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Why Maturity Assessments Add Value to External Quality Assessments

The 2024 edition of the Quality Assessment (QA) Manual includes guidance for performing internal and external quality assessments that focus on conformance and performance (**Standard 8.3 – Quality**) as emphasized in the Global Internal Audit Standards™ (Standards). The QA Manual states, “Chief audit executives (CAEs) should strive for more than conformance with the Global Internal Audit Standards. They should also focus on optimizing the internal audit function’s (IAF’s) performance with the goal of addressing the organization’s changing needs and exceeding stakeholders’ expectations. A good start to optimizing the function is assessing its maturity.” A maturity assessment, when included with an external quality assessment (EQA), is a powerful strategic planning (**Standard 9.2 – Internal Audit Strategy**) tool for identifying strengths, weaknesses, opportunities, and threats. It helps identify key internal audit strategic initiatives that advance performance to increase value delivered to stakeholders and are linked to the organization’s strategy, stakeholder’s expectations, and the organization’s changing needs.

IIA Quality Services’ Principles Effectiveness Framework

Although many maturity models exist, IIA Quality Services’ EQAs employ its **Principles Effectiveness Framework**, a maturity assessment based on performance and maturity characteristics associated with differing levels of effectiveness for each Principle of the Standards. Achieving the differing levels of effectiveness is driven by support from the board (or audit committee), senior management, and CAE, as well as the organization’s level of maturity. Like other maturity models, the framework can be utilized to develop strategic initiatives focused on driving continuous improvement and stakeholder value.

Effectiveness/Maturity Levels ⁽¹⁾

IIA Quality Services’ **Principles Effectiveness Framework** has five maturity levels; **Optimized, Sustainable, Effective, Partially Effective, and Not Effective**. Each increasing level of maturity includes the characteristics of maturity described below and is linked to the IAF’s Achievement rating for each Principle. In this framework, the Sustainable level builds off the Effective level and the Optimized level builds off the Sustainable level.

Optimized: The IAF is viewed as **Proactive**; individuals embrace new ideas and ways of working to drive change. The IAF is an early adopter of emerging technology to enhance effectiveness and efficiency of audit management and engagement processes. They are valued by stakeholders as strategic advisors and a partner in achieving organizational objectives/success, focused on driving innovation, and adding strategic value via a balance between assurance and advisory engagements, as well as providing real-time advice by having a “seat at the table.” A Full Achievement rating is required for each Principle.

Sustainable: The IAF utilizes technology and a data-driven (key performance indicators) approach to manage the IAF and leverages data analytics and other technology significantly to enhance engagement efficiency and effectiveness. The annual plan includes both assurance and advisory engagements. Continuous improvement initiatives are in place to deliver greater value. A Full or General Achievement rating is required for each Principle.

Effective: The IAF is viewed as a **Practicalist**; individuals advocate or adhere to what is practical. Standardized processes are in place. Audit activities are well-managed, with a focus on risk-based assurance and planning. Quality assurance processes are established to monitor and improve effectiveness. At least a General Achievement rating is required for each Principle.

Partially Effective: The IAF is viewed as a **Purist**; individuals focus on adherence to traditional audit practices. Basic processes for conducting engagements and activities are in place, generally documented, and repeatable. The IAF adheres to the Standards, but there are inconsistencies in execution. A General or Partial Achievement rating is required for each Principle.

Not Effective: IAF processes are not formally defined, documented, and/or consistently performed. Activities are reactive, with little focus on risk management or contributing to organizational stakeholder value. Engagements are primarily compliance oriented. Each Principle receives a Does Not Achieve rating.

(1) Maturity levels for IIA Quality Services’ Principles Effectiveness Framework align with the QA Manual, 2024 Edition.

Drivers of Maturity (Principles Effectiveness)

The Principles Effectiveness Framework is based primarily on **four** drivers of maturity — **revolutionize talent management**, **innovate to add more value**, **embrace emerging technology**, and **cultivate strategic advisor status** — which align with **The IIA’s Vision 2035**. Focusing on these drivers can help IAFs move up the continuum of maturity.

Revolutionize Talent Management

CAEs must transform talent management to upskill internal auditors to be tech-savvy, innovative, resilient, intellectually curious, collaborative, business knowledgeable, risk aware, and results focused. New tactics are essential for hiring, attracting, retaining, developing, and obtaining resources. IAF teams need to consist of talent not only from finance/accounting and audit, but also from technology, cybersecurity, operations, business functions, other disciplines, and direct from universities. Broader backgrounds and experience elevate the IAF’s value contribution and increase stakeholder support. Hiring talent direct from universities is highly valuable, but requires IAFs to be actively involved with universities to attract talent. Recruiting and training must also focus on shifting/advancing a “**Proactive**” mindset across all levels within the IAF. (See **Vision 2035** for details on shifting internal audit’s mindset.)

Innovate to Add More Value

Rapidly evolving business environments, talent shortages, and new technology are driving a need to continuously innovate to consistently deliver timely, relevant advice, insight, and foresight from advisory and assurance engagements. Innovation is more than just adopting technology solutions; CAEs must inspire their team to create processes tailored to the IAF’s needs and challenges that meet or exceed the expectations of the IAF’s organization. Leveraging talents, perspectives, and expertise of team members with different types and years of experience fosters creativity. Innovation is a continuous process, not one that happens only quarterly or yearly. A constant, relentless focus on innovation helps an IAF demonstrate that **Principle 12 – Enhance Quality** is achieved, ensuring ongoing continuous process improvement and delivering efficient and effective results for the organization.

Embrace Emerging Technology

The IAF must embrace and leverage AI and future emerging technology for risk assessment planning and engagements, audit execution, and IAF management. Existing data analytics and audit management systems will continue to provide value and efficiency when coupled with new technology. Leveraging technology saves time managing internal audit activities, gathering and analyzing data, identifying patterns, and automating testing. This allows auditors to focus on interpreting and identifying potential or real risk events and provide more valuable advice, insight, and foresight to stakeholders. Adopting AI and emerging technologies also allows auditors to have more time to continuously update, expand, and sharpen their knowledge and skills.

Cultivate Strategic Advisor Status

To be accepted as strategic advisors, CAEs need to mobilize organizational support from management and the board to obtain funding and collaboration that enables them to advance quantum changes in auditors’ skills, how the IAF operates, and the value the IAF delivers to stakeholders. The internal audit strategic plan is a good place to start, but CAEs and their teams also need to build and maintain dynamic, trust-based, collaborative relationships across the organization and with the board. Balancing advisory and assurance engagements to focus on key strategic and operational risks, especially emerging risks, and responding to requests from senior management and the board elevates the IAF’s status. As **Strategic Advisors**, IAF members provide real-time, robust, risk-based advice and assurance to **strengthen the organization’s ability to create, protect, and sustain value and serve the public interest** — which speaks to the IAF’s purpose as set out in Domain I of the Standards.

About IIA Quality Services: IIA Quality Services’ mission is to **Elevate Internal Audit Quality Around the World** by elevating professionalism within internal auditing and conformance to the Global Internal Audit Standards by providing expert resources and assessment services to internal audit functions. IIA Quality Services’ experts provide full-scope external quality assessments, validations of self-assessments, gap assessments, and free consultations.

Let IIA Quality Services be your IAF’s Strategic Advisor!

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