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INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING (STANDARDS)

Attribute Standards											
	Level 1 Informal: The IA activity is ad hoc or unstructured. No professional practices have been established, and there is an absence of infrastructure.	**Level 2 Defined:** The IA activity has established and is maintaining the repeatability of processes. There is partial conformance to the IIA Standards, and appropriate reporting relationships established.	**Level 3 Integrated:** Policies and procedures are defined, documented, and integrated into the culture of the IA activity.	**Level 4 Managed**: IA activity is recognized as a significant contributor to the organization. Performance metrics are in place to measure and monitor IA performance. IA is a well-managed business unit.	**Level 5 Optimised:** World-class. The IA activity has acquired top-level professional and specialized skills, and is a critical part of the organization's governance structure	**Evidence**	**Document reference**	**Audit Committee sign-off**	**GAP**	**Rectification**	**Timetable**
Purpose											
1000 – Purpose, Authority, and Responsibility. The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.											
- **1000.A1** – The nature of assurance services provided to the organisation must be defined in the internal audit charter. If assurances are to be provided to parties outside the organisation, the nature of these assurances must also be defined in the internal audit charter.											
- 1000.C1 – The nature of consulting services must be defined in the internal audit charter.											
1010 – Recognising Mandatory Guidance in the Internal Audit Charter. The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognised in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.											
1100 – Independence and Objectivity. The internal audit activity must be independent, and internal auditors must be objective in performing their work. Interpretation: Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organisational levels. Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organisational levels.											
1110 – organisational Independence. The chief audit executive must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The chief audit executive must confirm to the board, at least annually, the organisational independence of the internal audit activity.											
- **1110.A1** – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications.											
1111 – Direct Interaction with the Board. The chief audit executive must communicate and interact directly with the board.											
1112 – Chief Audit Executive Roles Beyond Internal Auditing. Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.											
1120 – Individual Objectivity. Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.											
1130 – Impairment to Independence or Objectivity. If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.											
- **1130.A1** – Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.											
- **1130.A2** – Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.											
- **1130.A3** – The internal audit activity may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.											
- **1130.C1** – Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.											
- **1130.C2** – If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.											
Proficiency and Due Professional Care (People)											
1200 – Proficiency and Due Professional Care. Engagements must be performed with proficiency and due professional care.											
1210 – Proficiency. Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.											
- **1210.A1** – The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.											
- 1210.A2 – Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.											
- **1210.A3** – Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.											
- **1210.C1** – The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.											
1220 – Due Professional Care. Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.											
- **1220.A1** – Internal auditors must exercise due professional care by considering the:											
□ *Extent of work needed to achieve the engagement's objectives.*											
□ *Relative complexity, materiality, or significance of matters to which assurance procedures are applied.*											
□ *Adequacy and effectiveness of governance, risk management, and control processes.*											
□ *Probability of significant errors, fraud, or noncompliance.*											
□ *Cost of assurance in relation to potential benefits.*											
- **1220.A2** – In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.											
- **1220.A3** – Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.											
- **1220.C1** – Internal auditors must exercise due professional care during a consulting engagement by considering the:											
□ *Needs and expectations of clients, including the nature, timing, and communication of engagement results.*											
□ *Relative complexity and extent of work needed to achieve the engagement's objectives.*											
□ *Cost of the consulting engagement in relation to potential benefits.*											
1230 – Continuing Professional Development. Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.											
Quality Assurance and Improvement Programme											
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.											
1310 – Requirements of the Quality Assurance and Improvement Program. The quality assurance and improvement program must include both internal and external assessments.											
1311 – Internal Assessments. Internal assessments must include:											
□ *Ongoing monitoring of the performance of the internal audit activity.*											
□ *Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.*											
1312 – External Assessments. External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The chief audit executive must discuss with the board:											
□ *The form and frequency of external assessment.*											

The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.											
1320 – Reporting on the Quality Assurance and Improvement Program. The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:											
The scope and frequency of both the internal and external assessments.											
The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.											
Conclusions of assessors.											
Corrective action plans.											
1321 – Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing". Indicating that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if supported by the results of the quality assurance and improvement program.											
1322 – Disclosure of Nonconformance. When nonconformance with the Code of Ethics or the Standards impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.											
Performance Standards											
	Level 1 Informal: The IA activity is ad hoc or unstructured. No professional practices have been established, and there is an absence of infrastructure.	**Level 2 Defined**: The IA activity has established and documented the processes. There is repeatability of processes. There is partial conformance to the IIA Standards, and appropriate reporting relationships established.	**Level 3 Integrated**: Policies and procedures are defined, documented, and integrated into the culture of the IA activity.	**Level 4 Managed**: IA activity is recognized as a significant contributor to the organization. Performance metrics are in place to measure and monitor IA performance. IA is a well-managed business unit.	**Level 5 Optimised**: World-class. The IA activity has acquired top-level professional and specialized skills, and is a critical part of the organization's governance structure	**Evidence**	**Document reference**	**Audit Committee sign-off**	**GAP**	**Rectification**	**Timetable**
Managing the Internal Audit Activity											
2000 – Managing the Internal Audit Activity. The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation. The internal audit activity is effectively managed when:											
It achieves the purpose and responsibility included in the internal audit charter.											
It conforms with the Standards.											
Its individual members conform with the Code of Ethics and the Standards.											
It considers trends and emerging issues that could impact the organisation.											
2010 – Planning. The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.											
- **2010.A1** – The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.											
- **2010.A2** – The chief audit executive must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.											
- **2010.C1** – The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organisation's operations. Accepted engagements must be included in the plan.											
2020 – Communication and Approval. The Institute of Internal Auditors The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations											
2030 – Resource Management. The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.											
2040 – Policies and Procedures. The chief audit executive must establish policies and procedures to guide the internal audit activity.											
2050 – Coordination and Reliance. The chief audit executive should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.											
2060 – Reporting to Senior Management and the Board. The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the board. The chief audit executive's reporting and communication to senior management and the board must include information about:											
The audit charter.											
Independence of the internal audit activity.											
The audit plan and progress against the plan.											
Resource requirements.											
Results of audit activities.											
Conformance with the Code of Ethics and the Standards, and action plans to address any significant conformance issues.											
Management's response to risk that, in the chief audit executive's judgment, may be unacceptable to the organisation.											
2070 – External Service Provider and organisational Responsibility for Internal Auditing. When an external service provider serves as the internal audit activity, the provider must make the organisation aware that the organisation has the responsibility for maintaining an effective internal audit activity.											
2100 – Nature of Work. The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and riskbased approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.											
2110 – Governance. The internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes for:											
Making strategic and operational decisions.											
Overseeing risk management and control.											
Promoting appropriate ethics and values within the organisation.											
Ensuring effective organisational performance management and accountability.											
Communicating risk and control information to appropriate areas of the organisation.											
Coordinating the activities of, and communicating information among, the board, external and internal auditors, other assurance providers, and management.											
- **2110.A1** – The internal audit activity must evaluate the design, implementation, and effectiveness of the organisation's ethics-related objectives, programs, and activities.											
- **2110.A2** – The internal audit activity must assess whether the information technology governance of the organisation supports the organisation's strategies and objectives.											
2120 – Risk Management. The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes. Determining whether risk management processes are effective is a judgment resulting from the internal auditor's assessment that:											
organisational objectives support and align with the organisation's mission.											
Significant risks are identified and assessed.											
Appropriate risk responses are selected that align risks with the organisation's risk appetite.											
Relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management, and the board to carry out their responsibilities.											
- **2120.A1** – The internal audit activity must evaluate risk exposures relating to the organisation's governance, operations, and information systems regarding the:											
Achievement of the organisation's strategic objectives.											
Reliability and integrity of financial and operational information.											
Effectiveness and efficiency of operations and programs.											
Safeguarding of assets.											
Compliance with laws, regulations, policies, procedures, and contracts.											
- **2120.A2** – The internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.											
- **2120.C1** – During consulting engagements, internal auditors must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.											
- **2120.C2** – Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.											
- **2120.C3** – When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks.											
2130 – Control. The internal audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.											
- **2130.A1** – The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations, and information systems regarding the:											
Achievement of the organisation's strategic objectives.											
Reliability and integrity of financial and operational information.											
Effectiveness and efficiency of operations and programs.											
Safeguarding of assets.											
Compliance with laws, regulations, policies, procedures, and contracts.											
- **2130.C1** – Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes.											

Managing the Internal Audit Activity											
2200 – Engagement Planning. Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organisation's strategies, objectives, and risks relevant to the engagement.											
2201 – Planning Considerations. In planning the engagement, internal auditors must consider:											
The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance.											
The significant risks to the activity's objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.											
The adequacy and effectiveness of the activity's governance, risk management, and control processes compared to a relevant framework or model.											
The opportunities for making significant improvements to the activity's governance, risk management, and control processes.											
- **2201.A1** – When planning an engagement for parties outside the organisation, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.											
- **2201.C1** – Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.											
2210 – Engagement Objectives. Objectives must be established for each engagement.											
- **2210.A1** – Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.											
- **2210.A2** – Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.											
- **2210.A3** – Adequate criteria are needed to evaluate governance, risk management, and controls. Internal auditors must ascertain the extent to which management and/or the board has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must identify appropriate evaluation criteria through discussion with management and/or the board. Interpretation: Types of criteria may include:											
Internal (e.g., policies and procedures of the organisation).											
External (e.g., laws and regulations imposed by statutory bodies).											
Leading practices (e.g., industry and professional guidance).											
- **2210.C1** – Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client.											
- **2210.C2** – Consulting engagement objectives must be consistent with the organisation's values, strategies, and objectives.											
2220 – Engagement Scope. The established scope must be sufficient to achieve the objectives of the engagement.											
- **2220.A1** – The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.											
- **2220.A2** – If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities, and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.											
- **2220.C1** – In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.											
- **2220.C2** – During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.											
2230 – Engagement Resource Allocation. Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.											
2240 – Engagement Work Program. Internal auditors must develop and document work programs that achieve the engagement objectives.											
- **2240.A1** – Work programs must include the procedures for identifying, analysing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.											
- **2240.C1** – Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.											
2300 – Performing the Engagement. Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.											
2310 – Identifying Information. Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.											
2320 – Analysis and Evaluation. Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.											
2330 – Documenting Information. Internal auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.											
- **2330.A1** – The chief audit executive must control access to engagement records. The chief audit executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate. 2											
- **2330.A2** – The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organisation's guidelines and any pertinent regulatory or other requirements.											
- **2330.C1** – The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organisation's guidelines and any pertinent regulatory or other requirements.											
2340 – Engagement Supervision. Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.											
2400 – Communicating Results. Internal auditors must communicate the results of engagements.											
2410 – Criteria for Communicating. Communications must include the engagement's objectives, scope, and results.											
- **2410.A1** – Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans. Where appropriate, the internal auditors' opinion should be provided. An opinion must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.											
- **2410.A2** – Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.											
- **2410.A3** – When releasing engagement results to parties outside the organisation, the communication must include limitations on distribution and use of the results.											
- **2410.C1** – Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.											
2420 – Quality of Communications. Communications must be accurate, objective, clear, concise, constructive, complete, and timely.											
2421 – Errors and Omissions. If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.											
2430 – Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing". Indicating that engagements are "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing" is appropriate only if supported by the results of the quality assurance and improvement program.											
2431 – Engagement Disclosure of Nonconformance. When nonconformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:											
Principle(s) or rule(s) of conduct of the Code of Ethics or the Standard(s) with which full conformance was not achieved.											
Reason(s) for nonconformance. *Impact of nonconformance on the engagement and the communicated engagement results.*											
2440 – Disseminating Results. The chief audit executive must communicate results to the appropriate parties.											
- **2440.A1** – The chief audit executive is responsible for communicating the final results to parties who can ensure that the results are given due consideration.											
- **2440.A2** – If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organisation the chief audit executive must:											
Assess the potential risk to the organisation.											
Consult with senior management and/or legal counsel as appropriate.											
Control dissemination by restricting the use of the results.											
- **2440.C1** – The chief audit executive is responsible for communicating the final results of consulting engagements to clients.											
- **2440.C2** – During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organisation, they must be communicated to senior management and the board.											
2450 – Overall Opinions. When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organisation; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information. The communication will include:											
The scope, including the time period to which the opinion pertains.											
Scope limitations.											

Consideration of all related projects, including the reliance on other assurance providers.											
A summary of the information that supports the opinion.											
The risk or control framework or other criteria used as a basis for the overall opinion.											
The overall opinion, judgment, or conclusion reached.											
The reasons for an unfavourable overall opinion must be stated.											
2500 – Monitoring Progress. The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.											
- **2500.A1** – The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.											
- **2500.C1** – The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.											
2600 – Communicating the Acceptance of Risks. When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.											