Performance Management and Accountability
Level 2 – Infrastructure
Internal Audit Operating Budget

Purpose — To be allocated and use its own operating budget to plan the services of the IA activity.

Essential Activities
• Establish a realistic budget for the activities and resources identified in the IA activity’s business plan, considering both fixed and variable costs.
• Obtain senior management and/or board approval of the operating budget.
• Review the budget on an ongoing basis to ensure that it remains realistic and accurate, identifying and reporting any variances.

Outputs
• An operating budget that reflects the financial cost of implementing and executing the IA activity’s business plan.
• An operating budget that is approved by the organization’s senior management and/or board.

Outcomes
• The IA activity can allocate approved resources according to the needs identified in its business and operational plans.
• Strengthened accountability within the organization.
• Assurance that the IA activity is compliant with authorities and that its assets are safeguarded.

Institutionalizing Practice Examples
• Visible commitment and support through senior management action to approve an appropriate internal audit operating budget.
• Structured organizational budgetary system and processes.
• Periodic internal audit business plan.