



International Professional
Practices Framework

Implementation Guide 2300

Standard 2300 – Performing the Engagement

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

Revised *Standards*, Effective 1 January 2017

Getting Started

In the *International Standards for the Professional Practice of Internal Auditing*, the engagement process is divided into three phases, with a series of standards representing each: planning (2200 series), performing and supervising (2300 series), and communicating (2400 series). In reality, the standards in these groups are not performed discretely and sequentially. Rather, some engagement work may be performed during the planning process; and planning, supervising, and communicating occur throughout the performance of an engagement. Thus, in preparing to perform an engagement, internal auditors should review all three groups of standards and implementation guides concurrently.

Before performing the engagement, internal auditors may benefit from reviewing the information formulated during the planning process, which should include:

- Engagement objectives that reflect the results of a preliminary risk assessment conducted by the internal audit activity (Standard 2210 – Engagement Objectives and Standard 2210.A1).

- The criteria that will be used to evaluate the governance, risk management, and controls of the area or process under review (Standard 2210.A3).
- The engagement work program (which contains the conclusions made during the planning phase), the engagement tasks, and the procedures that will be used to identify, analyze, and document engagement information (Standard 2240 – Engagement Work Program and Standard 2240.A1).

Work performed during the planning phase is typically documented in workpapers and referenced in the work program. The work may include:

- A risk and control matrix, which links risks and controls with the testing approach, results, observations, and conclusions.
- Process maps, flowcharts, and/or narrative descriptions of control processes.
- The results of evaluating the adequacy of control design.
- A plan and approach for testing the effectiveness of key controls.

The level of analysis and detail applied during the planning phase varies by internal audit activity and engagement. Evaluating the adequacy of control design is often completed as part of engagement planning, because it helps internal auditors clearly identify key controls to be further tested for effectiveness. However, the most appropriate time to perform this evaluation depends on the nature of the engagement; if it is not completed during planning, the control design evaluation may occur as a specific stage of engagement performance, or internal auditors may evaluate the control design while performing tests of the controls' effectiveness.

Considerations for Implementation

The 2300 series of standards encompasses performing the tests outlined in the planning phase and evaluating and documenting the results. As internal auditors reflect on the information needed to accomplish the engagement objectives, they should consider the expectations of the board and senior management. The type of information required and analyses applied may depend on whether the engagement is designed to provide assurance with conclusions and/or an opinion (Standard 2410.A1) or consulting and advice (Standard 2410.C1).

Internal auditors approach engagements with an objective, yet inquisitive, mind and search strategically for information (e.g., audit evidence) that could help achieve the engagement objectives. At each step in the engagement process, internal auditors apply professional skepticism to evaluate whether the information is sufficient and appropriate to provide a reasonable basis on which to formulate conclusions and/or recommendations, or whether additional information should be collected. Standard 2330 – Documenting Information requires internal auditors to document information resulting from the execution of the engagement; the evidence should logically support the conclusions and engagement results.

The Interpretation of Standard 2310 – Identifying Information states, “Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor.” Thus, engagement information should be collected and documented in such a way that a prudent, informed person, such as another internal auditor or an external assessor, could repeat the engagement and achieve an outcome that confirms the internal auditor’s results and logically leads to the same conclusions.

Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations (see Standard 2320 – Analysis and Evaluation). For assurance engagements and some consulting engagements, the ultimate goal is to reach conclusions about whether the design and operation of key controls support the engagement subject’s ability to achieve its objectives.

As part of the work program, internal auditors usually create a testing plan to gather evidence about the operating effectiveness of adequately designed key controls (see Standard 2240 – Engagement Work Program). Generally, secondary controls (i.e., those that improve the process but are not essential) and controls that have a design weakness (i.e., those unlikely to accomplish their purpose even if they are operating properly) do not need to proceed to the level of effectiveness testing. If the details of the testing plan are not sufficient, internal auditors may need to provide additional testing details, such as the testing criteria and population, the sampling methodology, and the sample size needed to obtain sufficient information. Standard 2240.A1 requires adjustments to be approved promptly.

Internal auditors’ approach to evaluation often includes a combination of manual audit procedures and computer-assisted audit techniques (CAATs). General categories of manual

audit procedures include inquiry (e.g., interviews or surveys), observation, inspection, vouching, tracing, reperformance, confirmation, and analytical procedures (e.g., ratio analysis, trend analysis, or benchmarking). CAATs include generalized audit software programs and specialized programs that test the processing logic and controls of other software and systems. Evaluation procedures are discussed in more detail in Implementation Guide 2320 – Analysis and Evaluation.

As evaluations are completed, the results may be recorded in a column added to the risk and control matrix, which is typically documented as a workpaper. Entries in the matrix generally include a reference or link to additional workpapers that document the details of testing procedures and analyses used, the results, and any additional support for the internal auditor's conclusions. Internal audit information, testing results, and the basis for conclusions may also be presented in the form of a summary of the work performed.

The chief audit executive usually establishes a common approach to workpaper documentation in the internal audit activity's policies and procedures manual. Documentation is discussed in more detail in Implementation Guide 2330 – Documenting Information.

Considerations for Demonstrating Conformance

Conformance with Standard 2300 may be evidenced in the engagement workpapers that describe the actions, analyses, and evaluations performed during an engagement, as well as the logic supporting the conclusions, opinions, and/or advice. Workpapers normally include a description of any CAATs or software that was used during the engagement. Additionally, final engagement communications typically demonstrate conformance. Post-engagement surveys or other feedback mechanisms may confirm that the engagement's objectives were achieved, from the perspective of the board and senior management. Documentation of engagement supervision may provide evidence of conformance.



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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.

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