

PEM**PAL**

IA^{COP} Internal Audit
Community of
Practice

Good Practice Internal Audit Manual Template

Second Edition

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Abbreviations

AIS	Audit Intelligence Suite
CAE	Chief Audit Executive
CHU	Central Harmonization Unit
EC	European Commission
ECIIA	European Confederation of Institutes of Internal Auditing
EU	European Union
FMC	Financial Management and Control
GIAS	Global Internal Audit Standards
HR	Human Resources
IACOP	Internal Audit Community of Practice
IIA	Institute of Internal Auditors
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
NAO	National Audit Office
OLAF	European Anti-Fraud Agency
PEMPAL	Public Expenditure Management Peer Assisted Learning
SAI	Supreme Audit Institution



Preface and Acknowledgements

This knowledge product template was developed through a process of exchange of ideas and information among members of the Internal Audit Community of Practice (IACOP) of the Public Expenditure Management Peer-Assisted Learning (PEMPAL) network.

The PEMPAL network facilitates the exchange of professional experience and knowledge transfer among public financial management practitioners in countries across the Europe and Central Asia Region. PEMPAL, launched in 2006, aims to contribute to strengthening public financial management practices in member countries through developing and disseminating information on good practices and their application.

PEMPAL organizes around three thematic communities of practice:

- Budget Community of Practice,
- Treasury Community of Practice, and
- Internal Audit Community of Practice (IACOP).

The main overall objective of the IACOP is to support its member countries in establishing modern and effective internal audit systems that meet international standards and good practices, important for good governance and accountability in the public sector.

The Good Practice Internal Audit Manual template has been used to advance public sector internal audit reforms. This edition has been updated to include the 2025 Global Internal Audit Standards (GIAS). The IACOP opted to keep the structure of the first manual template, while fully integrating the new GIAS.

The Internal Audit Community of Practice (IACOP) would like to thank all those who contributed to this knowledge product, including main authors: Jean-Pierre Garitte, Internal Audit Expert; Arman Vatyán, PEMPAL Program Leader; Albana Gjinopulli, IACOP Executive Committee Chair; Grigor Aramyan, Azamat Jabborov, Makich Khcheyan, IACOP Executive Committee members; Diana Grosu-Axenti and Ruslana Rudnitska, IACOP Resource Team members.



Introduction

This internal audit manual template is designed to serve as a reference guide, which can be used to assist internal audit professionals in the public sector to prepare an internal audit manual for their organization. It has a modest aim of providing good practice recommendations on how to approach the important task of producing such a manual, in order to further strengthen internal audit in the public sector and promote good corporate governance and accountability.

The template is not meant to be prescriptive, and users should bear in mind that the structure and content of the final manual will be dependent upon the size and complexity of the organization. Audit manuals are living documents that must adapt to changes with time. They should be revised and updated periodically when substantial changes occur in the legal and regulatory framework, professional standards, codes of ethics, and internal audit policies and procedures. This template can help ensure that the audit manual is based on internationally recognized and relevant standards (the Global Internal Audit Standards or GIAS), as well as current best practices.

The sections of the template aim to provide a systematic and logical flow, beginning with the fundamentals of internal auditing, through the internal audit process, and concluding with ideas on sharing and managing knowledge. In each section, every effort has been made to ensure that recommendations are based on key GIAS principles and current international best practices.

This template should be viewed as a work-in-progress of the Internal Audit Community of Practice (IACOP) network. Therefore, this second version of the template will be revised periodically to incorporate new ideas, developments, and emerging best practices in the internal auditing community.



Internal Audit Function: Fundamentals

1.1. Purpose of Internal Auditing

The purpose statement is intended to assist internal auditors and internal audit stakeholders in understanding and articulating the value of internal auditing. Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organization's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

There are multiple sources of defining what internal audit is, including the one above of the Institute of Internal Auditors (IIA). Whatever definition or purpose is chosen, it must include, at a minimum, a reference to the independent and objective nature of this function, along with the goal of assisting the organization in achieving its objectives as they relate to risk management, control, and governance.

1.1.1. Internal Audit, Fraud, and Corruption

Given that there is often some confusion, the role of internal audit with regard to fraud and corruption should be explained.

Although internal audit's assurance can have a serious impact on the prevention and detection of fraud, internal audit is never responsible for any type of fraud or anti-corruption program (awareness, prevention, detection, investigation). Nevertheless, it can play an important role in any of them in an advisory or consulting capacity as part of fraud awareness exercises or providing advice in a fraud investigation because of its expertise in the controls area.

In an environment in which there is an expectation of internal audit undertaking responsibility in either of these areas, it is good practice to describe in detail the relationship between internal audit (third line) and those with existing responsibilities with regard to fraud and corruption (first or second line).

1.1.2. Internal Audit and Other Areas of Financial Management and Control

If there are existing ambiguities, or it is expected that ambiguities may arise, between the role of internal audit and other areas of financial management and control, then an explanation of risk and control concepts, including ownership is recommended. Reference can be made to the three lines model, whereby differences can be explained between: the first line (internal control measures and management supervision); the second line (supporting functions such as financial inspection, risk management, and quality control); and the third line (internal audit).

In addition, a clear definition of inspection and an explanation of its relationship to internal audit should be provided.

1.2. Requirement for Internal Audit

Appropriate governance arrangements are essential to enable the internal audit function to be effective. The requirement for an organization to have an internal audit function depends on the regulatory or legislative stipulations concerning the entity.

The internal audit function receives its mandate from an applicable law in the public sector. The mandate specifies the authority, role, and responsibilities of the internal audit function and is documented in the internal audit charter. The mandate empowers the internal audit function to provide the board and senior management with objective assurance, advice, insight, and foresight.

The internal audit function carries out the mandate by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes throughout the organization. A “board” is the highest-level body in the organization charged with governance, such as:

- An audit committee.
- A board of governors or trustees.
- A group of elected officials or political appointees.
- Another body that has authority over the relevant governance functions.

1.2.1. Legal and Regulatory Requirement

The manual must clearly outline the legal and regulatory requirement for internal audit. Legal and regulatory requirements are typically found in various acts of Parliament, ministerial orders, directives, and statutory instruments. Specific reference should be made to the relevant laws and regulations, including European Union (EU) legislation (if applicable). Subsequent changes to the regulatory framework should be incorporated.

All public sector entities (budget spenders) that fall into the scope of internal audit according to the regulatory framework must be included.

GIAS 6.1. Internal Audit Mandate

The chief audit executive (CAE)¹ must provide the board and senior management with the information necessary to establish the internal audit mandate. 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.

¹ The chief audit executive (CAE) role is also known as Head of Internal Audit. CAE is used in this template to be consistent with the GIAS.

To help the board and senior management determine the scope and types of internal audit services, the CAE must coordinate with other internal and external assurance providers to gain an understanding of each other's roles and responsibilities.

The CAE must document or reference the mandate in the internal audit charter, which is approved by the board.

Periodically, the CAE must assess whether changes in circumstances justify a discussion with the board and senior management about the internal audit mandate. If so, the CAE 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.

Essential Conditions

Board

- Discuss with the CAE and senior management the appropriate authority, role, and responsibilities of the internal audit function.
- Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.

Senior Management

- Participate in discussions with the board and CAE and provide input on expectations for the internal audit function that the board should consider when establishing the internal audit mandate.
- Support the internal audit mandate throughout the organization and promote the authority granted to the internal audit function.

Good practice suggestions:



- Document minutes of board meetings where the internal audit mandate was discussed.
- Document minutes of board meetings during which any changes to the internal audit charter are discussed and approved by the board.

1.2.2. Legislative and Oversight Bodies

The manual should clearly state the legislative and oversight bodies to which the internal audit function is subject or with whom it has a specific relationship.

Due consideration should be given to outlining the relationships with relevant ministries (for example the ministry of finance), the audit committee (if applicable), the central harmonization unit (CHU), the audit authority, the national audit office (NAO), or supreme audit institution (SAI). Further, all public sector entities that fall within the scope of internal audit according to the regulatory framework should be included.

The reporting lines of internal audit, both administrative and functional, to senior management, the audit committee (if any), the CHU, and the parliament should be explained.

Reporting lines outside the organization shall also be mentioned (if applicable).

In addition, it is recommended that this section include a chart, which summarizes these relationships and lines of reporting in order to provide further clarification.

1.2.3. Responsibilities and Mandate

The mandate for internal audit should be detailed in the internal audit charter, which is a formal and comprehensive document.

The responsibilities of the internal audit function should be specifically stated in order to provide a comprehensive rationale for the existence of internal audit separate from the one provided by the legal and regulatory framework. Internal audit's role and contribution to the organization should be clearly explained.

The manual should describe how internal audit will assist the organization in achieving its goal and reflect senior management's vision for the organization.

GIAS 6.2. Internal Audit Charter

The CAE must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:

- 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.
- Organizational position and reporting relationships.

The CAE 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.

Essential Conditions

Board

- Discuss with the CAE and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function.
- Approve the internal audit charter.
- Review the internal audit charter with the CAE to consider changes affecting the organization, such as the employment of a new CAE or changes in the type, severity, and interdependencies of risks to the organization.

Senior Management

- Communicate with the board and CAE about management's expectations that should be considered for inclusion in the internal audit charter.

Good practice suggestions:

- Document minutes of board meetings during which the internal audit charter was discussed and approved.
- Document minutes of board meetings that include evidence that the CAE periodically reviews the internal audit charter with the board and senior management.



1.2.4. Independence

The manual should outline and explain the functional and administrative reporting lines as well as their related independence issues. The functional relationship includes the scope of internal audit, the approval of annual audit plans, and budget. The administrative relationship relates to all employer-employee issues, for example annual leave and training and travel approval.

This section of the audit manual should describe processes related to actions involving internal auditors. In doing so, the manual should make a distinction between the actions of the CAE and other internal auditors. In addition, it is recommended that the manual covers appointment of internal auditors; the setting of objectives and performance evaluation of internal auditors; the promotion of internal auditors; the grades of internal auditors; and the removal of internal auditors.

While internal auditors do not have operational responsibility, and therefore cannot tell others in the organization what to do, they do have moral authority. The manual should explain how this perception could be handled.

In principle, internal auditors should be free from any scope limitations. The manual shall specify the process to be followed in any situation whereby a scope limitation is imposed on internal audit.

GIAS 7.1. Organizational Independence

The CAE 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.

The CAE must document in the internal audit charter the reporting relationships and organizational positioning of the internal audit function, as determined by the board.

The CAE 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. The CAE must advise the board and senior management of the types of safeguards to manage actual, potential, or perceived impairments.

When the CAE 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. 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.

When the CAE's non-audit 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. Also, the CAE must establish a plan to transition those responsibilities to management.

If the governing structure does not support organizational independence, the CAE must document the characteristics of the governing structure limiting independence and any safeguards that may be employed to achieve this principle.

Essential Conditions

Board

- Establish a direct reporting relationship with the CAE and the internal audit function to enable the internal audit function to fulfill its mandate.
- Authorize the appointment and removal of the CAE.
- Provide input to senior management to support the performance evaluation and remuneration of the CAE.
- Provide the CAE with opportunities to discuss significant and sensitive matters with the board, including meetings without senior management present.
- Require that the CAE 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.
- Acknowledge the actual or potential impairments to the internal audit function's independence when approving roles or responsibilities for the CAE that are beyond the scope of internal auditing.

- Engage with senior management and the CAE to establish appropriate safeguards if CAE roles and responsibilities impair or appear to impair the internal audit function's independence.
- 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.

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.
- Recognize the CAE's direct reporting relationship with the board.
- Engage with the board and the CAE 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.
- Provide input to the board on the appointment and removal of the CAE.
- Solicit input from the board on the performance evaluation and remuneration of the CAE.

Good practice suggestions:

- Document meeting minutes or other evidence of the CAE's direct communication with the board and senior management regarding potential impairments to independence and planned safeguards.
- Document formal action plans that outline specific safeguards to address independence concerns.



1.3. Authority, Organization, and Interaction with Others

While establishing the internal audit function's authority, organization, and interaction with others is important in and of itself, it also has implications for the independence of the internal audit function.

1.3.1. Authority and Rights of Access

In addition to the authority of the internal audit function established in the audit charter, the manual should further elaborate on this authority, including the rights of access to information, people, and assets.

1.3.1.1. Authority

The position of internal audit within the organization should be stated and the authority of internal audit should be made clear. This should include the authority invested in the CAE.

In addition to positional title, the authority of the CAE is highly influenced by perceived and actual status or influence, as well as access to resources. Therefore, the CAE should have a high enough status to have valuable and effective discussion on audit strategies, plans, results, and improvement recommendations with senior management. Likewise, adequate budget and other resources should be available to the CAE to oversee and carry out the annual work program. It may be useful to encapsulate these areas in the manual when outlining the authority of internal audit within the organization.

This section shall include the responsibilities of the CAE. They consist of, but are not necessarily limited to, the following duties:

- Ensure that internal audit adds value to the organization.
- Develop consistent risk-based audit plans.
- Obtain approval from senior management and the audit committee on the charter, the budget, and the plan.
- Obtain adequate skills and resources for the planned audit engagements.
- Develop adequate detailed audit procedures (in accordance with the internal audit manual).
- Coordinate with other external and internal assurance providers.
- Periodically report to senior management, the CHU, and the audit committee (if applicable).

1.3.1.2. Right of Access

Internal auditors have unlimited access to information, people and assets and where this is clearly stated in the internal audit law or the audit charter

it should be referenced. The manual shall clarify the situations in which this right is valid, for example, only in the case of the execution of an audit mission. Internal auditors may use audit software or data extraction tools to access data. The manual should detail how to use these tools to accomplish the specified objectives. It should be stated that access shall not occur on live data but on copies and that auditors shall at all times have “read-only” access.

Internal auditors shall always demonstrate respect for the organization’s culture and habits.

It should be stated that with regard to unlimited access to information, internal auditors should adhere to the confidentiality principle for internal auditors. In addition, access does not necessarily mean that internal audit has the right in all situations to download or copy sensitive or classified information as is the case with the military.

Specify that, with regard to unlimited access to people, internal auditors have the right to interview employees without formally respecting the hierarchical lines.

Outline that, with regard to assets, internal auditors should respect the organization’s procedures to access certain assets. For example, in the case of liquid assets (cash), the organization may wish to provide access only if accompanied by another member of staff.

The manual must also state the steps to be taken when the auditee is denying the right of access to information, people or assets.

1.3.2. Organizational Structure

This section should clarify the way the internal audit function is organized.

The various stakeholders of internal audit (senior management, audit committee, budget spenders, operational management, national audit office, audit authority, and parliament) may be defined.

Specific attention must be given to the various positions, functions and roles within the internal audit function, but only when they exist and are applicable. Positions to consider including are: Head of Internal Audit (or Chief Audit Executive), Audit Manager, Senior Auditor, Junior Auditor, and Assistant. Some

specific functions are: methodology, quality, and information technology (IT) audit, while an engagement role could be team leader. A job description of each applicable position, function, and role should be included so as to comprehensively document tasks and responsibilities.

Specific attention shall be given to situations in which internal audit consists of a small number of people.

GIAS 6.3. Board and Senior Management Support

The CAE must provide the board and senior management with the information needed to support and promote recognition of the internal audit function throughout the organization.

The CAE must coordinate the internal audit function's board communications with senior management to support the board's ability to fulfill its requirements.

Essential Conditions

Board

- Champion the internal audit function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.
- 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.
- Support the CAE through regular, direct communications.
- Demonstrate support by:
 - Specifying that the CAE 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 CAE 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 CAE in sessions without senior management present.

Senior Management

- Support recognition of the internal audit function throughout the organization.
- 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.

Good practice suggestions:



- Document minutes of board meetings indicating board review and approval of the internal audit plan, internal audit budget, and resource plan.
- Document minutes or other documentation of communication between the board and senior management in which the internal audit function's unrestricted access was discussed.

1.3.3. Interaction with others

The role of internal audit requires extensive interaction within and outside the organization with multiple groups of individuals and stakeholders. It is prudent to document how such interactions will be managed and conducted.

1.3.3.1. Senior Management

Internal audit is by tradition a management tool, the eyes and ears of management. The role of internal audit with regard to management should be explained, especially with regard to the independence of internal audit.

In addition, the privileged relationship and structured or ad hoc meetings with senior management should be described.

1.3.3.2. Audit Committee or Board

The interaction with the audit committee is still a fairly new phenomenon in the public sector. Nevertheless, when it has been established, the relationship

should be described as well as the audit committee's scope of duties and responsibilities.

Audit committee or board oversight is essential to enable the overall effectiveness of the internal audit function.

GIAS 8.1. Board Interaction

The CAE 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 CAE, valuable for the board to exercise its oversight responsibilities.

The CAE must report to the board and senior management:

- The internal audit plan and budget and subsequent significant revisions to them.
- Changes potentially affecting the mandate or charter.
- Potential impairments to independence.
- Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.
- Results from the quality assurance and improvement program.

There may be instances when the CAE 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 CAE 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.

Essential Conditions

Board

- Communicate with the CAE to understand how the internal audit function is fulfilling its mandate.
- Communicate the board's perspective on the organization's strategies, objectives, and risks to assist the CAE with determining internal audit priorities.

- Set expectations with the CAE for:
 - The frequency with which the board wants to receive communications from the CAE.
 - 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.
- 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.
- Discuss with the CAE disagreements with senior management or other stakeholders and provide support as necessary to enable the CAE to perform the responsibilities outlined in the internal audit mandate.

Senior Management

- Communicate senior management's perspective on the organization's strategies, objectives, and risks to assist the CAE with determining internal audit priorities.
- Assist the board in understanding the effectiveness of the organization's governance, risk management, and control processes.
- Work with the board and the CAE on the process for escalating matters of importance to the board.

Good practice suggestions:



- Retain board agendas and meeting minutes documenting the nature, topics, and frequency of discussions with the CAE.
- Retain presentations made by the CAE to the board.
- Document and retain internal audit communications to board members.

1.3.3.3. Supreme Audit Institution

The supreme audit institution may rely on the work of internal audit. In many instances, it may want to obtain some assurance on the quality and independence of the internal audit function. The relationship or cooperation with the supreme audit institution should be described.

1.3.3.4. External Auditors

In some cases (for example with regard to state-owned companies), internal audit may have to cooperate with external auditors. This relationship and the terms of engagement should be described.

1.3.3.5. Audit Authority

If a country benefits from EU funds, internal audit may also have to cooperate with the national audit authority that reports directly to the European Commission. This relationship should be described.

Further, if there are any duties related to EU funds, for example in relation to the audit authority or European Anti-Fraud Office (OLAF), these should be clearly explained.

1.3.3.6. Central Harmonization Unit

The CHU provides guidance on methodology to the internal audit function and monitors the quality of the internal audit function. The specific relationship between the CHU and the internal audit function must be explained in the internal audit manual, especially with regard to what internal audit may or may not expect from the CHU.

1.3.3.7. Budget Spenders

Budget spenders are in principle the audit objects or auditees vis-à-vis the internal audit function. There is sometimes an expectation on the part of budget spenders that internal audit is their consultative body. Therefore, the manual should explain the relationship when it is more than an audit object.

1.3.3.8. Other Assurance Providers

Special relations may be established with other internal assurance providers. Although these other internal assurance providers must also be considered as audit objects, their relationship with internal audit is special because of some coordinated approach to specific risk areas. The manual should detail how the interactions with these providers will be conducted.

GIAS 9.5 Coordination and Reliance

The CAE 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.

If unable to achieve an appropriate level of coordination, the CAE must raise any concerns with senior management and, if necessary, the board.

When the internal audit function relies on the work of other assurance service providers, the CAE must document the basis for that reliance and is still responsible for the conclusions reached by the internal audit function.

Good practice suggestions:

- Develop assurance maps and/or combined assurance plans that identify who is responsible for assurance services in each area.
- Document and implement a methodology to determine whether to rely on assurance provider's work.
- Document agreements with other assurance providers confirming the specifications of the assurance work they will perform.



1.3.3.9. External Experts

During an audit, internal audit may need to call upon the expertise of external experts or consultants. The relationship with external experts (if applicable) should be described.

1.3.3.10. Law Enforcement Authorities

The relationship of internal audit with law enforcement authorities shall be described, with due consideration given to the specific legal framework of the country.

1.3.3.11. Financial Inspection Services

The relationship between internal audit and the financial inspection services shall be described, taking into consideration the specific legal framework of the country.

1.4. Scope of Services

Internal audit generally provides two main services: assurance (audit) services or advisory (consulting) services. The framework for and approach to both types of services are distinct and the internal audit manual must clearly explain and outline this. Audits can be driven by various objectives:

- Financial
- Regularity
- Compliance
- Operational
- Value for Money
- Systems
- Program Result
- Performance
- IT
- Fraud

The differences in objectives and deliverables in each type of audit should be comprehensively described. Further, it should be emphasized that the final responsibility to follow up on and implement the results of internal audit activities rests with management.

Advisory services are based on specific requests, and so the process for advisory services must be explained, especially whether a request for advisory services needs to be formalized or whether it can be requested on an informal basis. It shall be made clear in the manual that the final responsibility for implementing advice made by internal audit is with management. Where advisory services relate to internal control, it should be made clear that internal control remains the responsibility of management.



Internal Audit Policies and Procedures

All internal auditors are required to conform with the standards of ethics and professionalism. While internal auditors are responsible for their own conformance, the CAE is expected to support and promote conformance with the principles and standards by providing opportunities for training and guidance.

2.1. Managing the Internal Audit Function

The CAE is responsible for managing the internal audit function in accordance with the internal audit charter and the GIAS. This responsibility includes strategic planning, obtaining and deploying resources, building relationships, communicating with stakeholders, and ensuring and enhancing the performance of the function.

2.1.1. Managing Resources

Managing resources requires obtaining and deploying financial, human, and technological resources effectively. The CAE needs to obtain the resources required to perform internal audit responsibilities and deploy the resources according to the methodologies established for the internal audit function.

GIAS 10.1 Financial Resource Management

The CAE must manage the internal audit function's financial resources.

The CAE 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. The CAE must manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget.

The CAE must seek budget approval from the board. The CAE must communicate promptly the impact of insufficient financial resources to the board and senior management.

Good practice suggestions:



- Document the internal audit plan against the budget, forecast and actual expenses.
- Document board meeting minutes discussing the internal audit function's budget and approval.

Many recruitment models can be used and internal audit functions may recruit talents:

- Directly from university (young graduates).
- From the private sector, with some years of experience.
- From operational departments within the organization to acquire certain technical skills.
- From other public sector organizations.

Recruitment in the public sector varies by country and may be subject to legislation or regulation. Where this is the case, the manual should make mention of the relevant legislation/regulation or provide a link to the website.

GIAS 10.2 Human Resources Management

The CAE 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.

The CAE 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.

The CAE must communicate with the board and senior management regarding the appropriateness and sufficiency of the internal audit function's human resources. If the function lacks appropriate and sufficient human resources to achieve the internal audit plan, the CAE must determine how to obtain the resources or communicate timely to the board and senior management the impact of the limitations.

The CAE must evaluate the competencies of individual internal auditors within the internal audit function and encourage professional development. The CAE must collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring.

Good practice suggestions:

- Document the gap analysis between competencies of internal auditors on staff and those required.
- Develop and document job descriptions.
- Document résumés of internal auditors employed by the organization.

GIAS 10.3 Technological Resources

The CAE must strive to ensure that the internal audit function has technology to support the internal audit process.

The CAE must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency.

When implementing new technology, the CAE must implement appropriate training for internal auditors in the effective use of technological resources.

The CAE must collaborate with the organization's IT and information security functions to implement technological resources properly.

The CAE must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management.

**Good practice suggestions:**

- Document discussions or plans related to requests for and implementation of technologies.
- Keep records of technology implementation, training, and use, including workpapers evidencing use of technology during engagements.
- Document information security, records management, and other policies and procedures relevant to the internal audit function's use of technological resources.

GIAS 8.2. Resources

The CAE must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. If not, the CAE 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.

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.

- Discuss with the CAE, 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.
- Consider the impact of insufficient resources on the internal audit mandate and plan.
- Engage with senior management and the CAE on remedying the situation if the resources are determined to be insufficient.

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.
- Engage with the board and the CAE on any issues of insufficient resources and how to remedy the situation.

Good practice suggestions:

- Document agendas, meeting minutes, and communications between the CAE and the board and/or senior management, documenting discussions on the sufficiency of internal audit resources.
- Document internal audit resource plans indicating the sufficiency of resources needed to achieve the internal audit plan.
- Document the gap analyses between the internal audit plan and available resources.
- Document the CAE's resourcing strategy.



2.2. Professionalism and Ethics

Internal audit professionals are required to behave to the highest ethical and professional standards in conducting and carrying out their work. The internal audit manual must outline in detail the behavioral expectations to which professional internal auditors will adhere. The manual should list the various sources providing guidance, which may include but is not limited to:

civil service codes, staff rules and regulations, global internal audit standards promulgated by the IIA, standards issued by the International Organization of Supreme Audit Institutions (INTOSAI) and national standard setting bodies, among others.

2.3. Professional Ethics

Internal auditors must operate in conformity with applicable ethical principles and standards. The manual should specifically state the IIA's ethical principles and standards, and whether these will be supplemented by national professional codes of ethics and the organization's codes of ethics.

Internal auditors must promote an ethics-based culture in their organization.

Detailed incorporation of the additional relevant codes may not be needed. A complete rendering of the applicable codes of ethics may be included as an attachment, or links provided to the websites where they are maintained.

2.3.1. Integrity

Integrity is behavior, characterized by adherence to moral and ethical principles, including demonstrating honesty and the courage to act based on relevant facts. In simple terms, internal auditors are expected to tell the truth and do the right thing, even when it is uncomfortable or difficult.

Integrity is the foundation of the other principles of ethics and professionalism, including objectivity, competency, due professional care, and confidentiality. The integrity of internal auditors is essential to establishing trust and earning respect.

GIAS 1.1. Honesty and Professional Courage

Internal auditors must perform their work with honesty and professional courage.

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. Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. 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. Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations. The CAE must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favorable or unfavorable.

Good practice suggestions:

- Include ethics education in the training plan.
- Record attendance in ethics trainings.
- Include honesty and professional courage as function and personal objectives.
- Obtain feedback from stakeholders on honesty and courage.



GIAS 1.2. Organization's Ethical Expectations

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.

Internal auditors must encourage and promote an ethics-based culture in the organization. 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.

Good practice suggestions:

- Record participation in workshops on ethics.
- Sign forms on understanding and commitment to ethical policies.



GIAS 1.3. Legal and Ethical Behavior

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.

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.

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.

Good practice suggestions:



- Document methodologies for handling illegal or discreditable behavior.
- Document communication between internal auditors and their supervisors.

2.3.2. Objectivity

Objectivity relates to the mental attitude with which the internal auditor approaches the engagement, and the manual should stress the need for an impartial and un-biased attitude at all times. In addition, the manual must outline the critical requirement to avoid conflict of interest situations that would prejudice internal auditors' ability to perform their duties objectively. An independently positioned internal audit function supports internal auditors' ability to maintain objectivity.

GIAS 2.1. Individual Objectivity

Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. 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.

**Good practice suggestions:**

- Document policies and procedures related to objectivity.
- Have attestation forms signed that confirm internal auditors' awareness of objectivity's importance and the obligation to disclose any potential impairments.
- Document disclosures of potential conflicts of interest.

GIAS 2.2. Safeguarding Objectivity

Internal auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity.

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.

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.

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.
- If the internal audit function is to provide assurance services where it had previously performed advisory services, the CAE must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed. Assurance engagements for functions over which the CAE has responsibility must be overseen by an independent party outside the internal audit function.
- 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.

The CAE must establish methodologies to address impairments to objectivity. Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.

Good practice suggestions:

- Document policies and procedures for identifying potential impairments.
- Internal auditors should attest in writing that they have no known impairments.
- Document plans showing alternatives when impairments to objectivity were unavoidable.
- Document the results of external quality assessments.

GIAS 2.3. Disclosing Impairments to Objectivity

If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties.

If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the CAE or a designated supervisor. If the CAE determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the CAE 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.

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 CAE 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.

If the objectivity of the CAE is impaired in fact or appearance, the CAE must disclose the impairment to the board.

**Good practice suggestions:**

- Describe in the internal audit methodology how to disclose objectivity impairments.
- Keep records of the disclosure of objectivity impairments and the response from appropriate parties.

2.3.3. Competency and training

The manual should emphasize that internal auditors must have the knowledge, skills, and other competencies to perform their duties. As such, the manual may provide descriptions of the relevant qualifications, recruitment policies, competency framework, training and certification, continuing professional development, objectives setting and performance evaluation, career planning, and co-sourcing arrangements that would enhance the proficiency of internal auditors.

It is important to pay attention to the required qualifications for internal auditors. These qualifications may be linked to the various levels within the internal audit function. In the public sector, required qualifications are generally supported by legislative acts.

The ability to communicate clearly and effectively is very important to internal auditors. Therefore, soft skills, which relate to communication (interviewing, presentation, and reporting techniques) and an analytical way of thinking should be emphasized.

Initial proficiency in applying internal auditing standards, procedures and techniques need to be continuously developed and improved. The manual should describe the arrangements to be put in place for training and continuing professional development of internal auditors in order to enhance their knowledge, skills, and other competencies.

The manual should outline how staff training will be organized, for example:

- Whether according to a well-developed and balanced internal audit curriculum.
- Whether training courses will be organized internally and/or externally.

- Whether courses are mandatory for internal auditors.

Global or national certifications may be required by law or by an individual organization. The following global certifications should be recognized:

- Certified Internal Auditor (link to the certifying body should be provided),
- Certification in Control Self-Assessment (link to the certifying body should be provided),
- Certified Information Systems Auditor (link to the certifying body should be provided),
- Certified Financial Services Auditor (link to the certifying body should be provided),
- Certified Government Audit Professional (link to the certifying body should be provided).

Once auditors are trained, the organization should take care of the continuing professional development of its internal auditors. The head of the organization has to provide support for the continuing development of internal auditors.

The CAE should ensure that there are opportunities for training in a systematic manner and should develop an annual training plan that is based on the individual needs of each auditor. Training should include access to audit topics as well as areas covering new processes, systems, and products within the organization.

The minimum annual training hours per auditor may be indicated in the audit manual.

GIAS 7.2. Chief Audit Executive Qualifications

The CAE must help the board understand the qualifications and competencies of a CAE that are necessary to manage the internal audit function. The CAE facilitates this understanding by providing information and examples of common and leading qualifications and competencies.

The CAE must maintain and enhance the qualifications and competencies necessary to fulfill the roles and responsibilities expected by the board.

Essential Conditions

Board

- Review the requirements necessary for the CAE to manage the internal audit function.
- Approve the CAE's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.
- Engage with senior management to appoint a CAE with the qualifications and competencies necessary to manage the internal audit function effectively and ensure the quality performance of internal audit services.

Senior Management

- Engage with the board to determine the CAE's qualifications, experience, and competencies.
- Enable the appointment, development, and remuneration of the CAE through the organization's human resources processes.

Good practice suggestions:

- Document the approval by the board of the CAE's job description and/or appointment.
- Document the CAE's professional education plans and evidence of completion.
- Document his/her participation in professional associations.
- Document succession-planning conversations with the board and senior management.



GIAS 3.1. Competency

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. Internal auditors must possess or develop knowledge of the GIAS.

Internal auditors must engage only in those services for which they have or can attain the necessary competencies.

Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfill their professional responsibilities. Additionally, the CAE 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.

Good practice suggestions:



- Document the certifications, education, experience, work history, and other qualifications of internal auditors.
- Document the relevant competencies necessary to fulfill the internal audit plan.
- Document the analysis of resource gaps.

GIAS 3.2. Continuing Professional Development

Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development, including education and training. 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.

Good practice suggestions:



- Document internal audit training plans.
- Record completed continuing professional education and credentials obtained.

2.3.4. Confidentiality

Because internal auditors have unrestricted access to the data, records, and other information necessary to fulfill the internal audit mandate, they often receive information that is confidential, proprietary, and/or personally identifiable.

GIAS 5.1. Use of Information

Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organization's legitimate and ethical objectives.

Good practice suggestions:

- Document the designed and operating controls over access by internal auditors to and use of information.
- Document relevant policies, procedures, and training related to the proper use of information.
- Document the acknowledgement of the understanding by internal auditors of relevant policies, procedures, laws, and regulations.



GIAS 5.2. Protection of Information

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.

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:

- 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.

Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so.

Internal auditors must manage the risk of exposing or disclosing information inadvertently.

The CAE must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.

Good practice suggestions:



- Document with restrictions on the distribution of workpapers and final communication.
- Have signed agreements on confidentiality or nondisclosure of information.

2.3.5. Due Professional Care

Due professional care requires planning and performing internal audit services with the diligence, judgment, and skepticism possessed by prudent and competent internal auditors. When exercising due professional care, internal auditors perform in the best interests of those receiving internal audit services but are not expected to be infallible.

Due professional care refers to the degree of care and skill that an internal auditor should apply in conducting internal audit activities and is a sensitive standard to comply with. It relates to proper diligence and is challenging to reverse. A lack of professional care may be considered equal to gross negligence and could lead to the dismial of the CAE (or a subordinate), and in some situations could result in penalties or imprisonment.

Reasonable care does not mean infallibility, though this is often the perception when fraud occurs.

The manual should describe a few items that deserve special attention from the internal auditor. Internal auditors should consider:

- What can go wrong in a specific process?
- How could a person commit fraud?
- What are the key controls and how could they be bypassed?

GIAS 4.1. Conformance with the Global Internal Audit Standards

Internal auditors must plan and perform internal audit services in accordance with the GIAS.

The internal audit function's methodologies must be established, documented, and maintained in alignment with GIAS. Internal auditors must follow GIAS and the internal audit function's methodologies when planning and performing internal audit services and communicating results.

If GIAS 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.

If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of GIAS, conformance with all other parts of GIAS is required and appropriate disclosures must be made.

When internal auditors are unable to conform with a requirement, the CAE must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale.



Good practice suggestions:

- Refer to laws or regulations that confirm compliance with GIAS.
- Record communications with the board and senior management where nonconformance has been disclosed.

GIAS 4.2. Due Professional Care

Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:

- 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.

Good practice suggestions:



- Document assessments of governance, risk management, and control processes.
- Document feedback from stakeholders solicited through surveys or other tools.

GIAS 4.3. Professional Skepticism

Internal auditors must exercise professional skepticism when planning and performing internal audit services.

To exercise professional skepticism, internal auditors must:

- 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.

Good practice suggestions:

- Record relevant training planned and completed.
- Workpapers should identify an internal auditor's approach to evaluate and validate information gathered.

2.4. Professional Standards

The audit manual should specifically state the professional standards, which will be abided by in fulfilling the responsibilities of all internal auditors and all internal audit activities. These standards shall include the GIAS as set forth by the IIA.

In addition, the manual should refer to relevant national standards and other applicable standards such as International Standards of Supreme Audit Institutions (ISSAI) issued by INTOSAI.

It is not necessary to include each standard in the manual, an attachment or link to the relevant website would be sufficient. It may not be advisable to incorporate the detailed international standards in national legislation, as these standards are updated on a regular basis, which would in turn require changes to national legislation.

2.5. Communication

Effective communication requires building relationships, establishing trust, and enabling stakeholders to benefit from the results of internal audit services.

The CAE is responsible for helping the internal audit function establish ongoing communication with stakeholders to build trust and foster relationships.

Additionally, the CAE oversees the internal audit function's formal communications with the board and senior management to enable quality and provide insights based on the results of internal audit services.

GIAS 11.1 Building Relationships and Communicating with Stakeholders

The CAE 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.

The CAE must promote formal and informal communication between the internal audit function and stakeholders, contributing to the mutual understanding of:

- 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.

Good practice suggestions:



- Document the internal audit function's plan for managing stakeholder relationships.
- Develop websites or web pages, newsletters, presentations, and other outlets through which the internal audit function communicates with stakeholders in the organization.

GIAS 11.2 Effective Communication

The CAE must establish and implement methodologies to promote accurate, objective, clear, concise, constructive, complete, and timely internal audit communications.

**Good practice suggestions:**

- Develop style guides, templates, and other documented methodologies for effective communication.
- Document the results of stakeholder surveys regarding the quality of internal audit communications.

GIAS 11.3 Communicating Results

The CAE must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate. The CAE must understand the expectations of the board and senior management regarding the nature and timing of communications.

The results of internal audit services can include:

- Engagement conclusions.
- Themes such as effective practices or root causes.
- Conclusions at the level of the business unit or organization.

**Good practice suggestions:**

- Ensure that final engagement communications include engagement findings, recommendations, and conclusions.
- Include where appropriate analyses including data reports, diagrams, and graphs showing trends.

GIAS 11.4 Errors and Omissions

If a final engagement communication contains a significant error or omission, the CAE must communicate corrected information promptly to all parties who received the original communication.

Significance is determined according to criteria agreed upon with the board.

Good practice suggestions:

- Develop an internal audit methodology for handling errors and omissions.
- Develop criteria agreed upon with the board and used by the CAE to determine the level of significance.

GIAS 11.5 Communicating the Acceptance of Risks

The CAE must communicate unacceptable levels of risk.

When the CAE 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. If the CAE 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 CAE to resolve the risk.

Good practice suggestions:

- Document discussions and agreement with the board on methodologies for communicating risk concerns.
- Document meetings with the board, including private or closed sessions, during which the concern was escalated to the board.

2.5.1. Activity Reports

On a periodical basis, at least once a year, internal audit is required to present an activity report to senior management, the CHU, and the audit committee (if applicable). The purpose of the activity report is to compare actual audit work performed versus planned work (audit planning). Many activity reports also summarize the major obstacles and findings uncovered during the past period.

The reports requested by the CHU should be prepared in accordance with the instructions of the CHU.

2.5.2. Annual Audit Opinion (Statement of Assurance)

Many internal audit functions are now required to issue an opinion on the annual Management Assurance Statement. This request is a challenge for many internal audit functions, as audits of the past year only cover a portion of the total audit universe as stated in the annual audit plan. Internal audit needs to generate innovative approaches on how to respond to this request from senior management and the audit committee while facing resource restrictions.

2.5.3. Objectives Setting and Performance evaluation

The internal audit function shall develop its long-term and short-term (annual) objectives in agreement with senior management and the audit committee. Objectives shall also be set for every single internal auditor, and their individual performance shall be measured against these objectives.

2.5.4. Career Planning

Some internal auditors make their career inside internal audit and remain there for a long period, while others use internal audit as a stepping stone in their career. In both cases it is essential to develop a proper career plan for all internal auditors. Where internal audit is being used as a training ground for young talents and future managers, a proper agreement needs to be reached with senior management and human resources. This section is optional and depends on the human resources policies of the organization.

2.5.5. Co-Sourcing Arrangements

Due to issues of effectiveness, efficiency and economic reasons, the organization may decide to co-source the internal audit function, whereby specialists will be hired to perform part of the (technical) engagement together with the internal audit staff. For all co-sourced internal audit functions an agreement should be drafted. The internal audit function may also call upon guest auditors to temporarily join their team on a specific engagement. Guest auditors should always be independent of the process under audit. It may also be envisaged to set up certain specialized functions (such as IT audit) that may serve more than one organization.

2.6. Methodologies

GIAS 9.3. Methodologies

The CAE 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. The CAE 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.

The CAE must provide internal auditors with training on the methodologies.

Good practice suggestions:

- Document quality reviews of audit work demonstrating that methodologies are followed.
- Add footnotes or endnotes within the methodologies or internal audit manual citing the standard that the content is addressing.
- Document updates to the methodologies.





Internal Audit Planning

3.1. Audit Universe

The audit universe is the starting point for the internal audit plan and includes all auditable areas. It is the overall scope of the internal audit function and is the totality of auditable processes, functions, and locations. The manual should include a broad clarification of how to approach the audit universe. Approaches may be horizontal (following the flow of a process or transaction, for example, the procurement cycle), vertical (following a department's activities or focusing on a remote location, example, all activities within the procurement department only), or a combination of both (a thematic approach in all locations and departments, example, the approval of annual leave).

The manual should describe the process of defining the audit universe, bearing in mind that the detailed audit universe is dynamic, and constantly impacted by new processes, units, projects, and risks. Therefore, it is recommended that the detailed universe be included as an annex to the manual.

Components to consider in the process of defining the audit universe may include:

- **Key Processes** - these support the organization's objectives, for example, the process of collecting taxes within the ministry of finance.
- **Critical Control Areas** - for example, in the purchasing cycle, a critical control area is the three-way match between purchase order, receiving document, and invoice.
- **Material Value** - how this principle is applied for the selection of components in the audit universe must be explained when it is used as a criterion.

It is important to keep various components of the audit universe manageable from an audit perspective. Components that are too large may blur the focus on top risks, while components that are too small may not lead to significant conclusions.

3.2. Risk Assessment Methodology

The purpose of risk assessment is for internal audit to give priority to higher risks for the organization. Therefore, the risk assessment methodology is one of the cornerstones of internal audit activities. It is mandatory to reflect on and to describe the risk assessment process in detail in the manual.

In this section of the manual, the methodology should cover:

- Identification and definition of appropriate risk categories.
- Identification and definition of risk criteria for impact and probability. This needs to be done ahead of the risk assessment exercise. Consider that probability may be replaced by vulnerability, which might be easier to understand and rate.
- Definition of risk scoring content and an explanation of the rationale for assigning a score of high, medium, or low to a particular risk. When a scoring system is used, middle scores should be avoided, despite the tendency to go for middle scores in an attempt to avoid 'personal' risk and difficult discussions.

The manual should highlight that the results of risk assessments done by other parties within the organization (for example risk management) should be considered by internal audit.

In addition, internal audit should solicit input from senior management when making its risk assessment. This input may be obtained via interviews or through participation in a workshop.

The manual should specify that all risks must be prioritized based on the results of the risk assessment, and this prioritized list of risks must form the basis to develop the annual internal audit plan.

3.3. Strategic Planning

Planning strategically requires the CAE to understand the internal audit mandate and the organization's governance, risk management, and control processes. A properly resourced and positioned internal audit function develops and implements a strategy to support the organization's success. In addition, the CAE creates and implements methodologies to guide the internal audit function and develop the internal audit plan.

The internal audit objectives should be clearly linked to the organization's goals and must be updated annually. It is good practice that the achievement, partial or full, of these objectives should be measurable.

It is imperative to obtain senior management's buy-in. Senior management and the audit committee (if applicable) are responsible for approving the plan.

GIAS 9.1 Understanding Governance, Risk Management, and Control Processes

To develop an effective internal audit strategy and plan, the CAE must understand the organization's governance, risk management, and control processes.

To understand governance processes, the CAE must consider how the organization:

- 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.

To understand risk management and control processes, the CAE 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:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programs.
- Safeguarding of assets.
- Compliance with laws and/or regulations.

Good practice suggestions:

- Document board meetings discussions of the organization's governance, risk management, and control processes, including the strategies, approaches, and oversight of each.
- Document meeting minutes or notes from discussions between the CAE and those in the organization with roles in governance and risk management.
- Document the review of business strategies and business plans.
- Document the review of communications received from regulators.

GIAS 9.2. Internal Audit Strategy

The CAE 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.

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.

The CAE must review the internal audit strategy with the board and senior management periodically.

**Good practice suggestions:**

- Document the internal audit strategy, including vision, strategic objectives, and supporting initiatives.
- Keep minutes or correspondence from meetings with the board, senior management, and/or other stakeholders where expectations were discussed.
- Document results of periodic self-assessments or other reviews of the progress on initiatives.

3.4. Annual Audit Plan

The CAE is responsible for developing a risk-based annual audit plan. This annual audit plan should be based on the internal audit strategy and supplemented by the results of a risk assessment.

The required number of person-days must be estimated for all audit objects, and based on the available resources, internal audit should draw a line on that prioritized list to determine what should be audited in the upcoming year. Provision for a realistic number of person-days for ad hoc (unplanned) audits should be included, which may be based on the experience gained from the previous years.

Additional costs (for example, travel costs or hiring external resources) should be estimated in order to prepare the audit budget for the upcoming year.

The manual should emphasize that the proposed audit plan is to be submitted to senior management and the audit committee (if applicable) for approval and/or ratification.

The annual plan should be revised during the year if circumstances justify in order to reflect changed priorities, whether due to changed risk factors or urgent requests from senior management (or audit committee if applicable).

A sample structure of the annual internal audit plan may be added in the annexes to the manual.

GIAS 9.4. Internal Audit Plan

The CAE must create an internal audit plan that supports the achievement of the organization's objectives.

The CAE must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the CAE's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually.

The internal audit plan must:

- 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.
- The CAE must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:
- 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 with advisory engagements, requests based on emerging risks and requests to replace planned assurance engagements.
- Limitations on scope or restrictions on access to information.

The CAE must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board

**Good practice suggestions:**

- Document the approved internal audit plan.
- Document risk assessment and prioritization, including the inputs upon which the plan is based.
- Document methodologies for organization-wide risk assessment and protocol for handling significant changes.

3.5. Annual Internal Audit Budget

The manual should make clear that it is mandatory to establish an annual budget. The budget should include: staff headcount (including temporary and outsourced resources), audit mission-related travel costs, training costs and IT costs, to name a few.

The proposed budget should be submitted to senior management and the audit committee (if applicable) for approval and/or ratification.

3.6. Coordination with Other Assurance Providers

In preparing its annual audit plan, internal audit should pursue coordination with other internal and external assurance providers. The objective of this coordination is to create synergy, while avoiding duplication and uncovered critical gaps.

External assurance providers include external auditors, the NAO, and the audit authority. Internal assurance providers include units responsible for the second line (financial inspection, quality, and risk management).



Internal Audit Engagements

Performing internal audit services requires internal auditors to effectively plan engagements, conduct the engagement work to develop findings and conclusions, collaborate with management to identify recommendations and/or action plans that address the findings, and communicate with management and the employees responsible for the activity under review throughout the engagement and after it closes.

Although the standards for performing engagements are presented in a sequence, the steps in performing engagements are not always distinct, linear, and sequential. In practice, the order in which steps are performed may vary by engagement and have overlapping and iterative aspects. For example, engagement planning includes gathering information and assessing risks, which may continue throughout the engagement. Each step may affect another or the engagement as a whole. Therefore, internal auditors should review and understand all standards in this domain before beginning an engagement.

4.1. Engagement Planning

Planning provides a systematic approach to the internal audit work and requires knowledge and competency in a broad number of areas such as risk and internal control.

Engagement planning starts with understanding the initial expectations for the engagement and the reason the engagement was included in the internal audit plan. When planning engagements, internal auditors gather the information that enables them to understand the organization and the activity

under review and to assess the risks relevant to the activity. The engagement risk assessment allows internal auditors to identify and prioritize the risks to determine the engagement objectives and scope. Internal auditors also identify the criteria and resources needed to perform the engagement and develop an engagement work program, which describes the specific engagement steps to be performed.

4.1.1. Opening Meeting

At the start of the audit a kick-off (opening) meeting must be organized with the entity of the auditee. At a minimum, the meeting will cover the objectives of the audit, the timing of the audit, and the information that will be requested from the auditee. A standardized presentation may be used for this purpose. In this meeting, areas of concern should be solicited from the auditee. Internal auditors should make notes on the issues discussed and these notes will become part of the audit file.

GIAS 13.1 Engagement Communication

Internal auditors must communicate effectively throughout the engagement.

Internal auditors must communicate the objectives, scope, and timing of the engagement with management. Subsequent changes must be communicated with management timely.

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. 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. 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.

Good practice suggestions:



- Save documents (emails, meeting minutes, notes or memos) showing that the required communications occurred throughout the engagement.

4.1.2. Engagement Resources

One of the first items to plan is the composition of the audit team, based on required skills and experience. The responsibility for the selection of the team should be described. A grid with selection criteria for team members may be included in the manual.

Prior to the start of the audit, a service order (letter of appointment) must be issued to internal auditors appointing them to the audit, and notification sent to the entity where the audit will take place. An example of a notification form may be included in the manual.

GIAS 13.5 Engagement Resources

When planning an engagement, internal auditors must identify the types and quantity of resources necessary to achieve the engagement objectives.

Internal auditors must consider:

- 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.

If the available resources are inappropriate or insufficient, internal auditors must discuss the concerns with the CAE to obtain the resources.

Good practice suggestions:

- Document the planning analyzing the engagement's resourcing needs and assignment of resources.
- Document the results of post-engagement surveys of the management of the activity under review inquiring about timeliness and resource adequacy.
- Save contracts and/or documentation of relationships with external service providers.



4.1.3. Engagement Tools

There are a variety of tools that the internal auditor will use throughout the audit assignment, and the manual should describe and explain the more common ones. Consideration should be given to:

- Flow Charting - internal auditors may use flowcharts to obtain a better understanding of the flow of a transaction through a process. A simple system, procedure, or process can be illustrated with a flowchart and eventually added in the annex. The manual should explain the proper symbols to use and how to use the flowcharting software.
- Risk Assessment Tool - whether the internal audit function is utilizing a sophisticated risk assessment software tool or a simplified Excel sheet, the internal audit manual should describe and explain how they are used.
- Data Query Tools - data query or data mining tools have become a normal part of the auditor's toolkit. The manual should explain how to use them.
- Audit Sampling - though sampling has been substantially automated over the years, it is essential for auditors to know when to use which sampling techniques. Sampling techniques should be explained in the manual.
- Audit File Administration - audit file administration must be in line with national regulations and rules on documentation. Audit software tools can help the internal audit function to manage its file administration, from the planning phase through execution of the fieldwork to the final audit report, and a follow-up phase may be integrated. The manual should clearly outline processes and procedures for audit file administration, that is, hard copy file administration and IT file administration.

4.1.4. Preliminary Survey

Every audit engagement must be preceded by a preliminary survey to provide a good understanding of the audited entity and its operations.

The purpose of the preliminary survey is to obtain more detailed information about the process (or parts of the process) that will be audited, and more specifically about the risks inherent to the process and about key controls. The manual should provide a list of common information that needs to be gathered during the preliminary survey. Specific information will depend on the audit objectives.

During the preliminary survey, internal auditors are expected to acquire a full understanding of the criteria (or standards) used by the auditee to measure the performance of the process under audit. If the internal auditors cannot find evidence of adequate measurement criteria, the manual shall describe the procedures to establish criteria (based on good practices or the auditors' experience) and seek agreement with the auditee on these criteria.

At the end of the preliminary survey, the audit team should be able to review the original risk assessment made when preparing the annual audit plan. If the results are substantially different, the internal auditors must revise their original assessment to develop clear and focused audit objectives.

GIAS 13.2 Engagement Risk Assessment

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.

To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding:

- 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.

Internal auditors must review the gathered information to understand how processes are intended to operate.

Internal auditors must identify the risks to review by:

- 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.

Internal auditors must identify the criteria that management uses to measure whether the activity is achieving its objectives.

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.

Good practice suggestions:

- Ensure that workpapers document:
 - Objectives of the activity being reviewed.
 - Governance, risk management, and control processes of the activity under review.
 - Policies and procedures for the activity.
 - Notes from interviews, discussions, or surveys.
 - Each risk's significance and the adequacy of the control design.



GIAS 13.4 Evaluation Criteria

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.

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. If such criteria are adequate, internal auditors must use them for the evaluation. If the criteria are inadequate, internal auditors must identify appropriate criteria through discussion with the board and/or senior management.

**Good practice suggestions:**

- The workpapers should document clearly the sources of criteria considered and the process used to determine the adequacy of the criteria used.
- Save documents, such as meeting minutes, a planning memorandum, or an email, indicating internal auditors' discussion of criteria with the management of the activity under review and/or the board.

4.1.5. Audit Objectives and Audit Scope

The audit objectives and audit scopes are crucial components of the audit plan and care must be taken when establishing them.

In developing the audit scope, internal auditors should make every effort to set up clear and achievable objectives. These should be based on the results of the preliminary survey as well as the objectives established in the annual audit plan. The manual should state that audit objectives should be directly linked to the risk that triggered the audit's inclusion in the annual audit plan. For example, if the risk was related to the effectiveness of a certain process, the audit objectives should not focus on compliance issues. In addition, the manual should provide a few examples on how to develop good audit objectives. It is essential to link the audit objectives to (generally accepted) organization or department control objectives, so that senior management can acknowledge the risks they have identified as important to them.

Once the audit objectives have been clearly defined, internal auditors must focus on the scope of the audit, that is, what areas will be reviewed in the audit. The scope may relate to time period, branches, or IT processes to name a few. It is the responsibility of internal audit to decide on a scope limitation, although the auditee may suggest that the auditors not review a particular area, for example an IT system that will be replaced in a few months. The manual should emphasize that, in all cases, the scope should be sufficient to achieve the audit objectives.

GIAS 13.3 Engagement Objectives and Scope

Internal auditors must establish and document the objectives and scope for each engagement.

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.

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.

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.

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.

If a resolution cannot be achieved with management, the CAE must elevate the scope limitation issue to the board according to an established methodology.

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.

The CAE must approve the engagement objectives and scope and any changes that occur during the engagement.

**Good practice suggestions:**

- Document an engagement planning memorandum. The engagement workpapers should document:
 - The alignment of objectives and the engagement risk assessment.
 - The scope that achieves the engagement objectives.
 - The approved engagement work program containing the engagement objectives and scope.
 - The scope limitations and requests from engagement stakeholders for items to be included or excluded.
 - Final engagement communication.

4.1.6. Work Program

Once the audit objectives and scope have been defined, internal auditors are required to develop a work program.

The work program is unique for a specific audit engagement, therefore a standardized template or program should not be used, except in the case of recurring audits (for example, regional or branch audits).

The manual should indicate the various steps to be undertaken to match the respective audit objectives (for example used methodologies and techniques, time schedule, segregation of duties, audited period, and type of audit).

GIAS 13.6 Work Program

Internal auditors must develop and document an engagement work program to achieve the engagement objectives.

The engagement work program must be based on the information obtained during engagement planning, including, when applicable, the results of the engagement risk assessment.

The engagement work program must identify:

- 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.

The CAE must review and approve the engagement work program before it is implemented and promptly when any subsequent changes are made.

Good practice suggestions:

- Workpapers should support the development of the work program, such as:
 - Risk and control matrix with testing approach.
 - Maps or descriptions of control processes.
 - Notes on evaluation of the adequacy of the control design.
 - Plan for additional testing.
 - Complete engagement work program with documented approval.
 - Documented approval of changes to the work program



4.2. Audit Engagement Execution

The manual should include a flowchart of the audit engagement execution process.

Further, the manual should emphasize the importance of proposing a strict schedule for the various key components of the audit process such as planning, fieldwork, and reporting. The final report should be issued soon after the end of the fieldwork, the timeframe in which this should be done must be specified in the manual.

4.2.1. Audit Field Work

The detailed procedures for collecting, analyzing, interpreting, and documenting information to achieve the audit objectives take place during audit fieldwork.

4.2.1.1. Work Papers

Internal auditors need to document audit work to support their conclusions, and to facilitate management review and supervision. Also, documentation facilitates quality assurance, peer reviews, and may provide useful input to other audit missions in the same area.

The manual should specify the content of the work papers, labels, and cross references, as well as the process of supervisory approval. Audit documents are to be kept in files, which are to be organized in a standard manner to facilitate their use by managers when reviewing audit work papers, and any other authorized person requiring access to them.

The indexing of the documents should be specified in the audit manual.

Two sets of files should be maintained - the permanent file and the current file.

- **Permanent file** – should contain all information that is relevant to generally understand the unit (function) under audit and does not change from year to year.
- **Current file** – should contain only the information required to document the findings and to support the conclusions of a specific audit engagement.

4.2.1.2. Executing the Audit Engagement Work Program

To implement the engagement work program, internal auditors gather information and perform analyses and evaluations to produce evidence. These steps enable internal auditors to:

- Provide assurance and identify potential findings.
- Determine the causes, effects, and significance of the findings.
- Develop recommendations and/or collaborate with management to develop action plans.
- Develop conclusions.

GIAS 14.1 Gathering Information for Analyses and Evaluation

To perform analyses and evaluations, internal auditors must gather information that is:

- 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:
 - Obtained directly by an internal auditor or from an independent source.
 - Corroborated.
 - 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.

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.

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. If relevant evidence cannot be obtained, internal auditors must determine whether to identify that as a finding.

Good practice suggestions:

- The engagement work program should include:
 - The procedures for gathering data relevant to the engagement objectives.
 - A description of information gathered, including its source, the date it was gathered, and the period to which it pertains.
 - A documented explanation of how the internal auditor determined that the information gathered was sufficient to perform an analysis.



GIAS 14.2 Analyses and Potential Engagement Findings

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.

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.”

Internal auditors must determine the condition by using information and evidence gathered during the engagement.

A difference between the criteria and the condition indicates a potential engagement finding that must be noted and further evaluated. 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.

If additional analyses are required, the work program must be adjusted accordingly and approved by the CAE.

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.

Good practice suggestions:

- The engagement work program should include:
 - Documentation of the analyses performed, including data analytics programs or software used, test populations, sampling processes, and sampling methods.
 - Documentation related to the final communication.
 - Supervisory reviews of the engagement.



GIAS 14.3. Evaluation of Findings

Internal auditors must evaluate each potential engagement finding to determine its significance. 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.

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.

If internal auditors determine that the organization is exposed to a significant risk, it must be documented and communicated as a finding.

Internal auditors must determine whether to report other risks as findings, based on the circumstances and established methodologies.

Internal auditors must prioritize each engagement finding based on its significance, using methodologies established by the CAE.

Good practice suggestions:

- The engagement work program should include:
 - The criteria used to evaluate the findings.
 - The criteria, condition, root cause (when possible), effect (risk or potential exposure), and a prioritization of each finding.
 - An explanation of the materiality, risk tolerance, and elements of any cost-benefit analysis used as the basis of the finding(s) analysis.



GIAS 14.4. Recommendations and Action Plans

Internal auditors must determine whether to develop recommendations, request action plans from management, or collaborate with management to agree on actions to:

- 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.

When developing recommendations, internal auditors must discuss the recommendations with the management of the activity under review.

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.

Good practice suggestions:

- The engagement work program should include:
 - For each finding, the criteria, condition, root cause (when possible), effect (risk or potential exposure), the recommendation(s) and/or action plans.
 - Notes, or other documentation evidencing discussions with management regarding the findings and feasibility of recommendations and/or action plans.
 - Documentation related to the final communication.



GIAS 14.5. Engagement Conclusions

Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives. The engagement conclusion must summarize the internal auditors' professional judgment about the overall significance of the aggregated engagement findings.

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.

Good practice suggestions:

- The engagement work program should include:
 - The basis for the overall engagement conclusion.
 - A conclusion statement in the final communication.

GIAS 14.6. Engagement Documentation

Internal auditors must document information and evidence to support the engagement results. 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.

Internal auditors and the engagement supervisor must review the engagement documentation for accuracy, relevance, and completeness. The CAE must review and approve the engagement documentation. 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.

Good practice suggestions:

- The engagement work program should include:
 - A description of the work performed in accordance with the established methodology.
 - The results of internal quality assessment reviews validating conformance with workpaper and supervision policies.

In conducting the fieldwork, internal auditors carry out the steps that have been agreed to and approved in the audit program.

The manual should include a description of the various internal audit techniques, including their strengths and weaknesses. These techniques may include, but are not limited to:

- Verification
- Recalculation
- Observation
- Interview
- Questionnaires
- Checklists
- Sampling
- Testing of controls
- Substantive testing
- Analytical procedures
- Walk-through testing

A more detailed description and approach should be given in annexes.

The manual may contain guidance on how to assess the adequacy and effectiveness of controls. This should include manual controls, general IT controls, and specific application controls.

Detailed guidance on how to achieve this goal may be described in the annexes.

The manual may contain guidance on how to obtain the best available audit evidence. The various kinds of evidence may be explained. All collected audit evidence must be part of the audit file.

4.2.1.2.1. Supervising the Audit

Supervision applies to internal audit engagements and various administrative and training aspects.

The CAE must determine by whom and at what level the supervision of the audit engagement should be performed and this should be specified in the manual. The most experienced internal auditor of the team (organization) is usually responsible for supervision activities.

Supervision related to audit engagements must be traceable in the audit work papers.

Special guidance must be given on how to deal with supervision in small or single person internal audit activities.

4.2.1.2.2. Fact-Finding Sheet

During fieldwork audit findings are often shared with the audited entity for validation and/or discussion. This enables the auditees to become informed about the internal auditors' findings and gives them the opportunity to take corrective actions before the audit ends.

A fact-finding sheet may be used to share audit findings as soon as possible with the auditee during the audit (before the exit meeting and the audit report). The fact-finding sheet should include:

- **Criteria** - what did the auditor expect to find according to the department's standards or criteria?
- **Condition** - what did the auditor observe during his/her work?
- **Cause** - what is the probable reason for a deviation between criteria and condition? This is the result of the auditor's research.
- **Effect** - what will be the consequence if the situation continues to exist? This is the material impact as seen by the auditor.

4.2.1.2.3. Closing Meeting

The final stage of the auditor's fieldwork is the closing meeting with the audited entity, in which a summary of the audit findings and recommendations for solving the issues are shared. The closing meeting is the final opportunity for the auditors to validate their accuracy in identifying conditions or interpreting criteria.

The manual should mention that:

- Findings that are discussed at the closing meeting should never be a surprise for the auditee. These should have been discussed during the course of the audit via fact-finding sheets or intermediary meetings.
- The closing meeting should be an excellent preparation for the final audit report for the auditee.
- Final agreement on how to solve issues should be reached at the closing meeting.

- Standardized presentation may be used for the purpose of the closing meeting.
- Minutes of the closing meeting should be distributed.

4.2.2. Reporting on Internal Audit Engagements

It is important to have a clear procedure about the various steps in the reporting process.

Internal auditors are responsible for issuing a final communication after completing the engagement and communicating the engagement results to management. Internal auditors continue to communicate with the management of the activity under review to confirm that action plans are implemented.

4.2.2.1. Intermediary Report

Urgent issues identified during an audit may require an intermediary report because of high level risks. Audits of lengthy duration or with a number of subtasks may also justify intermediary reports. Auditors may use their discretion in determining the need for an intermediary report.

The manual should have clear guidelines on the intermediary report, including:

- The format of the report - the intermediary report may be in writing, but urgency may justify an initial oral report in person or by phone before confirmation in a written report.
- Documentation - the internal auditor must document oral reports.
- Obligation - an intermediary report does not remove the obligation to issue a final report at the end of the audit.
- Procedure - the intermediary report, because of its urgency, may not necessarily follow the normal process where agreement with the auditee is sought, and may be addressed immediately to senior management.

A standard form for intermediary reports may be developed and included in the annex to the manual.

4.2.2.2. Draft Report

The auditor will issue a draft report to solicit comments and suggestions from the auditees. The draft report should ensure the findings are conveyed with clarity, accuracy, and understandability. In addition, proper wording plays a crucial role in the attitude of the audited entity about whether to accept or reject parts of the report because the auditee must be able to continue to look “good” in the organization. The manual may include some examples of appropriate and inappropriate wordings in its annexes.

A good and effective closing meeting can make the draft report more acceptable. It is essential to identify and include the most relevant people at the closing meeting. The manual should offer clear guidelines on the process of preparing and issuing the draft report. Areas to cover include:

- Format - the draft report should have an agreed upon format.
- Timing of the report - often the ‘negotiation’ procedure in between draft and final report becomes a bottleneck in the total audit time. Therefore, if not foreseen in the law, it may be good to negotiate with senior management a maximum time limit to respond to a draft report. This time limit should be included in the manual and in the reporting process.
- Handling disagreements - when the auditee disagrees with parts of the report, there should be clearly established procedures on how to deal with disagreements:
 - If the auditee is right, the auditor has to update the report.
 - Since neither senior management nor the audit committee likes to operate as referees, if the auditee disagrees with some findings, the auditor should try to persuade the auditee. If the disagreement remains, the auditor should add the auditee’s comments to the audit report and explain in the audit report why disagreement remains.
 - If the auditee’s comments are irrelevant, the auditor needs to provide a response or clarification, even if this may upset the auditee when he receives the final report.

4.2.2.3. Final Report

It should be clear to readers of the report that the findings, as identified by internal audit, are real issues they should care about. It is therefore essential

to clarify problems from the readers' perspective so that the report portrays issues as real management concerns rather than as audit problems. The manual should state that unless requested by senior management or the audit committee to focus only on findings, it is proper practice, to provide senior management and the audit committee with a balanced view. For example, the report should point out whether the organization is in control of the process.

In addition, if the audited entity has started to fix problems identified in fact finding sheets or intermediary reports, this should also be acknowledged in the report.

A standardized format may be used for the final report, and an example of a possible report structure may be provided in the annexes to the manual.

Many audit functions use a scoring system to emphasize the importance of their findings. The objective is to give a clear opinion to senior management and the audit committee on the state of control of the process that was audited, and this is a distinct advantage of scoring. Nevertheless, there are risks associated with scoring such as: (1) the auditees focusing on the score rather than the content when discussing the draft report; or (2) auditors tending to assign middle or "neutral" scores in order to minimize "personal" risk. If senior management requires a scoring system, it is better to have a risk scoring system with 4 levels: low, moderate, significant, and high. The scores should convey to management a decisive answer to the question: "Are we in control?" The manual should describe the following features of the audit report:

- **Addressees** - the internal audit manual must describe to whom the final audit report should be addressed. Existing protocols should be respected throughout the organization, and it is very important that addressees have authority and responsibility to solve the problems. The CAE makes the final decision on the addressees of the final report.
- **Executive Summary** - it is recommended to include an executive summary in the final audit report, since the report will be read by a variety of people with different needs and objectives. Some are interested in the big picture (senior management and the audit committee), while others are interested in more details (operational management – the auditee). The manual should explain what should be included in the executive summary, and a detailed example may be provided in the annexes.
- **Recommendations** – final audit reports must include recommendations. In addition to highlighting problem areas, auditors should suggest ways in

which the problems can be solved or improved. Recommendations should not be academic in nature but pragmatic and implementable. Auditors' recommendations are advices to management and not orders.

- **Action Plan** - it is recommended to agree with the auditees on actions to be taken. It is common practice to attach an action list with target dates agreed upon by the auditees to the audit report. An example of an action list may be provided in the annexes to the manual.

GIAS 15.1 Final Engagement Communication

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.

The final communication for assurance engagements also must include:

- 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.

The final communication must specify the individuals responsible for addressing the findings and the planned date by which the actions should be completed.

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.

The final communication must be accurate, objective, clear, concise, constructive, complete, and timely.

Internal auditors must ensure the final communication is reviewed and approved by the CAE before it is issued.

The CAE must disseminate the final communication to parties who can ensure that the results are given due consideration.

If the engagement is not conducted in conformance with the Standards, the final engagement communication must disclose the following details about the nonconformance:

- Standard(s) with which conformance was not achieved.
- Reason(s) for nonconformance.
- Impact of nonconformance on the engagement findings and conclusions.

Good practice suggestions:

- Final communications should be in writing.
- Develop slides and/or meeting notes of presentations when final communication is oral.
- Save documents indicating that the final communication was reviewed and approved.

4.2.2.4. Reporting to Authorities in Case of Irregularities (Fraud)

In some countries internal audit is required to report identified fraud cases to the competent authorities. The manual should describe the procedures for making this report, including how to seek legal advice, if necessary.

4.2.2.5. Follow-up on Audit Report Recommendations

The manual should outline the requirement for internal audit to establish a system to follow up the status of implementation of audit recommendations. The purpose of this system is to track whether operational management has taken appropriate initiatives to solve issues identified during the audit.

Internal audit may need to undertake a follow-up audit, depending on the critical nature of the issues raised, in order to ensure that the solutions implemented by management address the issues.

A detailed example of a follow-up mechanism may be provided in the annexes.

GIAS 15.2 Confirming the Implementation of Recommendations or Action Plans

Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes:

- 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.

The extent of these procedures must consider the significance of the finding.

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 CAE. The CAE is responsible for determining whether senior management, by delay or inaction, has accepted a risk that exceeds the risk tolerance.

Good practice suggestions:

- Maintain a routinely updated tracking system (for example, a spreadsheet, database, or other tool) that contains the finding, associated corrective action plan, status, and internal audit's confirmation.
- Develop corrective action status reports prepared for the board and senior management.

4.2.3. Record Retention

The internal audit manual shall specify for how long and under which format internal audit documentation shall be retained. Legal advice should be sought if not foreseen by the law.



Quality Improvement

5.1. Quality Program

Many stakeholders, direct and indirect, rely on the work of internal audit. According to GIAS and good professional practices, internal audit must have a quality improvement program in place. This program should consist of:

- Continuous monitoring
- Internal quality assessments
- External quality assessments

The internal audit manual should briefly describe the quality measures that are in place. The CAE should report on a regular basis to senior management, the CHU, and the audit committee (if applicable) on the results of the quality program. These reports should be provided annually, at a minimum, as part of the annual activity reporting.

GIAS 8.3. Quality

The CAE 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:

- External assessments.
- Internal assessments.

At least annually, the CAE must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include:

- 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.

Essential Conditions

Board

- Discuss with the CAE the quality assurance and improvement program.
- Approve the internal audit function's performance objectives at least annually.
- Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:
 - 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 towards 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.

Senior Management

- Provide input on the internal audit function's performance objectives.
- Participate with the board in an annual assessment of the CAE and internal audit function.

**Good practice suggestions:**

- Agendas and minutes from board meetings should document discussions with the CAE about the internal audit function's quality assurance and improvement program.
- Document CAE presentations and other communications covering the results of the quality assessments and status of action plans to address any opportunities for improvement.
- Save quality assurance and improvement program workpapers or other evidence demonstrating the completion of related activities.

5.2. Audit Entity Survey

It is good practice to conduct a small audit entity survey at the end of every audit. This is one method, although not always the most objective, of obtaining feedback from the auditees on the effectiveness and usefulness of the audit. An audit entity survey is usually a standard form, which can be added in the annexes.

In addition, the CAE can also meet in person with the auditee to discuss any quality issue

5.3. Ongoing Supervision

Supervision is an integral part of the quality program within the internal audit function. It relates to the ongoing monitoring and coaching of auditors. Many principles can be taught in advance, but for most internal auditors real training happens on-the-job.

Specific guidelines for supervisors, who may also need some specific training, may be included in the internal audit manual.

Supervision applies to internal audit engagements, as well as various administrative and educational aspects. Supervision related to audit engagements should be traced in the audit working papers.

Ongoing supervision must be considered as internal audit's own set of controls that provide a window into the work performed and the quality of operations. It should be built into the job descriptions and operating routines of the internal audit department.

Special attention should be given in the manual to different ways of dealing with the concept of supervision in the case of small or even single person internal audit functions.

GIAS 12.3 Oversee and Improve Engagement Performance

The CAE must establish and implement methodologies for engagement supervision, quality assurance, and the development of competencies.

- The CAE 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.
- To assure quality, the CAE must verify whether engagements are performed in conformance with GIAS and the internal audit function's methodologies.
- To develop competencies, the CAE must provide internal auditors with feedback about their performance and opportunities for improvement.

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.

The CAE 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 CAE retains ultimate responsibility.

The CAE must ensure that evidence of supervision is documented and retained, according to the internal audit function's established methodologies.

**Good practice suggestions:**

- Engagement workpapers with documentation of supervision.
- Completed checklists that support workpaper reviews.
- Documented communication between engagement supervisor and staff internal auditors regarding the engagement work.

5.4. Performance Measurement

More mature internal audit functions develop their own balanced scorecards or key performance indicators as a good way to set objectives and measure their own performance. These indicators should be meaningful for the stakeholders of internal audit services.

Specific key performance indicators may be developed with regard to:

- Audit committee and executive management - meeting expectations
- Audit clients - auditees
- Audit processes - planning and execution of engagements
- Innovation and capabilities - IT, training, certification
- Other internal stakeholders - risk management, compliance

GIAS 12.2 Performance Measurement

The CAE must develop objectives to evaluate the internal audit function's performance. The CAE must consider the input and expectations of the board and senior management when developing the performance objectives.

The CAE 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.

When assessing the internal audit function's performance, the CAE must solicit feedback from the board and senior management as appropriate.

The CAE must develop an action plan to address issues and opportunities for improvement.

**Good practice suggestions:**

- Document the performance objectives identified as most impactful to the internal audit function fulfilling the principles of the GIAS, the internal audit charter, and the internal audit function's strategy.
- Document all performance measures that address the tracked performance objectives and respective targets for those measures.

5.5. Internal Quality Assessments

Internal quality assessments should be conducted under the direction of the CAE. This process allows internal staff to examine the various operations of the function, for instance:

- Has the charter been updated to reflect current conditions?
- Does a comprehensive risk assessment serve as the basis for planning and execution?
- Are stakeholders' needs met in a timely fashion?

The internal quality assessment process must be described in the manual.

As part of the internal quality assessment, a stakeholder survey may be included in order to gain information about perceptions related to the quality of internal audit services, and to ensure that expectations are being met.

A process must be in place to follow up on any recommendations.

GIAS 12.1 Internal Quality Assessment

The CAE must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives.

The CAE must establish a methodology for internal assessments, that includes:

- 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.

Based on the results of periodic self-assessments, the CAE must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions. The CAE must communicate the results of periodic self-assessments and action plans to the board and senior management.

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.

If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the CAE must disclose to the board and senior management the nonconformance and its impact.

Good practice suggestions:

- Document completed periodic assessments including the plan, workpapers, and communications.
- Document presentations to the board and management and meeting minutes covering the results of internal assessments.
- Document all actions taken to improve the internal audit function's efficiency, effectiveness, and conformance with the GIAS.

5.6. External Quality Assessments

The GIAS makes it mandatory to subject internal audit functions to independent scrutiny.

GIAS Standard 8.4., issued in 2024, states that, "...every internal audit function must have an external quality assessment at least once every five years by a qualified, independent reviewer or review team from outside the organization."

In certain circumstances, such as rapid turnover of staff or a change in internal audit leadership, a more frequent assessment schedule may be warranted.

As part of the external quality assessment, a stakeholder survey may also be considered to gain information about perceptions related to the quality of internal audit services and to ensure expectations are being met.

The external quality assessment may take the form of:

- A full blown external review, which can be costly.
- An internal assessment with external validation.
- A peer review by two heads of internal audit of different organizations, one of them being a Certified Internal Auditor®.
- A CHU review - the CHU monitors some aspects of the internal audit performance on an annual basis. This review, however, does not replace an independent external assessment and does not meet the GIAS requirement.
- An SAI review - the SAI reviews some aspects of the work of internal audit on an annual basis. This review does not replace an independent external assessment and does not meet the GIAS requirement.

The results of the external quality assessment should be reported and a process established to follow up on any recommendations.

GIAS 8.4. External Quality Assessment

The CAE must develop a plan for an external quality assessment and discuss the plan with the board. 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.

When selecting the independent assessor or assessment team, the CAE must ensure at least one person holds an active Certified Internal Auditor® designation.

Essential Conditions

Board

- Discuss with the CAE the plans to have an external quality assessment of the internal audit function conducted by an independent qualified assessor or assessment team.
- Collaborate with senior management and the CAE to determine the scope and frequency of the external quality assessment.
- Consider the responsibilities and regulatory requirements of the internal audit function and the CAE, as described in the internal audit charter, when defining the scope of the external quality assessment.
- Review and approve the CAE's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
 - 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.
- Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.
- Review and approve the CAE's action plans to address identified deficiencies and opportunities for improvement, if applicable.
- Approve a timeline for completion of the action plans and monitor the CAE's progress.

Senior Management

- Collaborate with the board and the CAE to determine the scope and frequency of the external quality assessment.
- Review the results of the external quality assessment, collaborate with the CAE 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.

**Good practice suggestions:**

- Document the board meeting minutes where the CAE's external quality assessment plan is discussed and approved by the board.
- Save a formal external quality assessment report prepared and validated by a qualified, independent assessor.
- Document presentations to the board by external assessors covering the results of the external quality assessment.
- Document CAE presentations to the board covering external assessment results and action plans, as appropriate.



Promotion of Internal Audit and Knowledge Management

6.1. Promotion of Internal Audit

Promoting the internal audit function is an ongoing mandate. The development of a slideshow or brochure (flyer) would be helpful in achieving this purpose.

In addition, where possible, the use of internet and intranet tools is recommended.

6.2. Knowledge Management

6.2.1. File Organization

Internal auditors gather a variety of valuable information through their network, at seminars or conferences, or from the internet. The internal audit function should look for a suitable and structured way to store and share this information.

6.2.2. Benchmarking

It is good practice for the internal audit function to gather relevant benchmarking data. The IIA's Audit Intelligence Suite (AIS) is one such example.

6.2.3. Glossary of Terms

Internal auditors use a variety of technical terms and jargons. It is worthwhile including a small glossary of terms in the manual, in order to facilitate consistent use and application of these words on a regular basis.

6.2.4. Public Expenditure Management Peer-Assisted Learning (PEMPAL)

Participation in networks, such as PEMPAL, has obvious advantages for all internal audit functions. Reference to the network and links to their shared documents can be highlighted.

6.2.5. The Institute of Internal Auditors (IIA)

The IIA is the global professional organization for internal auditors, and most countries have a local affiliate to the IIA. Participation in the local affiliate may be encouraged by the organization because of the available networking opportunities. In addition, the IIA's website offers a wealth of valuable information.

6.2.6. Membership

Membership of various professional organizations (provide a list of organizations) may be encouraged or required. The rules are best included in the manual.

