# KEEPING PACE WITH QUALITY

In September 2007, Dynegy, Inc. in Houston, Texas obtained a self assessment with independent validation (SAIV) through The Institute of Internal Auditors (IIA). Vice-President of Internal Audit, Jim Horsch, CIA, CPA, shares his experience.

***As an experienced chief audit executive, your view of quality clearly sets the tone for your internal audit activity. How do you ensure your function is the best it can be?***

We do several things. We encourage our staff to earn the Certified Internal Auditor® designation and participate in the activities of their local IIA chapter. We also recommend for our directors to volunteer as part of IIA quality assessment teams. And in our staff meetings, we periodically review and discuss *The International Standards for the Professional Practice of Internal Auditing* (*Standards*). Most importantly, we underwent a quality assessment (QA) review in 2007 and will continue to do periodic self-assessments and undergo another QA by 2012.

***How important is it for executive management to understand the role quality plays in internal audit professionalism, and what can CAEs do to raise the level of that understanding?***

Like any other part of the company, executive management wants and deserves assurance that the company's internal audit activity is operating effectively. Many of them may not be aware of the role The IIA plays in leading the profession and establishing the *Standards*, and many more may not know about the QA requirements. In addition to informing management about the positive things their internal audit activities offer their companies, CAEs should educate executive management about the governing role of The IIA, the existence of the *Standards*, and the QA requirements. This will help answer the "who audits the auditors?" question that most of us have been asked at some point in our careers.

***What advice might you offer to audit shops that are at the beginning stage of implementing a Quality Assurance and Improvement Program (QAIP)?***

First, consider sending one or more members of your team to the QA training offered by The IIA. We found that the training, along with volunteering to serve on an IIA QA team was a tremendous help in familiarizing us with the QA process and expectations.

Second, internal audit activities that are starting such a QAIP must be open minded and willing to critically evaluate all aspects of their operations, from performing risk assessments to audit planning and execution through to audit reporting. Areas such as strategic planning, staff recruitment and development, and the use of technology are also important and should be addressed. To really benefit from a QA it is important to acknowledge your identified shortcomings and develop and implement plans to rectify them. It is also helpful to know your organizational strengths.

***Having undergone an external quality assessment, specifically a self assessment with independent validation (SAIV), what would you like to share with others regarding this process?***

We found SAIV to be the best fit for us at the time. Dynegy had some relatively new members of the audit team who were not particularly invested in our processes and thus could be objective in their assessments. SAIV gave us access to the same questionnaires and other tools used by The IIA when they perform a QA, and allowed us to distribute responsibility for their completion among several staff members, thereby minimizing their workloads. Finally, SAIV was the most cost-effective approach to a QA.

Visit **www.theiia.org/quality** to learn more about QAs, submit an inquiry for an external QA, obtain guidance, learn about successful practices, and learn how to set up your own quality assurance and improvement program.

08373