



INTERNAL AUDIT QUALITY ASSURANCE SEMINAR

(24th June 2021)

SESSION 6: ETHICAL CONSIDERATIONS IN IA QUALITY REVIEW ENGAGEMENTS

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Session Objectives



By the end of the session the participants are expected to recall the QAIP elements & appreciate the ethical issues that should be considered in the undertaking of Internal Audit Quality Review Engagements.

Presentation Agenda



1. Introduction

2. Recap of elements of QAIP

3. Basic attributes of an IA Quality reviewer

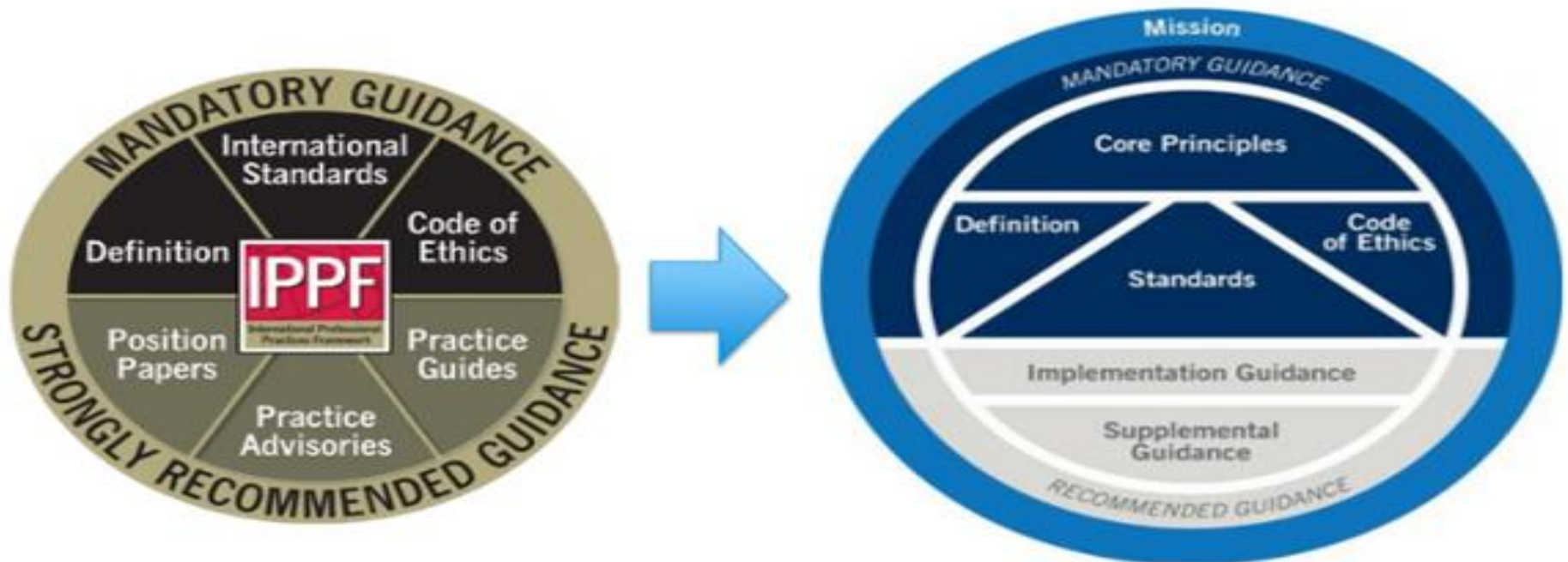
4. Ethical issues in IA Quality Reviews

5. Conclusion

Introduction



From the Previous IPPF ... To the New IPPF



Introduction cont..



Recall:

QAIP (Std 1300)- embedding **quality in all IA operations & continuous improvement.**

- ❖ Formulate & maintain (update as IA matures)
- ❖ *Assessments,*
- ❖ **Communication of results,**
- ❖ Proper use of **conformance statement** &
- ❖ Disclosure of non conformance

Introduction – Recall the Core Principles



- ☐ Demonstrates **integrity.**
- ☐ Demonstrates **competence** and **due professional care.**
- ☐ Is **objective and free from undue influence** (independent).
- ☐ **Aligns with the strategies,** objectives, and risks of the organization.

Introduction – Recall the Core Principles



- ☐ Is appropriately **positioned and adequately resourced.**
- ☐ Demonstrates **quality and continuous improvement.**
- ☐ **Communicates** effectively.
- ☐ Provides **risk-based assurance.**
- ☐ Is **insightful, proactive, and future-focused.**
- ☐ Promotes **organizational improvement.**

Introduction cont..

Standards & the Code



Standards

International Standards for the Professional Practice of Internal Auditing (Standards)

Two categories:

- Attributes
- Performance

Core of Ethics

1. **Integrity** - trust and reliance on IA judgment.

2. **Objectivity:**

3. **Confidentiality :**

4. **Competency** –both A&).

Recap of the elements of QAIP



A QAIP covers the **entire spectrum** of **assurance** & **consulting** work performed by the internal audit activity.

Elements

- ☐ Ongoing Monitoring
- ☐ Periodic self-assessments
- ☐ External assessments

Recap of the elements of QAIP cont..



Ongoing Monitoring

Day to day

- ✓ Supervision,
- ✓ Reviews &
- ✓ Measurements

***Included in IA
Policies & Practices***

Periodic Assessments

Assess: whether ongoing monitoring - *effectively* and conformance to the ***Code of Ethics*** & the ***Standards*** *inclusive of core principles.*

Who undertakes the assessment ??

Recap of the elements of QAIP cont..



External assessments

- ☐ **Periodicity** - Once every 5-years;
- ☐ **By whom** - Independent Qualified Assessor or an assessment team; *(full or self assessment; validated)*
- ✓ **Self assessment** validated by a qualified, independent, competent & professional external assessor.

Basic attributes of an IA function reviewer



Recall; Reviews- Internal or external

1. Undertake **relevant IIA course** (eg Quality assessment training)
<https://na.theiia.org/training/courses/Pages/Performing-an-Effective-Quality-Assessment.aspx>
 - ✓ Process overview- QAIP framework –Manual
 - ✓ Planning quality assessments (scope, objectives, tools)
 - ✓ Performing (interview guides , case studies, examination of records)
 - ✓ Evaluating the assessment results (tools and criteria)

Reporting

- ✓ Periodic self assessment & External quality assessment.

Basic attributes of an IA function reviewer



2. **Competence** in IA profession (eg CIA, CPA, CISA) – *versed with current Standards & in-depth knowledge thereof*
3. knowledge & practice of the **IIPF** (current latest 2017)
4. **Independence & objectivity** - free from actual, potential and perceived conflicts of interest that could impair objectivity. Eg relationship with Org, personal or IA activity

Basic attributes of an IA function reviewer



5. Effective **communicator** ; participants in the review as well as recipients of the assessment results: board (Audit Committee and Senior Management)
6. **Technical curiosity & skepticism**
7. Well versed with **best practices** in the IA profession and industry experience.
8. **Leadership positions in IA** e.g CAEs or equivalent.

Ethical issues in Internal Audit Quality Reviews



- ❑ **Independence** - *external/internal* –peer reviews
- ❑ Only assess **relevant components**- IIPF (*mandatory & conversant with guidance by IIA*)
- ❑ **Comply with the Manual** (Quality Assessment Manual for the Internal Audit Activity)

Ethical issues in Internal Audit Quality Reviews

cont..



- ❑ **Personal integrity** –dilemmas (level of compliance)
- ❑ **Consent** of the entity & persons – participants
- ❑ Orientation to details with **sense of fairness** in the reviews and communication of the quality review results.

Ethical issues in Internal Audit Quality Reviews

cont..



- ❑ **Communication** of results – **balanced reporting** ; areas where IA is conforming to the Code of ethics & the Standards inclusive of the ten Core principles and *areas for improvement to ensure compliance and alignment to best practices.*
- ❑ **Confidentiality** – Critical ethical consideration both **during & after the quality reviews.**

Recap/Conclusion



Participants take away as regards

- ☐ **Elements of QAIP**

- ☐ **Basic attributes of an IA Quality reviewer**

- ☐ **Ethical issues in IA Quality Reviews**

Q & A



Session

Thank You

Thank
You

Your logo

Contacts



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Let's stay connected and together we shall contribute to the growth of the Accounting & Internal Audit Professions.