



International Professional
Practices Framework

Implementation Guide 1300

Standard 1300 – Quality Assurance and Improvement Program

The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

Interpretation:

A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The chief audit executive should encourage board oversight in the quality assurance and improvement program.

Revised *Standards*, Effective 1 January 2017

Getting Started

Standard 1300 tasks the chief audit executive (CAE) with developing and maintaining a comprehensive quality assurance and improvement program (QAIP). The QAIP should encompass all aspects of operating and managing the internal audit activity — including consulting engagements — as found in the mandatory elements of the International Professional Practices Framework (IPPF). It may also be beneficial for the QAIP to consider

best practices in the internal audit profession.

The QAIP is designed to enable an evaluation of the internal audit activity's conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)* and whether internal auditors apply The IIA's Code of Ethics. As such, it must include ongoing and periodic internal assessments as well as external assessments by a qualified independent assessor or assessment team (see Standard 1310 – Requirements of the Quality Assurance and Improvement Program).

The CAE must have a thorough understanding of the mandatory elements of the IPPF, especially the *Standards* and Code of Ethics. Generally, the CAE meets with the board to gain an understanding of the expectations for the internal audit activity, to discuss the importance of the *Standards* and the QAIP, and to encourage the board's support of these.

Typically, the CAE finds examples of how QAIPs are developed and implemented in other organizations — particularly those that are similar in nature and maturity — for benchmarking purposes. Additionally, the CAE may wish to consult IIA Supplemental Guidance and other published guidance on the matter, including The IIA's *Quality Assessment Manual for the Internal Audit Activity*.

Considerations for Implementation

A well-developed QAIP ensures that the concept of quality is embedded in the internal audit activity and all of its operations. The internal audit activity should not need to assess whether each individual engagement conforms with the *Standards*. Rather, engagements should be undertaken in accordance with an established methodology that promotes quality and, by default, conformance with the *Standards*. Additionally, the methodology generally promotes continuous improvement of the internal audit activity.

As Standard 1300 requires, the CAE develops and maintains a QAIP that covers all aspects of the internal audit activity, with the ultimate goal of developing an internal audit activity with a scope and quality of work that includes conformance with the *Standards* and application of the Code of Ethics. The QAIP enables an internal audit activity to be evaluated for conformance with the *Standards* and assesses whether internal auditors apply the Code of Ethics. As such, the QAIP includes assessments of the internal audit activity's efficiency and effectiveness, which help to identify opportunities for improvement.

The CAE periodically evaluates the QAIP and updates it as needed. For example, as the internal audit activity matures, or as conditions within the internal audit activity change, adjustments to the QAIP may become necessary to ensure that it continues to operate in an effective and efficient manner and to assure stakeholders that it adds value by improving the organization's operations.

To implement Standard 1300, the CAE must consider the requirements related to its five essential components:

- Internal assessments (Standard 1311).
- External assessments (Standard 1312).
- Communication of QAIP results (Standard 1320).
- Proper use of a conformance statement (Standard 1321).
- Disclosure of nonconformance (1322).

Internal Assessments

Internal assessments consist of ongoing monitoring and periodic self-assessments (see Standard 1311 – Internal Assessments), which evaluate the internal audit activity's conformance with the mandatory elements of the IPPF, the quality and supervision of audit work performed, the adequacy of internal audit policies and procedures, the value the internal audit activity adds to the organization, and the establishment and achievement of key performance indicators.

The CAE should establish ongoing monitoring and ensure that reviews of the internal audit activity occur periodically. 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.

Periodic self-assessments are conducted to validate that ongoing monitoring is operating effectively and to assess whether the internal audit activity is in conformance with the *Standards* and whether internal auditors apply the Code of Ethics. Through conformance with

the *Standards* and Code of Ethics, the internal audit activity also achieves alignment with the Definition of Internal Auditing and the Core Principles for the Professional Practice of Internal Auditing.

Implementation Guide 1311 – Internal Assessments provides further guidance on the QAIP requirement for internal assessments.

External Assessments

In addition to internal assessments, the CAE is responsible for ensuring that the internal audit activity conducts an external assessment at least once every five years (see Standard 1312 – External Assessments). The purpose of the assessment, which must be performed by an independent assessor or assessment team from outside the organization, is to validate whether the internal audit activity conforms with the *Standards* and whether internal auditors apply the Code of Ethics.

A self-assessment may be performed in lieu of a full external assessment, provided it is validated by a qualified, independent, competent, and professional external assessor. In such cases, the scope of the self-assessment with external independent validation would consist of a comprehensive and fully documented self-assessment process that emulates the full external process, and an independent, onsite validation by a qualified, independent assessor.

Implementation Guide 1312 – External Assessments provides further guidance on the QAIP requirement for external assessments.

Communication of QAIP Results

The CAE must communicate the results of the QAIP to senior management and the board, as stated in Standard 1320 – Reporting on the Quality Assurance and Improvement Program.

Such communication should include:

- The scope and frequency of both internal and external assessments.
- The qualifications and independence of the assessor(s) or assessment team.
- The conclusions of the assessors.
- Any corrective action plans that have been created from the assessments to address

areas that were not in conformance with the *Standards*, along with opportunities for improvement.

Implementation Guide 1320 – Reporting on the Quality Assurance and Improvement Program provides further guidance on QAIP reporting.

Proper Use of a Conformance Statement

The internal audit activity may only communicate — in writing or verbally — that the internal audit activity conforms with the *Standards* if results of both the QAIP’s internal and external assessments support such a statement. Implementation Guide 1321 – Use of “Conforms with the *International Standards for the Professional Practice of Internal Auditing*” provides further guidance on the proper use of a conformance statement.

Disclosure of Nonconformance

If an internal or external assessment concludes that the internal audit activity does not conform with the IPPF’s mandatory elements, and the lack of conformance impacts the overall scope or operation of the internal audit activity, the CAE must disclose the nonconformance and its impact to senior management and the board. Implementation Guide 1322 – Disclosure of Nonconformance provides further guidance on how and when to report nonconformance.

Considerations for Demonstrating Conformance

Multiple activities and documents may demonstrate conformance with Standard 1300, the most notable of which are the CAE’s documented QAIP itself, the results of internal and external assessments, and documentation showing the CAE’s communication of QAIP results with the board. The latter typically consists of findings, corrective action plans, and corrective actions taken to improve the internal audit activity’s conformance with the *Standards* and Code of Ethics. Additionally, any documentation of actions taken to improve the internal audit activity’s efficiency and effectiveness may help demonstrate conformance with the standard. For external assessments, documentation from the external assessor or assessment team, or written independent validation of a self-assessment, may be used to indicate conformance with Standard 1300. Board meeting minutes where QAIPs and their results were discussed and presentations to the board or senior management may also help evidence conformance.



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About Implementation Guidance

Implementation Guidance, as part of The IIA's International Professional Practices Framework® (IPPF®), provides recommended (non-mandatory) 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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