



International Professional  
Practices Framework

# Implementation Guide 2340

## Standard 2340 – Engagement Supervision

Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

### Interpretation:

*The extent of supervision required will depend on the proficiency and experience of internal auditors and the complexity of the engagement. The chief audit executive has overall responsibility for supervising the engagement, whether performed by or for the internal audit activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision is documented and retained.*

Revised *Standards*, Effective 1 January 2017

## Getting Started

The chief audit executive (CAE) has overall responsibility for supervising engagements to ensure that objectives are achieved, quality is assured, and staff is developed. Thus, when planning how the engagement will be supervised, the CAE should review the engagement objectives and the internal audit policies and procedures that support fulfillment of Standard 2340. Even before the engagement planning process begins, the CAE usually has developed

internal audit policies and procedures to address how engagements are planned, performed, and supervised (see Standard 2040 – Policies and Procedures). Such policies and procedures may specify software programs or templates that internal auditors should use to establish consistent formats for work programs and workpapers. Similarly, policies and procedures may address opportunities for staff development, such as a policy requiring post-engagement meetings between the internal auditor(s) who performed the engagement and the CAE or designated engagement supervisor.

Skills assessments of the internal audit staff are ongoing, not solely as part of the engagement process. Skills assessments generally provide sufficient information about the internal auditors' competencies to enable the CAE to appropriately assign internal auditors to engagements for which they possess the required knowledge, skills, and other competencies. Likewise, they enable the CAE to designate a qualified engagement supervisor.

## Considerations for Implementation

Engagement supervision is a process that begins with engagement planning and continues throughout the engagement. During the planning phase, the engagement supervisor is responsible for approving the engagement work program and may assume responsibility for other aspects of the planning process (see Standard 2240.A1). The primary criterion for approval of the work program is whether it is designed to achieve the engagement objectives efficiently. Additionally, the work program must include procedures for identifying, analyzing, evaluating, and documenting engagement information. Standard 2240.A1 states that any adjustments to the work program must be approved. Engagement supervision also involves ensuring that the work program is completed and authorizing any changes to the work program.

The engagement supervisor typically maintains ongoing communication with the internal auditor(s) assigned to perform the engagement and with management of the area or process under review. The engagement supervisor usually reviews the engagement workpapers that describe the audit procedures performed, the information identified, and the observations and preliminary conclusions made during the engagement. The supervisor evaluates whether the

information, testing, and results are sufficient, reliable, relevant, and useful to achieve the engagement objects and support the engagement results and conclusions, as required by Standard 2330 – Documenting Information.

Standard 2420 – Quality of Communications requires engagement communications to be accurate, objective, clear, concise, constructive, complete, and timely. Engagement supervisors review engagement communications and workpapers for these elements, because workpapers provide the primary support for engagement communications.

Throughout the engagement, the engagement supervisor and/or CAE meet with the internal auditor(s) assigned to perform the engagement and discuss the engagement process, which provides opportunities for training, development, and evaluation of the internal auditor(s). When reviewing the engagement communications and engagement workpapers, which document all aspects of the engagement process, supervisors may ask for additional evidence or clarification. Internal auditors may have an opportunity to improve their work by answering questions posed by the engagement supervisor.

Usually, the supervisor’s review notes are cleared from the final documentation once adequate evidence has been provided or workpapers have been amended with additional information that addresses the concerns and/or questions raised by the supervisor. Another option is for the internal audit activity to retain a separate record of the engagement supervisor’s concerns and questions, the steps taken to resolve them, and the results of those steps.

The CAE is responsible for all internal audit engagements and all significant professional judgments made throughout the engagements, whether by the internal audit activity or others performing the work for the internal audit activity. Therefore, the CAE usually develops policies and procedures designed to minimize the risk that internal auditors will make judgments or take actions that are inconsistent with the CAE’s professional judgment and could adversely affect the engagement. The CAE usually establishes a means for resolving any professional judgment differences that may arise. This may include discussing pertinent facts, pursuing additional inquiry or research, and documenting and concluding on the differing viewpoints in engagement workpapers. If there is a difference in professional judgment over an ethical issue, the issue may be referred to those individuals in the organization who have responsibility over

ethical matters.

## Considerations for Demonstrating Conformance

Evidence of conformance with Standard 2340 may include engagement workpapers, either initialed and dated by the engagement supervisor (if documented manually) or electronically approved (if documented within a workpaper software system). Additional evidence may include a completed engagement workpaper review checklist and/or a memorandum of review comments.

The assurance of engagement-level quality may also be demonstrated through the CAE's maintenance of a quality assurance and improvement program and through the results of surveys soliciting feedback about the engagement experience from the individuals directly involved with the engagement. Internal auditors may have the opportunity to provide feedback about the engagement supervisor through peer review mechanisms, such as surveys.

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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](http://www.globaliia.org/standards-guidance) or [www.theiia.org/guidance](http://www.theiia.org/guidance).

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