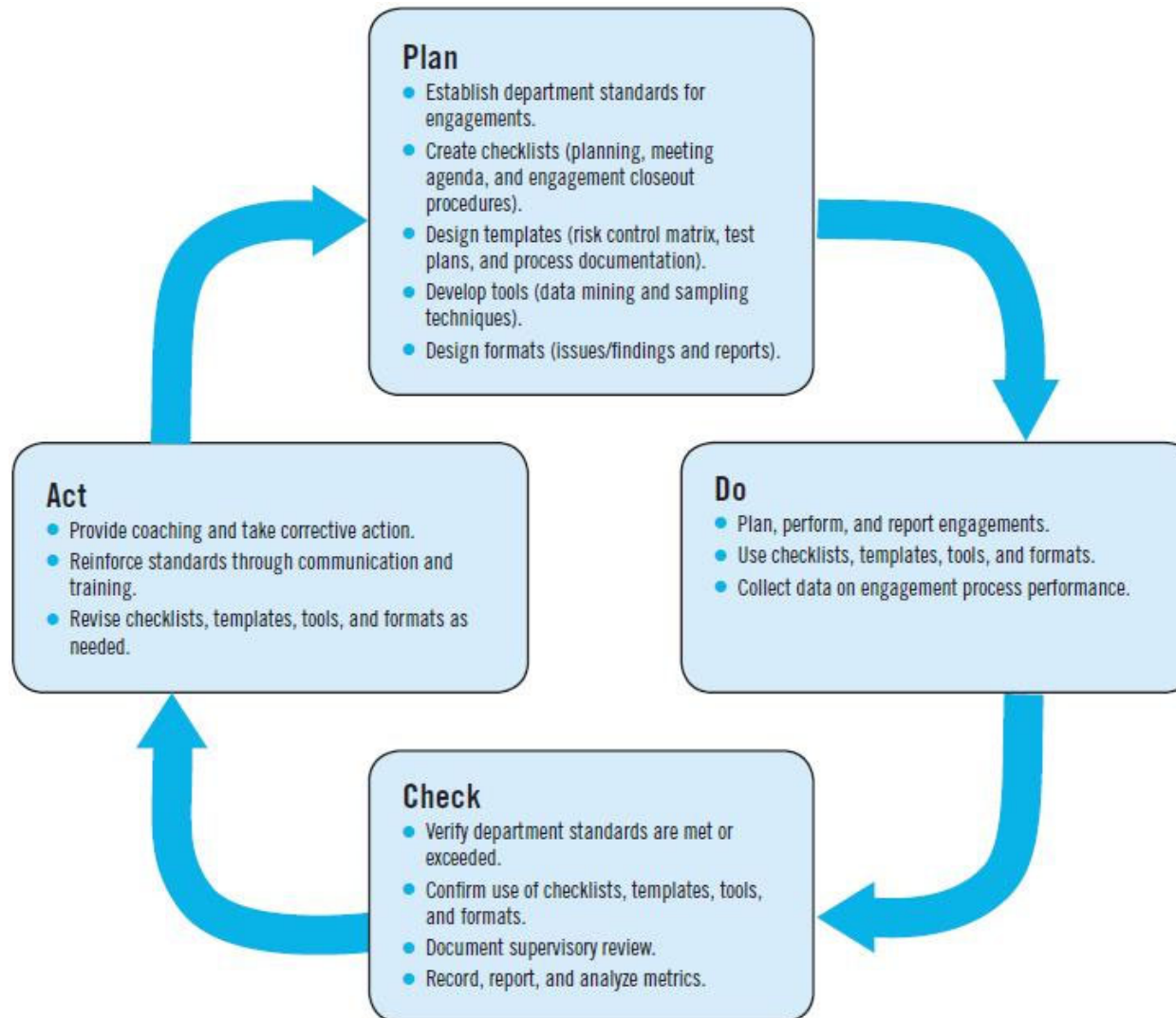
Audit Committee Calendar

- External Auditor Oversight
- Consider Effectiveness of Internal Controls
- Review Enterprise Risk Management
- Reviewing Financial Statements and Disclosures
- Approving Internal Audit Charter
- Review and Approve Annual Audit Plan
- Review Effectiveness of Internal Audit
- Review Compliance with IIA Standards
- Review Conflict of Interests
- Evaluate Committee Performance

Annual Report to the Audit Committee

- Audit Plan Approval
- Effectiveness of the IA Function
 - Evaluation by the Audit Committee
 - Evaluation by Management
- Compliance with the IIA Standards
- Organizational Independence Confirmation
- Charter Review and Approval

Ongoing Monitoring

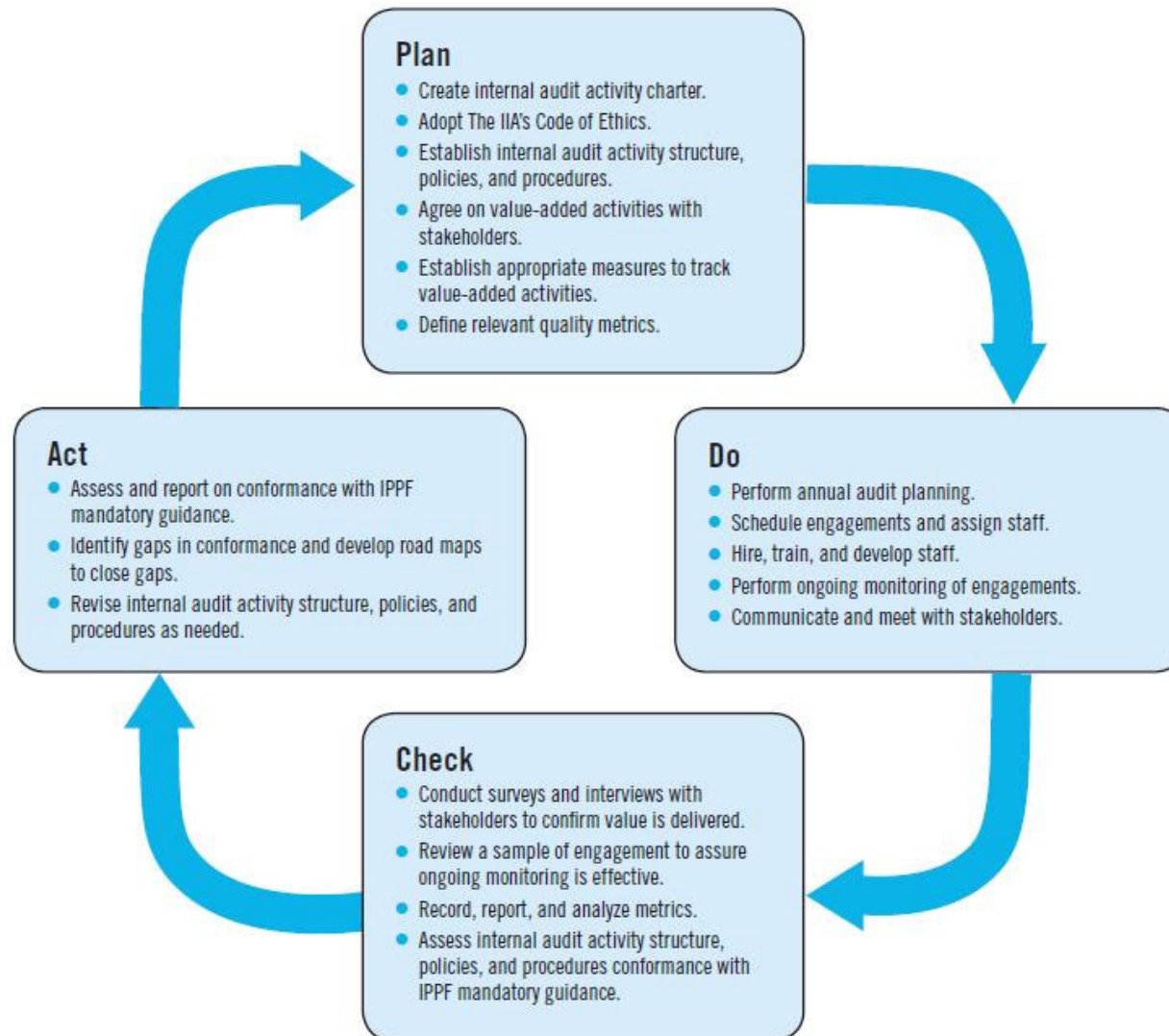


How Do I Assess Performance?



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Periodic Self-Assessment



External Assessments

- Must be performed at least every five years
- Two options: full external assessment or self-assessment with independent validation
- In order to know if you're ready for an external assessment, ask yourself:
 1. Does your group conform with the standards?
 2. Is your QAIP comprehensive and complete?
 3. Have you solicited feedback from key stakeholders?
 4. What are your expectations related to strategic goals?

Polling Question

Has your organization had an external assessment or self-assessment with independent validation in the past five years?

- Yes
- No
- Not Sure

Common Pitfalls

- The charter does not address purpose, authority, and responsibility.
- A QAIP is not in place and/or internal or external assessments are not performed or are not performed timely.
- Staff is not qualified, or necessary staffing resources are not available.
- There is a lack of evidence to support conclusions, or there is improper record retention.

Common Pitfalls

- IA activities are not aligned with organizational objectives.
- There is a lack of supervision and/or adequate review.
- Follow-up and remediation is not performed.
- There are no metrics to assess performance, or staff isn't adequately evaluated.
- There is lack of independence/proper reporting within the organization.

Evidence of Success

- Results of internal and external assessments
- Positioning within the organization
- Becoming more forward-looking
- Greater adaptability in implementing process changes
- Enhanced productivity and focus on value-added activities
- Improved audit staff morale, all ideas are welcome

What Resources Are Available?



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Available Resources

- IPPF Standards and Code of Ethics: IPPF-Standards-2017.pdf (theiia.org); IPPF Code of Ethics 01.09.doc (theiia.org)
- GAGAS: Government Auditing Standards: 2018 Revision (GAO.gov)
- Yellow Book to IIA Comparison: IIA International Standards and Government Audit Standards (GAGAS) - A Comparison, 2nd Edition.pdf (theiia.org)
- IIA Example Charter: SG-Model-Internal-Audit-Activity-Charter.pdf (theiia.org)
- IIA QAIP and Assessor Training: Building a Sustainable Quality Program (theiia.org)
- IIA Quality Assessment Manual for the IA Activity (theiia.org)

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