

October 26, 2020

INTOSAI Development Initiative
To Ms. Maria Lucia Lima, IDI Project Team Manager

The Institute of Internal Auditors appreciates the opportunity to comment on the updated INTOSAI Development Initiative (IDI) Performance Audit ISSAI Implementation Handbook, Version 0.

The IIA considers INTOSAI a key strategic partner and we continue to promote INTOSAI standards and guidance to our more than 200,000 members (almost 60,000 working in the public sector) and 110 affiliates worldwide. We actively advocate on behalf of strong government audit, and, in doing so, we have always emphasized the complementary nature of the work of internal audit throughout government at every level.

Unfortunately, while very thorough, the Implementation Handbook appears to reflect a fundamental lack of understanding of the role of internal audit and its relevance to the work of Supreme Audit Institutions (SAIs).

Internal auditors should be regarded as the first point of contact and a primary source of information and support for SAIs. Internal audit and SAIs have the same goals. Internal auditors have access to staff resources, networks, training, and other materials that would enhance the audit. Yet, the 242-page handbook only refers those doing a performance audit to internal audit twice: Under the section *Communicating with external stakeholders*, internal auditors are one of 11 potential “stakeholders external to the SAI” that are listed as appropriate to engage with (page 50); and, in the section *How do you determine the time frames and resources needed for a performance audit?* internal audit processes are included as a relevant factor when planning realistic time frames (page 98).

Placing internal audit on a list of entities “outside your organization” to consider engagement with fails to provide SAIs the basic guidance they need to take advantage of an independent auditor who is ready to assist. The other 10 entities listed, including citizens, research institutions, and legal experts, may be helpful to the SAI but are in a different category than an internal audit function with the skills and professional expertise to better enable a successful project.

The reference to internal audit processes implies completed audits may be useful, but again completely ignores the usefulness of the internal audit function. Many government entities and other bodies have their own internal audit departments, providing assurance, insight, and advice on the adequacy

and effectiveness of governance and risk management, and provoking continuous improvement in all aspects. This “whole of government” approach has to mean a “whole of audit” approach.

What’s more, internal audit’s independence can be secured through accountability to the governing body (whether through an audit committee or directly to the board). This independence, together with adherence to The IIA’s *International Standards for the Professional Practice of Internal Auditing*, systematic and disciplined procedures, rigorous quality assurance, a pervasive code of ethics, and the application of demanding competencies that secure the appropriate capabilities and mindset, ensures objectivity in judgments and opinions. Internal audit’s advantage of having a deep understanding of the organization enriches its inquiries, insights, and communications.

Interestingly, the Implementation Handbook advocates for the “3Es of Auditing Programme Performance:” economy, keeping costs low; efficiency, making the most of available resources, and effectiveness, meeting objectives and achieving intended results. Working closely with internal audit will reduce costs, provide efficient access to materials, and deliver better results.

A partnership between SAIs and internal auditors is crucial for transparency, integrity, and public confidence in government. We have always understood INTOSAI to share this view, as indicated by our partnership agreement and collaborative efforts, including the joint paper demonstrating the compatibility of our professional standards. Likewise, INTOSAI is represented on a number of our key committees and working groups as a critical partner to the advancement of the profession of internal auditing.

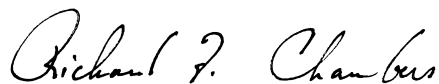
The IIA recommends the Implementation Handbook should direct external auditors to initiate a working relationship with internal audit as one of their first steps. One place where this relationship may be better detailed is in the section *What are audit risk and assurance?* (page 45), which follows reference to standards ISSAI 3000/52 and ISSAI 100/31. The section instructs SAIs and external auditors to actively manage risk and “provide assurance that the intended users can be confident about the reliability and relevance of the information provided by the audit, and that the results can be used as the basis for making decisions.” This describes the value of internal audit and the core benefit of this partnership.

Additionally, the Implementation Handbook references compatibility indirectly in the section on audit team competency: “Subject matter experts, who are stakeholders either internal to the SAI or contracted by the SAI to assist the audit team, are often used in performance auditing to complement the skill set of the audit team and to improve the quality of the audit.” This is another section where SAIs will benefit by adjustments to the Implementation Handbook to clearly connect the auditor with internal audit.

This partnership will prove beneficial in the long term, as internal auditors can assist SAIs in developing performance audits, including identifying appropriate targets to audit, when, and develop their audit plans to reflect SAI priorities. The work of internal audit is likely to impact directly many of the criteria used for the SAIs selection of audit topics (especially significance, auditability, audit impact, and audit capacities).

The IIA is ready to assist with this partnership building effort. Please contact IIA Vice President of Global Relations Mr. Francis Nicholson at francis.nicholson@theiia.org for questions or further discussion.

Sincerely,



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President and Chief Executive Officer
The Institute of Internal Auditors