



International Professional
Practices Framework

Implementation Guide 2050

Standard 2050 – Coordination and Reliance

The chief audit executive should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.

Interpretation:

In coordinating activities, the chief audit executive may rely on the work of other assurance and consulting service providers. A consistent process for the basis of reliance should be established, and the chief audit executive should consider the competency, objectivity, and due professional care of the assurance and consulting service providers. The chief audit executive should also have a clear understanding of the scope, objectives, and results of the work performed by other providers of assurance and consulting services. Where reliance is placed on the work of others, the chief audit executive is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

Revised Standards, Effective 1 January 2017

Getting Started

The roles of assurance and consulting service providers vary by organization. Thus, to start the task of coordinating their efforts, the chief audit executive (CAE) identifies the various roles of existing assurance and consulting service providers by reviewing the organization chart and

board meeting agendas or minutes. The roles are generally categorized as either internal providers or external providers.

- Internal providers include oversight functions that either report to senior management or are part of senior management. Their involvement may include areas such as environmental, financial control, health and safety, IT security, legal, risk management, compliance, or quality assurance. These are often considered “second line of defense” activities, according to The IIA’s Three Lines of Defense model.
- External assurance providers may report to senior management or external stakeholders, or they could be hired by and report to the CAE.

Once the providers of assurance and consulting services have been identified, the CAE considers the type and amount of information that may be shared with them, in accordance with the organization’s confidentiality requirements. It is important that the CAE considers the limitations of sharing confidential information, particularly with external parties.

Considerations for Implementation

The CAE meets with each of the providers to gather sufficient information so that the organization’s assurance and consulting activities may be coordinated. Within the limitations of the organization’s confidentiality requirements, the parties share the objectives, scope, and timing of upcoming reviews, assessments, and audits; the results of prior audits; and the possibility of relying on one another’s work.

The process of coordinating assurance activities varies by organization. In smaller organizations, coordination may be informal. In large or heavily regulated organizations, coordination may be formal and complex.

One way to coordinate assurance coverage is to create an assurance map by linking identified significant risk categories with relevant sources of assurance and rating the level of assurance provided for each risk category. Because the map is comprehensive, it exposes gaps and duplications in assurance coverage, enabling the CAE to evaluate the sufficiency of assurance services in each risk area. The results can be discussed with the other assurance providers so

that the parties may reach an agreement about how to coordinate activities to minimize duplication of efforts and maximize the efficiency and effectiveness of assurance coverage.

Another approach to coordinating assurance coverage is a combined assurance model, where internal audit may coordinate assurance efforts with second line of defense functions, such as a compliance function, to reduce the nature, frequency and redundancy of internal audit engagements.

Examples of coordinating activities include:

- Synchronizing the nature, extent, and timing of planned work.
- Ensuring a common understanding of assurance techniques, methods, and terminology.
- Providing access to one another's work programs, workpapers, and reports.
- Relying on one another's work to minimize duplication of effort.
- Meeting intermittently to determine whether it is necessary to adjust the timing of planned work, based on the results of work that has been completed.

The CAE may choose to rely on the work of other providers for various reasons, such as to assess specialty areas outside of the internal audit activity's expertise or to enhance risk coverage beyond the internal audit plan. However, if the internal audit activity relies on the work of another service provider, the CAE retains ultimate responsibility for internal audit conclusions and opinions. Thus, it is essential that the CAE establish a consistent process and set of criteria to determine whether the internal audit activity may rely on the work of another provider. In this process, the CAE may:

- Evaluate objectivity by considering whether the provider has, or may appear to have, any conflicts of interest and whether they have been disclosed.
- Consider independence by examining the provider's reporting relationships and the impact of this arrangement.
- Confirm competency by verifying whether the provider's professional experience, qualifications, certifications, and affiliations are appropriate and current.
- Assess due professional care by examining elements of the practice the provider

applies to complete the work (i.e., the provider's methodology and whether the work was appropriately planned, supervised, documented, and reviewed).

The CAE may also seek to gain an understanding of the scope, objectives, and results of the actual work performed to determine the extent of reliance that may be placed on the provider's work. The CAE typically considers whether the provider's findings appear reasonable and are based on sufficient, reliable, and relevant audit evidence. The CAE determines whether additional work or testing is needed to obtain sufficient evidence to support or increase the level of reliance desired. If additional work is needed, the internal audit activity may retest the results of the other provider.

Considerations for Demonstrating Conformance

Evidence of conformance with Standard 2050 could include communications regarding distinct assurance and consulting roles and responsibilities, which may be documented in the notes from meetings with individual providers of assurance and consulting services or in minutes of meetings with the board and senior management. Conformance with the requirements regarding reliance on the work of other providers may also be evidenced through the CAE's documentation of the process and criteria applied to determine whether the internal audit activity may rely on a provider's work. Conformance with the requirement to coordinate the providers of assurance and consulting services is evidenced through assurance maps and/or combined internal audit plans that identify which provider is responsible for providing assurance or consulting services in each area.



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Implementation Guides assist internal auditors in applying the *Standards*. They collectively address internal audit's approach, methodologies, and consideration, but do not detail processes or procedures.

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