

## External Quality Assessment Successful Practices and Enhancement Observations (Through June 2025) – Volume I

IIA Quality Services has conducted numerous and diverse quality assessments against the Global Internal Audit Standards™ (Standards). This edition of Insights to Quality highlights key successful practices and conformance/enhancement opportunity themes identified to date. It's important to note that practices deemed successful for some internal audit functions may represent enhancement opportunities for others. Likewise, a conformance/enhancement opportunity may already be a successful practice in place at some internal audit functions. IIA Quality Services will continue to update these insights as the year progresses — so stay tuned! Don't hesitate to [schedule a consultation](#) with IIA Quality Services if you have any questions.

<i><b>Principle</b></i>	<i><b>Successful Practices</b></i>	<i><b>Enhancement Opportunities</b></i>
<b>1. Demonstrate Integrity</b>	Internal auditors participate in annual organizational ethics training and annually sign off on their commitment to ethical behavior.	Ethics training includes internal audit ethical expectations and scenarios to help internal auditors understand their ethical expectations and how to demonstrate courage.
<b>2. Maintain Objectivity</b>	Internal auditors participate in annual training on demonstrating objectivity and sign off annually that they had no independence and objectivity impairments during the year.	Internal auditors are required to acknowledge they have no independence issues that could impair their objectivity during the planning phase of engagements.
<b>3. Demonstrate Competency</b>	Training is strongly supported by the chief audit executive (CAE), annual training plans are developed for each internal auditor, and progress against plan is tracked and monitored.	Skills assessed annually against an internal audit competency framework and used for performance evaluations, hiring, promotions, and training plans.
<b>4. Exercise Due Professional Care</b>	Internal assessments focus on exercising due professional care to identify process enhancements and training opportunities linked to objectivity, competency, professional skepticism, etc.	Hold timely touch-base meetings on engagements to ensure risks are appropriately identified and tested, scope is adjusted as needed, and that professional skepticism is practiced.
<b>5. Maintain Confidentiality</b>	Auditors sign annual confidentiality attestations and attend training to ensure a focus on protection of sensitive information and adherence to confidentiality requirements.	Implement and verify effectiveness of controls across all audit systems and processes to help ensure protection of confidential information.
<b>6. Authorized by the Board</b>	Internal audit function charter specifies the purpose of internal audit, commitment to the new Standards, internal audit mandate, organizational positioning, and all other requirements/essential conditions per the Standards.	Align internal audit function and board/audit committee (AC) charters to clearly define board/AC oversight roles to demonstrate strong governance to stakeholders.
<b>7. Positioned Independently</b>	CAE roles beyond internal auditing are documented in the internal audit charter along with safeguards to protect independence and objectivity. Some of these roles may include enterprise risk management, compliance, investigations, ethics, whistleblower, loan compliance (banking), Sarbanes-Oxley, and Model Audit Rule (insurance).	CAE should report administratively to the chief executive officer (CEO) or equivalent, rather than to a CEO direct report who has responsibility for areas which the internal audit function provides assurance and/or advisory services.

<b>8. Overseen by the Board</b>	Board/AC, senior management, and CAE annually discuss resource sufficiency for the internal audit function to fulfill its mandate. Sufficiency includes number and capabilities of internal auditors, as well as the use of technology.	Internal and external quality assessments assess internal audit function maturity level using IIA Quality Services' Principles Effectiveness Framework to identify maturity and process enhancement opportunities, in addition to Standards conformance and internal audit function performance. Plans to advance maturity and process enhancements, as well as address conformance/performance deficiencies are tracked and reported to the board/AC and management.
<b>9. Plan Strategically</b>	Internal audit function audit plan is presented in a multi-year format to demonstrate audit universe risk coverage and is dynamically adjusted for timely adaptation to organizational changes, emerging risks, and potential disruptions. Audit plan includes a balance between assurance and advisory engagements.	Internal audit function strategic plan is a multi-year (three to five) plan linked to helping the organization manage risks and achieve its strategic objectives by focusing on upskilling talent, innovating internal audit processes to add more value, embracing emerging technology, and strengthening the internal audit function's strategic advisor status. Progress against the strategic plan is monitored and reported to the board/AC and management.
<b>10. Manage Resources</b>	Resource management processes cover board/AC-approved financial budget, talent development and retention strategies, strategic co-sourcing, and leveraging technology for efficient and effective audit execution.	Internal audit function embraces emerging technology to expand risk coverage and free up internal resources to increase their capacity to focus more on offering advice, insight, and foresight recommendations to deliver more value to stakeholders.
<b>11. Communicate Effectively</b>	CAE and auditors have "seats at the table" with senior and operations management on key organization initiatives to timely discuss concerns and emerging risks, as well as provide advice, insight, and foresight.	Leverage executive summaries, graphics, and dashboards to consistently deliver objective, clear, concise, constructive, complete, and timely internal audit function communications, including trending information, to stakeholders.
<b>12. Enhance Quality</b>	Internal audit function quality is assured through peer post-engagement reviews, periodic holistic internal quality assessments, and performance metrics reported to the board/AC and management.	Utilize a mix of activity-based and results-based performance metrics that demonstrate value delivered and drive performance, innovation, and continuous improvement.
<b>13. Plan Engagements Effectively</b>	Clear communication throughout the engagement lifecycle, structured risk assessments, established evaluation criteria, defined scope and objectives, unresolved issues escalation processes, and resource requirements identification.	Leverage technology, benchmark data, and other resources to identify and prioritize high-risk areas to ensure resources are allocated where they are most needed.
<b>14. Conduct Engagement Work</b>	Defined methodology to gather reliable information, identify and analyze potential findings with root causes, assess significance, develop appropriate recommendations, and/or collaborate with management on action plans to mitigate risk and draw conclusions.	Leverage current/emerging technology to gather, analyze, and evaluate data for issue identification and assessment across entire data populations and systems for comprehensive risk coverage, systematically assess root cause and significance, identify action plan recommendations to mitigate risk, and draw conclusions.
<b>15. Communicate Engagement Results and Monitor Action Plans</b>	Standardized reporting formats include key elements with root causes embedded in findings. Robust monitoring tracks action plans to resolution with status reporting to management and the board/AC.	Leverage technology to identify and periodically report to the board/AC and management audit issues and management action plan themes and trends that may require organization-wide actions.

IIA Quality Services' mission is to "Elevate Internal Audit Quality Around the World" by elevating professionalism within internal auditing and conformance to the Global Internal Audit Standards™ by providing expert thought leadership, resources, and assessment services. IIA Quality Services' advisors provide full-scope external quality assessments, validations of self-assessments, gap assessments, and free consultations.

Let IIA Quality Services be your internal audit function's strategic advisor! Email [Quality@theiia.org](mailto:Quality@theiia.org) or learn more at [theiia.org/Quality](https://theiia.org/Quality).

