

Of course I'm authorised to do that!

This E-news article is Number 5 in a series of 6, commenting on the more interesting aspects of IIA Australia's assessments of conformance across 35 organisations between January 2007 and June 2009.

Almost 30% of organisations did not generally conform with Standard **1000 – Purpose, Authority and Responsibility**. Why would this be the case and what can be done to help organisations conform?

What is Standard 1000?

Standard 1000 states that "The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the *Standards*. The chief audit executive must periodically review the charter and present it to senior management and the board for approval".

Why don't people conform with 1000?

The most common issues preventing general conformance are:

- The internal audit charter is incomplete or does not exist
- The internal audit charter is in need of review.

How can organisations achieve conformance?

In achieving conformance, clearly the most critical factor is to actually have an internal audit charter and ensure it has been through senior management and is approved by the board. Organisations should ensure that the charter is up-to-date, formally defines the purpose, authority and responsibility of the audit activity, is consistent with the *Standards*, and covers specific items such as conflicts of interest, induction and the definition of internal auditing. It was also recommended that the charter reflect the nature of assurance services and consulting services provided and make reference to the maximum time period for management to respond to recommendations contained in internal audit reports.

What's next?

The next article in this occasional series will look at why organisations have difficulty conforming with the IIA quality assurance and improvement program requirements.

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