

Common Observations During an External Quality Assessment (EQA)

External and independent assessors who perform quality assessments encounter many different internal audit activities. They differ in size, location, industry, governance structure, private or public sector, and regulatory oversight. However, there are some common observations (successful practices or opportunities for continuous improvement) that appear frequently during assessments. Many observations are a successful practice with one organization and an opportunity for continuous improvement with another. Internal audit activities might be mindful of these as they perform internal assessment activities or prepare for an external assessment.



Successful Practices

- **Standard 1000** – The internal audit charter is comprehensive and consistent with the mandatory elements of the IPPF. It fully describes the purpose, authority, responsibilities, and accountabilities of internal audit and is consistent with The IIA's Model Internal Audit Activity Charter.
- **Standard 1111** – The CAE and internal audit management and staff have an appropriate and high level of exposure to the audit committee.
- **Standard 1120** – Internal audit management and staff confirm on an annual basis that they are aware of and agree to abide by the requirements of the *Standards* and The IIA's Code of Ethics.
- **Standard 1210** – Internal audit has developed and is using an internal auditing competency framework to support talent and resource management activities within internal audit and to demonstrate professional proficiency.
- **Standard 1220** – Internal audit embraces the use of technology and CAATS to enhance efficiency and effectiveness of internal audit risk assessment, planning, and engagement execution processes.
- **Standard 1311** – The CAE has established an effective process, using a balanced scorecard, to monitor performance of internal audit and to drive quality and continuous improvement. The use of checklists and templates adds to overall quality of engagements.
- **Standard 1311** – Periodic internal assessment is performed on an annual basis in a manner that supports an overall conclusion related to conformance with The IIA's Code of Ethics and the *Standards*, and that promotes continuous improvement.
- **Standard 2000** – Internal audit has defined and is executing a strategic plan for internal audit that supports the very dynamic nature of the organization and that guides activities of internal audit in a proactive, thoughtful, systematic, and practical manner.
- **Standard 2010** – Internal audit has an annual risk assessment and audit planning process that incorporates input from senior stakeholders and the audit committee to focus engagements in areas of highest risk and impact to the organization.
- **Standard 2110** – Internal audit plays an active and appropriate role in effecting good governance practices within the organization.
- **Standard 2120** – Internal audit effectively participates in risk management activities within the organization.
- **Standard 2201** – Internal audit has established an effective engagement planning process to focus audits in areas of highest risk and impact.
- **Standard 2410** – Internal audit engagement reports are of consistent high quality, focusing attention on resolution of issues. Reports include multiple dimensions that provide context for reported observations.
- **Standard 2500** – An effective monitoring process is in place to ensure that observations included in engagement reports are appropriately addressed by management in a manner consistent with the action plans and timeframes described and reported.



Opportunities for Continuous Improvement

- **Standard 1000** – Enhance the governance process related to the internal audit charter by using an “Internal Audit Charter Matrix” to support oversight of internal audit by the audit committee.
- **Standard 1000** – Update the internal audit charter to include specific examples that describe the functional reporting relationship of the CAE to the audit committee. Ensure consistency between the internal audit and audit committee charters related to functional oversight of internal audit.
- **Standard 1120** – Develop a process to demonstrate internal audit management and staff are aware of and agree to abide by the requirements of The IIA's Code of Ethics and the *Standards*.
- **Standard 1210** – Develop and use an internal auditing competency framework to support talent and resource management activities within internal audit and to demonstrate professional proficiency.
- **Standard 1220** – Embrace the use of technology and CAATS to enhance efficiency and effectiveness of internal audit risk assessment, planning, and engagement execution processes.
- **Standard 1311** – Perform periodic internal assessment on an annual basis and conclude on conformance with the *Standards* and The IIA's Code of Ethics.
- **Standard 1311** – Enhance the periodic internal assessment process by evaluating the maturity and effectiveness of internal audit related to the Core Principles.
- **Standard 1312** – Conduct an EQA at least once every five years on a going-forward basis to align with the requirement of the *Standards*.
- **Standard 2000** – Define and execute a strategic plan for internal audit that supports the very dynamic nature of the organization and that guides activities of internal audit in a proactive, thoughtful, systematic, and practical manner.
- **Standard 2020** – Enhance presentation of the annual audit plan by communicating the resource requirements needed to meet annual audit plan objectives to senior management and the audit committee in a manner that provides insight into the potential impact of resource limitations.
- **Standard 2050** – Enhance the internal audit risk assessment and annual audit planning process by including an assurance map in annual risk-based audit plan materials that describes and demonstrates coverage of risk between internal audit and other providers of assurance for the organization.
- **Standard 2110** – Evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities. Further, assess whether IT governance of the organization supports their strategies and objectives.
- **Standard 2410** – Enhance the effectiveness and impact of internal audit engagement reporting by adding dimensions to reports that provide additional context for the overall conclusion as well as for individual observations.