

## Benefits of External Quality Assessments

A Quality Assurance and Improvement Program (QAIP) enables an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the *International Standards for the Professional Practice of Internal Auditing (Standards)* and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

All internal audit activities, regardless of industry, sector, or size of audit staff — even those outsourced or co-sourced — must maintain a QAIP that contains both internal and external assessments. External assessments enhance value, as they enable the internal audit activity to evaluate conformance with the *Standards*; internal audit and audit committee charters; the organization's risk and control assessment; the effective use of resources; and the use of successful practices. An internal audit activity must obtain an external assessment at least once every five years by an independent reviewer or review team to maintain conformance with the *Standards*.

The *Standards* also require the CAE to communicate the results of the QAIP and external assessments to the Audit Committee. This can provide the audit committee with a high level of confidence in the assurance that internal audit is providing on the adequacy and effectiveness of risk management and internal controls.

Find out how IIA Quality Services can support you and your internal audit activity with an external quality assessment.

## About IIA Quality Services

IIA Quality Services' mission is to elevate the professionalism within internal auditing and conformance to the *Standards* by providing knowledge resources to internal audit activities. IIA Quality Services' experts provide full scope external assessments, validations of self-assessments, and readiness assessments.

IIA Quality Services has helped hundreds of organizations in various industries around the world by providing qualified audit professionals, a global benchmarking database, and a repository of successful practices.

We are here to support your fiduciary activities. Find out how IIA Quality Services can assess your internal audit function.

quality@theiia.org  
+1-407-937-1399  
www.theiia.org/quality



9/2016-1217/HV/BT

## The Audit Committee: Internal Audit Oversight Implementing Best Practices and Higher Standards



## Audit Committee Resources

The IIA's Audit Committee Resource Exchange:  
[www.theiia.org/ACResources](http://www.theiia.org/ACResources)

*Tone at the Top* newsletter from The IIA: [www.theiia.org/toner](http://www.theiia.org/toner)

Committee of Sponsoring Organizations of the Treadway Commission (COSO): [www.coso.org](http://www.coso.org)

National Association of Corporate Directors (NACD):  
[www.nacdonline.org](http://www.nacdonline.org)

## Roles and Responsibilities

Over the years, the roles and responsibilities of boards of directors — specifically, of the board's audit committee, if in existence — have become increasingly demanding and scrutinized. While today's audit committee must encompass a level of financial literacy, independence, and knowledge about risk management and internal control, individual audit committee members must be deeply committed, highly experienced, and fully qualified to effectively carry out their varied responsibilities.

## Audit Committee Oversight and the Internal Audit Function

In some organizations, internal auditing is not widely recognized for its invaluable role. It is critical that internal audit customers throughout an organization understand the value that internal auditors can bring to their operations by identifying opportunities for enhancing efficiencies and effectiveness. The audit committee, in concert with executive management, can play a critical role in empowering and elevating the image of the internal audit activity, ensuring that it is not misunderstood.

By routinely communicating internal audit's value throughout the organization, those at the top can and should promote the importance of the internal audit activity. They can position the function as fully empowered to provide a critical check for management, to be a knowledgeable provider of assurance and a revered consultant, and to add value to the organization's governance, risk management, and internal control processes.

## 10-point Oversight Checklist

To provide adequate oversight of internal auditing, an audit committee should ensure:

1. The audit committee engages in an open, transparent relationship with the chief audit executive (CAE).
2. The audit committee reviews and approves the internal audit charter annually.
3. As a result of discussions with the CAE, the audit committee has a clear understanding of the strengths and weaknesses of the organization's internal control and risk management systems.
4. The internal audit activity is sufficiently resourced with competent, objective internal audit professionals to carry out the internal audit plan, which has been reviewed and approved by the audit committee.
5. The internal audit activity is empowered to be independent by its appropriate reporting relationships to executive management and the audit committee.
6. The audit committee addresses with the CAE all issues related to internal audit independence and objectivity.
7. The internal audit activity is quality oriented, and has in place a Quality Assurance and Improvement Program (QAIP).
8. The audit committee regularly communicates with the CAE about the performance and improvement of the internal audit activity as a whole.
9. Internal audit reports are actionable, and audit recommendations and/or other improvements are satisfactorily implemented by management.
10. The audit committee meets periodically with the CAE without the presence of management.

