



## **Resources for Developing an Effective Quality Assurance Improvement Plan (QAIP)**

**April 27, 2023**



- Don't forget to connect with us on social media!



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- 22 years of internal audit experience
- Trained by IIA to perform QARs
- Led QARs of other NC state agencies
- Performed numerous internal self-assessments
- Author of the new self-assessment Kick Starter



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## Agenda

- Overview of current International Professional Practices Framework
- Develop and test the QAIP:
  - Ongoing Monitoring
  - Periodic Self-Assessments
  - External Quality Assessment Reviews (QAR)
- Overview of proposed new Global Internal Audit Standards

**ACUA QAR  
KICK STARTER!**

**NEW Self-  
Assessment  
KICK STARTER!**

**NEW Self-  
Assessment  
Testing Checklist!**



# IIA Professional Practices Framework (current)

## Mission of Internal Audit

“To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.”

## Mandatory Guidance

- Core Principles
- Definition of Internal Auditing
- Code of Ethics
- Standards

## Recommended Guidance

- Implementation Guidance
- Supplemental Guidance

<https://www.theiia.org/en/standards/international-professional-practices-framework/>



## IIA Standards (current)

### Attribute Standards

- 1000 Purpose, Authority, Responsibility
- 1100 Independence and Objectivity
- 1200 Proficiency and Due Professional care
- 1300 Quality Assurance and Improvement Program (QAIP) ←

### Performance Standards

- 2000 Managing the Internal Audit Activity
- 2100 Nature of Work
- 2200 Engagement Planning
- 2300 Performing the Engagement
- 2400 Communicating Results
- 2500 Monitoring Progress
- 2600 Communicating the Acceptance of Risks



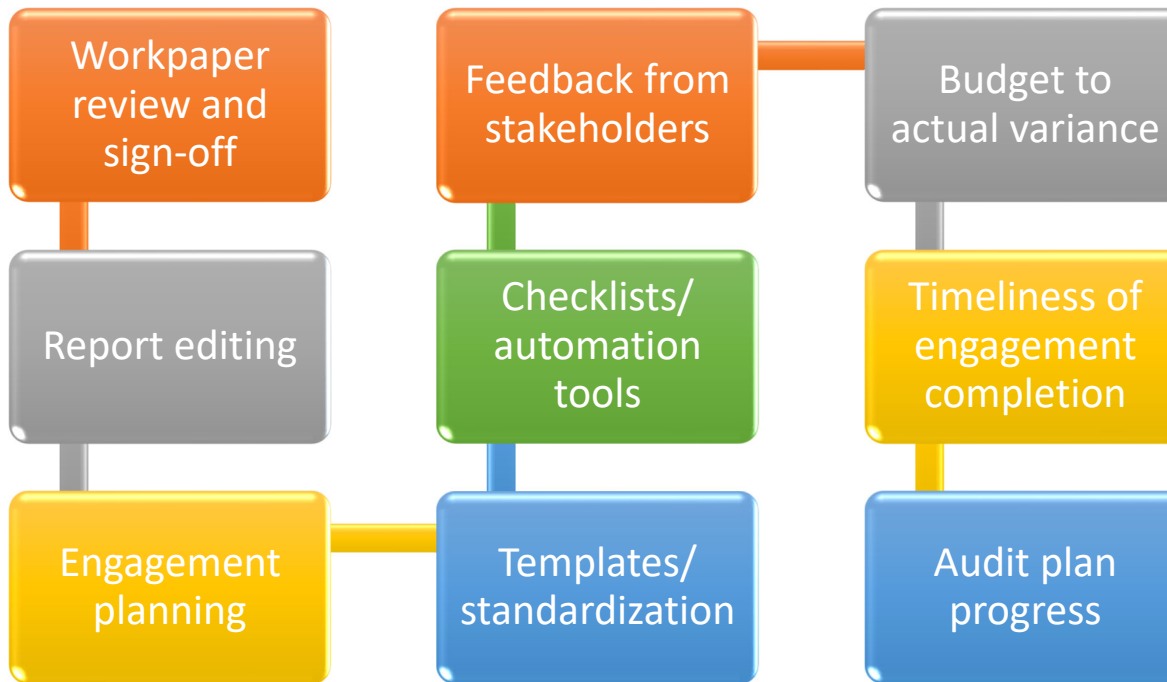
## Polling Question #1

What is your role at your institution?

- a. Chief Audit Executive
- b. Audit manager or supervisor
- c. Audit staff
- d. Other

# QAIP - Ongoing Monitoring

Day to day supervision, review, and measurement of the internal audit function. Examples include:







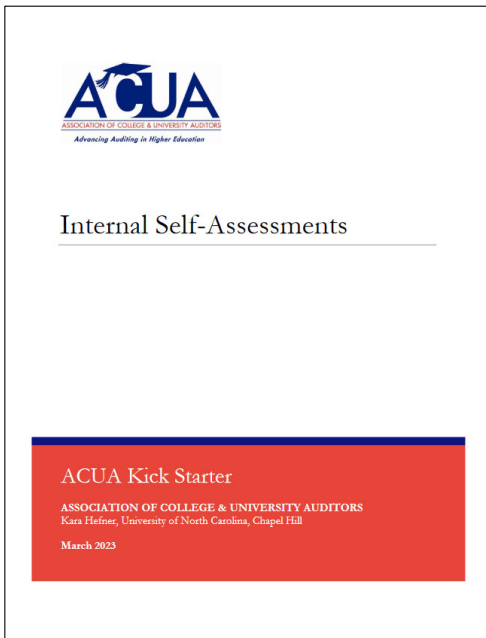
## QAIP – Periodic Self-Assessments Tips

Periodic self-assessment provide a more holistic, comprehensive review of the Standards and IPPF Framework.

- Self-Assessments review conformance with every standard, not just engagements
- May be performed by CAE or delegate (CIA) and include other team members
- “Periodic” gives you options – annually, biannually, mid-cycle
- Complete before your QAR with time to make improvements, review documentation
- May be conducted all at once or staggered during the year
- Must be open and willing to acknowledge opportunities for improvement
- Must not assign blame for any deficiencies identified
- Keep the process positive!



# New Self-Assessment Kick Starter and Checklist



**Resources**

- ACUA Resource Library. Self-Assessment Checklist: <https://connect.acua.org/viewdocument/self-assessment-checklist>

GOVERNANCE PROGRAM		
IIA Standard	Assessment (Yes, No, Partial, N/A)	Review Questions
<b>1. PURPOSE, AUTHORITY, AND RESPONSIBILITY</b>		
1000 – The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (IPPF, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval. <i>The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.</i>		Does the <u>audit charter</u> formally define the purpose, authority, and responsibility of the IA activity?
		Does the charter align with the Mission of the Internal Audit and the mandatory elements of the IPPF?
		Was the charter recently reviewed and updated by the CAE and approved by the board? Is there a periodical review of the charter and is it presented to senior management and the board for approval?
		Does the charter have a statement of unrestricted access to all documents, people and assets to perform engagements?
		Is the nature of the functional and administrative reporting relationships specifically described in the charter?
		Are reporting lines of the internal audit charter sufficient for independence in fact and appearance?
1000.A1 – The nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the internal audit charter.		Does the audit charter define the nature of <u>assurance</u> service provided to the agency?
1000.C1 – The nature of consulting services must be defined in the internal audit charter.		Does the audit charter define the nature of <u>consulting</u> services provided to the agency?
1010-The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.		Is the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and the Standards recognized in the internal audit charter?
		Does the CAE discuss the Mission of Internal Audit and the mandatory elements of the IPPF with senior management and the board?
<b>2. INDEPENDENCE AND OBJECTIVITY and CODE OF ETHICS</b>		



## Governance

### Audit Charter

- Does the charter align with Standards, reflect current practices?
- Was the charter recently approved by Board or Audit Committee?

### Independence

- Does IA report functionally to Board, admin. to Chancellor?
- Are auditors independent from their areas? Attest conflicts?

### Code of Ethics

- Is there a policy requiring staff to conform with the Code of Ethics?
- Do auditors perform an attestation?

### QAIP

- Documented? Performed? Deficiencies addressed?
- Were results communicated to the Board?



# Template Example

GOVERNANCE PROGRAM			
IIA Standard	Assessment (Yes, No, Partial, N/A)	Review Questions	Recommendation
<b>1. PURPOSE, AUTHORITY, AND RESPONSIBILITY</b>			
1000 – The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter...	Yes	Does the <u>audit charter</u> formally define the purpose, authority, and responsibility of the IA activity?	
	Yes	Was the charter recently reviewed and updated by the CAE and approved by the board?	
	Yes	Does the charter have a statement of unrestricted access to all documents, people and assets to perform engagements?	
	Yes	Is the functional and administrative reporting relationships specifically described in the charter?	
1000.A1 – The nature of <b>assurance</b> services provided to the organization must be defined in the internal audit charter.	Yes	Does the audit charter define the nature of <u>assurance</u> service provided to the agency?	
1000.C1 – The nature of <b>consulting</b> services must be defined in the internal audit charter.	No	Does the audit charter define the nature of <u>consulting</u> services provided to the agency?	<b>Add consulting to charter</b>



## Polling Question #2

Are you a Certified Internal Auditor (CIA)?

- a. Yes
- b. Not yet, but I'm working on it
- c. No



## Staff

### Proficiency

- Does audit team collectively have knowledge and skills?
- Do auditors have professional experience, certifications?
- Were subject matter experts used when needed?

### Due Professional Care

- Were engagements appropriately staffed based on complexity?
- Are data analytics used? Appropriate sampling?
- Are needs of clients discussed for consulting engagements?

### Continuous Professional Development

- Do auditors receive feedback or evaluations during audits?
- Are training records kept? Enough hours met?
- Are annual appraisals used for measuring improvements?



## Management

### Annual Audit Plan

- Is the plan based on documented risk assessment?
- Was there input and approval by management and Board?

### Procedure Manual

- Is the manual current, complete, and aligned with Standards?
- Is it being followed?

### Reporting to Sr. Mgmt and Board

- Do you report audit charter, audit reports, unacceptable risks?
- Do you share the audit plan and progress against the plan?

### Governance, Risk Management, Control

- Are risk management processes monitored by Internal Audit?
- Does IA recommend improvements to risk mgmt., controls?



## Process

### Engagement Planning

- Were audits adequately planned from risk-based objectives?
- Did planning include scope, resources, approved work plan?

### Engagement fieldwork

- Was sufficient information identified, analyzed, and reviewed?
- Do the workpapers demonstrate quality?

### Reporting

- “Accurate, objective, clear, concise, constructive, complete, timely?”
- Are findings supported by the workpapers? Satisfactory performance?

### Monitoring

- Are monitoring processes documented, being followed?
- Have open management responses been addressed timely?



# Template Example

PROCESS PROGRAM							
IIA Standard	Rate the individual projects and roll up					Assessment (Yes, No, Partial, N/A)	Review Questions
	Project #1	Project #2	Project #3	Project #4	Project #5		
<b>1. ENGAGEMENT PLANNING</b>							
2201 – Planning Considerations In planning the engagement, internal auditors must consider: <ul style="list-style-type: none"> <li>• The strategies and objectives of the activity...</li> <li>• The significant risks to the activity's objectives, resources...</li> <li>• The adequacy and effectiveness of the activity's governance, risk management, and controls...</li> </ul>						<b>Partial</b>	Is there a policy for required engagement planning documentation?
	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>	Was the policy followed during the planning phase, and were the objectives, scope, timing and resource allocation documented?
	<b>No</b>	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	Were the activity's significant risks considered and addressed during planning?
	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>Yes</b>	<b>Partial</b>	Does documentation support the auditor's understanding the activity's objectives, risk, controls process, and governance?
2240 – Engagement Work Program Internal auditors must develop and document work programs that achieve the engagement objectives.	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>	Is there a documented work program?
	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>	Is the work program derived from the engagement planning process?

Update procedure manual

Need dept-wide training/solution

Need employee training



## Self-Assessment Reporting

- Results must be reported to senior management and the Board
- Similar format of other audits:
  - Background, scope, and objectives
  - Conclude whether conforming with the Standards
  - Findings, recommendations, management responses
- Follow up on action items!

Example of a report table:

Topic	Standard	Enhancements
<b>Audit Charter</b>	1000.C1 – The nature of consulting services must be defined in the internal audit charter.	The Audit Charter will be amended to include the nature of consulting activities.
<b>Data Analytics</b>	1220.A2 – In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques	In addition to using Excel for data analysis, the OIA will consider implementing additional auditing software and training staff on those platforms.
<b>Procedure Manual</b>	2040 – Policies and Procedures The chief audit executive must establish policies and procedures to guide the internal audit activity.	The Procedures Manual will be further updated to add clarity to staff instructions and document processes currently in place such as the OIA self-assessment.



## Polling Question #3

How large is your audit shop?

- a. Just me
- b. 2-5 people
- c. 6-10 people
- d. More than 10 people



# External Quality Assessment Review (QAR)

Performed every five years by independent third party or self-assessment with independent validation  
Can be virtual or on-site, all at once or spread out  
Your state or system may have a reciprocal service.

## Planning

- Documentation request:
  - ✓ Charter
  - ✓ Audit plan
  - ✓ Procedure manual
  - ✓ Org Chart
  - ✓ List of engagements
  - ✓ Questionnaires
  - ✓ Training, certifications

## Fieldwork

- Surveys for management, clients, and audit staff
- Interviews for management, clients, and audit staff
- Workpaper review
- Documentation review
- Complete checklists
- Ask CAE questions!

## Reporting

- Successful internal audit practices
- Gaps in conformance with the Standards
- Opportunities for continuous improvement
- Optional verbal items
- Evaluation summary ratings (GC, PC, DNC)



<b>Attribute Standard (1000 – 1300)</b>		<b>GC</b>	<b>PC</b>	<b>DNC</b>
<b>1000</b>	<b>Purpose, Authority, and Responsibility</b>	X		
1010	Recognition of the Definition of Internal Auditing	X		
<b>1100</b>	<b>Independence and Objectivity</b>	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairments to Independence or Objectivity		X	
<b>1200</b>	<b>Proficiency and Due Professional Care</b>	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
<b>1300</b>	<b>Quality Assurance and Improvement Program</b>	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments		X	
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program		X	
1321	Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	X		
1322	Disclosure of Nonconformance	X		

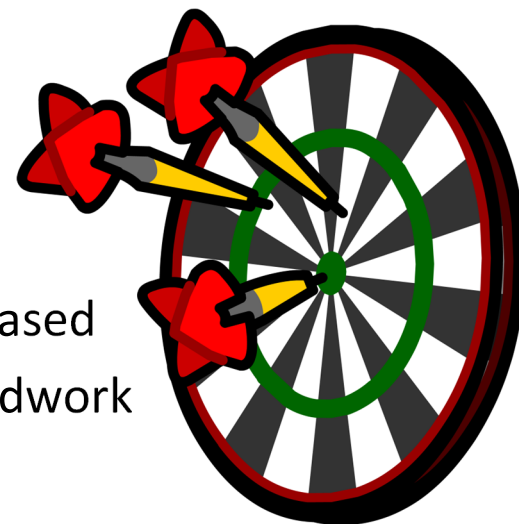
GC = Generally Conforms

PC = Partially Conforms

DNC - Does Not Conform

## QAIP - Common Findings

- ✓ Audit Charter outdated, not approved
- ✓ Annual Audit Plan methodology not documented, not risk-based
- ✓ Engagement work plans not reviewed/approved prior to fieldwork
- ✓ Inadequate supervision; lack of evidence
- ✓ Insufficient audit evidence, poor testing techniques
- ✓ Reported results are not supported by workpapers
- ✓ Lack of IT resources, data analytics resources
- ✓ Outstanding issues not followed up timely, unresolved





## Polling Question #4

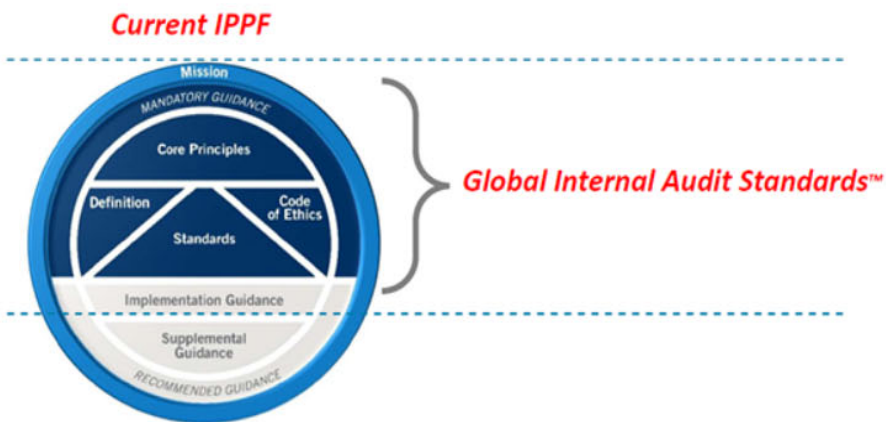
Have you participated on a QAR team before?

- a. Yes
- b. No



# Changes to the IIA Framework

## Mapping Current IPPF to New Standards



## Proposed IPPF



Public Comment Period 3/1/23 – 5/30/23

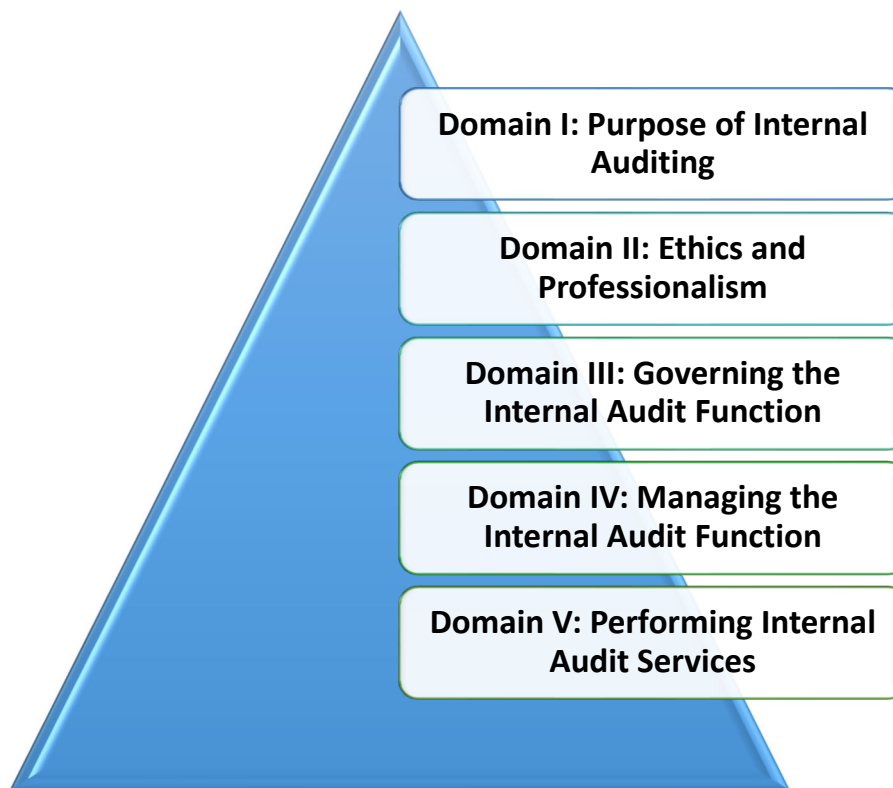
Effective 12 months from release date, approximately late 2024

<https://www.theiia.org/IPPFevolution>





# Proposed Global Internal Audit Standards





# Proposed Global Internal Audit Standards

**Domain II: Ethics and Professionalism**

1. Demonstrate integrity
2. Maintain objectivity
3. Demonstrate Competency
4. Exercise Due Professional Care
5. Maintain confidentiality

(Staff)

**Domain III: Governing the Internal Audit Function**

6. Authorized by the Board
7. Positioned independently
8. Overseen by the Board

(Governance)

**Domain IV: Managing the Internal Audit Function**

9. Plans strategically
10. Manages resources
11. Communicates effectively
12. Enhances quality

(Management)

**Domain V: Performing Internal Audit Services**

13. Plan engagements effectively
14. Conduct engagement work
15. Communicate engagement conclusions and monitor action plans

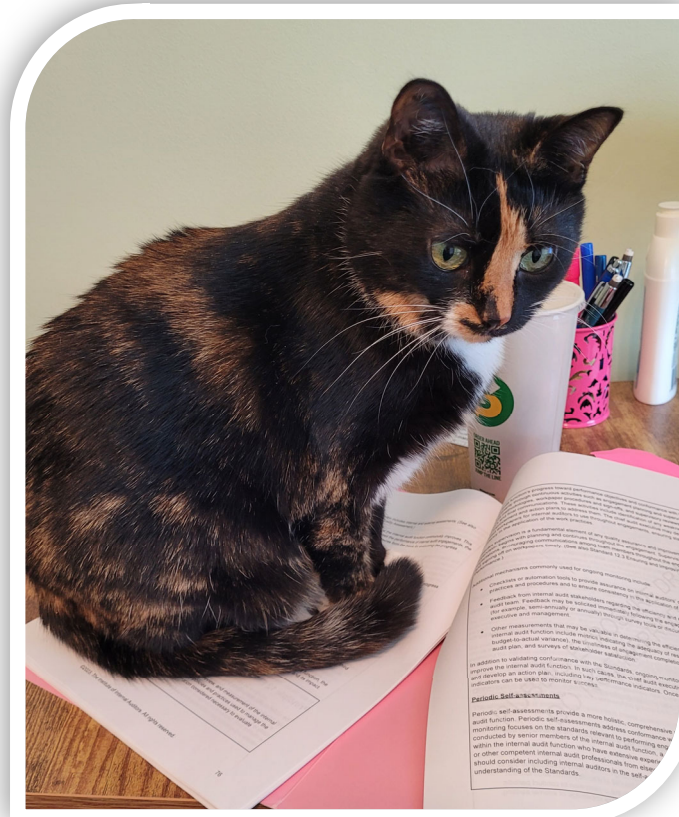
(Process)



## Proposed changes to QAIP

- **Standard 8.4 – External Quality Assessment**
  - Under Governing the IA Function, Principle 8 - Overseen by the Board
  - Board must ensure QAR conducted every 5 years
  - External QAR by independent 3<sup>rd</sup> party or by self-assessment with independent validation (alternated with external every 10 years)
  - At least one active Certified Internal Auditor on external team
- **Standard 12.1 - Internal Quality Assessment**
  - Under Managing the IA Function, Principle 12 - Enhances Quality
  - Requirements:
    - Ongoing monitoring towards performance objectives and conformance with Standards
    - Periodic self-assessments to evaluate conformance with all Standards
      - May include performance measure analysis (budget to actual hours, % plan completed)
    - Communication with the Board at least annually about results of internal assessments
  - Evidence of Conformance: completed checklists, completed assessments, action taken.

## Q&A



Nori likes the new proposed IIA Standards



## Announcements

### Upcoming ACUA Webinars

Month	Date	Topic
May	5/25/23	Ethics
June	6/22/23	Third Party Risk Management
July	TBD	Athletics

### AuditCon Call for Proposals Now Open!



See the ACUA website for more details

[www.ACUA.org](http://www.ACUA.org)



**New Kick Starter Available!**

**Title IV Requirements:  
Consumer Disclosures & Activities**

Download today in the members-only Audit Tools section of [www.ACUA.org](http://www.ACUA.org)





**Next Kick Starter Release is May 15<sup>th</sup>!**

## **Student Health Services**

Will be available in the members-only Audit Tools section of [www.ACUA.org](http://www.ACUA.org)





## CONNECT WITH US



Working on a new audit subject? Looking for some best practices or insights from other higher education institutions? Connect with your colleagues on Connect ACUA! **[Connect.ACUA.org](http://Connect.ACUA.org)**

Share your knowledge with others: Did you know that Connect ACUA allows you to post new messages directly from your email without logging in to the Connect ACUA website? Reply to a post today!





### Stay Updated

- The College and University Auditor is ACUA's official journal. Current and past issues are posted on the ACUA website.
- News relevant to Higher Ed internal audit is posted on the front page. Articles are also archived for your reference under the Resources/ACUA News.

### Get Educated

- Take advantage of the several FREE webinars held throughout the year.
- Attend one of our upcoming conferences:

**AuditCon**  
September 2023  
Miami, FL

- Contact ACUA Faculty for training needs.

### Get Involved

- The latest Volunteer openings are posted on the front page of the website.
- Visit the listing of Committee Chairs to learn about the various areas where you might participate.
- Nominate one of your colleagues for an ACUA annual award.
- Submit a conference proposal.
- Present a webinar.
- Become a Mentor
- Write an article for the C&U Auditor.
- Write a Kick Starter.

Connect with us



[www.ACUA.org](http://www.ACUA.org)

### Connect with Colleagues

- Subscribe to one or more Forums on Connect ACUA to obtain feedback and share your insights on topics of concern to higher education internal auditors.
- Search the Membership Directory to connect with your peers.
- Share, Like, Tweet & Connect on social media.

### Solve Problems

- Discounts and special offers from ACUA's Strategic Partners
- Kick Starters
- Risk Dictionary
- Mentorship Program
- NCAA Guides
- Resource Library
- Internal Audit Awareness Tools
- Governmental Affairs Updates
- Survey Results
- Career Center.....and much more.



**Join us for  
our upcoming  
webinar.**

