

Periodic internal quality assessment

Questions for discussion



Purpose, Authority, and Responsibility

1. Is the role of internal audit clearly defined in a document (a law, an act or a charter)?
2. Does this document also explain that we are not accountable for any operational activities?
3. Does this document provide us unlimited access to information, assets and people?
4. Does this document describe our reporting line(s)?
5. Do the auditees know about this document?
6. Does the document foresee that we deliver both assurance and consulting services?
7. Does this document refer to national or international internal auditing standards?
8. Does this document refer to a code of conduct for internal auditors?

Independence and objectivity

9. Does this document grant our independence?
10. What measures do we have in place to guarantee objectivity from our internal auditors?
11. Are we not only independent on paper but also in reality?
12. Do we experience difficulties in getting our audit plans, budget and headcount approved?
13. Is the head of internal audit appointed according to his/her merits?
14. Who can dismiss the head of internal audit?
15. Is there an escalation process in case we feel our independence to be threatened?
16. Are we allowed to tell the things as they are?
17. Can the CHU help us in case we feel threatened by senior management?
18. Are we invited to participate (as an observer) in senior management meetings?
19. Do we have a process in place to deal with conflicts of interest?
20. Are we responsible for any operational activities that in principle should not be part of internal audit's responsibilities?
21. Do we regularly design procedures for the auditees?

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22. Do we have a process in place to disclose any potential impairment to independence and objectivity?
23. Do we experience any significant scope limitation(s)?

24. Do we have a process in place to deal with gifts received from auditees or others?
25. Do we respect a cooling-off period for auditors who transferred from operational units?
26. Do we respect a cooling-off period for auditors who will transfer to operational units?
27. In case we have an responsibility for operational activities, are these activities overseen by a third party?

Proficiency

28. Do our auditors collectively possess the necessary knowledge and skills to assume our role?
29. Do we have a process in place to ensure that our auditors possess the necessary knowledge and skills to conduct the individual internal audit engagements?
30. Are our auditors capable to apply our audit methodology?
31. Are our auditors attentive to fraud indicators (red flags)?
32. Are our auditors skilled enough to audit our IT environment?
33. Do our auditors apply IT tools and techniques to perform their audit engagements?
34. Do our auditors know how to deal with (difficult) people?
35. Do our auditors possess the necessary soft skills?
36. Do we have a certification and professional development program for our auditors?
37. Do we have the authority to hire external experts should our auditors lack the appropriate knowledge and skills?
38. Are our audit objectives focused on the main risk(s)?

Quality assurance and improvement

39. Do we have a quality assurance and improvement program in place?
40. Is this program embedded into our audit policies and procedures?
41. Does this program include ongoing supervision, periodic internal quality assessments and periodic external quality assessments?

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42. Does this program cover all aspects of the internal audit unit (role, risk assessment, planning, execution of engagements, reporting, training)?
43. Do we have meaningful key performance indicators to measure the performance of internal audit?

44. Do we regularly communicate the results of our quality assurance and improvement program to senior management?
45. Do we periodically solicit feedback from the auditees and from senior management?
46. Do we periodically benchmark ourselves against our peers?
47. What makes us believe that we add value to the organization?
48. Do we state that our internal activity conforms with international standards? If yes, is this statement supported by internal and external quality assessments?
49. Do we disclose any non-conformance with international standards?

Managing the internal audit unit

50. Do we have an audit universe?
51. Do we establish a risk-based plan for our internal audit activities?
52. Does this plan take into consideration any risk management framework that exists within our organization?
53. Do we solicit input from senior management for the development of our internal audit plan?
54. Do we use adequate risk factors for our risk assessment?
55. Do we identify the key controls in our organization?
56. Do we give appropriate audit coverage to all areas of our organization?
57. Do we communicate the impact of resource limitations to senior management?
58. Do we periodically review the audit plan?
59. Do we have appropriate and sufficient audit resources?
60. Do we make use of 'guest' auditors, coming from other parts of the organization?
61. Do we have adequate audit policies and procedures, and are these procedures updated on a regular basis?
62. Do we coordinate our audit activities with other internal assurance providers?
63. Do we coordinate our activities with the supreme audit institution?
64. Do the external auditors rely on our work?
65. Are we involved in the development and maintenance of a risk register or assurance map?
66. Do we audit the second lines of defense within our organization?
67. Do we rely on the work of other assurance providers?
68. Do we periodically report to senior management on our activities?

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Nature of work

- 69. Do we assess the design and effectiveness of ethical programs within our organization?
- 70. Do we assess how risk ownership and accountability are ensured within our organization?
- 71. Do we provide assurance on the risk management process?
- 72. Do we assess the potential for fraud?
- 73. Do we assess the effectiveness and the efficiency of the internal control system?
- 74. Do we provide an opinion on the adequacy and the effectiveness of the internal control system?
- 75. Do we assess the reliability and the integrity of information?
- 76. Do we assess the respect for privacy of information?

Planning the engagement

- 77. Do we develop a detailed plan for every audit engagement?
- 78. Does the plan include clear audit objectives and an appropriate definition of the audit scope?
- 79. Do we inform management about the upcoming audit engagement?
- 80. Do we conduct a preliminary survey before developing the audit objectives?
- 81. Do we consider the probability of significant errors and fraud before developing the audit objectives?
- 82. Does the audit scope include significant systems, records, assets and personnel?
- 83. Do we allocate appropriate and sufficient resources to perform the audit engagements?
- 84. Do we develop a detailed audit program, identifying all steps needed to achieve our audit objectives?
- 85. Are the audit programs properly approved?

Performing the engagement

- 86. Do we have a process in place to identify relevant, sufficient, reliable and useful information during our engagements?

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87. Do we use analytical procedures in performing our engagements?

88. Do we prepare and use adequate working papers to document our audit work?

89. Is access to our working papers controlled?

90. Are there any retention requirements for our working papers?

91. Are our audit engagements adequately supervised?

92. Is evidence of supervision documented?

Communicating results

93. Do we clearly communicate the impact of our findings?

94. Do we acknowledge satisfactory performance of the auditees?

95. Are our communications accurate, constructive, objective, clear, concise, complete and timely?

96. Are our recommendations pragmatic?

97. Do we include management response in our final reports?

Follow-up

98. Do we have a process in place to monitor management actions with regard to our audit findings?

99. Is it clear for the auditees that they are responsible for the timely implementations of remediating actions?

Risk acceptance

100. Is there an escalation process in case management is accepting a risk level which is above the risk appetite of the organization?