

Dear Q&A

Is the level of assurance defined in the IPPF for example ‘reasonable assurance’, ‘limited assurance’, or ‘negative assurance’?

Answer

The ‘International Professional Practices Framework’ (IPPF) issued by the Institute of Internal Auditors (IIA) does not use terms like ‘reasonable assurance’, ‘limited assurance’ or ‘negative assurance’.

These are terms used by external auditors or auditors working under external audit standards and are irrelevant in the internal audit context. Internal auditors are always expected to have ‘sufficient, reliable, relevant, and useful information’ to support conclusions or opinions offered (Internal Audit Standard 2330 ‘Documenting Information’).

There is no ‘escape clause’ in the Internal Audit Standards. An internal auditor is expected to form a conclusion in relation to the engagement objectives and negative by exception-based reporting is not encouraged (Standard 2410.A2 ‘Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.’). Internal auditors are expected to have evidence to support their conclusion.

While you will see some internal auditors attempt to use such terms, they are meaningless in the internal auditing context. In internal auditing there is ‘assurance’ or ‘no assurance’ – there are no intermediate levels.

The only place ‘reasonable assurance’ will be used by internal auditors is in the context of defining adequate control – which is ‘Present if management has planned and organised (designed) in a manner that provides reasonable assurance that the organisation’s risks have been managed effectively and that the organisation’s goals and objectives will be achieved efficiently and economically.’ (Definition of ‘adequate control’ contained in IPPF Glossary). This is a statement about the design of the process – not about the confidence the internal auditor has in their result.