Standard 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.

Interpretation:
A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing and the 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.

Background

Quality Assurance and Improvement Program (QAIP) of the Internal Audit Function (IA) within the Internal Oversight Division (IOD) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:

1. Performs its work in accordance with the Internal Oversight Charter (IOC) and The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (The IIA Standards), the Definition of Internal Auditing, and the Code of Ethics;

2. Operates in an effective and efficient manner; and

3. Is perceived by stakeholders as adding value and improving Internal Audit’s operations. In this regard, a list of the features that are included in this QAIP are:

   • Monitoring of functioning of the Internal Audit function to ensure it operates in an effective and efficient manner.
   • Compliance with the Internal Oversight Charter and the IIA Standards, the Definition of Internal Auditing, and the Code of Ethics.
   • Contributing to improvements in organizational operations.
   • Ongoing internal assessments of audit assignments the results of which are discussed within IOD to further improve the audit processes.
   • Periodic self-assessments, the results of which are communicated to the Director General and the Independent Advisory Oversight Committee (IAOC).
   • An external assessment at least every five years, the results of which are communicated to the Director General, the IAOC and Member States.

The Director of Internal Oversight Division (IOD) is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including advisory services.
INTERNAL ASSESSMENTS

A. **Ongoing Internal Assessments** – Ongoing internal assessments are conducted throughout the audit cycle as part of regular day-to-day activities of internal audit function. The main components of ongoing internal assessments in a summarized manner:

- Supervision of audit engagements from planning to reporting;
- Feedback from customer surveys on individual engagements; and
- Analyses of performance metrics established to improve Internal Audit activity effectiveness and efficiency;

These assessments ensure audit policies and procedures are in compliance with applicable planning, fieldwork, and reporting standards.

B. **Periodic Internal Self Assessments** – Periodic internal assessments are designed to assess conformance with Internal Oversight Charter, the IIA *Standards*, the Definition of Internal Auditing, the Code of Ethics, and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Periodic assessments will be conducted through:

- Annual self-assessment of conformance with the IIA *Standards*;
- Vertical and horizontal reviews of completed projects to support evaluation of conformance with the Standards and the Internal Audit methodology as well as efficiency and effectiveness of the underlying processes. A vertical review provides an evaluation of conformance with the Standards and examines a specific project from a top-down approach (e.g., an assessment of individual audit steps performed for a specific project work plan, e.g., planning steps, fieldwork steps and reporting steps). A horizontal review allows for an evaluation across all project engagements (e.g., use of the risk assessment matrix, supervisory review and approval process, or consistency in applying report ratings) from an efficiency and effectiveness perspective;
- Client Satisfaction Surveys just after the engagement and one year after;
- Periodic activity reporting to the Director General and the IAOC; and
- Review of the internal audit performance metrics and benchmarking of best practices

EXTERNAL ASSESSMENTS
A. **General Considerations** – External assessments will appraise and express an opinion about Internal Audit’s conformance with the IIA *Standards*, the Definition of Internal Auditing, and the Code of Ethics and will include recommendations for continuous improvement as appropriate.

B. **Timing** – An external assessment will be conducted at least every five years.

C. **Scope of External Assessment** – The external assessment will consist of a broad scope of coverage that includes the following elements of the Internal Audit activity:

D. **Considerations** – The qualifications and considerations of external reviewers as noted in *Standard 1312* will be considered when contracting with an outside party to conduct the review. Specifically, a qualified reviewer or review team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or industry, and technical issues is more valuable than less relevant experience. In the case of a review team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The Director, IOD will use professional judgment when assessing whether a reviewer or review team demonstrates sufficient competence to be qualified.

E. **Type of Review** – a full scope review or a self-assessment with independent validation are allowed as options. The form of the review is discussed with the IAOC beforehand.

**REPORTING ON THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

- **Internal Assessments** – Results of Periodic internal assessments will be reported to the IAOC and to the DG.
• **External Assessments** – Results of external assessments will be provided to the Director General, the IAOC and the Member States upon completion of the external assessment. The external assessment will be accompanied by a written action plan in response to significant comments and recommendations contained in the report.

• **Follow-Up** – The Director of IOD will implement appropriate follow-up actions to ensure that recommendations made in the report and action plans developed are implemented in a reasonable timeframe.

**USE OF “CONFORMS WITH THE INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING”**

The Director, IOD may use the term “Conforms with the *International Standards for the Professional Practice of Internal Auditing*” when the results of the QAIP support this statement. The external audit assessment must have been conducted and the conclusion drawn that Internal Audit is operating generally in conformance with the *Standards*.

**DISCLOSURE OF NON-CONFORMANCE**

When non-conformance with Definition of Internal Auditing, the Code of Ethics, or the *Standards* impacts the overall scope or operation of the Internal Audit activity, the Director of IOD shall disclose the non-conformance and the impact to the Director General and the IAOC and.

**ADMINISTRATIVE MATTERS**

The Quality Assurance and Improvement Program will be updated, at least every three years or earlier, for changes in the Internal Oversight Charter, The IIA *Standards* or Internal Audit’s operating environment.

1 The main stakeholders include the Director General, WIPO Managers, IAOC, Member States, External Auditor and public at large.