Dell Inc.’s vice president of corporate audit, Mike DeCaro, answers some questions about internal audit quality. The internal audit department at Dell Inc. recently underwent an external quality assessment (QA) and offers some advice for others preparing for the QA process.

**As an experienced chief audit executive (CAE), your view of quality clearly sets the tone for your internal audit activity. How do you ensure your function is the best it can be?**

Leadership requires investing in people development, ensuring that individuals understand how their role supports the team, and equipping them to be successful. Dell’s Assurances Management Framework integrates The Institute of Internal Auditors’ (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)* into an applied methodology that fosters learning and coaching opportunities, and provides the tools requisite for performing high quality audit work. Funding is also available to those that desire pursuing relevant certifications and degrees. With these elements in place, aspirational objectives have legitimacy and frequently result in achievements that can be leveraged across the company to facilitate competitive advantage.

**How do internal and external quality assessments affect the operations of your internal audit function?**

The quality of the internal audit activity itself is an enterprise risk factor. Internal audit work impacts resource allocations through management action plans intended to protect—if not enhance—shareholder value. Quality assessment programs are foundational to performing and sustaining high-quality production. Initiatives should place emphasis on ensuring that the audit cycle is designed and executed to influence management to become more anticipatory and proactive in assessing risk, and either responding where risk levels are excessive or recognizing when accelerated/increased investments create potential economic upside.

**Why do you think the Standards insist upon an external QA every five years, and what value does this bring to your organization?**

Audit committees and business leaders that place reliance on internal assurance services need to be assured that those services meet the *Standards*, and that improvement opportunities are identified and addressed. Given that no organization has the good fortune of past successes guaranteeing future results, regular independent and objective external quality assessments add value by underscoring the importance of the *Standards* and continuous improvement. A focused messaging approach regarding the QA process can also remind the governance hierarchy that the internal audit activity is integral to future company success.

**How important is it for executive management to understand the role quality plays in internal audit professionalism, and what can CAEs do to raise the level of that understanding?**

Issuing internal audit opinions grounded in work that conforms to the *Standards* establishes credibility and solidifies understanding of the internal audit activity in the minds of executive leaders. In the domain of organizational culture, it is important to set an audit scope that seeks representative inputs on management’s tone, that is, management’s commitment to demonstrating and enforcing ethical conduct—and that requires gathering evidence on the transparency of information, the reasonability of targets, and the alignment of incentives. This allows the CAE to be vigilant in helping executive management and the audit committee to remain briefed on relevant risks tied to control objectives.