



International Professional  
Practices Framework

# Implementation Guide 1300

## 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 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. The chief audit executive should encourage board oversight in the quality assurance and improvement program.*

Revised Standards, Effective 1 January 2017

## Getting Started

Standard 1300 tasks the chief audit executive (CAE) with developing and maintaining a comprehensive quality assurance and improvement program (QAIP). The QAIP should encompass all aspects of operation and management of internal audit, as found in the mandatory elements of the International Professional Practices Framework (IPPF), and the best practices of the profession.

The QAIP will conclude on the quality of internal audit within the organization and lead to recommendations for appropriate improvements. As such, it must include ongoing and periodic internal assessments and periodic external assessments by qualified independent parties to satisfy the standard. For more information on internal and external assessments, please see the Implementation Guides for Standard 1311: Internal Assessments, and 1312: External Assessments.

The CAE will need a thorough understanding of the mandatory elements of the IPPF, especially the *Standards*. Generally, the CAE will meet with the board to gain an understanding of the expectations for the internal audit activity, to discuss the importance of the *Standards* and quality assurance, and to encourage the board's support of these.

Typically, the CAE will find examples of how QAIPs are developed and implemented in other organizations, particularly those that are similar in nature and maturity, for benchmarking purposes. Additionally, the CAE may wish to consult practice guides and other published guidance on the matter.

## Considerations for Implementation

### Quality Assurance and Improvement Program

A well-developed QAIP will ensure that quality is built into, not onto, the way the internal audit activity operates. The internal audit activity should not need to assess whether each individual engagement conforms to the *Standards*. Rather, engagements should be undertaken in accordance with an established methodology that promotes quality and, by default, conformance with the *Standards*. Additionally, the methodology should promote continuous improvement of the internal audit activity.

As the standard requires, the CAE must develop and maintain a QAIP that covers all of the work performed by the internal audit activity, with the ultimate goal of developing an internal audit activity with a scope of work that includes conformance with the *Standards* and application of the Code of Ethics. The QAIP enables an internal audit activity to be evaluated as to how effectively it applies the Code of Ethics and conforms with the *Standards*.

Additionally, the QAIP will assess the internal audit activity's efficiency and effectiveness and identifies opportunities for improvement.

## Requirements

Standard 1310 requires that the QAIP includes internal assessments, consisting of both ongoing monitoring and periodic self-assessments. In addition, it must include an external assessment at least once every five years.

- Internal Assessments

In order to develop and maintain a QAIP, the CAE must perform internal assessments. Consisting of both ongoing monitoring and periodic self-assessment, these serve internal audit by evaluating conformance with the mandatory elements of the IPPF, the quality and supervision of audit work being done, internal audit's policies and procedures, how internal audit adds value, and the achievement of key performance indicators.

The CAE should establish ongoing monitoring and ensure that reviews of the internal audit activity occur periodically. Ongoing monitoring is achieved primarily through continuous activities such as engagement planning and supervision, standard working practices, working paper procedures and signoffs, report reviews, and identifying and addressing weaknesses and areas in need of improvement. Such continuous monitoring determines whether processes are delivering quality on an engagement-by-engagement basis.

Periodic self-assessment is conducted to validate that the internal audit activity is in conformance with the Code of Ethics and the *Standards* (Attribute and Performance). Through such conformance, internal audit should also achieve conformance with the Definition of Internal Auditing and the Core Principles for the Professional Practice of



### Internal Audit.

The Implementation Guide for Standard 1311: Internal Assessments provides further guidance on internal assessments.

- External Assessments

Per Standard 1312: External Assessments, the CAE is responsible for ensuring the internal audit activity conducts an external assessment at least once every five years. This purpose of the assessment, which must be performed by an independent assessor or assessment team from outside the organization, is to validate that the internal audit activity conforms with the *Standards* and Code of Ethics.

A self-assessment may take the place of a full external assessment, provided it is validated by a qualified, independent, competent, and professional external assessor. In such cases, the scope of the self-assessment with external independent validation (SAIV) would consist of a comprehensive and fully documented self-assessment process that emulates the full external process; and an independent on-site validation by a qualified, independent assessor.

The Implementation Guide for Standard 1312: External Assessments provides further guidance on external assessments.

### Reporting on the Quality Assurance and Improvement Program

The CAE must communicate the results of the QAIP to senior management and the board, as stated in Standard 1320: Reporting on the Quality Assurance and Improvement Program. Such communication should include the scope and frequency of both internal and external assessments; the qualifications and independence of the assessor(s) or assessment team; the conclusions of the assessors; and whatever corrective action plans have been created from the assessments to address areas that were not in conformance with the *Standards* – along with opportunities for improvement.

The Implementation Guide for Standard 1320: Reporting on the Quality Assurance and Improvement Program provides further guidance on QAIP reporting.

### Use of “Conforms with the *International Standards for the Professional Practice of Internal Auditing*”

The internal audit activity may only communicate — in writing or orally — conformance with the *Standards* if results of the QAIP, both the internal and external assessment, support such a statement. The CAE and internal audit activity must remove such conformance references if the results of internal and/or external assessments do not confirm general conformance with the *Standards*. If an internal audit activity has been in existence for at least five years, and has not completed both the internal and external assessment, the CAE may not indicate that the internal audit activity is operating in conformance with the *Standards*. For an internal audit activity that is less than five years in existence, a documented internal assessment supporting conformance with the *Standards* and Code of Ethics would be required prior to using the conformance statement. If an external assessment is not conducted in accordance with Standard 1312, within five years of the last assessment, the internal audit activity needs to cease use of the conformance statement, until the external assessment is completed.

The Implementation Guide for Standard 1321: Use of “Conforms with the *International Standards for the Professional Practice of Internal Auditing*” provides further guidance on QAIP reporting.

### Disclosure of Nonconformance

In some instances, it may be determined through internal or external assessments that the internal audit activity does not conform with the IPPF’s mandatory elements, and the lack of conformance may impact the overall scope or operation of the internal audit activity. These assessments may uncover impairments to objectivity or independence, scope restrictions, resource limitations, or other conditions which may affect the internal audit activity’s ability to fulfill its responsibilities to stakeholders. The CAE will disclose the nonconformance, as well as the impact of the nonconformance, to senior management and the board.

The Implementation Guide for Standard 1322: Disclosure of Nonconformance provides further guidance on how and when to report nonconformance.

The CAE periodically evaluates the QAIP and updates it as needed. For example, as the internal audit activity matures, or as conditions within internal audit change, adjustments to the



QAIP may become necessary to ensure that it continues to operate in an effective and efficient manner and to assure stakeholders that it adds value by improving the organization's operations.

## Considerations for Demonstrating Conformance

Multiple documents may indicate conformance with the standard. The two most notable of these are the CAE's documented QAIP and the QAIP's results. The latter will typically consist of findings, corrective action plans, and corrective actions taken to improve internal audit's conformance with the mandatory elements of the IPPF. Additionally, any documentation of actions taken to improve efficiency and effectiveness of internal audit may help demonstrate conformance with the standard. For external assessments, documentation from the external assessor or assessment team, or written independent validation of a self-assessment, may be used to indicate conformance. Board meeting minutes where QAIPs and their results are discussed, as well as presentations to the board or senior management, may also help show conformance.



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### About Implementation Guidance

Implementation Guidance, as part of The IIA's International Professional Practices Framework® (IPPF®), provides recommended (non-mandatory) guidance for the internal audit profession. It is designed to assist both internal auditors and internal audit activities to enhance their ability to achieve conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*.

Implementation Guides assist internal auditors in applying the *Standards*. They collectively address internal audit's approach, methodologies, and consideration, but do not detail processes or procedures.

For other authoritative guidance materials provided by The IIA, please visit our website at [www.globaliia.org/standards-guidance](http://www.globaliia.org/standards-guidance) or [www.theiia.org/guidance](http://www.theiia.org/guidance).

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