



International Professional
Practices Framework

Implementation Guide 1311

Standard 1311 – Internal Assessments

Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity.
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.

Interpretation:

Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Code of Ethics and the Standards.

Periodic assessments are conducted to evaluate conformance with the Code of Ethics and the Standards.

Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.

Revised *Standards*, Effective 1 January 2017

Getting Started

As Standard 1311 indicates, the chief audit executive (CAE) is responsible for ensuring that the internal audit activity conducts an internal assessment that includes both ongoing monitoring and periodic self-assessments. Internal assessments validate that the internal audit activity continues to conform with the *International Standards for the Professional Practice of Internal Auditing (Standards)* and The IIA's Code of Ethics. The CAE understands that the internal assessments focus on continuous improvement of the internal audit activity and involve monitoring its efficiency and effectiveness.

The IIA's *Quality Assessment Manual for the Internal Audit Activity* or comparable guidance and tools may serve as a guide to conducting an internal assessment.

Considerations for Implementation

The two interrelated parts of internal assessments — ongoing monitoring and periodic self-assessments — provide an effective structure for the internal audit activity to continuously assess its conformance with the *Standards* and whether internal auditors apply the Code of Ethics. Additionally, they may allow for identification of improvement opportunities.

Ongoing Monitoring

Ongoing monitoring is achieved primarily through continuous activities such as engagement planning and supervision, standardized work practices, workpaper procedures and signoffs, report reviews, as well as identification of any weaknesses or areas in need of improvement and action plans to address them. Ongoing monitoring helps the CAE determine whether internal audit processes are delivering quality on an engagement-by-engagement basis. Generally, ongoing monitoring occurs routinely throughout the year via the implementation of standard work practices. To facilitate this, the CAE may develop templates for internal auditors to use throughout engagements, ensuring consistency in the application of the *Standards*.

Adequate supervision is a fundamental element of any quality assurance and improvement program (QAIP). Supervision begins with planning and continues throughout the performance and communication phases of the engagement. Adequate supervision is ensured through expectation-setting, ongoing communications among internal auditors throughout the engagement, and workpaper review procedures, including timely sign-off by the individual

responsible for supervising engagements. Implementation Guide 2340 – Engagement Supervision provides further guidance on internal audit supervision.

The implementation guides for the following series of standards provide further guidance on appropriate performance of an engagement, from engagement planning through the dissemination of results: 2200, 2300, and 2400.

Additional mechanisms commonly used for ongoing monitoring include:

- Checklists or automation tools to provide assurance on internal auditors' compliance with established practices and procedures and to ensure consistency in the application of performance standards.
- Feedback from internal audit clients and other stakeholders regarding the efficiency and effectiveness of the internal audit team. Feedback may be solicited immediately following the engagement or on a periodic basis (e.g., semi-annually or annually) via survey tools or conversations between the CAE and management.
- Staff and engagement key performance indicators (KPIs), such as the number of certified internal auditors on staff, their years of experience in internal auditing, the number of continuing professional development hours they earned during the year, timeliness of engagements, and stakeholder satisfaction.
- Other measurements that may be valuable in determining the efficiency and effectiveness of the internal audit activity. Measures of project budgets, timekeeping systems, and audit plan completion may help to determine whether the appropriate amount of time is spent on all aspects of the audit engagement. Budget-to-actual variance can also be valuable measurement to determine the efficiency and effectiveness of the internal audit activity.

In addition to validating conformance with the *Standards* and Code of Ethics, ongoing monitoring may identify opportunities to improve the internal audit activity. In such cases, the CAE typically addresses these opportunities and may develop an action plan. Once changes are implemented, key performance indicators can be used to monitor success. Results of ongoing monitoring should be reported to the board at least annually, as required by Standard 1320 – Reporting on the Quality Assurance and Improvement Program.

Periodic Self-assessments

Periodic self-assessments have a different focus than ongoing monitoring in that they generally provide a more wholistic, comprehensive review of the *Standards* and the internal audit activity. In contrast, ongoing monitoring is generally focused on reviews conducted at the engagement level. Additionally, periodic self-assessments address conformance with every standard, whereas ongoing monitoring frequently is more focused on the performance standards at the engagement level.

Periodic self-assessments are generally conducted by senior members of the internal audit activity, a dedicated quality assurance team or individual within the internal audit activity who has extensive experience with the International Professional Practices Framework (IPPF), Certified Internal Auditors, or other competent internal audit professionals who may be assigned elsewhere in the organization. Whenever possible, it is advantageous to include internal audit activity staff in the self-assessment process, as it can serve as a useful training opportunity to improve internal auditors' understanding of the IPPF.

The internal audit activity conducts periodic self-assessments to validate its continued conformance with the *Standards* and Code of Ethics and to evaluate:

- The quality and supervision of work performed.
- The adequacy and appropriateness of internal audit policies and procedures.
- The ways in which the internal audit activity adds value.
- The achievement of key performance indicators.
- The degree to which stakeholder expectations are met.

To accomplish this, the individual or team conducting the self-assessment typically assesses each standard to determine whether the internal audit activity is operating in conformance. This may include in-depth interviews and surveys of stakeholders. Through this process, the CAE is typically able to assess the quality of the internal audit activity's audit practices, including adherence to policies and procedures for conducting engagements. Periodic self-

assessments may be conducted by a member of the internal audit activity or by other persons within the organization with sufficient knowledge of internal audit practices, specifically the *Standards* and Code of Ethics.

The internal audit activity may perform additional steps to support the periodic self-assessment, such as conducting post-engagement reviews or analyzing KPIs.

- **Post-engagement review** – The internal audit activity may select a sample of engagements from a particular timeframe and conduct a review to assess compliance with internal audit policies (see Standard 2040 – Policies and Procedures) and conformance with the *Standards* and Code of Ethics. These reviews are typically conducted by internal audit staff who were not involved in the respective engagement. In a larger or more mature organization, this process may be handled by a quality assurance specialist or team. In smaller organizations, the CAE or the individual responsible for reviewing workpapers may use a checklist, completed after the final report is issued, to accomplish this review and close the file.
- **KPI analysis** – The internal audit activity may also monitor and analyze KPIs related to the efficiency of standard internal audit work practices (e.g., budget-to-actual engagement hours, percentage of the audit plan completed, number of days between fieldwork completion and report issuance, percentage of audit observations implemented, and timeliness of corrections related to audit observations). Other commonly used metrics include the number of certified internal auditors on staff, their years of experience in internal auditing, and the number of continuing professional development hours they earned during the year.

Following a periodic self-assessment, where appropriate, the CAE may develop an action plan to address opportunities for improvement. This plan should include proposed timelines for actions.

Results of periodic self-assessments, which indicate the internal audit activity's level of conformance with the *Standards* and Code of Ethics, must be communicated to the board upon completion, as required by Standard 1320. A periodic self-assessment performed shortly

before an external assessment may help reduce the time and effort required to complete the external assessment (see Standard 1312 – External Assessments).

Considerations for Demonstrating Conformance

Multiple items may indicate conformance with Standard 1311, including any evidence that ongoing monitoring activities were completed according to the internal audit activity's QAIP. Examples may include completed checklists that support workpaper reviews, survey results, and KPIs related to the efficiency and effectiveness of the internal audit activity, such as an analysis of budget-to-actual engagement hours. In addition, conformance may be demonstrated by documentation of completed periodic assessments, which include the scope of the review and approach plan, workpapers, and communication reports. Finally, presentations to the board and management, meeting minutes, and the results of both ongoing monitoring and periodic self-assessment — including corrective action plans and corrective actions taken to improve conformance, efficiency, and effectiveness — may indicate conformance.

About The IIA

The Institute of Internal Auditors (The IIA) is the internal audit profession's most widely recognized advocate, educator, and provider of standards, guidance, and certifications. Established in 1941, The IIA today serves more than 180,000 members from more than 170 countries and territories. The association's global headquarters are in Lake Mary, Fla. For more information, visit www.globaliia.org or www.theiia.org.

About Implementation Guidance

Implementation Guidance, as part of The IIA's International Professional Practices Framework® (IPPF®), provides recommended (nonmandatory) guidance for the internal audit profession. It is designed to assist both internal auditors and internal audit activities to enhance their ability to achieve conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*.

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.

For other authoritative guidance materials provided by The IIA, please visit our website at www.globaliia.org/standards-guidance or www.theiia.org/guidance.

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