Performance Management and Accountability
Level 3 – Integrated
Cost Information

Purpose — To provide sufficient information from the financial tracking system such that the IA activity understands the cost information sufficiently to use it to manage its services as economically and efficiently as possible. This practice goes slightly beyond budget variances and integrates the relationship of outputs to inputs.

Essential Activities
• Develop accurate information on the service costs of the IA activity.
• Employ a cost management system to capture costs throughout the service delivery process.
• Align cost management systems with the organization’s financial and operational systems and its financial and management reporting practices.
• Monitor actual costs against established expected or standard costs at various stages of delivery.
• Monitor the cost management system on a regular basis, ensuring that the cost structure remains relevant and that cost information is produced/obtained in the most efficient and cost-effective way.
• Utilize cost information in decision-making.

Outputs
• Costing systems.
• Information on the cost of the internal audit services and activities.
• Cost analysis that can be used to support management’s decisions.

Outcomes
• Cost information can be used to control costs of the IA activity’s programs/services, support decision-making, and set user fees for cost recovery, if relevant.

Institutionalizing Practice Examples
• Organizational financial tracking and cost system and processes.
• Time recording and reporting system.
• Training on cost management and analysis.