



QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

February 11, 2025

QAIP PURPOSE



The newly issued Global Internal Audit Standards, effective January 2025, require the CAE to **develop, implement, and maintain a Quality Assurance and Improvement Program (QAIP)**.



This program must **cover all aspects** of the internal audit function, **emphasizing** not only Internal Audit's **conformance** with the Standards but also its **performance and commitment to continuous improvement** to ensure the delivery of high-quality internal audit services.

QAIP REQUIREMENTS

Standard 8.3 Quality

Requirements

The chief audit executive must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments:

- External assessments. (See also Standard 8.4 External Quality Assessment.)
- Internal assessments. (See also Standard 12.1 Internal Quality Assessment.)

Essential Conditions

Board

- Discuss with the chief audit executive the quality assurance and improvement program, as outlined in Domain IV: Managing the Internal Audit Function.

EXTERNAL ASSESSMENT REQUIREMENTS

Standard 8.4 External Quality Assessment

Requirements

The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board. The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

When selecting the independent assessor or assessment team, the chief audit executive must ensure at least one person holds an active Certified Internal Auditor® designation.

Essential Conditions

Board

- Review and approve the chief audit executive's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
 - The scope and frequency of assessments.
 - The competencies and independence of the external assessor or assessment team.
 - The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.

INTERNAL ASSESSMENT REQUIREMENTS

Standard 12.1 Internal Quality Assessment

Requirements

The chief audit executive must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives.

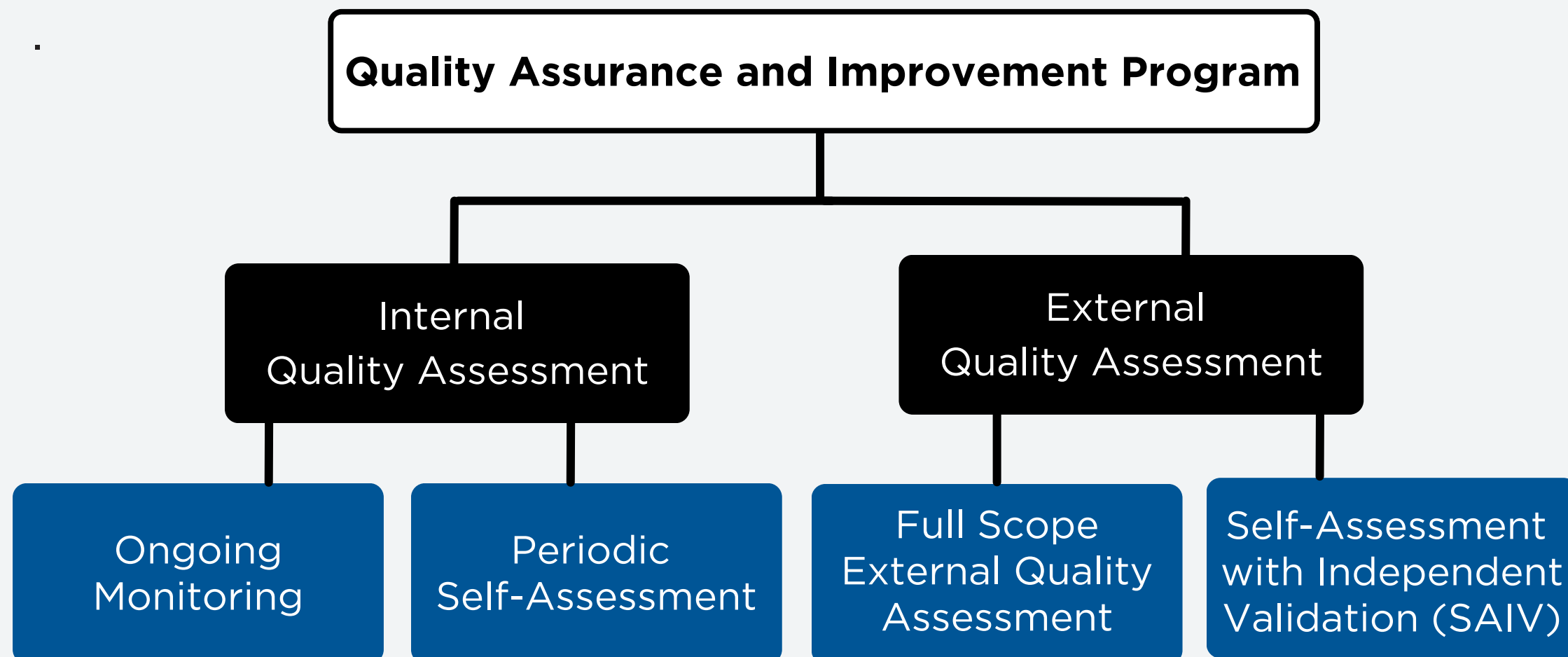
The chief audit executive must establish a methodology for internal assessments, as described in Standard 8.3 Quality, that includes:

- Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives.
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices to evaluate conformance with the Standards.
- Communication with the board and senior management about the results of internal assessments.

Based on the results of periodic self-assessments, the chief audit executive must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions. The chief audit executive must communicate the results of periodic self-assessments and action plans to the board and senior management. (See also Standards 8.1 Board Interaction, 8.3 Quality, and 9.3 Methodologies.)

REPORTING

- All ongoing and periodic Internal Quality Assessment results will be reported to the Audit Committee once a year.
- All External Quality Assessment results will be reported to the Audit Committee directly by the External Quality.



Reporting includes an action plan to push for continuous improvement.

The text is enclosed in a circular arrow diagram consisting of two thick black arrows forming a circle, indicating a continuous cycle.

INTERNAL ASSESSMENT

Ongoing Monitoring

- Adequate engagement supervision is a fundamental element of a QAIP program
- Monitored primarily through day-to-day supervisory reviews of engagement planning, work papers, and final communications
- Built into routine policies and practices
- Additional mechanisms for on-going monitoring:
 - resource allocation
 - achievement of internal audit plan
 - timelines of engagement completion
 - feedback from internal audit stakeholders
 - auditee post-engagement survey

Periodic Self-Assessment

- A more holistic, comprehensive review of the Standards
- At least once per year
- Assess every standard
- May interview and survey internal audit stakeholders
- Evaluate
 - adequacy of audit methodology
 - internal audit function support of the achievement of the org's objectives
 - quality of internal audit services performed and supervision provided
 - degree to which stakeholder expectations are met and performance objectives are achieved

EXTERNAL QUALITY ASSESSMENT

Full Scope External Assessment

Involves assessment of all internal audit activities performed by an independent qualified external assessor

SAIV (Self-Assessment with Independent Validation)

Involves a self-assessment completed by an internal audit activity, with the fully documented work reviewed and verified by an independent qualified external assessor.

Develop a plan and discuss with the Board, including:

- the selection of assessor must include at least one CIA designation holder
- assessment execution (e.g. on/off site, survey, and/or interviews)

When conducting the external assessment, key aspects must be defined, including:

- Full Scope of the Review
- The frequency included in the Charter and approved by the Board > 5-yr cycle
- How the assessment report will be presented to the Board > full results directly presented to the Audit Committee

COB'S QAIP PROGRAM

- Closely follow the IIA Standards requirements.
- For the upcoming External Quality Assessment, we chose SAIV format to be validated by an IIA Independent Quality Assessor. This considers: The Standards allows one SAIV every 10 years.
 - Our last two External Quality Assessments conducted in 2017 and 2020 were all full scope External Quality Assessments.
 - The SAIV format will provide a good learning opportunity for staff to conduct periodic self-assessments under the new Standards.

COB'S QAIP PROGRAM CONT'D

According to IIA quality assessment training, small audit functions are not required to assess all domains, principles, and standards annually. Instead, they may conduct selective evaluations each year, provided that all standards are covered at least once between external quality assessments. High-priority areas may be assessed more frequently.

As COB Internal Audit qualifies as a small audit function (fewer than nine audit staff), we will assess one domain per annual self-assessment, ensuring full conformance with all domains, principles, and standards between the 2025 and 2030 external quality assessments.

QUESTIONS?