Have a close look at the quality of internal audit by looking at its compliance with the spirit of the standards.

**Purpose, Authority, and Responsibility (standard 1000)**

1. To assure that the role of internal audit is clearly defined in a document (a law, an act or a charter).
   1. Check whether all founding documents that describe the role of internal audit are properly aligned and consistent.
   2. Assess whether there is a due process in place to update these documents whenever changes to standards occur.
   3. Assess whether management clearly understands the role and purpose of internal audit.
2. To assure that internal audit is not accountable for any operational activities.
   1. Check whether the responsibilities of internal audit are clearly defined in the founding documents.
   2. Assess whether the current responsibilities and job descriptions of the internal audit staff do not cover any operational activity.
   3. Assess whether internal audit does not play an excessive role in certain activities (e.g. fight against corruption, fraud prevention and investigation, ex-ante sign-off of contracts, etc.) which may create the perception that internal audit is also accountable for these activities.
   4. Assess whether internal audit is not taking part, in fact or in appearance, in any decision making process.
   5. Assess whether internal auditors are required to regularly sign a declaration of independence.
   6. Check whether there are/were cases where auditors were held accountable for operational activities.
3. To assure that internal audit has unlimited access to information, assets and people.
   1. Check whether the founding documents grant unlimited access to information, assets and people.
   2. Check whether the term ‘unlimited’ access has been properly defined.
   3. Check whether the access to information is linked to a classification of information (confidential, classified, etc.).
   4. Assess whether there is a due procedure with escalation in place when access is being denied to internal auditors.
   5. Check whether there are/were cases where access has been denied.
4. To assure that the reporting lines of internal audit are clearly defined.
   1. Check whether the founding documents foresee a reporting line of internal audit to the top official in the organization (e.g. the minister).
   2. Check whether the reporting line of internal audit to the Central Harmonization Unit (CHU) has been clearly defined.
   3. Assess whether these reporting lines also work in practice.
   4. Check whether the founding documents also describe the communication between internal audit and the auditees / audit objects.
   5. Check whether the founding documents also describe the responsibilities of the auditees / audit objects to react on audit findings.
   6. Assess whether internal audit produces periodic activity reports, highlighting capacity constraints, budgetary challenges, etc.
5. To assure that all employees are aware of the role and responsibilities of internal audit.
   1. Assess whether all employees have access and are knowledgeable of the founding documents describing the role and responsibilities of internal audit.
   2. Assess whether all employees are made aware of changes to these founding documents.
   3. Assess whether the role of internal audit is clearly explained during the induction training for new employees.
   4. Check whether internal audit has developed a brochure or a flyer, available on the intranet and including FAQ, explaining in plain words the role of internal audit and the rights / duties of the auditees.
   5. Assess whether internal audit as a standard procedure reiterates its role during the kick-off meetings of individual audit engagements.
6. To assure that there is a clear understanding of the various services (assurance vs. consulting) that internal audit can deliver.
   1. Check whether the founding documents foresee internal audit to deliver both assurance and consulting services.
   2. Check whether the founding documents clearly state that management is sole accountable for any action taken following the advice or recommendation received from internal audit.
   3. Assess whether there is a proper procedure in place for management to request consulting services from internal audit.
   4. Assess whether the internal audit plan foresees a proper balance between assurance and consulting services.
   5. Assess the activity reports on the delivery of consulting services.
7. To assure that the founding documents refer to national or international internal auditing standards.
   1. Check whether all founding documents that describe the role of internal audit are properly aligned with international standards.
8. To assure that the founding documents refer to a code of conduct for internal auditors.
   1. Check the founding documents for reference to a code of conduct for internal auditors.
   2. Check whether this code of conduct is in line with the international code of ethics for internal auditors.
   3. Assess whether internal auditors must confirm periodically their compliance with the code.

**Independence and objectivity (standard 1100)**

1. To assure that the independence of internal audit is granted.
   1. Check the founding documents for reference to the independence of internal audit.
2. What measures do we have in place to guarantee objectivity from our internal auditors?
   1. Are the procedures in place to grant our independence? State which one(s).
   2. Do the procedures state our organizational and functional independence?
   3. Do we need any improvement in the procedures?
3. Are we not only independent on paper but also in reality?
   1. Are we really organizationally positioned under the head of the institution?
   2. Is the head of internal audit responsible directly to the head of the institution or the head of the institution delegated his responsibility to somebody, i.e. secretary general, his deputy? If yes, which is the reason for that?
   3. Have we received any request from management to be involved in everyday activities of our institution?
   4. How many requests from the head of the institution to perform ad hoc audits were in the period under review?
   5. Do we have enough time to perform planned audits?
   6. Write down any obstacles which threatened our independence.
   7. Could the head of internal audit negotiate improvements in independence if identify any deficiencies?
4. Do we experience difficulties in getting our audit plans, budget and headcount approved?
   1. Are audit plans based on independent and objective risk assessment (audit plans should not be based on the risk assessment of the management, this should be only one input for auditors risk assessment)?
   2. How long we have to wait the aforementioned documents to be approved?
   3. Where is the main obstacle the documents to be approved?
   4. Are we free to select audits without interference?
   5. Do we feel any pressure from the management/head of the institution to change out audit plan?
   6. Do we have cases that the head of the institution had not approved one of the audits planned in the audit plan (based on risk assessment)? State the reason for that.
   7. Could we state any example of being not respected from our management?
5. Is the head of internal audit appointed according to his/her merits?
   1. Is the provision on appointing the head of internal audit written in any document (a law, a rulebook, a charter)?
   2. If yes, state in which document.
   3. Are there requirements on the competences and skills of the head of the internal audit unit required?
   4. If the head is appointed in the period under review, is he really appointed according to the requirements?
   5. If not, state what was wrong.
6. Who can dismiss the head of internal audit?
   1. Is the provision on dismissal of the head of internal audit written in any document (a law, a rulebook, a charter)?
   2. If yes, state in which document.
   3. Do you think that the provision of dismissal the head of internal audit is correctly formulated?
   4. Was there any such case in reviewed period?
   5. How is the independence of the head of internal audit assured (according to standard the head should be elected by audit committee, not by the head of the institution to whom the head of the internal audit is later responsible)?
7. Is there an escalation process in case we feel our independence to be threatened?
   1. In which document is it written / foreseen?
   2. Do we have any such cases in the period under review?
   3. To whom did we report that our independence was threatened in that case?
8. Are we allowed to tell the things as they are?
   1. What rules for independence and objectivity are stipulated in the Internal Audit Charter and are they adequate?
   2. Does the manager of the organization affirm the Internal Audit Charter by his signature?
   3. Is there a practice the Internal Audit Charter to be published on the website or by other appropriate way?
   4. Are there cases in which the internal auditors have reported that there were attempts for interference/influence in their work?
   5. Who has tried to interfere in their work – the manager of the auditees? – Representative of the management of the organization? – Employee in the auditees? –The Head of Internal Audit?
   6. Were there discussions in the Audit Committee for cases of violation of the internal auditors’ independence? In case that there is no such committee what is the format of these discussions?
   7. What are the decisions taken in such cases?
   8. How often are organized meetings between the internal auditors and the manager of organization?
9. Can the CHU help us in case we feel threatened by senior management?
   1. What mechanisms are introduced for protection of the Head of Internal Audit from being discharged due to his statement on some audits?
   2. What rights and possibilities for protection has the CHU according to the legislation in cases the internal auditors feel threatened by senior management?
   3. Does the CHU carry out external assessments of the quality of the internal audit activity?
   4. If so, is there a possibility to give recommendations to the management of the organization?
   5. Does CHU carry out other types of monitoring? If so, what type of monitoring and is there any procedure for it? Do these procedures include contacts with the management of the organization?
10. Are we invited to participate (as an observer) in senior management meetings?
    1. Does the Head of Internal Audit take part in the working meetings of the management of the organization?
    2. Is this described in some regulation or internal act?
    3. What are the format and the level of these meetings?
    4. How often these meetings are organized?
11. Do we have a process in place to deal with conflicts of interest?
    1. Are there any regulations in the legislation regarding the objectivity of the Internal Audit?
    2. Is there any requirement for signing a declaration for conflict of interest?
    3. Is there a signed declaration for conflict of interest from all internal auditors during the execution of each audit engagement?
    4. Is there any case of conflict of interests?
    5. Have such cases of conflict of interests been detected, where they have been discussed and how they have been solved?
12. Are we responsible for any operational activities that in principle should not be part of internal audit’s responsibilities?
    1. Is there a prohibition in the law the internal auditor to be assigned functions and activities other than internal audit activities?
    2. Are there any texts in other acts /Internal Audit Charter, Organic rules, functional characteristics, job descriptions/, stipulating some obstacles for the internal auditors to be assigned functions other than audit functions?
    3. Are there written procedures in case that the internal auditor is assigned functions and activities other than audit functions (e.g. inspection)?
    4. Have the internal auditors been assigned functions other than internal audit?
    5. What was the reaction of the internal auditors?
    6. In cases that to the internal auditors were assigned operational work, was that taken into account in the process of planning of the future audit engagements?
    7. What are the decisions taken in such cases?
13. Do we regularly design procedures for the auditees?

\*The question is not very clear

1. In what way is carried out the communication with the auditees? On what level in the audited unit are carried out the operational contacts?
2. Are there any rules and procedures for requesting information and for discussing the internal auditors’ conclusions?
3. In what way the meetings with them are documented?
4. Are the audit reports submitted to the auditees and how their statements are examined?
5. Do we have a process in place to disclose any potential impairment to independence and objectivity?
   1. Do the IA law, charter or any other IA document accurately define internal auditors independence and objectivity (question nb.9)?
   2. Does the rule book on internal organization, as well as the job classification and description in it (head of internal audit directly responsible to the head of the organization: reporting line is clearly define, head of internal audit reports to the head of organization and other competent authorities – audit committee) guarantee the IA organizational independence?
   3. In case that the conflict exists between the head of internal audit and head of organization (which can influence on IA objectivity and independence), the head of internal audit should report to the CHU (which is in accordance to the Law). After this has been done, the follow up should check steps that are undertaken by CHU.
   4. Throughout conversation with IAs to ascertain possible violation on the independence of the work of internal auditors, which can be done by the head of internal audit and/or auditees?
   5. To check the legal framework and actual case if the internal auditor was engaged in auditing of the business processes or activities that had previously been responsible for, in at least one year timeframe (internal auditors must refrain from assessing specific operations for which they were responsible, except for consulting services in accordance with the standards).
   6. To determine if a declaration of independence prior to accepting the engagement of internal audit is signed.
6. Do we experience any significant scope limitation(s)?
   1. I would like to add the question before this one, in the following way: Does the Law, charter or other document clearly define the authorizations and responsibilities of the head of internal audit and internal auditors in the terms of full access to information, property, and human resources?
   2. Do we experience any significant scope limitation(s)?
   3. Are the auditees informed about the authorizations and responsibilities of the head of internal audit and internal auditors in the terms of full access to information, property, and human resources?
   4. Did the auditors inform the head of internal audit in the case of scope limitations in their work (formal / informal)?
   5. Whether the head of internal audit informed the head of the organization on the above mentioned (letter / notice)?
   6. What measures were taken by the head of the organization regarding this?
7. Do we have a process in place to deal with gifts received from auditees or others?
   1. Does the organization have established rules on gifts: a situation in which the employees can receive the gift and what is the maximal value?
   2. Were there any concrete situation on receiving gifts and whether the gifts were accepted by internal auditors, as well as does this way of behaviour is affected their objectivity? How do we measure that (conversation, regular working assessments or any other action that is legislatively defined in this field?)
8. Do we respect a cooling-off period for auditors who transferred from operational units?
   1. Check out the kind of jobs they were hired, and check whether they are eventually carried out the audit process for which they were responsible (already mentioned in the question nr. 22, line 5)?
9. Do we respect a cooling-off period for auditors who will transfer to operational units?

Please refer to the above question

1. In case we have an responsibility for operational activities, are these activities overseen by a third party?

Question is not clear, because in accordance with the standards, IAs cannot be responsible for any operational activities, except consulting services, that should be legally and clearly defined

**Proficiency (standard 1200)**

1. Do our auditors collectively possess the necessary knowledge and skills to assume our role?
   1. Do we make a list of necessary skills and knowledge important for audit engagement?
   2. Do the auditors have job descriptions?
   3. Do the auditors know their role and responsibilities? Did we (the CAE and/or Head of IAU) introduce our internal auditors’ job descriptions/ roles and responsibilities?
   4. Do we possess the information about the internal auditors and their knowledge?
   5. Do they have an experience in this field and/or respective certificate?
   6. Do we assemble team with experienced and not experienced auditors? Do we have balance?
   7. Do we discuss in advance the specifics of audit engagement and specified fields of focus, to determine the necessary skills and knowledge of auditors?
2. Do we have a process in place to ensure that our auditors possess the necessary knowledge and skills to conduct the individual internal audit engagements?
   1. Do we have data base of internal auditors and their knowledge?
   2. Do we make estimation of knowledge and skills before the internal audit engagement?
   3. Do we compare the needs with existing staff skills and knowledge?
   4. Do we plan annually the necessary trainings for rising the skills and knowledge of internal auditors? And do we fulfill the action plan?
3. Are our auditors capable to apply our audit methodology?
   1. Do we have a manual? Do the auditors have access to that manual?
   2. Do they read it and had opportunity to discuss the misunderstandings with us?
   3. Do we introduce changes and new methods with internal auditors?
   4. Do we have developed inner templates and regulations?
   5. Do our auditors aware about this templates and regulations?
   6. Do they understand the templates and regulations?
   7. Do they have hands on important audit methodology?
4. Are our auditors attentive to fraud indicators (red flags)?
   1. Do our auditors are aware that fraud is as well important topic for audit engagement?
   2. Do they know what is fraud and there they might occur?
   3. Do we have examples of fraud detections? Or data base/register to introduce auditors it as an example?
   4. Do they know how to deal indicated fraud?
5. Are our auditors skilled enough to audit our IT environment?
   1. Do our auditors have appropriate knowledge of computer and Microsoft programs?
   2. Do we have an IT specialist in a group?
   3. Do we outsource and/or hire IT expert?
   4. Did we conduct trainings for IT audit?
   5. Do our auditors know what IT audit is? And do they have training on it?
   6. Do the It specialists know COBIT?
   7. Do they have a special certificate?
   8. Do they have experience in conducting IT audit?
   9. Do we have international expert in the Group?
   10. Do we have specific guidelines for IT audit? Do our auditors know about these guidelines?
   11. Do our auditors know the steps for IT audit? And do they write it on paper?
   12. Do our auditors fulfill these steps?
6. Do our auditors apply IT tools and techniques to perform their audit engagements?
   1. Do we estimate the necessary IT tools and techniques to conduct audit engagement?
   2. Do we have information about the knowledge of our auditors in IT tools and techniques?
   3. Do we identify the necessary IT tools and techniques in our IA manual?
   4. Do our auditors are aware about these IT tools and techniques?
   5. Do we make annually the needs assessment and train the auditors in IT tools and techniques? And do we have in our team trained auditors?
   6. Do we have skilled auditor in our team to be capable to train other team members?
7. Do our auditors know how to deal with (difficult) people?
8. Do our auditors possess the necessary soft skills?
   1. The Regulations of internal audit unit clearly specify the required level of qualifications and job experience?
   2. Auditors indeed have the respective education, qualifications and job experience?
   3. Auditors undergo regular trainings?
   4. Their findings (audit reports) prove their professionalism?
   5. Auditors’ recommendations based on audit findings are useful for the organization?
   6. Check if any complaint against internal auditors is made due to their low professionalism.
   7. Interview employees of the organization in order to check professionalism of auditors.
9. Do we have a certification and professional development program for our auditors?
   1. Units actually have regulations for certification and training program of internal auditors?
   2. Training program enables improvement of auditors’ knowledge?
   3. Check if training program is implemented.
   4. Regular internal and external evaluations, as well as ongoing monitoring of development of the internal audit are performed in the unit?
   5. Interview auditors on use of activities defined in the training program.
10. Do we have the authority to hire external experts should our auditors lack the appropriate knowledge and skills?
    1. Regulations of internal audit unit provide the right to invite experts?
    2. There are rules on how to invite and cooperate with experts?
    3. Those experts are invited who have adequate knowledge and experience in certain field of activities?
    4. Achievements of invited experts meet auditors’ expectations?
11. Are our audit objectives focused on the main risk(s)?
    1. Internal audit unit has rules for identification of risks?
    2. The rules for identification of risks provide priorities in planning and audits by main risks?
    3. Are the auditors aware of the rules of identification of main risks?
    4. Check if main risks are determined correctly.
    5. Check if actual planning and audits are made only by main risks.
    6. Check if conducted audits by main risks contribute to improvement of the organization.

**Quality assurance and improvement (standard 1300)**

1. Do we have a quality assurance and improvement program in place?
   1. Check whether Head of the Internal audit established the Quality assurance and improvement program.
   2. Does Head of internal audit unit maintain the Quality assurance and improvement program?
   3. Check whether all auditors are acquainted with the Quality assurance and improvement program.
   4. Do we have evidence that the auditors are acquainted with the Quality assurance and improvement program (intranet, e-mail, and minutes from meeting).
2. Is this program embedded into our audit policies and procedures?
   1. Check whether the Quality assurance and improvement program is mentioned in the LAw on internal audit or any other relevant document.
3. Does this program include ongoing supervision, periodic internal quality assessments and periodic external quality assessments?
   1. Check the content of the Quality assurance and improvement program.
   2. Is ongoing supervision defined as a part of everyday surveillance and measuring the activities of internal audit?
   3. Is in this program defined who is responsible for ongoing supervision and in which way?
   4. Is in this program defined what encompasses ongoing supervision?
   5. Are templates or tools for ongoing supervision defined?
   6. Are internal auditors acquainted with the way how to perform ongoing supervision (who approves the documents, which document needed to be approved, which documents need to be supervised etc)? (Croatia example: we ask to check if ongoing supervision is performed on certain number of completed audits).
   7. Is in this program defined how often periodic internal quality assessment will be performed?
   8. Is in this program stated that the Head of internal audit unit will decide who will perform the periodic quality assessment and according to which criteria?
   9. Check whether when choosing the internal auditors for internal quality assessment care is taken on their independence, objectivity and due professional care.
   10. Is periodic internal audit assessment envisaged in the annual audit plan?
   11. Are tools for performing periodic internal audit assessment defined in the annual audit plan?
   12. Are all auditors acquainted with the manner of using these tools (i.e. templates, the way of scoring etc)?
   13. Is procedure for reporting defined by the Head of internal audit (deadlines, who is responsible for reporting etc)?
   14. Does this program envisage that external assessment could be performed as complete independent external assessment or as a self assessment with independent external assessment?
   15. Does this program envisage who can perfdorm external assessment (the conditions for the persons who will perform external assessment)?
   16. Does this program define how often the external quality assessment will be performed?
   17. Is the manner of reporting on external assessment defined?
   18. Is budget for external assessment planned (check the budget of the internal audit unit)?
   19. Is in this program defined the documentation for quality assurance?
4. Does this program cover all aspects of the internal audit unit (role, risk assessment, planning, execution of engagements, reporting, training)?
   1. Check the content of the Quality assurance and improvement program.
5. Do we have meaningful key performance indicators to measure the performance of internal audit?
   1. Check if there is any document where key performance indicators are mentioned.
   2. Check the content of the indicators, i.e. are they meaningful.
   3. Do we compare real situation to indicators?
   4. How often we compare real situation to the indicators?
   5. To whom we report on performance and through which report?
6. Do we regularly communicate the results of our quality assurance and improvement program to senior management?
   1. Does the Head of the internal audit unit propose improving in case the results of the quality assurance indicate that some of the activities of the internal audit unit could be improved?
   2. Is the Action plan for improvement prepared by the Head of internal audit unit (activities and deadlines)?
   3. Does the Head of internal audit unit take care of this Action plan implementation?
   4. Check if we report results of our quality assurance and improvement program to senior management.
   5. How often we report on QAIP?
   6. Do we report on each activity of QAIP separately-Ensure evidence: e-mail, letter etc.
   7. Is the Head of internal audit unit prepared the structure of the report for periodic internal audit assessment? Does this structure encompass conclusions/results on periodic internal audit assessment and recommendations if there is a need for improvements?
7. Do we periodically solicit feedback from the auditees and from senior management?

*(This is the tool for ongoing and periodic internal assessment, which could be used, but it is not necessary)*

1. Check whether an Audit entity survey is sent to the auditee, senior management.
2. Check whether responds to the Audit Entity survey are collected and stored.
3. Do we prepare any analysis on the results of Audit entity survey?
4. Do we communicate these results to senior management?
5. Do we periodically benchmark ourselves against our peers?
   1. Check the evidence.
   2. What are the indicators for benchmarking?
6. What makes us believe that we add value to the organization?
   1. Do we have any written document on this matter?
   2. Is this stated in Annual report on internal audit work?
7. Do we state that our internal activity conforms with international standards? If yes, is this statement supported by internal and external quality assessments?
   1. Check if internal auditors are acquainted when to use this term.
   2. Check a few internal audit reports if the reports contain this statement and if this statement is supported by internal and external quality assessments.
   3. Check if it is stated that the results of assessment are positive.
8. Do we disclose any non-conformance with international standards?
   1. Check a few internal audit reports.
   2. Is it stated with which standard full conformance was not achieved?
   3. Are reasons for nonconformance clearly explained?
   4. Check whether impact on nonconformance is described.
   5. To whom are results on nonconformance reported?

**Managing the internal audit unit (standard 2000)**

1. Do we have an audit universe?
   1. Check if audit universe is mentioned in permanent audit file.
   2. Check if audit universe is mentioned in current audit file.
   3. Does audit universe consist of all the processes of the institution?
2. Do we establish a risk-based plan for our internal audit activities?
   1. Do we have an adequate procedure for the elaboration of a risk-based plan?
   2. Have we made an in-depth study of the processes/activities in the organization?
   3. Have the risks been identified and assessed?
   4. Are the results documented properly?
   5. Does the plan contain the objectives of the organization?
   6. Have the objectives of the internal audit and the criteria for achieving them been clearly defined?
   7. Does the audit universe contain all processes/activities subject of internal audit?
   8. Have the risk factors, the rating and the criteria for assessment, the risk factor weights been determined?
   9. Has the internal audit strategy for performing the audit work been defined including:

* coverage of the processes/activities with the audit work,
* frequency, duration, resources for the audit assignment depending on the level of risk;
* approach to tracing the recommendations.

1. Has an annual review (at least) of the strategic plan been made?
2. Have any changes in the organization concerning the objectives, activities, resources, the operational environment; the risk assessment on the basis of the audit assignments done so far and the resources of the internal audit been taken into account?
3. Has the plan been discussed with the management and other managerial staff of the organization before its final adoption?
4. Does this plan take into consideration any risk management framework that exists within our organization?
   1. When drafting the audit plan, is there a study of risk management framework within the organization?
   2. Is there an assessment of the risk management in terms of:

* -implementation of the risk management actions planned?
* -the adequacy of risks and controls identified against the processes in the organization?

1. Is the internal audit’s assessment of the risk management documented?
2. Are the risks identified and the assessments thereof discussed with the management?
3. Are the results documented?
4. Are meetings held with the management and with key members of the organization to discuss the risks identified by the management and the risks identified by the internal audit?
5. What actions are taken when there are differences between the risks identified by the management and the risks identified by the internal audit?
6. Do we solicit input from senior management for the development of our internal audit plan?
   1. Are the objectives, the risks and the process controls discussed with the senior management?
   2. Are the proper instruments, i.e. questionnaires, meetings, etc., applied?
   3. Have the results of the discussion been documented?
   4. How is it explained to the management that they may propose and request the inclusion of audit assignments into the audit plan?
   5. Have the audit areas proposed by the management been reflected in the audit plan?
   6. Is the possibility for consultancy services been explained to the management?
7. Do we use adequate risk factors for our risk assessment?
   1. Are the risk factors defined in accordance with the specifics of the processes of the organization?
   2. Are the key risk factors for all processes defined?
   3. Have the key risk factors been discussed with the heads of the processes/activities?
   4. Have proper criteria for assessment of the selected risk factors been identified?
   5. Has the significance/the weight of each risk factor been rated?
   6. Have the identified risk factors been reviewed regularly in order to be updated?
   7. Have the selected risk factors been used for the risk assessment?
8. Do we identify the key controls in our organization?
   1. How do we identify the need for controls in connection with the risks identified in the process of understanding the processes?
   2. Do we discuss the adequacy of controls with the responsible persons?
   3. Has the work done been properly documented?
9. Do we give appropriate audit coverage to all areas of our organization?
   1. Has a classification/prioritization of the processes/activities (audit units) been made in accordance with the risk level identified?
   2. Has the audit unit coverage strategy been identified on annual and strategic basis?
   3. Are the audit assignments planned in terms of frequency, duration, resources in accordance with the relevant degree of risk of processes?
10. Do we communicate the impact of resource limitations to senior management?
    1. Has an assessment of the resources needed to implement the audit plan been made?
    2. Is there a risk assessment of the failure to perform the audit assignments planned due to resource limitations?
    3. Have the proper instruments for notification and information of the management of the impact of resource limitations been applied? (reports, analyses, meetings).
    4. Is the information properly documented?
11. Do we periodically review the audit plan?
    1. How often did we review the audit plan in the past (present) year?
    2. Do we review the audit plan in the event of any changes in the audit universe and when new risks arise?
    3. Does the management of the organization, the audit committee and other stakeholders take active part in the periodic reviews?
12. Do we have appropriate and sufficient audit resources?
    1. Do we make periodic analysis of the resources needed to perform the audit activities?
    2. Is it included in the audit activity plan? Is the management familiar with the analysis made?
    3. In the periodic analysis of the resources needed to perform audit activities is there an assessment of the specific knowledge and skills of auditors needed to perform internal audit activities?
    4. Does the assessment include: a review of the technical and business knowledge of auditors, the competence related to fraud detection and prevention, an assessment of the basic knowledge in the field of economy, accounting and audit?
    5. When making this assessment, do we take into account what audit assignments we have planned on the basis of the risk assessment made and what knowledge and skills should the auditors have respectively?
    6. Have we planned any measures to ensure continuity given the continuity program of our organization?
    7. Have we planned any measures to act in the event of a temporary shortage of staff, for instance when a key employees leaves unexpectedly?
    8. Have we planned any measures to improve the specific knowledge and skills of auditors, for instance through training?
    9. What other approaches do we use to satisfy the needs for resources?
13. Do we make use of ‘guest’ auditors, coming from other parts of the organization?

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1. Do we have adequate audit policies and procedures, and are these procedures updated on a regular basis?
   1. Do we have any procedures for performing any type of audit work: strategic and annual planning of activities, performance of audit assignments?
   2. Do we have approved internal rules for elaboration and order of on-going audit assignment files?
   3. Do we have approved procedures for storage of audit documentation and ensuring access thereto?
   4. Have the approved rules and procedures been updated in the last year due to any need outside the defined periods of periodic reviews and updates?
2. Do we coordinate our audit activities with other internal assurance providers?
   1. Do we know well any other internal assurance providers?
   2. Do we take into account their work when making risk assessment?
   3. How often do we meet them?
   4. Do we have any interaction mechanisms?
   5. Do we exchange practices and views about the organization?
   6. Do we exchange any reports?
   7. Do we hold meetings with them when planning audit activities?
   8. Do we use their conclusions in our work?
   9. What measures do we take to avoid overlapping of activities?
   10. Do we do any joint actions?
   11. Do we know well other internal assurance providers?
   12. Do we take into account their work when we make risk assessment?
   13. How often do we meet them?
   14. Do we have any interaction mechanisms?
   15. Do we exchange practices and views about the organization?
   16. Do we exchange any reports?
   17. Do we hold meetings with them when planning audit activities?
   18. Do we use their conclusions in our work?
   19. What measures do we take to avoid overlapping of activities?
   20. Do we do any joint actions?
3. Do we coordinate our activities with the supreme audit institution?
   1. Do we or CHU have adopted official document about cooperation between internal and external auditors, and if it is, than which one?
   2. Do we coordinate our activities in planning process, to avoid overlapping jobs and cover as many audit processes as possible (interview CEA and internal auditors, in case that the assessment do someone who is not CEA)?
   3. Interview of the CEA = it should be established do the CEA allow access of supreme audit to the internal audits' reports (check also with external auditors)?
   4. Interview CEA and IA’s -do we assess the process of the coordination and improve it?
4. Do the external auditors rely on our work?
   1. Do the external auditors auditing same processes as internal auditors?
   2. Do the external auditors in their reporting support internal auditor’s recommendations? (Check external audit reports)
5. Are we involved in the development and maintenance of a risk register or assurance map?
   1. If the answer is yes, refer to kind of engagement (only consulting services).
6. Do we audit the second lines of defense within our organization?
   1. Check IA reports/documentations on objectives and implementation of risk assessment procedures within risk management department.
7. Do we rely on the work of other assurance providers?
   1. If the other provider exists, we take it into account, but we do not rely fully on its work (we check it over IA reports, relevant documentations etc.).
8. Do we periodically report to senior management on our activities?
   1. Review IA reports / documentation on presentation made to senior management or the board (if we established the board) or interview them, to determine the utilization of monthly status report content (about audits ….)? or, from BiH perspective, do we periodically report to head of institution/ minister about audits, staff adequacy, audit scope problems, management activities in response to audit recommendations etc.?
   2. Review/check whether reports have been sent to the head of institution.

**Nature of work (standard 2100)**

1. Do we assess the design and effectiveness of ethical programs within our organization?
   1. Does the IA evaluate objectives, programs and activities of organization with an emphasis on ethical issues?
   2. Check the IA objectives in reports /documentations.
2. Do we assess how risk ownership and accountability are ensured within our organization?
   1. Review IA reports and determine whether the auditors give opinion are objectives of the organization aligned with the organization's mission and are they supportive to it.
   2. Review IA reports and check whether IA audited if the organization conducted assessment on significant risks and does it have responses to them.
3. Do we provide assurance on the risk management process?
   1. Review the plan/reports of the IA or interview CEA, if the risk of fraud was reviewed and assessed.
   2. Do we gave opinion about controls which could prevent fraud (IA reports)?
4. Do we assess the potential for fraud?
   1. Review IA documentation / report on sample transactions in order to determine whether internal controls are functioning effectively and efficiently.
5. Do we assess the effectiveness and the efficiency of the internal control system?
   1. Review IA documentation / report to establish if reports content opinion on adequacy and effectiveness of internal control system.
   2. Anticipated internal controls by IA with regard to existing internal controls implemented by management and IA assessment of anticipated internal controls on existing ones.
6. Do we provide an opinion on the adequacy and the effectiveness of the internal control system?
7. Do we assess the reliability and the integrity of information?
   1. Is information sufficient and accurate to the maximum extent to enable the internal auditor to form his/her opinion?
   2. Is information proved by sufficient number of reliable sources, including received from different sources?
   3. Is information safe from divergences when explained by an employee?
8. Do we assess the respect for privacy of information?
   1. Do we have Statements on confidentiality and impairments?
   2. Are Statements on confidentiality and impairments timely prepared?
   3. Check whether Statements on confidentiality are signed?
   4. Does the organization define the list of documents containing confidential information?
   5. Do the internal audit unit Regulations provide access to and assessment of confidential information?
   6. Are internal auditors aware of procedures stipulating how to work with documents containing confidential information, and are they aware of their responsibility for incompliance with these procedures?
   7. Do internal auditors keep state, commercial and official secret?
   8. Do not internal auditors submit any form of confidential information received in the course of work to some third parties, except cases provided in the legislation or internal regulations of the entity?

**Planning the engagement (standard 2200)**

1. Do we develop a detailed plan for every audit engagement?
   1. Check the existence of the detailed plan for a few audit engagements.
   2. Check if the plan is part of the current audit file.
   3. Is the plan signed by the team leader?
   4. Is the plan signed by the Head of the internal audit unit?
   5. Check if plan contains all necessary elements?
   6. Is the unit supposed to make its own detailed plan for each audit engagement?
   7. Does the audit engagement plan include the required information to conduct an audit engagement (the topic, the auditee, time interval and methods of audit survey, timeframe for the audit engagement, some initial constraints for an audit engagement (hours, geographical location, etc.), risky activities of the audited entity, operations, locations, set of audit techniques and procedures for each risk factor, order and terms for activities of the audit team, composition of the audit team, planned labor costs)?
   8. Does the audit engagement plan include a list of issues to be investigated during the engagement?
   9. Before proceeding to making this list of issues, do the internal auditors look into the issues connected with the auditee?
2. Does the plan include clear audit objectives and an appropriate definition of the audit scope?
   1. Is the available information for the process audited collected and analyzed, including of the objectives set, risks and controls?
   2. Have we made an updated assessment of the risk in the steps/activities of the process audited?
   3. Have we assessed the controls introduced for adequacy and effectiveness?
   4. Have we changed the objectives defined as a result of the assessment of the risks and controls, where necessary?
   5. Have the areas been defined where checks are to be made in respect of the attainment of the audit engagement goal?
   6. Have the main structural units, documents and assets that will be subject of the survey been defined, including the persons (experts) whose activities will be subject of the audit?
   7. Has the period to be covered by the checks been defined?
   8. Has an analysis of the possible limits in the audit engagement scope been made?
   9. In the case of such limits, has this fact been communicated to the management?
   10. Have the set audit engagement objectives been discussed with the management of the process/structure audited?
   11. Does the internal audit unit define specific criteria for clear and audit objectives?
   12. Before defining the audit objectives, do the internal auditors study their audit space?
   13. Are the audit objectives formulated by the internal auditor and reflect the expected results?
   14. If necessary, do the internal auditors split the audit objectives into sub-objectives?
3. Do we inform management about the upcoming audit engagement?
   1. Do we have in place a procedure for informing the management about the upcoming audit engagement?
   2. Is there a minimum time limit for informing the management about the upcoming audit engagement?
   3. Is the procedure consistently and fully applied?
   4. Are the objectives and the scope of the audit engagement presented to the management of the process/structure audited as early as possible?
   5. Are the audit team members and the duration of the audit specified?
   6. Do we hold a kick-off meeting or any other type of communication for feedback to discuss issues related to the audit engagement where a meeting is not possible?
   7. Do the documents stipulate it that auditees shall be informed before commencement of the internal audit?
   8. Do the internal auditors inform auditees about the audit objectives, issues to be studied during the audit, the timeframe of the audit, the audited period, etc?
4. Do we conduct a preliminary survey before developing the audit objectives?
   1. Do we have a standard model for conducting a preliminary survey?
   2. Do we update the questionnaire in accordance with the specificities of the process/structure audited?
   3. Does the questionnaire contain all the questions that may influence the definition of the audit objectives?
   4. Has a preliminary survey been conducted for each audit engagement?
   5. Have the defined audit engagement objective and scope been discussed with the manager of the process audited?
   6. Have other process related issues been discussed – (the view point of the process manager on problem areas of activities, risks, controls)?
   7. Do the internal auditors study the audit space in order to understand the nature of activities in the segments of the internal control system to be audited?
   8. Do the internal auditors study the audit space by making enquiries, consultations, interviews with managers and employees of the audited entity and by analyzing of the information thus collected?
5. Do we consider the probability of significant errors and fraud before developing the audit objectives?
   1. Check whether IA conducts its own risk assessment before developing the IA plan and program.
   2. Review annual plan / individual audit plan (see Nb. 71.).
   3. Do the internal auditors conduct consultations, interviews or study mass media publications, consider letters, complaints, petitions from citizens or other public entities, employees of the audited entity, as well as documents produced by other control agencies in order to identify mistakes, infringements and fraud?
6. Does the audit scope include significant systems, records, assets and personnel?
   1. Review does IA objectives in annual plan/ audit plan are based on risk assessment.
   2. A process for selection of IA engagements (significant systems, records, assets and personnel) should include criteria such as: past audit coverage and results, materiality, organizational objectives – organizational priorities, as well as audit ability.
   3. Do the internal auditors study documents regulating activities of the auditee (for instance, regulatory acts, organizational framework and management system; budget program profiles; accounting systems, financial and budget reporting)?
7. Do we allocate appropriate and sufficient resources to perform the audit engagements?
   1. Do we engage enough auditors with appropriate skills?
   2. Assess probability to engage external experts with particularly skills.
   3. Does the unit estimate the required resources to run audit engagements depending on the nature and complexity of each audit engagement?
   4. Is the amount of resources required to run an audit determined based on analysis of the audit space?
   5. Are the resources adequate to the nature and complexity of each audit engagement?
8. Do we develop a detailed audit program, identifying all steps needed to achieve our audit objectives?
   1. Does the detailed audit plan include methods and techniques and the scope of audit to be used during the audit engagement?
   2. Are the issues to be looked into during the audit engagement planned for each internal auditor?
9. Are the audit programs properly approved?
   1. Is the detailed audit plan prepared by internal auditors approved by the head of the internal audit and/or manager of the organization?

**Performing the engagement (standard 2300)**

1. Do we have a process in place to identify relevant, sufficient, reliable and useful information during our engagements?
   1. Do internal auditors get information by making enquiries from the auditee, running consultations and interviews with the employees of the audited organization?
2. Do we use analytical procedures in performing our engagements?
   1. Do internal documents define the set of audit methods and procedures and the mechanism for their application during the audit?
   2. Do internal auditors receive audit evidence by applying one or several audit methods and procedures?
   3. Do internal auditors identify audit methods and procedures to be applied during audit on their own?
3. Do we prepare and use adequate working papers to document our audit work?
   1. Do the internal auditors use primary documents as a source of audit evidence, because they reflect basic information about operations, systems and processes?
   2. Is authenticity of documents and information offered for study to the internal auditors secured by the employees of the auditee, responsible to compile them, approve, sign or endorse?
4. Is access to our working papers controlled?
   1. Did the internal audit unit enable conditions for safety of the working documents?
   2. Do the head of the internal audit unit and the internal auditors control access to the working documents?
   3. Are the internal audit unit employees aware of the safety conditions for the working documents?
5. Are there any retention requirements for our working papers?
   1. Has the internal audit unit set up a procedure for safekeeping of the working documents?
   2. Are the internal auditors aware of such safekeeping procedures?
   3. Do the internal auditors comply with the requirements of the safekeeping procedure?
6. Are our audit engagements adequately supervised?
   1. During an audit, does the head of the internal audit supervise the course of the audit and monitor its steps?
   2. Do the internal auditors provide regular reports on the audit and its steps to their boss?
7. Is evidence of supervision documented?
   1. Does the internal audit unit have an established procedure for documentation of audit findings, and are the auditors aware of it and do they comply?
   2. Is audit report based on the audit findings, and is it signed by the auditor and registered in the register of conducted audits?
   3. Is audit report coordinated with the respective employees of the audited entity?

**Communicating results (standard 2400)**

1. Do we clearly communicate the impact of our findings?
   1. Is information the auditors rely on to make their conclusions comprehensive, authentic, clear, up-to-date and timely?
   2. Before an audit conclusion is drawn, is the argumentativeness of statements and received audit evidence finally assessed?
   3. Does the audit conclusion include a clear and substantiated summary of the audit topic and audit objectives?
2. Do we acknowledge satisfactory performance of the auditees?
   1. Were the auditors objective and impartial in their conclusions during the audit?
   2. Is the auditee’s satisfactory activity proved by efficient function of the internal control system, and/or depending on topic, objectives and object of audit, is the fact of efficient management, achievement of objectives and goals of the entity’s activities confirmed, etc?
3. Are our communications accurate, constructive, objective, clear, concise, complete and timely?
   1. Do the auditors draw conclusions based on comprehensive, proven, authentic, clear, up-to-date and timely information, and is this information collected from different sources?
4. Are our recommendations pragmatic?
   1. Do the recommendations contain some constructive proposals on how to improve the audited aspects of the entity’s activity?
   2. Are the recommendations aimed at improvement of the organization’s activities?
   3. Are the recommendations adequate, clearly formulated, do we know their deadlines, and is there an adequate algorithm as to how to apply them?
5. Do we include management response in our final reports?
   1. Does the auditee’s manager consider our audit reports and, if necessary, give his/her comments, which the auditors can include into the final audit report?

**Follow-up (standard 2500)**

1. Do we have a process in place to monitor management actions with regard to our audit findings?
   1. Does the internal audit unit have a follow-up procedures to monitor audit recommendations, and are the auditors aware of it and adhere to it?
   2. Do the auditors follow-up recommendations and results of their audit on their own?
   3. Is this follow-up of recommendations carried out by asking information from the auditee?
   4. Does the head of the internal audit organize the follow-up of audit recommendations and supervise this process?
2. Is it clear for the auditees that they are responsible for the timely implementations of remediating actions?
   1. Is their responsibility for the timely implementation of the audit recommendations stipulated in the respective documents?
   2. Is the manager of the audited entity informed that should he/she not implement the audit recommendations, he/she assumes the risk of non-compliance, is he/she aware of it and is he/she understand the responsibility for this?

**Risk acceptance (standard 2600)**

1. Is there an escalation process in case management is accepting a risk level which is above the risk appetite of the organization?