



- 1 A clearly defined mission, vision and charter** that sets forth the audit function's purpose, authority and responsibility. These should be reviewed and approved by the Audit Committee and Senior Management and communicated to the organization.
- 2 A versatile, seasoned and comprehensive talent pool** that is not only well-versed in the disciplines of general risk and controls, accounting, technology risk and auditing, but also understands industry nuances. Strong communication skills are imperative.
- 3 A well-defined process for identifying focus areas**, including periodic, robust enterprisewide risk assessments that use both qualitative and quantitative measures, ensuring that changes in the business are considered and that a proper balance exists between large initiatives and special projects and the completion of the annual audit plan.
- 4 A creative but disciplined internal audit approach** that takes a fresh look at the organization, using a risk-based, participative approach (with management) that improves the business process and/or lessens the associated risks.
- 5 A consulting services menu** to supplement the basic assurance services, including business process improvement, system implementation reviews, vendor reviews and internal control education.
- 6 A periodic self-assessment using key performance indicators** that may include client satisfaction surveys or post-audit interviews focusing on audit quality and internal audit plan productivity measures. Quality assessment reviews every five years will ensure the function is on track with its mission, vision and charter and meets IIA International Standards for the Professional Practice of Internal Auditing.
- 7 Recurring meetings with internal audit peer groups** to share best practices and benchmark operations and effectiveness against similar organizations.
- 8 A plan for staying current on industry and internal audit emerging issues and trends** to ensure the function can provide both assurance and consulting support in areas including: enterprise risk management, antifraud programs, continuous monitoring, environmental issues and corporate governance.
- 9 An internal audit marketing plan** informing management of available services. Internal audit should create a brochure explaining its role within the corporate governance structure.
- 10 "Trusted advisor" status with key stakeholders, including the Audit Committee, Senior Management and others**, attained by operating in the organization's best interests with unquestionable objectivity and integrity.

*"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."*

*- The Institute of Internal Auditors' Professional Network*

Members of the Institute of Internal Auditors (IIA) and Certified Internal Auditors must follow the standards listed below. These standards and other guidance comprise the Professional Practices Framework - recognized around the globe.

### ATTRIBUTE STANDARDS - Address the characteristics of those performing internal audit activities.

<b>1000</b>	Purpose, Authority, and Responsibility	The purpose, authority and responsibility of the internal audit activity should be formally defined in a charter, consistent with the Standards, and approved by the board.
<b>1100</b>	Independence and Objectivity	The internal audit activity should be independent, and internal auditors should be objective in performing their work.
<b>1200</b>	Proficiency and Due Professional Care	Engagements should be performed with proficiency and due professional care.
<b>1300</b>	Quality Assurance and Improvement Program	The chief audit executive should develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and continuously monitors its effectiveness.

### PERFORMANCE STANDARDS - Describe the nature of internal audit activities.

<b>2000</b>	Managing the Internal Audit Activity	The chief audit executive should effectively manage the internal audit activity to ensure it adds value to the organization.
<b>2100</b>	Nature of Work	The internal audit activity should evaluate and contribute to the improvement of risk management, control and governance process using a systematic and disciplined approach.
<b>2200</b>	Engagement Planning	Internal auditors should develop and record a plan for each engagement, including the scope, objective, timing and resource allocations.
<b>2300</b>	Performing the Engagement	Internal auditors should identify, analyze, evaluate and record sufficient information to achieve the engagement's objectives.
<b>2400</b>	Communicating Results	Internal auditors should communicate the engagement results.
<b>2500</b>	Monitoring Progress	The chief audit executive should establish and maintain a system to monitor the disposition of results communicated to management.
<b>2600</b>	Management's Acceptance of Risks	When the chief audit executive believes that senior management has accepted a level of residual risk that may be unacceptable to the organization, the chief audit executive should discuss the matter with senior management. If the decision regarding residual risk is not resolved, the chief audit executive and senior management should report the matter to the board for resolution.

Source: *The Professional Practices Framework, March 2007; The Institute of Internal Auditors (IIA), Altamonte Springs, FL.*