Chapter 5

OVERVIEW OF TOOLS FOR QUALITY ASSESSMENT

Introduction

Based on its experience during the past decade, The IIA developed a set of checklists, guides, structured review programs, and other tools to facilitate the conducting of external QAs. Those tools have been updated from the previous edition of this Quality Assessment Manual and broadened, where appropriate, to accommodate their adaptation for internal assessments, including self-assessments that are submitted subsequently to an external validator.

The tools have been designed as practical aids to apply, in a logical and structured manner, the principles laid down in the first four chapters of this manual. They also incorporate the requirements of The IIA’s Standards and relevant guidance from the Practice Advisories. They have been referenced to the Standards in considerable detail, both to facilitate consultation, for further guidance and clarification, as well as to assist those who evaluate conformity of an IA activity to the Standards.

The objectives of a QA usually go well beyond evaluation of conformity to the Standards to include the (often) more important objective of improving the effectiveness of the IA activity and, particularly, its potential to add value to the organization it serves. Consequently, the tools have also been designed to provide an extensive basis (and documentation) for recommendations to enhance that effectiveness and value.

Although the tools were developed and still serve primarily as aids for external quality assessments, they are sufficiently adaptable to be used, where appropriate, in self-assessments and other quality assessments internal to the IA activity.

The tools have been classified according to the types and timing of work by an assessor or assessment team and are in the Appendix, according to this classification, under Appendices A through D. A brief description of the tools under each appendix is set forth below:

Appendix A — Preparation and Preliminary Phase

The first step in a quality assessment, after the scope, objectives, and administrative arrangements are agreed, is for the quality assessment team leader to undertake the preparation and planning work set out in Tool 1 (Self-assessment with Independent Validation use Tool 1A).
Concurrently, the gathering of relevant information about the organization and the IA activity, appropriate to the scope and needs of the assessment team, should be undertaken under the direction of the CAE. Tool 2 is a comprehensive self-assessment designed to gather such information to be used to orient the assessment team and as the basis for planning engagement details (Self-assessment with Independent Validation use Tool 2A).

Tool 3, CAE Questionnaire, may also be used to supplement the self-assessment information. Or, in the case of an internal assessment (where much information about the organization and the IA activity are already known to the assessment team), Tool 3 can serve as the principal means to gather additional current information not already known to the assessment team.

Another important element of preliminary work for a quality assessment is gathering current input from key stakeholders in the IA activity before the commencement of assessment fieldwork. Tool 4 fulfills this purpose as a survey of clients and other executives served by the IA activity, and Tool 5 is a survey of the IA activity’s staff.

Appendix B — Interview Guides

Additional information is gathered as part of the on-site work of the assessment team through focused interviews of a selection of the same types of stakeholders surveyed earlier. These interviews serve to follow up and expand upon the survey results. They also elicit additional input that usually becomes part of the evaluation of the IA activity’s effectiveness and the basis for recommendations to enhance its value to the organization. These targeted interview guides cover the following types of stakeholders:

- Tool 6 — Board members with internal audit oversight (often an audit committee of the board).
- Tool 7 — Executive to whom the CAE reports (CEO or other senior executive in the organization).
- Tool 8 — Senior and operating/support unit management (selected from the IA activity’s customers).
- Tool 9 — CAE (to discuss and expand information gathered earlier).
- Tool 10 — Internal audit staff (provides a confidential, face-to-face opportunity for further input).
- Tool 11 — External auditor (initial input on audit coordination, reliance, and ideas for improvement).

These tools are intended to cover interviews that should be held with most (or a representative sample of) significant stakeholders of the IA activity. However, because of the variety of organizational structures and management styles, the assessment team may need to be flexible in its planning and
modify these interview guides, both with regard to content and targeted interviewees. For example, parent or affiliated organization executives or board members, “owners” (shareholders, donors, or similar stakeholders), representatives of regulatory bodies, external entities to which audit or consulting functions have been outsourced, and former staff members of the IA activity may need to be considered for interview. In such cases, the guides should be modified appropriately to accommodate additional interviewees and topics to be discussed.

Appendix C — Quality Assessment Program Segments

These program segments are the heart of the quality assessment; they serve to document and validate the IA activity’s conformity to the Standards, as well as the effectiveness of its policies and processes. They also serve to identify and document opportunities to improve the IA activity’s effectiveness and value. The detailed procedures have been segmented into the major areas to be reviewed to ensure comprehensive coverage and facilitate the division of labor among assessment team members:

- **Tool 12** — Assessing the structure and responsibilities of an IA activity (dealing primarily with the charter/mission statement, including authority and scope, as well as with reporting lines and other features to measure independence, policies, organizational structure, etc.).

- **Tool 13** — Risk assessment and audit planning (including definition of the IA activity’s universe, alignment with enterprise risk management and accountability processes, long- and short-range planning, and the overall adequacy of staff numbers and skills).

- **Tool 14** — Staff professional proficiency (an in-depth look at staff knowledge and skills, continuing education, recruitment policies and processes, and general human resource management within the IA activity).

- **Tool 15** — Information technology (a targeted, comprehensive review of this important area, as to the management of technology in the organization, the adequacy of audit and consulting services provided by the IA activity, and the use of technology within the IA activity itself).

- **Tool 16** — Assessing production and value added (audit plan accomplishment, as measured in relation to the review of risk assessment and audit planning using Tool 13, including the metrics used by the IA activity and its reporting of overall results to senior management, the board, and other appropriate stakeholders).

- **Tool 17** — Individual engagement and report review (detailed review of the engagement management, working papers, reports, and implementation follow-up for a representative sample of audit and consulting engagements; review of selected additional audit and consulting reports — to validate information obtained with other tools and to disclose opportunities for improvement).
These tools are intended to be sufficiently flexible to be adapted for use in internal assessments and self-assessments with external validation to the extent they are appropriate to the agreed scope and objectives of such assessments.

Appendix D — Evaluation and Reporting the Results of a Quality Assessment

This is the final phase of a quality assessment project in which the results are summarized, evaluated, put into a closing conference agenda, and drafted into the report of the project. The tools for this final phase are:

- Tool 18 — Observations and issues worksheet (used by assessment team members to record potential recommendations or significant items for further discussion, along with their review by the team leader and comments/responses of the CAE, IA activity staff, and other appropriate persons; these worksheets become the basis for most of the agenda of the closing conference and, subsequently, for the draft report).

- Tool 19 — Standards conformance evaluation summary (this is a listing of each major element of the Standards and the Code of Ethics, with guidance for evaluating conformity of the IA activity to each element, to broader categories, and to the Standards and Code of Ethics overall; it is usually the basis for a section of the report that includes the team’s overall opinion on the degree of such conformity).

- Tools 20 and 21 — Sample reports on quality assessment and self-assessments (providing suggested formats and examples of the types of comments and recommendations contained in a report on quality assessment engagements and explanatory comments).

Again, these tools are flexible and should be considered for adaptation, where appropriate, to all types of quality assessment engagements.

Enhancement of Current Tools and Potential Additional Tools

The IIA welcomes adaptation of, and experimentation with, the use of these tools, including the design of additional tools that quality assessment team members may develop as part of their work, and invites relevant comments and suggestions to be e-mailed to: Quality@theiia.org.