



Quality assurance and improvement

PEMPAL IACOP plenary meeting – 5 October 2022

Internal Audit in Transition: The Public Sector Perspective

Unit 01 Quality Assurance, IAS

Overview

- IA Principles: IIA Standards and IAS Mission Charter
- QAIP
- Ongoing monitoring
- Internal assessment
- External assessment

IA principles: IIA standards

- **Standard 1300 – Quality Assurance and Improvement Program**

‘The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity’

- **Standard 1310 – Requirements of the Quality Assurance and Improvement Program**

‘The quality assurance and improvement program must include both internal and external assessments’

Source: Revised IPPF Standards, January 2017

- **Standard 1311 – Internal assessments**

‘Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity.
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.’

- **Standard 1312 – External assessments**

‘External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.’

IA principles: IIA standards

- **Standard 1320 – Reporting on the Quality Assurance and Improvement Program**

‘The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:

- The scope and frequency of both the internal and external assessments.
- The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.
- Conclusions of assessors.
- Corrective action plans.

Source: Revised IPPF Standards, January 2017

- **Standard 1321 – Use of conformance with the standards**

‘Indicating that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if supported by the results of the quality assurance and improvement program.’

- **Standard 1322 – Disclosure of non conformance**

‘When nonconformance with the Code of Ethics or the Standards impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board’

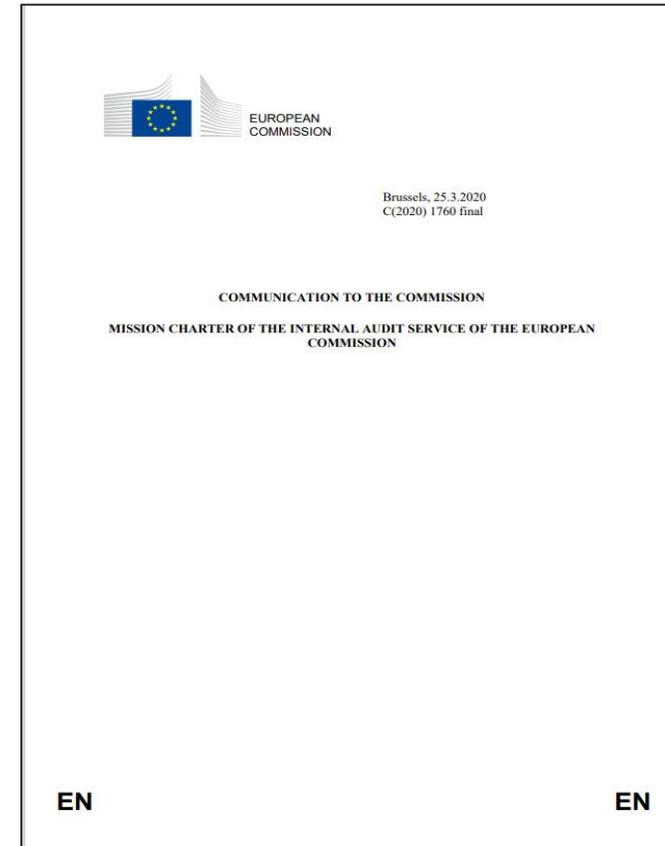
IAS charter

- Responsibility

‘The Internal Auditor has the responsibility to:

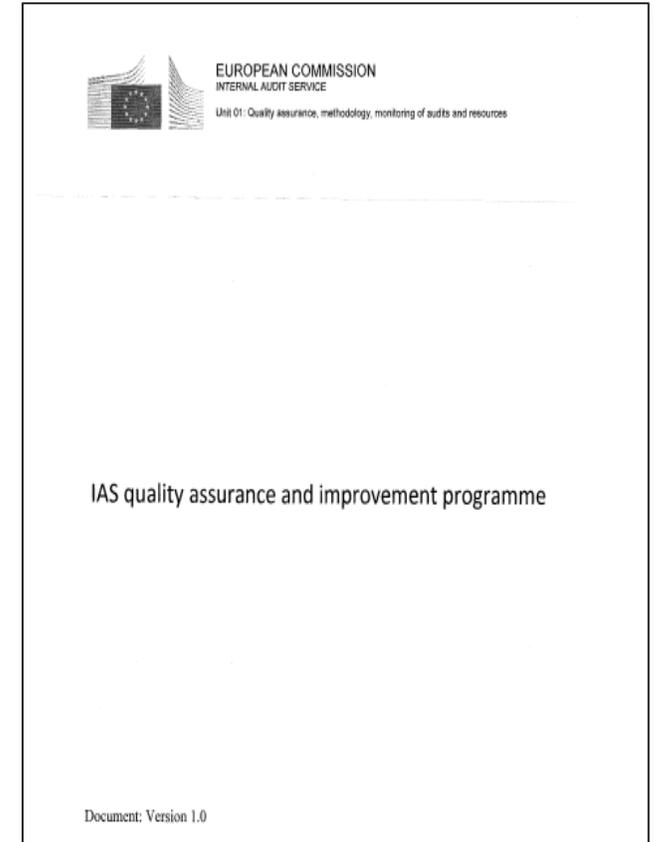
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develop and maintain a quality assurance programme that covers all Internal Audit Service audit activities and continuously monitor its effectiveness. This programme includes periodic internal and external assessments and ongoing internal monitoring’



QAIP

- Primary objective: promote continuous improvement
- Designed to assess & evaluate:
 - Efficiency and effectiveness
 - Conformance with mandatory guidance IPPF
 - Adequacy of charters, objectives, policies, procedures
 - Coverage of audit universe
 - Compliance with laws and regulations
 - Added value
- Scope: all aspect of the internal audit activity



Internal assessment



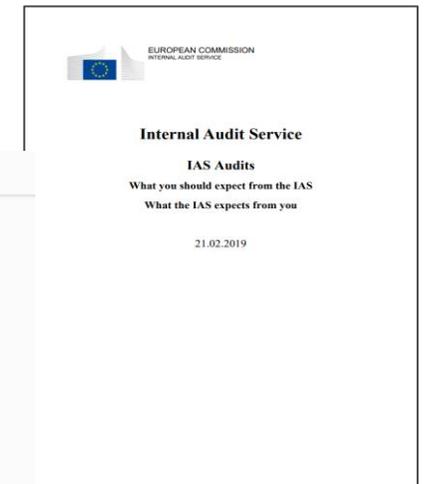
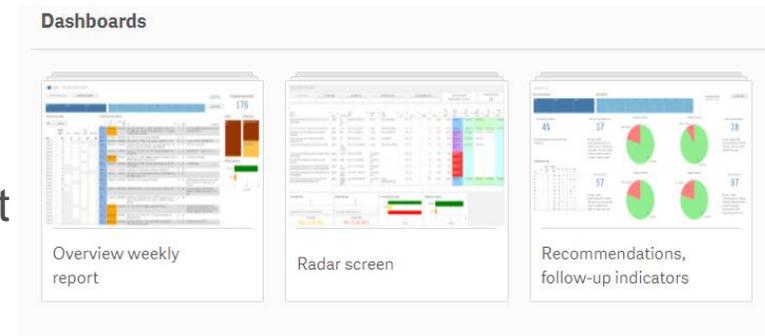
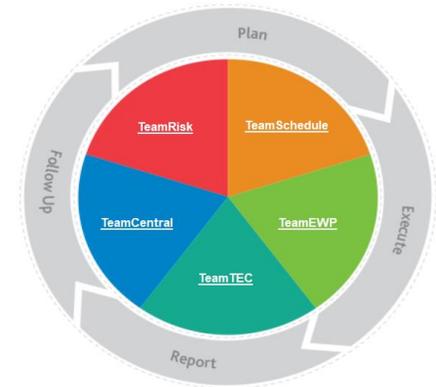
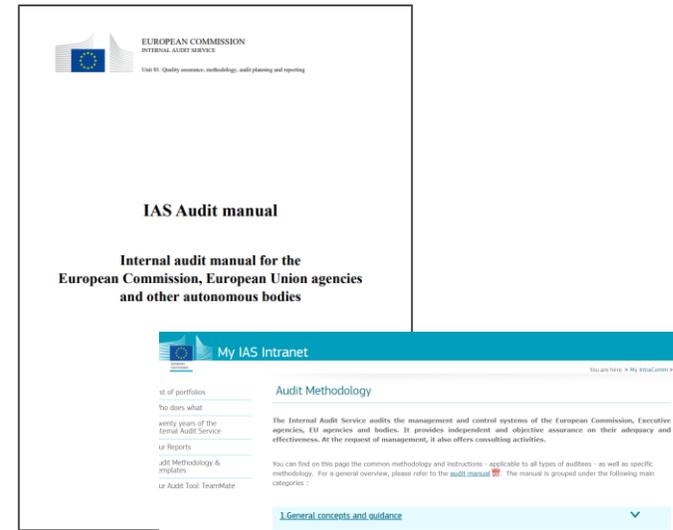
Ongoing monitoring



Periodic internal assessments

Ongoing monitoring

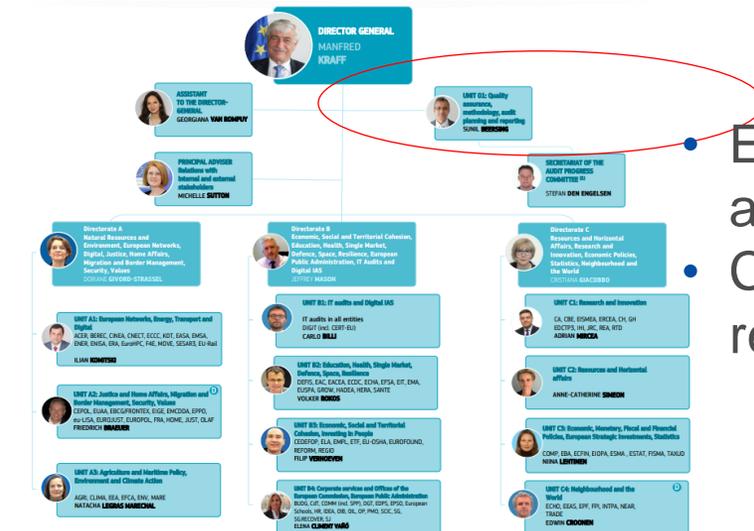
- Methodology / processes / tools
- Staff
 - Recruitment
 - Certification and CPE
 - Training programme
- Planning and monitoring
 - Multi-annual & annual planning
 - SMM
 - APM
- Supervision HoU / Director
 - planning, monitoring, review at engagement level
 - work paper sign-off
- Unit 01 – QA: review key deliverables



Periodic internal assessments

- In principle once every year
- Scope:
 - conformance IPPF (selected standards)
 - conformance charter, policies, procedures, practices, legal requirements
 - efficiency and effectiveness
- Who:

- How?:
 - Staff survey
 - Results stakeholder satisfaction surveys
 - Performance metrics
 - Review of a sample of files – assess implementation standards
- Results and action plan communicated to stakeholders



- Experienced competent auditors
- Certified auditors, quality reviewers

External assessment



- Last performed in 2021 by a qualified external assessor
- **‘Our overall assessment is that the European Commission’s Internal Audit Service (EC's IAS) “generally conforms” to all IIA standards for the period in scope (2017-2021).** It was also noted that EC's IAS “generally conforms” to the IPPF code of ethics.
- **From a maturity perspective, we have assessed EC's IAS as an Advanced/Leading function,** with only the aspect around Resourcing as Established. ‘

No compliance recommendations

QA process obtained highest maturity level