

## Dear Q&A

**My internal audit unit recently had a five-year external quality assessment performed by an independent person from outside our organisation. We rated pretty well against the 52 internal audit standards but were marked down on Standard 1320 ‘Reporting on the quality assurance and improvement program’. What should be done to conform with this standard?**

### Answer

Standard 1320 requires “The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board.” When we say ‘board’, we mean the ‘audit committee’ which is a sub-committee of the board of directors.

Internal audit is required to maintain a quality assurance and improvement program that includes:

1. Ongoing internal assessments which may include:
  - › Work paper reviews and supervisor sign-off for in-house and service provider internal audit engagements.
  - › Performance evaluations for in-house and service provider internal audit engagements.
  - › Actual versus budgeted analysis (monitoring metrics).
  - › Customer feedback surveys after each internal audit engagement.
2. Periodic internal assessments to be performed annually, and which may include:
  - › Review of the internal audit charter.
  - › Self-assessment to assess conformance with the standards.
  - › Staff performance reviews (HR process).
  - › Annual audit committee and management feedback surveys.
  - › Performance measures (KPIs).
  - › File reviews for in-house and service provider internal audit engagements (usually in larger internal audit functions).
  - › Staff declarations.
  - › Assertion on conformance with the internal audit standards.
3. External assessments performed at least once every five years by a qualified, independent assessor or assessment team from outside the organisation

The first step is to have a documented quality assurance and improvement program, an area where many internal audit functions fall down. There may be many elements of a quality assurance and improvement program in place, but they need to be drawn together into a single overarching document.

The IIA-Australia has produced a simple template that can be modified by individual internal audit functions to serve as a documented quality assurance and improvement program, and also form a report as required by Standard 1320. [It is available in the IIA-Australia website Members area.](#)