Performance Management and Accountability
Level 4 – Managed
Integration of Qualitative and Quantitative Performance Measures

Purpose — To enable the IA activity to use information on performance to measure and monitor fluctuations that affect its results. The activity has balanced its use of quantitative and qualitative data to help it achieve its strategic objectives.

Essential Activities
- Clearly identify the strategic objectives of the IA activity.
- Develop comprehensive performance measures and targets that establish a level of acceptable risk, cost, quality, and results.
- Develop systems to monitor and measure performance.
- Use information on performance to measure and monitor fluctuations that affect the results of the IA activity.
- Use information on performance to optimize the use of internal audit resources to address the organization’s risk exposures.
- Obtain input from key stakeholders on a regular basis on the effectiveness and quality of the IA activity.
- Incorporate the results of the quality assurance and improvement program, which includes ongoing monitoring and periodic internal and external assessments, with those of the performance management system, and use the information to improve performance, as appropriate.
- Monitor the implementation of the IA activity’s recommendations by management to assess the impact on and value added to the organization (e.g., more effective operations and improved governance, risk management, and control processes).

Outputs
- Performance measures exist that cover stakeholder satisfaction, internal audit processes and results (risk assessment/audit planning; performing the audits; reporting and value-added), and innovation and capabilities (training, technology, knowledge of business).
- Conclusions as to the quality of ongoing performance of the IA activity.

Outcomes
- Full integration of qualitative and quantitative measures to ensure that the strategic objectives of the IA activity have been met.

Institutionalizing Practice Examples
- Senior management support for using quantitative and qualitative data to help achieve strategic objectives.
- Internal audit quality assurance and improvement program.
- System/processes in place to follow up disposition of internal audit results.
- Internal audit periodic planning and reporting process that uses quantitative and qualitative performance information.