






INSIGHTS TO QUALITY

How The IIA Core Principles Support Successful Internal Audit Practices

IIA Quality Services' assessment teams evaluate various internal audit activities each year and the relationship among the three lines of defense: management, oversight functions, and Internal Audit. As the third line of defense, Internal Audit provides assurance to senior management and the board through a systematic approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In addition to generating cost savings and reducing fatigue on the business, coordinating among assurance functions can improve key risk coverage and drive valuable strategic insights. Reporting on risk through a coordinated lens enables the board to gain a broader perspective into the health of the organization and its risk management strategy.

Providing risk-based assurance and Aligning with the strategies, objectives, and risks of the organization are Core Principles correlated to the *Standards* implemented by Internal Audit to achieve a comprehensive and successful Quality Assurance and Improvement Program. The maturity of Internal Audit in these areas can be evaluated on the model shown. Also, criteria is suggested for achieving a higher level of quality and adding greater value to the organization.

CORE PRINCIPLE	INEFFECTIVE 	DEFINED 	MANAGED 	SUSTAINABLE 	OPTIMAL 
Provides risk-based assurance.	Annual Audit plan is not risk-based.	Risk-based plan with limited input from key stakeholders.	Risk-based plan based upon input from key stakeholders, including the board.	Risk-based planning exercise performed more frequently than on annual basis.	Risk-based plan includes criteria related to alignment with organizational strategy and risk.
ASSOCIATED STANDARDS	Annual Audit plan is developed without input from key stakeholders within the organization.	Internal Audit strategic plan not well defined – initiatives not linked to entity-wide view of risk.	Internal Audit strategic plan in place based upon a SWOT analysis and consistent with organization strategic plan.	Internal Audit strategic plan has multi-year horizon – presented to board for review and approval.	Internal Audit strategic plan clearly understood by Internal Audit staff – part of operating culture of the activity.
<ul style="list-style-type: none">1000 Series1100 Series1300 Series2000 Series2100 Series2200 Series2600 Series	No Internal Audit specific strategic plan.	Coordination with other providers of assurance done on ad hoc basis – no clear definition or understanding of roles in Three Lines of Defense Framework.	Effective coordination with other providers of assurance. Roles clearly understood.	Active coordination with other providers of assurance. Assurance maps used to communicate risk coverage.	Internal Audit performs periodic assessments related to Second Line of Defense functions' effectiveness.
	No coordination with other providers of assurance in the organization, especially with ERM.	Generally in conformance with remaining <i>Standards</i> .	Generally in conformance with all associated <i>Standards</i> .	General conformance with all <i>Standards</i> demonstrated in at least two consecutive external assessments.	Generally in conformance with all criteria embedded in associated <i>Standards</i> .
	Not in conformance with an associated <i>Standard</i> .	Partially in conformance with an associated <i>Standard</i> .			
	Partially in conformance with several associated <i>Standards</i> .				

CORE PRINCIPLE

Aligns with strategies, objectives, and risks of the organization.

ASSOCIATED STANDARDS

- 1300 Series
- 2000 Series
- 2100 Series
- 2200 Series

INEFFECTIVE



Internal Audit plan is not risk-based.

Internal Audit plan is developed without input from key stakeholders within the organization.

No Internal Audit specific strategic plan.

No coordination with other providers of assurance in the organization, especially with ERM.

Not in conformance with an associated *Standard*.

Partially in conformance with several associated *Standards*.

DEFINED



Risk-based Internal Audit plan with limited input from key stakeholders.

Internal Audit strategic plan not well defined – initiatives not linked to entity-wide view of risk.

Coordination with other providers of assurance done on ad hoc basis – no clear definition or understanding of roles in Three Lines of Defense Framework.

Partially in conformance with an associated *Standard*.

Generally in conformance with remaining *Standards*.

MANAGED



Risk-based Internal Audit plan based upon input from key stakeholders, including the board.

Internal Audit strategic plan in place based upon a SWOT analysis and consistent with organization strategic plan.

Effective coordination with other providers of assurance. Roles clearly understood.

Generally in conformance with all associated *Standards*.

SUSTAINABLE



Risk-based planning exercise performed more frequently than on annual basis.

Internal Audit strategic plan has multi-year horizon – presented to board for review and approval.

Active coordination with other providers of assurance. Assurance maps used to communicate risk coverage.

General conformance with all *Standards* demonstrated in at least two consecutive external assessments.

OPTIMAL



Risk-based plan includes criteria related to alignment with organizational strategy and risk.

Internal Audit strategic plan clearly understood by Internal Audit staff – part of operating culture of the activity.

Internal Audit performs periodic assessments related to Second Line of Defense functions' effectiveness.

Generally in conformance with all criteria embedded in associated *Standards*.

About IIA Quality Services, LLC

IIA Quality Services' mission is to elevate professionalism within internal auditing and conformance with the *International Standards for the Professional Practice of Internal Auditing* by providing knowledge, resources, and external assessment services to internal audit activities. IIA Quality Services' experts provide full-scope quality assessments, validations of self-assessments, and readiness reviews.

For information on the Core Principles for the Professional Practice of Internal Auditing, visit www.theiia.org/Guidance and navigate to Core Principles under Mandatory Guidance.



Need further insight into quality assurance and improvement? Let IIA Quality Services be your Trusted Advisor.

Contact us at Quality@theiia.org or **+1-407-937-1399**.