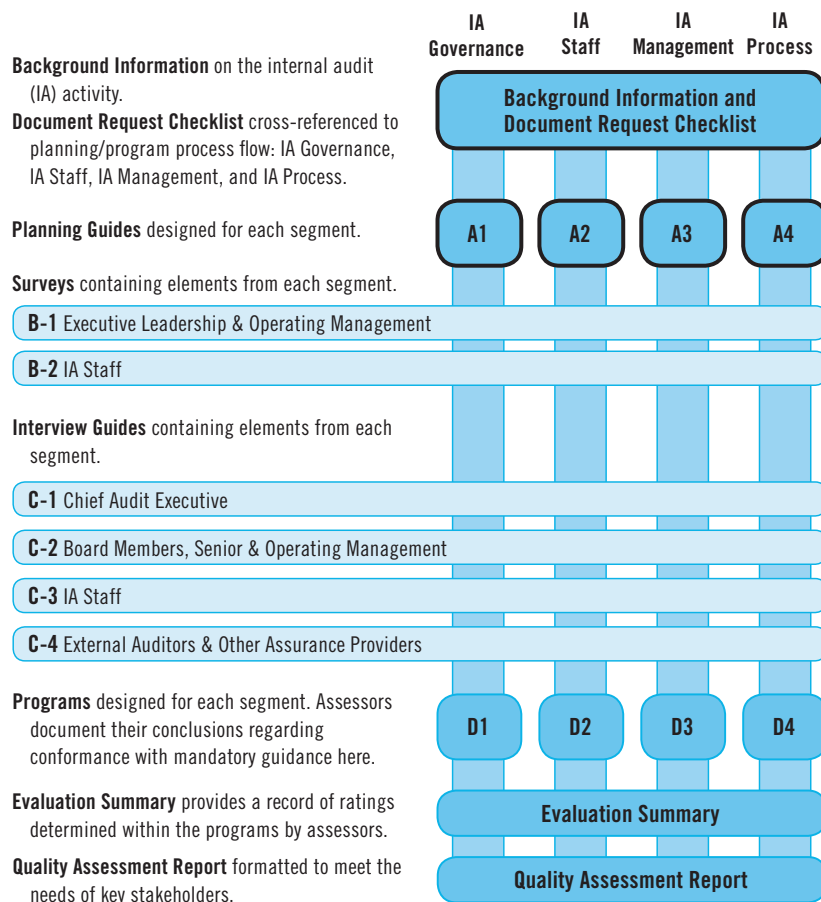


# Appendix



## Planning Guides

### QUALITY ASSESSMENT PROCESS MAP Planning



The first step in an external quality assessment (Standard 1312 of The IIA's *International Standards for the Professional Practice of Internal Auditing* [Standards])—after the objectives, type of assessment (full external self-assessment or self-assessment with independent validation), and administrative arrangements are agreed—is for the quality assessment team leader to develop and document a plan for the quality assessment. The *Quality Assessment Manual* has planning guides and a series of related tools that can be used to plan an external assessment. A chief audit executive (CAE) can also use these same tools to plan and perform a periodic internal assessment (Standard 1311).

## PLANNING GUIDE (A) SECTIONS

The planning guide is used to gather relevant information about the organization and internal audit activity. This information is used to determine the scope and focus of the quality assessment. The planning guide has five sections:

- **Background Information and Document Request Checklist (A0).** This section captures some basic information (e.g., background information on the organization and internal audit activity, locations, key contacts, and documents) that the external assessment team will use during the quality assessment. The Document Request Checklist includes key documents (e.g., audit committee charter, audit committee agenda and minutes) that are examples of evidence to be used by the external assessor or assessment team. The checklist also shows which quality assessment program will use the document (e.g., audit committee agenda and minutes will be used in the Internal Audit Governance and Internal Audit Management programs).
- **Internal Audit Governance (A1).** This section gathers information to support the assessment of *Standards* that are related to the governance of the internal audit activity (IIA Standards 1000, 1100, and 1300, Code of Ethics, and Definition of Internal Auditing).
- **Internal Audit Staff (A2).** This section gathers information needed to support the assessment of the internal audit activity's proficiency and due professional care (IIA Standard 1200).



- **Internal Audit Management (A3).** This section gathers information to support the assessment of the *Standards* that are related to the management of the internal audit activity (IIA Standards 2000, 2100, 2450, and 2600).
- **Internal Audit Process (A4).** The final section gathers information to support the assessment of *Standards* that are related to the process that internal audit uses on assurance and consulting engagements (IIA Standards 2200, 2300, 2400, and 2500).

The four core sections (Internal Audit Governance, Internal Audit Staff, Internal Audit Management, and Internal Audit Process) of the planning guide will also be used in the surveys, interview guides, and programs. The sections were developed to streamline the collection and analysis of information.

## PLANNING GUIDE FORMAT AND FEATURES

Each of the four core sections has two subsections:



- **Conformance with the *Standards*** should be used on all types of quality assessments: full external assessment, self-assessment with independent validation, and periodic self-assessment.
- **Successful Practices and Opportunities for Improvement** should be used on full external assessments and periodic self-assessments. It is not required on a self-assessment with independent validation where the primary focus is on conformance with the *Standards*.

Following are some of the key features of the planning guides:

- **Open-ended Questions.** The guides have several open-ended questions (e.g., How frequently is the internal audit charter reviewed by the CAE and formally approved by the board? What was the date of the most recent CAE review and board approval?). These questions are aimed at gathering information about the internal audit activity's practices and operating environment.

- **Self-assessment Statements.** The guides also have a series of statements that describe conformance with the *Standards* (e.g., The internal audit charter clearly defines the purpose, authority, and responsibility of the internal audit activity – Standard 1000) or potential strengths and/or opportunities for improvement (e.g., Key internal audit stakeholders understand and support the internal audit activity’s purpose, authority, and responsibility). Preparers of the guides use a Likert scale (Strongly Agree – SA, Agree – A, Disagree – D, Strongly Disagree – SD, and Don’t Know/No Response – DK) to record their level of agreement with these assertions. These planning guide statements regarding conformance with the *Standards* are also used as conformance criteria by the quality assessment teams when executing the quality assessment programs (see appendix D).
- **Using the Rating Scales: Conformance with the *Standards*.** Following are some examples using “The internal audit charter clearly defines the purpose, authority, and responsibility of the internal audit activity – Standard 1000:”
  - If the internal audit activity did not have a formal charter or mandate, the rating could be Strongly Disagree – SD.
  - If the internal audit activity had a formal charter or mandate that did not adequately cover all three attributes, the rating could be Disagree – D.
  - If the formal charter or mandate adequately covered all three attributes, the rating could be Agree – A.
  - If there are cases where the internal audit activity believes the charter goes above and beyond the *Standards* and/or is a leading practice, the rating could be Strongly Agree – SA.
  - It is unlikely that a Don’t Know/No Response – DK would be used here. In some cases, the standard may not be applicable (Standard 2070). In other cases, the individual completing the planning guide may not have the supporting information to complete the rating.
- **Using the Rating Scales: Potential Strengths/or Opportunities for Improvement.** Following are some examples using “Key internal audit

stakeholders understand and support the internal audit activity’s purpose, authority, and responsibility.”

- If the rating was SD – D, this could be an opportunity for improvement. On a full external assessment, the team would use the surveys, interviews, and programs to understand the nature of the opportunity. Where appropriate, they would offer ideas and counsel to the CAE on how to improve internal audit stakeholders’ understanding and support of the internal audit activity.
- If the rating was A – SA, this could be a potential strength. The planning guide asks the internal audit activity to identify the leading practices that contributed to A – SA rating. The external assessment team would use a variety of tools and techniques to confirm the strength. Where appropriate, they may include examples of these strengths in their evaluation summary and reports.

## RELATED TOOLS TO SUPPORT THE PLANNING PROCESS



**Internal Audit Stakeholder Survey Participant Contact Information (A5).** This is an *optional tool* that can be used by the external assessor or assessment team to collect contact information for the internal audit stakeholder and internal audit staff surveys during the planning process. Appendix B has additional information on how to use this tool.

**Internal Audit Stakeholder Interview Selection (A6).** This is an *optional tool* that can be used by the external assessor or assessment team for internal audit stakeholder and internal audit staff interview selection and scheduling during the planning process. Appendix C has additional information on how to use this tool.

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## Frequently Asked Questions (FAQs)

1. **Question:** Who should complete the planning guide for the external assessment team?

→ **Answer:** The CAE or a member(s) of the internal audit staff could complete it under the direction of the CAE.

2. **Question:** It looks like the CAE/internal audit staff are asked to use the planning guides to self-assess their conformance with the *Standards*. Why should we complete a self-assessment? Won't the external quality assessment team be doing this when they are onsite?

→ **Answer:** The planning guides are intended to be used on both *internal* and *external* quality assessments. The self-assessment can be used to provide some of the evidence needed to support a periodic internal assessment. The self-assessment can also help the CAE/internal audit staff determine their readiness for an external assessment and reduce the likelihood of unnecessary surprises. During their onsite work, the external quality assessment team will collect and evaluate additional evidence needed to determine (full assessment) or validate (self-assessment with independent validation) the internal audit activity's conformance ratings.

3. **Question:** Why do the planning guides ask the CAE/internal audit staff to identify their own leading practices and opportunities for improvement? Won't the external quality assessment team be doing this for us?

→ **Answer:** Two reasons: a) on a periodic internal assessment, this information will help you improve your internal audit activity, and b) on a full external assessment, this information could help the external team focus their efforts on the opportunities that are most important to your internal audit activity. They will also use their expertise to identify additional opportunities and validate many of your leading practices.

4. **Question:** Are we required to update the planning guides when we plan a periodic internal assessment?

→ **Answer:** There is nothing in The IIA's International Professional Practices Framework (IPPF) that requires your internal audit activity to update the planning guide, but it could be a good planning resource and reduce the time required to prepare for an external assessment.

5. **Question:** We don't have some of the documents (e.g., #8 – Internal Audit Strategic Plan and Vision, #16 – Internal Audit Activity Values and any Customer Service Standards) on the Document Request Checklist (A0). What should we do?

→ **Answer:** Add a comment to the checklist to let the external team leader know that you don't have the document. Some of these items are leading and/or successful practices. The external team will help you determine whether these are opportunities for improvement.

6. **Question:** We don't have a formal Internal Audit Policy/Procedure Manual (item #28). What should we do?



→ **Answer:** There may be some core policies/procedures that your internal audit activity might need to have in place before an external assessment. Your internal audit activity may not need formal policies/procedures for all of the items on the Document Request Checklist. You could use your periodic internal assessment—or have a readiness assessment done by an external party—to decide what you need to have in place.

7. **Question:** What should we provide regarding Entity Governance Structure and Policies (item #8)?

→ **Answer:** Structure could be defined by a list of key committees with descriptions of their purpose or charter, decision-making authority, and participating members, including who chairs these committees. Policies would include organizationwide guidelines regarding proper business conduct and ethical behavior.