**Introduction**

This Internal Audit Quality Assessment is prepared by the Internal Audit Unit of …………… (name of the office) based on the International Standards for the Professional Practice of Internal Auditing (ISPPIA), which is mandated under the International Professional Practices Framework (IPPF). The following are the intended purposes of this Quality Assessment;

* To facilitate identification of actions required for continuous improvement and evaluation of progress of the improvement plans
* To provide an approach for internal reviews by any qualified employee or team of ……. (name of the office) other than the Internal Audit Unit

**Assessment**

The assessment is based on the following four criteria defined.

* FC Fully Conforms: No actions required
* GC Generally Conforms: Actions to improve
* PC Partially Conforms: Actions to correct
* DC Does Not Conform: Urgent actions to correct

**Review Process**

The internal review process would be conducted in two segments or sections namely attribute standards and performance standards as per the ISPPIA.

|  |
| --- |
| **Attribute Standards**  |
| **Practices as per the Standard** | **Criteria** | **Issues Identified**  | **Recommendations**  |
| 1000 – Purpose, Authority, and Responsibility |
| 1000 – The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. |  |  |  |
| 1000 – 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 Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter |  |  |  |
| 1100 – Independence and Objectivity |
| 1100 – The internal audit activity must be independent, and internal auditors must be objective in performing their work. |  |  |  |
| 1110 – Organizational Independence: The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities. |  |  |  |
| 1111 – Direct Interaction with the Board: The chief audit executive must communicate and interact directly with the board. |  |  |  |
| 1120 – Individual Objectivity: Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest. |  |  |  |
| 1130 – Impairment 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. |  |  |  |
| 1130.A1 – Internal auditors must refrain from assessing specific operations for which they were previously responsible. |  |  |  |
| 1130.A2 – Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity. |  |  |  |
| 1130.C1 – Internal auditors may provide consulting services relating to operations for which they had previous responsibilities. |  |  |  |
| 1130.C2 – If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement. |  |  |  |
| 1200 – Proficiency and Due Professional Care |
| 1210 – Proficiency: Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. |  |  |  |
| 1210 – 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 |
| 1300 – 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: On-going monitoring of the performance of the internal audit activity; |  |  |  |
| 1311 – Internal Assessment: Periodic self-assessments or assessments by other persons within the organization 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 organization. |  |  |  |
| 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. |  |  |  |
| 1321 – Use of “Conforms with the ISPPIA”: The chief audit executive may state that the internal audit activity conforms with the ISPPIA only if the results of the quality assurance and improvement program support this statement. |  |  |  |
| 1322 – Disclosure of Non-conformance: When non-conformance with the Definition of Internal Auditing, 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**  |
| **Practices as per the Standard** | **Criteria** | **Issues Identified**  | **Recommendations**  |
| 2000 – Managing the Internal Audit Activity |
| 2000 – The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization. |  |  |  |
| 2010 – Planning: The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’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 – CoordinationThe chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts. |  |  |  |
| 2060 – Reporting to Senior Management and the Board: 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. |  |  |  |
| 2100 – Nature of Work |
| 2100 – The internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach. |  |  |  |
| 2110 – Governance: The internal audit activity must assess and make appropriate recommendations for improving the governance process. |  |  |  |
| 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 organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. |  |  |  |
| 2200 – Engagement Planning |
| 2200 – Internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations. |  |  |  |
| 2201 – Planning Considerations: The objectives of the activity being reviewed and the means by which the activity controls its performance.  |  |  |  |
| 2201 – Planning Considerations: The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.  |  |  |  |
| 2201 – Planning Considerations: The adequacy and effectiveness of the activity’s governance, risk management, and control processes compared to a relevant framework or model.  |  |  |  |
| 2201 – Planning Considerations: 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 |
| 2300 – Internal auditors must identify, analyse, evaluate, and document 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 relevant information to support the conclusions and engagement results. |  |  |  |
| 2340 – Engagement Supervision: Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staffs are developed. |  |  |  |
| 2400 – Communicating Results |
| 2400 – Internal auditors must communicate the results of engagements. |  |  |  |
| 2410 – Criteria for Communicating: Communications must include the engagement’s objectives and scope as well as applicable conclusions, recommendations, and action plans. |  |  |  |
| 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 ISPPIA”: Internal auditors may report that their engagements are “conducted in conformance with the ISPPIA”, only if the results of the quality assurance and improvement program support the statement. |  |  |  |
| 2431 –When non-conformance with the Definition of Internal Auditing, the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the: Principle or rule 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 expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information. |  |  |  |
| 2500 – Monitoring Progress |
| 2500 – 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 |
| 2600 – When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. |  |  |  |
| 2600 – If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board. |  |  |  |