Frequently Technical Questions on the IIA's International Professional Practices Framework (IPPF) and the International Standards for the Professional Practice of Internal Auditing (the Standards)

Disclaimer

These Frequently Asked Questions (FAQs) have been prepared by the Technical Department of the IIA SA in consultation with the Technical- and Public Sector Committee of the IIA SA. These FAQs are not intended to serve as authoritative guidance and do not form part of the Standards or the IPPF. The questions and responses outlined in this document are based on queries commonly received by the IIA SA's Technical Department and have been compiled to assist Internal Audit professionals in the execution of their duties and responsibilities in line with the IPPF and the Standards.

The questions and responses provide a summarised analysis of topical issues and should not be considered to be comprehensive. Any examples provided are illustrative only and do not represent a comprehensive list of scenarios or circumstances that may exist in practice. In all instances, readers are encouraged to refer to the relevant IPPF elements and Standards (especially those IPPF elements that must be conformed to) and acquaint themselves with the requirements as it pertains to their particular context/environment. The questions and responses focus on issues that are of interest to Internal Audit professionals in both the public, private and not for profit sector.

Version History

VERSION NO.	VERSION DATE	ACTION	UPDATE DESCRIPTION
V1.0	05/03/2021	Issued	Initial publication of combined FAQs with reference to the IPPF and the Standards

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
				Section 1: Internal Audit
	Consulting Engagement	We are currently appointed as Internal Auditors of a Government institution. We are required in terms of the Internal Audit Charters to review the Annual Financial Statements prior to submission to the Auditor General. The institution requires assistance in compiling the AFS as there is a lack of skilled officials in the finance unit. As part of our consulting activities as Internal Audit we wish to assist the Government entity to prepare the AFS. To safeguard our independence the consulting team from internal audit will not be involved in the review of the AFS. Is it acceptable to take on the compilation of the AFS and then review the AFS using 2 different teams to safeguard our independence?	Standard 1000 requires the nature of both the assurance and consulting services provided to the organization to be defined in the internal audit charter. Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter - the process owner, (2) the person or group making the assessment - the internal auditor, and (3) the person or group using the assessment - the user. Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice -the internal auditor, and (2) the person or group seeking and receiving the advice - the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility. The request in question fits the description of the consulting engagement and should therefore be defined in an internal audit charter and approved by the audit committee. There should be an agreement between the internal auditor and the engagement client that stipulates exactly what the scope for the	**Standards & Implementation Guidance:** 1000 Purpose, Authority, and Responsibility 1130 Impairment to Independence or Objectivity **Practice Guide:** Independence and Objectivity

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			consulting engagement is (reviewing AFS). This agreement should also make it clear that internal audit is on the third line of defence and may not be held accountable for management responsibility in the decision making. When the internal auditor provides the consulting services of this nature, it is often not a problem because the final approval of the AFS is carried out by the external auditors. Reviewing the AFS before the external auditor comes in is different from when an internal auditor is made responsible for the finances in the organisation. The audit team will need to uphold proficiency while carrying out this task; this means that the internal auditor allocated for this task must be someone who is competent in finance (e.g. posting to general ledger and processing closing entries and the like).	
	Previously consulted areas	If one performs a consulting activity over a specific function, is there a "cool off" period before one can perform an assurance engagement over the same function?	The IIA Standard 1130 requires a minimum of 12 months to lapse before an internal auditor may provide assurance in an area in which consulting services were provided.	**Standards & Implementation Guidance:** 1130 impairment to Independence and Objectivity **Practice Guide:** Independence and Objectivity
	Objective Sampling	Is it fine if the internal auditor select a sample which includes recruitment done in the IAA for an HR audit?	Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. To uphold objectivity, internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest. Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfil his or her duties impartially. A conflict of interest exists even if	**Standards & Implementation Guidance:** 2320 analysis and Evaluation 1120 Individual Objectivity **Practice Guide:** Independence and Objectivity

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			no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively. Including files from internal audit in the sample may therefore appear as a threat to objectivity as one may feel that the internal auditor will not subject the file of those closely working with under same scrutiny as other files. It is therefore why it is highly recommended that the internal auditor avoids this situation by excluding the files of IA employees from the sample. Audit sampling is defined as, the application of audit procedures to less than 100 percent of items within a class of transactions or account balance such that all sampling units have a chance of selection. The sample sizes differ from one organisation to the other, based on factors such as the risk appetite of the organisation, the perceived risk associated with the particular process and the like. There are sampling approaches that may be used to achieve audit objectives namely 1) Statistical sampling (random and systematic) This involves the use of techniques from which mathematically constructed conclusions regarding the population can be drawn. Statistical sampling allows the auditor to draw conclusions supported by arithmetic confidence levels (e.g., odds of an erroneous conclusion) regarding a population of data output. It is critical that the sample of transactions selected is representative of a population. Without ensuring that the sample represents the population, the ability to draw	

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			conclusions based on the review of the sample is limited, if not erroneous. The internal auditor should validate the completeness of the population to ensure that the sample is selected from an appropriate data set. 2) Non-statistical or judgemental sampling This is an approach used by the auditor who wants to use his or her own experience and knowledge to determine the sample size; it may not be based objectively and, thus, results of a sample may not be mathematically supportable when extrapolated over the population. That is, the sample may be subject to bias and not representative of the population. The purpose of the test, efficiency, business characteristics, inherent risks, and impacts of the outputs are common considerations the auditor will use to guide the sampling approach. Non-statistical sampling may be used when results are needed quickly and needed to confirm a condition rather than being needed to project the mathematical accuracy of the conclusions. Sampling in audit is an extremely important element. Not only is it important to utilise the appropriate sampling method for the particular type of data, it is also essential to apply the sampling method correctly in order to get the required results.	
	Roles and Responsibilities of a Chief Audit Executive	Does the IIA have any criteria to consider when appointing a CAE? Are there any guidelines and any criteria for acting CAE?	The CAE has got the responsibility to effectively manage the internal audit activity in order to add value to the organisation. This includes a whole lot of activities such as planning work for the year, identifying skills gap, ensuring that training is provided to build competencies needed to perform all or part of the audit engagements.	**Standards & Implementation Guidance:** 2000 Managing the Internal Audit Activity 1300 Quality Assurance and Improvement Program **Practice Guide:**

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			The CAE is further responsible for supervision of the audit completed by both that subordinates as well as the consultants where work has been outsourced to an external parties on behalf of the internal audit activity.	Chief Audit Executives — Appointment, Performance, Evaluation, and Termination How to employ an internal auditor The IIA's Global Internal Audit Competency Framework
	The final approval of the IA charter	Please can you clarify to me about the approval of the audit charter, because when I read the Practice Advisory, it is stated that senior management review and approved the charter with acceptance by the board. In my point of view I think that management review and approved the charter and the board is only accepting. The board approve the purpose, responsibility and authority that defined on the charter, but is accepting the Audit charter that approved by management. Then also on Practice Advisory under functional reporting state that the Board is approving the charter. CIA exam question: Which is true about audit charter? Confusing option: The senior management approves the audit charter before submitting it to the board. I want to know whether the confusion option is right or wrong.	Standard 1000 states that the final approval of the internal audit charter resides with the Board. I would suggest that you look at it as a process that has got more than one level of authority. Management does approve but it is not a final approval as only the board has the authority to grant final approval.	**Standards & Implementation Guidance:** 1000 Purpose, Authority and Responsibility **Practice Guide:** Interaction with the Board
	Excluding CAE in appointment process of IA staff	I am a CAE and have been excluded in the appointment of the internal auditors even though they will be reporting to me. Is this acceptable practice?	Staffing or resourcing of the internal audit activity is the responsibility of the CAE and therefore the CAE may not be excluded from resource management as per Standard 2030. This is different from a scenario when an auditor is instructed to sit in a panel of interview for a position that falls outside of internal audit as this could impair the independence and objectivity of the internal auditor when the review of the recruitment process is undertaken.	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity 2030 Resource Management **Practice Guide:** Independence and Objectivity
	Internal audit sitting in management meetings	In our organization, Internal Audit attends Management meetings. It is seen as being part of	It is good that the CAE sits in management meetings as this sends a message that IA is a strategic partner in an	**Standards & Implementation Guidance:**

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		the decision making. Some feel we are violating the standards in terms of Independence while some feel IA is part of the organization, in attending their audit projects will be well directed in terms of risk. Your assistance in this regard will be highly appreciated.	organisation. Internal auditors' role in a management committee should not be that of taking responsibility for implementation of any part of the management duties. The IA Charter should explain the extent of involvement of the CAE in management meetings. As an auditor at any given point your role should not be that of assuming management responsibility, but that of providing advice, assurance and/or consulting services.	1130 Impairment to Independence or Objectivity **Practice Guide:** Formulating and Expressing Internal Audit Opinions
	Outsourcing IAA	or clarification purposes, my Organisation will be referred to as Company A and the Client as Company B. Company A has entered into a contract with company B to provide internal audit services to Company B. Company B does not have a CAE and is outsourcing the internal audit services to Company A. Company A conducts risk based internal audit services based on their internal audit methodology and the internal audit plan for the engagements is shared with Company B's Audit Committee. Company A's CAE attends audit committees and audit reports are tabled at the committee. Is this in line with King III and any other Auditing Standards? Is stating that Company A's Internal Audit function is accountable to Company B's Audit Committee (client) allowed? What are the implications (if any)? If Internal Audit of Company A cannot be accountable, who should technical be accountable in this scenario? Who is going to assess the CAE's performance?	According to the IIA Standard 2000, the Chief Audit Executive (CAE) must effectively manage the internal audit activity when outsourced. This means that the person responsible for the internal audit function or the CAE has to be in-house. It further reflects that "the oversight and responsibility for internal audit cannot be outsourced". Where the IAF is outsourced, the person liaising with the external service provider, should ideally be a senior or executive manager assigned the task of managing the internal audit function. Such an individual should be a dedicated resource, suitably qualified in internal audit and be accorded a high degree of functional independence within the organisation. The CAE must report functionally to the board and administratively to the organization's chief executive officer; this facilitates organizational independence. At a minimum the CAE needs to report to an individual in the organization with sufficient authority to promote independence and to ensure broad audit coverage, adequate consideration of engagement communications, and appropriate action on engagement recommendations. Functional reporting to the board typically involves the board: • Approving the internal audit activity's overall charter.	**Standards & Implementation Guidance:** 1100 Independence and Objectivity 2000 Managing the Internal Audit Activity 2070 External Service Provider and Organizational Responsibility for Internal Auditing **Practice Guide:** Independence and Objectivity

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			• Approving the internal audit risk assessment and related audit plan. • Receiving communications from the CAE on the results of the internal audit activities or other matters that the CAE determines are necessary, including private meetings with the CAE without management present, as well as annual confirmation of the internal audit activity's organizational independence. Approving all decisions regarding the performance evaluation, appointment, or removal of the CAE. • Approving the annual compensation and salary adjustment of the CAE. • Making appropriate inquiries of management and the CAE to determine whether there is audit scope or budgetary limitations that impede the ability of the internal audit activity to execute its responsibilities. The CAE has got the responsibility to obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement. When the decision has been taken to outsource an internal activity, the CAE is still responsible for supervision of the audit completed by the external parties as the work is done on behalf of the internal audit activity. It is not possible for the CAE to divorce this responsibility because the CAE is required to also evaluate the performance of the engagement to establish if the services rendered are of value. This evaluation will not be adequately carried out if the CAE does not understand the scope, results of work done and has not interrogated the reports.	

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			The assessment of the CAE's performance - even though the performance evaluation might be carried out through HR processes by the level to which the CAE reports administratively, the audit committee as the functional reporting line must review and approve such evaluation.	
	Test of controls vs substantive procedures	Our team is split as some feel that the Standards require us to test the controls (i.e. evidence that the control was performed) and that we should not be going into substantive testing of internal controls as this is for external audit. What is the view and opinions of the IIA on this?	Internal auditing on the other side is defined as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. From this definition, it can be said that internal auditing has a broader scope than just the financial processes. It is however not straight forward what internal auditors must do; except for evaluating financial controls and making recommendations towards improved system of internal controls as stated in the IIA Standards. It can be said that reviewing and signing off of financial statements is not a mandate of internal audit but that of external auditors. It is advised that combined assurance framework be developed and implemented by organisations so that duplication of efforts by assurance providers can be minimized. Carrying out of audit procedures such as testing of controls or substantive testing is allowed in both disciplines as long as they are conducted within the context of achieving audit objectives.	**Standards & Implementation Guidance:** 2010 planning t **Practice Guide:** Reliance by internal audit on other assurance providers
	Standardised Audit Procedures	How can I test the adequacy of internal controls when performing an audit and please provide a template to be used if possible. I have looked at a couple of sampling techniques but have not yet found one that I can use. I also would like to know	Unfortunately IIA does not have a standardised audit program for any aspect of organisational being. Internal Audit units in each organisation must prepare a risk-based audit plan and an internal audit program for each financial year, advise the accounting officer	**Standards & Implementation Guidance:** 2010 Planning **Practice Guide:**

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		whether government process as per the standards equate/ are similar to the control environment as per the Components of Internal Control. What is governance processes? I have conducted many preliminary analytic reviews but somehow I still feel like something is missing. How does one conduct an analytic review that identifies all the risk arising from the auditee?	and report to the audit committee on the implementation of the internal audit plan. There are courses and books you may read that are offered by IIA on how to compile an audit program.	
	Request for an audit programme	Kindly assist with the approach for Accommodation Management Service Audit and Occupational Health Safety.	IIA SA does not keep any programme that details how to conduct any form of audit engagement. The information you are looking for might be available on the internet if you "Google" it but it is advisable that you scrutinize information that is sourced from the internet as some may have not been written by people who do not necessarily have the correct skill and knowledge pertaining to the topic written about. It is also recommended that you go to internet sites such as www.auditnet.org that normally keep audit program for specific processes. Kindly take note that with compliance audit such as the one you need assistance with, the starting point would be the review of the policy that guides this process. You may then formulate audit objectives and compile the audit programme after you have understood what the policy requires.	**Standards & Implementation Guidance:** **Practice Guide:**
	Compliance to POPI act	Can you please provide guidance on what the document retention policies are from an IIA SA perspective with regards to the new PoPI Act and the relating impact on Internal Audit functions?	Engagement records or working papers are the property of the organization. Standard 2330.A2 places the responsibility to develop retention requirements for engagement records on the Chief Audit Executive. This would include the medium, confidentiality and safekeeping of the records. Factors like IT and physical security, accessibility of the records, etc. must be considered when the retention requirements (policies) are developed. In this process unnecessary duplication	**Standards & Implementation Guidance:** 2330 Documenting Information **Practice Guide:**

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			of records can be avoided. The policies that guide the retention of records must be documented; approved by the CAE and made available (communicated) to all Internal Audit staff members. The legislation applicable to the environment such as PFMA, POPI and Companies Act must be considered when compiling the retention of records policy.	
	Engagement supervision	From technical and best practice perspectives, kindly advice whether review/coaching notes should be retained on the audit file. Currently, the Managers raise these notes on the work performed by the IA Staff, and they are deleted/ removed from the file; only when those items have been resolved/ cleared.	Standard 2340 – Engagement Supervision requires engagements to be supervised to ensure objectives are achieved, quality is assured and staff is developed. The CAE has overall responsibility for supervising the engagements, whether performed by or for internal audit activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision must be documented and retained. Engagement records or working papers are the property of the organization and should be retained in a way that is consistent with the regulations applicable to the environment. Standard 2330.A2 places the responsibility to develop retention requirements for engagement records on the Chief Audit Executive. This would include the medium, confidentiality and safekeeping of the records. Factors like IT and physical security, accessibility of the records, etc. must be considered when the retention requirements (policies) are developed. In this process unnecessary duplication of records can be avoided. The policies must be documented; approved by the CAE and made available (communicated) to all Internal Audit staff members.	**Standards & Implementation Guidance:** 2340 Engagement Supervision 2330 Documenting Information **Practice Guide:**
	Benchmark ratio or percentage for balanced internal audit service	May the IIA kindly assist us in providing the following information, for benchmarking purposes: a. The extent to which internal audit functions split the following services (as a ratio/ percentage):	IIA Standards state “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation	**Standards & Implementation Guidance:** 2200 Engagement Planning

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		- Assurance services - Consulting services - Performance auditing (three E's – Effective, Efficient and Economic not performance management/ Predetermined Objective (PDO) audits) - Continuous auditing As previously discussed we realise that there are many factors to consider, such as the definitions for these services used by an organisation; specific projects to be executed e.g. mergers and acquisitions etc.	accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes" From the definition, it is clear that Internal Audit is required to provide these two services i.e. assurance and consulting. Assurance is provided on a broad business sphere and includes but not limited to 1) compliance audits with the focus on adherence to policies and regulation; 2) performance auditing focuses on the acquisition and utilisation of resources in comparison with industry benchmarks 3) operational audits that look at the environmental matters and more Continuous auditing is a method used to perform control and risk assessments automatically on a more frequent basis, enabling internal auditors to have a current view on system of internal controls as opposed to the old approach where testing of controls was carried out on a retrospective and cyclical basis, often many months after business activities have occurred. The time spent on continuous auditing will also depend on the IT systems in use and the availability of information to use for continuous auditing. The transaction types (manual vs system generated) will also play a role. The IIA SA does not have benchmarks for these audit services as it is not a simple matter; it depends on a number of factors such as the following: • It will vary according to the needs of each organisation. For instance in an environment where there are lot of projects that are being implemented, performance audit would assist in revealing whether there is efficiency and effectiveness in the way in which the project is	1130 Impairment to Independence or Objectivity **Practice Guide:** integrated Auditing Continuous Auditing: Implications for Assurance

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			managed and whether all the money is being spent economically. • In environments where highest risks are around compliance, it would be beneficial to conduct compliance audits. Internal auditors need to be aware that it is not necessary to carry out performance auditing in an area where there is limited risk of resource misappropriation such as Human Resource Management. This area mainly operates purely from policies. In this instance, a compliance audit will add more value. On the other hand, if we take procurement section to conduct a compliance audit on. The audit results might mislead because the whole exercise of whether the resources are procured economically and whether they are utilised effectively and efficiently will not be evaluated. In the South African context, performance auditing is meant at enforcing accountability especially in the public sector where the main aim of the business is not to make profits. In the private sector, things are a little bit different as the aim of the business is to create wealth for the owners. The private sector often puts measures in place to track progress to the company's plans. I recommend that you place more emphasis on risk when developing an audit coverage plan for audit, consulting, performance auditing and management, etc. work. The ratio requested in the question will differ from organisation to organisation, from industry to industry, and could even differ from one year to the next year in the same organisation - e.g. when a new financial system is implemented consulting should be higher during the implementation period. It is becoming general practice now that the annual ratio is	

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			motivated by the CAE to the Audit Committee. It is also worth stating that internal audit are required to be much more of a consulting department to senior management and the board these days compared to 15-20 years ago. The CAE should just ensure that independence and objectivity is not directly affected, i.e. where auditors are used for functions which are typically a management review or overview function (consulting).	
	Audit sampling	Our internal audit department currently base our sample sizes on the frequency of a control. 1) If the control is an annual control, the sample size = 1. 2) If the control is a quarterly control, the sample size = 2. 3) If the control is a monthly control, the sample size = 3. 4) If the control is a weekly control, the sample size = 10. 5) If the control is a daily control, the sample size = 20. 6) If the control is a multiple daily control, the sample size = 30. The Practice Advisory 2320-3 Audit Sampling that was issued in May 2013, made me question the relevance of these sample sizes. I couldn't find anything that support these sample sizes even though it's commonly used in practice (even by the big 4 firms). The practice advisory seems to favour statistical sampling, however in practice; most Internal Audit shops use non-statistical sampling. Can you please confirm whether the sample sizes based on the frequency of the control is adequate to ensure adherence to the Standards? If so, can	Audit sampling is defined as, the application of audit procedures to less than 100 percent of items within a class of transactions or account balance such that all sampling units have a chance of selection. The sample sizes differ from one organisation to the other, based on factors such as the risk appetite of the organisation, the perceived risk associated with the particular process and the like. Statistical sampling (e.g., random and systematic) involves the use of techniques from which mathematically constructed conclusions regarding the population can be drawn. Statistical sampling allows the auditor to draw conclusions supported by arithmetic confidence levels (e.g., odds of an erroneous conclusion) regarding a population of data output. It is critical that the sample of transactions selected is representative of a population. Without ensuring that the sample represents the population, the ability to draw conclusions based on the review of the sample is limited, if not erroneous. The internal auditor should validate the completeness of the population to ensure that the sample is selected from an appropriate data set. Non-statistical or judgemental sampling is an approach used by the auditor who wants to use his or her own experience and knowledge to determine the sample	**Standards & Implementation Guidance:** 2320 Analysis and Evaluation **Practice Guide:**

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		you please refer me to the theory on which the sample sizes are based on?	size; it may not be based objectively and, thus, results of a sample may not be mathematically supportable when extrapolated over the population. That is, the sample may be subject to bias and not representative of the population. The purpose of the test, efficiency, business characteristics, inherent risks, and impacts of the outputs are common considerations the auditor will use to guide the sampling approach. Non-statistical sampling may be used when results are needed quickly and needed to confirm a condition rather than being needed to project the mathematical accuracy of the conclusions. Sampling in audit is an extremely important element. Not only is it important to utilise the appropriate sampling method for the particular type of data, it is also essential to apply the sampling method correctly in order to get the required results. It will not be possible to deal with this matter in detail in this reply and it recommended that you consult authoritative literature on this subject.	
	Balance between consulting and assurance services	I am a CAE and want guidance regarding the annual planning. How much of the available time should Internal Audit Activity allocate to consulting services?	IIA Standards state "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes" The Standards also define consulting services as advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to an agreement with the client. Consulting services generally involve two parties: (1) The person or group offering the advice - the internal auditor, and	**Standards & Implementation Guidance:** 1210 Proficiency 1130 Impairment to Independence or Objectivity **Practice Guide:** Integrated Auditing

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			(2) The person or group seeking and receiving the advice - the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility. The ratio of consulting versus assurance services is however not a straight forward matter as it depends on a number of factors. • It varies from one organisation to the other. Invariably the IAA should provide for 20% of the time in their annual plan for ad-hoc audit assignments, of which many are often consulting related. • The volume of consulting services could depend on factors such as: • the organisation undergoing restructuring • changes such as new core system implementation, • Mergers etc. In such cases management and the board may increase requests for internal auditors to provide consultation in areas on which they have knowledge and expertise. For example, in an IT environment where there are new products that are being developed, internal audit might be asked to consult and use their IT knowledge to advise on the control mechanisms to be employed within the system during development process. Planning should be dynamic and the year plan adjusted for strategic and operational conditions in which the organisation finds itself for each Audit Committee meeting. Internal auditors should also understand that they are bound by Standard 1210- Proficiency not to accept and carry out internal audit assignment for which they do not have adequate and required level of knowledge and skill.	

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	Internal audit vs external audit regarding financial processes	For the past two years we have been involved in the Quarterly Review of Interim Financial Statements of the government departments. There has been always confusion on internal audit work regarding the audit of Financial Statements as it seems we are now operating as External Auditors. Based on the above may you please clarify the following: (a) What is the role of Internal and External Auditors with regards to the audit of financial statements? (b) Where do we draw the line between the work of Internal Auditors, are they confined to Test of Controls or they should overlap to Substantive/ Detail Testing or conduct both?	Audit of financial statements (external auditing) generally means an audit review of the organisation's financial statements by an external and independent auditor in order to express an opinion on whether the financial statements fairly represent the financial standing of the subject matter. Internal auditing on the other side is defined as an **independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.** It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. From this definition, it can be said that internal auditing has a broader scope than just the financial processes. It is however not straight forward what internal auditors must do; except for evaluating financial controls and making recommendations towards improved system of internal controls as stated in the IIA Standards. It can be said that reviewing and signing off of financial statements is not a mandate of internal audit but that of external auditors. It is advised that combined assurance framework be developed and implemented by organisations so that duplication of efforts by assurance providers can be minimized. Carrying out of audit procedures such as testing of controls or substantive testing is allowed in both disciplines as long as they are conducted within the context of achieving audit objectives.	**Standards & Implementation Guidance:** 2010 Planning **Practice Guide:**
	Responsibility for changes in the system of internal control	Should Internal Auditors be held culpable for events that happen between the cut-off date and the day reports are presented to the Audit Committee?	Standard 2400 – Communicating Results states that "Internal auditors must communicate the results of engagements". Standard 2420 – Quality of Communications further requires that communications must be accurate,	**Standards & Implementation Guidance:** 2400 Communicating Results **Practice Guide:**

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			objective, clear, concise, constructive, complete, and timely. These standards highlight the importance of communicating with impact, developing an ongoing communications process with management to 1) keep current on changing business and risk issues, 2) develop systematic and trending information that would be valued by stakeholders and 3) maximizing the efforts to get management attention to audit issues and ensuring that top management and the audit committee are kept aware of management's corrective actions. It then becomes clear that any matters arising between the internal audit cut-off date and reporting date must be assessed whether the matter should be communicated to the Audit Committee and how much the impact is. Matters arising differ; some are not significant, some are significant and warrant inclusion in the final report whereas some are critical and need to be communicated immediately through an interim report. Internal auditors also sign the code of ethics which requires establishment of trust in order to provide basis for reliance on internal audit work, this cannot be fulfilled if there are significant matters that have been knowingly left out in an internal audit report.	
	A career in internal audit	I am an intern at TETA under performance monitoring and evaluation and I have a national diploma in auditing; I want to further my studies and am not certain if internal auditing is relevant to what I am currently doing at work. Please advice.	IIA does not recognise training in monitoring and evaluation as internal auditing experience. For entry level auditors who only have a qualification in internal auditing, there is Internal Audit Technician (IAT) learnership program which assists in fast tracking the learning process in the internal audit field and it is followed by General Internal Auditor program for auditors who have some experience and the premium being Certified Internal Auditor. You need to make a	**Standards & Implementation Guidance:** **Practice Guide:**

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			decision whether you want to grow in the area where you are currently employed (monitoring and evaluation) or you still want to pursue a career in internal auditing in which case you will still need to follow the IAT, GIA, CIA program as explained earlier. Please note that IIA SA defines an Internal Audit Professional as someone who has an academic qualification, who has gone through the IIA SAs structured on-the-job training program (Professional Training Program), has gone through a test of competence (IAT, GIA and CIA) and who is a member of the IIA. These four elements must be in place as they speak to the Internal Auditor's competence and accountability to Code of Ethics.	
	Standard audit programme for financial review several departments	I have been instructed to prepare the audit program to carry out the review of 9 Departments Interim Financial Statements. Is there any specific internal auditing standard on review of interim financial statements that I must comply with? I have found ISRE 2400 issued by the international auditing and assurance board. This to me is applicable to external auditors whereas I am part of the internal audit of the province. May I use this standard for guidance to draft my audit programme?	Internal auditing is not a financial discipline like external auditing. However, it is rather necessary for internal auditors to be financially literate as they often have to review financial processes. Please note that internal auditing is broader that finance as it is expected to cover a whole range of business areas such as HR, Risk management and many more. In some environments which are rather technical, IA functions are compelled to even have engineers in their teams. ISRE 2400 is a guideline for external auditor like you are mentioning but may be used by internal auditors if the objective of the internal audit assignment is consistent with the output as anticipated by ISRE 2400. While trying to understand this, it is worth considering the King III Report on Corporate Governance which makes implementation of the combined assurance highly recommended where there are several assurance providers in order to minimize duplication of efforts. The International Standards for the Internal Audit profession states in standard 2050: "The Chief Audit Executive should share information and coordinate	**Standards & Implementation Guidance:** 2050 Coordination **Practice Guide:** King III Report on Corporate Governance

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			activities with other internal and external providers of relevant assurance and consulting services to ensure proper coverage and minimise duplication of efforts". Treasury Regulations that have been issued in terms of Public Finance Management Act (PFMA) state that "The internal audit function must assist the accounting officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. The controls subject to evaluation should encompass the following: (a) the information systems environment; (b) the reliability and integrity of financial and operational information; (c) the effectiveness of operations; (d) safeguarding of assets; and (e) compliance with laws, regulations and controls. I suggest that you take all these factors into consideration when compiling the required program to ensure that you do not stray from the role of internal auditing and at the same time do not duplicate Auditor-General's scope.	
	A career in internal audit	I don't have any qualification as an internal audit but I want to go into this career. Is it possible to attend any short courses from your institute or is it only for people who have basics in internal auditing field?	The IIA SA defines an Internal Audit Professional as someone who has an academic qualification, who has gone through the IIA SAs structured on-the-job training program (Professional Training Program), has gone through a test of competence (IAT, GIA and CIA) and who is a member of the IIA. These four elements must be in place as they speak to the Internal Auditor's competence and accountability to a code of ethics. Attending short courses offered by the IIA will not be enough for you to become an internal auditor, these are designed to only emphasize certain issues that are critical for auditors to understand.	**Standards & Implementation Guidance:** **Practice Guide:**

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	Transferring Audit working papers	Our organisation was established in response to a certain section of the Constitution. Just recently the President of the Republic proclaimed an independent office as a national department. Since 1994 the Administration of this office was the responsibility of a certain department. The time now to split the mandate and operate as two independent offices has come and effective from the 1st of April 2014. This is just phase 1 of our transition as ultimately we should be separate branch of the State equal to Parliament and the Executive. In establishing an IA unit and not to re-invent the wheel, I need access to the prior year audit working papers of all the functions and units that our new office is taking over from the department. I will appreciate it if you can provide me guidance on compiling my requests for same from relevant Internal Standards for the Professional Practice of Internal Auditing.	Engagement records or working papers are the property of the organization. Standard 2330.A2 places the responsibility to develop retention requirements for engagement records on the Chief Audit Executive. This would include the medium, confidentiality and safekeeping of the records. Factors like IT and physical security, accessibility of the records, etc. must be considered when the retention requirements (policies) are developed. In this process unnecessary duplication of records can be avoided. The policies that guide the retention of records must be documented; approved by the CAE and made available (communicated) to all Internal Audit staff members. The legislation applicable to the environment such as PFMA in this case must be considered when compiling the retention of records policy. Coming to the question, there are two solutions to this matter a) DOJ may enter into an agreement with the newly formed office about how the retention of the records in question will be implemented and the process to be followed should any of the two parties need to access these records. b) DOJ may provide Office of XYZ with copies of all the records in question and only release the original files when there is a need for it. The benefits and costs of both options should be explored to make an appropriate decision.	**Standards & Implementation Guidance:** 2330 Documenting Information **Practice Guide:**
	Evaluation od outsourced internal audit	Please assist me with a template for the evaluation of our outsourced Internal Audit?	IIASA does not have a template for this purpose as yet. I suggest you download the document on the following website: https://iiasa.site-ym.com/global_engine/download.asp?fileid=DDD96566-863B-46A8-B28B-0E8BA60E2478 You need to ensure that your requirements are specified in detail in the contract and that the ownership of all the working papers resides with your	**Standards & Implementation Guidance:** 2030 Resource Management 2340 Engagement Supervision **Practice Guide:** How to Employ an Internal Auditor

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			organisation. A template for the evaluation can be compiled from the deliverables specified in the outsource agreement.	
	IA role regarding performance information	In my organisation, management want us to do a 100% verification of Performance information prior to submission to Top Management, on a quarterly basis and believe that IA has a responsibility to do it?	Internal auditing is defined by the IIA as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes" The purpose of managing performance information is to keep track of progress on predetermined objectives so that corrective measures can be taken in order to achieve business objectives. Internal audit, in the process of evaluating controls must be careful not to take management responsibility. Collecting, analysing and interpreting the performance data is a management function. Internal audit should review the process followed in managing performance information and on a sample basis, test the adequacy and effectiveness of controls in place for managing performance information. Due to limited resources, internal audit cannot give absolute assurance. Internal audit give reasonable assurance based on the results that have been reached following sample testing.	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity **Practice Guide:** Independence and Objectivity
	Internal audit planning	Are there any recent leading practice communication in terms of the annual audit planning process that needs to be considered?	In terms of IIA Standards it gives guidance with regard to Audit Planning under Standard 2010 & the relevant Practice Advisory is 2010. Internal auditors must determine appropriate and sufficient resources to implement the internal audit annual plan.	**Standards & Implementation Guidance:** 2010 Planning **Practice Guide:**

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	purpose of internal auditing	What is the main purpose of internal auditing?	The Definition of Internal Auditing by the Institute of Internal Auditors states the fundamental purpose, nature, and scope of internal auditing as follows: *"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."* In South Africa, it is a lawful requirement for all organisations to have an internal audit activity; which may be shared or established for one organisation. It may be in-house, co-sourced or outsourced. Please go through the King III report on Corporate Governance, Companies Act, Public Finance Management Act, and Municipal Finance Management Act to get an understanding of requirements of the business environment in both the private and public spheres.	**Standards & Implementation Guidance:** **Practice Guide:**
	Following up on findings raised	A current audit is scheduled for the same division that was audited last year however none of the recommendations were implemented and no changes were made to the system or control. The division await implementation to an electronic system in order to ensure the recommendations made by internal audit are implemented. Can we postpone the audit even though it was part of the current year audit plan and what is an appropriate way or reporting to the audit committee on assurance ought to be provided?	IIA Standard 2500 determines that the CAE must establish a follow-up process to monitor and ensure that management actions have been implemented effectively or that senior management has accepted the risk of not taking action. The decision to continue with the audit even though nothing has been implemented or not should be made in consultation with management and the audit committee. The decision should be based on Standard 2500 and read further on Practice Advisory 2500.A1-1. These will assist in deciding whether to postpone the audit or not.	**Standards & Implementation Guidance:** 1 2500 Monitoring Process t **Practice Guide:**
		My organisation is in the process of setting up an Irregular Expenditure Condonation Committee	Internal Auditors including CAEs are required to always adhere to the Standards and Guidance of the Institute	**Standards & Implementation Guidance:**

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		which they believe should be chaired by internal audit. In my opinion being part of any committee within the organisation will impair my independence as it relates to operational duties. What is the way forward on the above situation?	of Internal Auditors (including Practice Advisories). If an auditor is instructed to assume the responsibility of management in any situations such as the following: • Holding the Chief Financial Officers role; • Sitting in a bid evaluation committee representing management • Chairing management committees such as disciplinary, risk management, and more It appears as though independence and objectivity on the operational responsibilities carried out has been impaired. If the operational responsibilities carried out or part thereof, has been included in the internal audit plan, the auditor who assumed the responsibility and the staff reporting to the auditor in question may not audit that operation. Before the auditor accepts the operational responsibility, it should be explain to the Accounting officer or assigning management what the impact of assuming a management role is. If the non-audit management function is carried out, the auditor in question or the staff reporting to the auditor in question may not audit the operation in question. The CAE should minimize the impairment to objectivity by using a contracted, third party entity or external auditors to complete audits of the operations that had been assigned to the auditor in question.	1130 Impairment to Independence or Objectivity **Practice Guide:** Independence and Objectivity
	Dishonest employees	What to do with an internal auditor who lies about being absent at work, he was not at work and did not submit leave form; he further lied and said he was at the Client's premises. Can this auditor be charged for breaching honesty?	There might be a breach of ethical conduct here but primarily it sounds like a weakness in supervising subordinates. In a properly controlled environment, the supervisor will know what subordinates are doing based on the work that has been allocated to them. It is also the supervisor who would know the where about of the subordinate as subordinates should report to their line management for the duration of the working hours. I suggest that this be dealt with as per	**Standards & Implementation Guidance:** **Practice Guide:** Evaluating Ethics-related Programs and Activities

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			Human Resource Management processes first and only after that the matter will be referred to IIA. This matter would have been different if the internal auditor was a member of the IIA; for an example had leaked information that she/he had come across while conducting an audit engagement. This would have been a clear breach of ethical conduct which requires upholding of integrity and confidentiality clauses. If this was the case, the employer would need to report the matter to IIA. Upon investigation, IIA would then initiate disciplinary processes against the member.	
	Internal audit planning	Should we continue to indicate estimated hours to complete the annual risk based audit plan as we never really complete the plan 100 % every year with only 5 auditors in the division? I always try and do the high risk areas in the annual plan first. Are there any standard practices that I can refer to on this issue?	Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources. Time is a very crucial factor that internal auditors must manage in order to efficiently complete the plan. It would be hard to think of any other way in which internal audit can monitor and manage its activities if it were not time-based. When each project is planned and allocated hours, it makes it easier for the CAE to keep track of the work and identify challenges that adversely affect audit plan. When audit assignments are not completed within the planned hours, the CAE can also adjust the preceding year's plan accordingly taking into consideration the challenges that caused delays and whether these challenges have been rectified. It seems as though the challenge is not with documenting the hours but rather insufficient capacity in your unit to complete the planned audits. Therefore these will need you to plan in line with the resources available in your unit; i.e. hours available vs. number of people in the internal audit unit. If financial resources	**Standards & Implementation Guidance:** 2010 Planning **Practice Guide:** Measuring internal audit Effectiveness and Efficiency

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			allow, you should consider either hiring more internal auditors or outsourcing some audit assignments.	
	Follow up on findings raised by external auditors	What is the responsibility of Internal Audit function with regard to External Auditors audit findings? Does Internal Audit function have to track their resolution and perform a follow up audit on them?	IIA Standard 2500 determines that the CAE must establish a follow-up process to monitor and ensure that management actions have been implemented effectively or that senior management has accepted the risk of not taking action. This includes outcomes from both the internal and external audit, even though external auditors may conduct their own follow up mid yearly. It is advisable that internal audit should conduct follow up audits to track progress towards full implementation of all audit outcomes. Practice Advisory 2500.A1-1 describes how this should be accomplished	**Standards & Implementation Guidance:** 2500 Monitoring Process **Practice Guide:** Integrated Auditing
	internal audit manual	What should be included in the internal audit manual?	The chief audit executive develops policies and procedures. Formal administrative and technical audit manuals may not be needed by all internal audit activities. A small internal audit activity may be managed informally. Its audit staff may be directed and controlled through daily, close supervision and memoranda that state policies and procedures to be followed. In a large internal audit activity, more formal and comprehensive policies and procedures are essential to guide the internal audit staff in the execution of the internal audit plan. The internal audit manual is not a text book on audit, the theory of which should be acquired by Internal Auditors through, inter alia, attending courses, in-house training and workshops. The objectives of a manual are to: 1.1.1 Document in details the internal audit policies and procedures. 1.1.2 Serve as a useful guide to the internal audit staff in respect of their responsibilities, approach, and	**Standards & Implementation Guidance:** 2040 Policies and Procedures **Practice Guide:** Assisting Small Internal Audit Activities in Implementing the International Standards for the Professional Practice of Internal Auditing

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			authorities to conduct effective internal audits of the organization and communicate audit results. 1.1.3 Use the documentation as a basis for internal initiatives for the improvement of systems and improving internal control procedures.	
	Employing internal audit staff	If a person employed as an internal auditor is offered the post of internal audit manager, yet does not have any prior internal audit experience let alone experience in internal audit at a management level or a CIA qualification, and the person wilfully accepts this position. Is this not a breach of the Code of Ethics which states that internal auditors must act with competence? Is it also not a breach of objectivity as the person is wilfully accepting the position for gain, despite the fact that they are not competent in the role? Is there a duty placed on other members in the team who are also members of the IIA, to report such an instance? If reported, what will happen to the individual breaching the Code of Ethics?	No, accepting a job offer when one does not have appropriate experience is not breach of Code of Ethics because IIA Standards do not instruct the human resource functions of organisations but guides the manner and behaviour that all the IA professionals are expected to demonstrate when they are carrying out internal audit assignment. Organisations have different hiring processes, some are strict and some are not hence sometimes people with minimal experience do get positions that are perceived to be senior in nature. Competence as defined in the IIA Standards is the application of knowledge, skills, and experience needed in the performance of internal audit services. This does not refer to the acceptance of position but rather to acceptance of an assignment. IIA Standards come to effect when a person accepts the position, the internal audit manager (CAE) is then expected to carry out duties as detailed in Standard 2000: Managing the Internal Audit Activity.	**Standards & Implementation Guidance:** 2000 Managing the Internal Audit Activity **Practice Guide:** Developing the Internal Audit Strategic Plan
	Functional reporting	I am a CAE and would like to know who should assess my performance?	The chief audit executive (CAE)'s reporting functionally to the board and administratively to the organization's chief executive officer, facilitates organizational independence. At a minimum the CAE needs to report to an individual in the organization with sufficient authority to promote independence and to ensure broad audit coverage, adequate consideration of engagement communications, and appropriate action on engagement recommendations.. Functional reporting to the board typically involves the board:	**Standards & Implementation Guidance:** 1100 Independence and Objectivity **Practice Guide:** Independence and Objectivity

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			• Approving the internal audit activity's overall charter. • Approving the internal audit risk assessment and related audit plan. • Receiving communications from the CAE on the results of the internal audit activities or other matters that the CAE determines are necessary, including private meetings with the CAE without management present, as well as annual confirmation of the internal audit activity's organizational independence. • Approving all decisions regarding the performance evaluation, appointment, or removal of the CAE. • Approving the annual compensation and salary adjustment of the CAE. • Making appropriate inquiries of management and the CAE to determine whether there is audit scope or budgetary limitations that impede the ability of the internal audit activity to execute its responsibilities. Even though the performance evaluation might be carried out through HR processes by the level to which the CAE reports administratively, the audit committee as the functional reporting line must review and approve such evaluation.	
	Internal Audit planning	Should internal audit use the hours when compiling a plan as this is not regulated by any IIA standard?	Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources. Time is a very crucial factor that internal auditors must manage in order to efficiently complete the plan. It would be hard to think of any other way in which internal audit can monitor and manage its activities if it were not time-based.	**Standards & Implementation Guidance:** 2010 Planning **Practice Guide:** Measuring Internal Audit Effectiveness and Efficiency

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			When each project is planned and allocated hours, it makes it easier for the CAE to keep track of the work and identify challenges that adversely affect audit plan. When audit assignments are not completed within the planned hours, the CAE can also adjust the preceding year's plan accordingly taking into consideration the challenges that caused delays and whether these challenges have been rectified.	
	Internal audit performing non internal audit functions	Internal auditors are instructed to act in positions such as Municipal Managers, Chief Financial Officers or Heads of Directorates. Based on the standards that guides internal auditors is it allowed for them to act in management positions or is it compromising their independence and objectivity?	Internal Auditors including CAEs are required to always adhere to the Standards and Guidance of the Institute of Internal Auditors (including Practice Advisories). If an auditor is instructed to assume the responsibility of management in any of the situations such as the following: • Holding the Chief Financial Officers role; • Holding the Chief Executive Officer role; • Sitting in a bid evaluation committee representing management; • Chairing Fraud and Prevention Committee; • Chairing a disciplinary hearing; and more It appears as though independence and objectivity on the operational responsibilities carried out has been impaired. If the operational responsibilities carried out or part thereof, has been included in the internal audit plan, the auditor who assumed the responsibility and the staff reporting to the auditor in question may not audit that operation. Before the auditor accepts the operational responsibility, it should be explain to the Accounting officer or assigning management what the impact of assuming a management role is. If the non-audit management function is carried out, the auditor in question or the staff reporting to the auditor in question may not audit the operation in question. The CAE should minimize the impairment to objectivity by	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity **Practice Guide:** Formulating and Expressing Internal Audit Opinions Independence and Objectivity

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			using a contracted, third party entity or external auditors to complete audits of the operations that had been assigned to the auditor in question.	
	Responsibilities of the internal auditor when using specialist	Does the IIA have any guidance on the responsibilities of the internal auditor where they use specialists (e.g. IT, forensic, etc.) to perform work on their clients? We are often faced with situations where the Internal Audit Managers believe that it is not their responsibility to understand the scope, results of work done and interrogate the reports. It is a dilemma in cases where we need to ensure that our internal audit clients receive value adding service and ensuring that there is a level of accountability between the Internal Audit Manager and the specialists?	The CAE has got the responsibility to obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement. When the decision has been taken to outsource an internal activity, the CAE is still responsible for supervision of the audit completed by the external parties as the work is done on behalf of the internal audit activity. It is not possible for the CAE to divorce this responsibility because the CAE is required to also evaluate the performance of the engagement to establish if the services rendered are of value. This evaluation will not be adequately carried out if the CAE does not understand the scope, results of work done and has not interrogated the reports.	**Standards & Implementation Guidance:** 2070 External Service Provider and Organizational Responsibility 2340 Engagement Supervision **Practice Guide:** Chief Audit Executives — Appointment, Performance, Evaluation, and Termination
	Risk management report to internal audit	Is the head of Risk Management allowed to administratively report to the head of Internal Audit?	No, risk management should not report to internal audit because normally Internal Audit is expected to independently provide assurance on the adequacy and effectiveness of Risk Management processes. Before the auditor accepts this operational responsibility, it should be explain to the Accounting officer or assigning management what the impact of assuming a management role is. If this risk management is allowed to report to internal audit, the CAE should minimize the impairment to objectivity by using a contracted, third party entity or external auditors to complete audits of this organisation's risk management process.	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity **Practice Guide:** Independence and Objectivity
	Internal audit performing risk management	Can the head of internal audit accept being appointed as head of risk management without compromising her independence?	No, managing risks is management responsibility and will impair the internal audit activity's objectivity. Internal Auditors including CAEs are required to always adhere to the Standards and Guidance of the Institute	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity

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			of Internal Auditors (including Practice Advisories) which call for upholding of independence and objectivity at all times. Before the auditor accepts this operational responsibility, it should be explain to the Accounting officer or assigning management what the impact of assuming a management role is. If this risk management function is carried out, the auditor in question or the staff reporting to the auditor in question may not audit this area. The CAE should minimize the impairment to objectivity by using a contracted, third party entity or external auditors to complete audits of this organisation's risk management process.	**Practice Guide:** Independence and Objectivity
	Discussion of the draft audit report	My supervisor, who is the MM, was given the final report. This was also distributed to other senior managers, who will be sitting in the audit committee. Senior management, insist that the draft report should have been given to them first, before preparing the final that goes to the audit committee.	This is a matter for agreement between the Audit Committee, Executive management and Internal Auditors and should also be contained in the Internal Audit Charter, the guidance to which one should refer when performing day to day duties. In a case such as this one, it would be wise to ensure that you have a discussion around the distribution/comment process and agree a maximum time period for return comment on issues raised (e.g. 7 working days) after which it can be assumed that if no comment is received management are in agreement with the audit findings. You would need to do this and communicate it throughout the organisation to ensure that individual managers/executives cannot delay the release of reports which may reflect them in a bad light. This matter should also be included in the engagement letter so that it can be agreed upon at the planning stage of the audit i.e. persons who will be on the report distribution list. Our advice would be to ensure that you put the necessary processes in place to ensure that no	**Standards & Implementation Guidance:** 2440 Disseminating results **Practice Guide:**

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			objections can be raised when you have released a report in the future and apply them consistently.	
	Conducting an audit of payment process	Should internal audit post audit of payment processes? If yes, what are the risks of not doing it?	The question is not clear but if the concern is about auditing the payment process; the internal audit plan should have been compiled in response to the risk register. If payment processing has been identified as one of the high risks in an organisation and therefore included in the internal audit plan and approved by the audit committee; internal audit has to conduct this audit and give feedback to management so that the risk rating can be adjusted accordingly. The CAE will need to take accountability and explain to the audit committee why the audit was not conducted if it was approved in the plan because resources were allocated to conduct the audit.	**Standards & Implementation Guidance:** 2010 Planning **Practice Guide:** Developing the Internal Audit Strategic Plan
	Signing off an internal audit report	I would like to know who can sign the internal audit report, in terms of qualification or membership.	The chief audit executive has overall responsibility for supervising the engagement, it will therefore make sense that as the supervisor, the CAE should sign off the audit reports as a sign that he/she is endorsing and taking responsibility of the contents of the report.	**Standards & Implementation Guidance:** 2440 Disseminating results **Practice Guide:** Formulating and Expressing Internal Audit Opinions
	Materiality when assessing risk on an audit plan	Should an internal audit function apply materiality guidelines when assessing risk impact of audit focus areas?	Yes, materiality should be considered when assessing risks. This process is clearly explained in the COSO framework on the webpage link: http://www.coso.org/documents/volumeiii-applicationtechniques.pdf Internal auditing should be implemented on a risk based approach because it is aimed at evaluating effectiveness and adequacy of the internal control systems to enhance sustainability of the business operation and not with financial statement materiality as external audit financial attestation does. Standard 1220.A1 refers to consideration of materiality to which assurance procedures are applied; however this is not	**Standards & Implementation Guidance:** 1220 Due professional Care 2210 Engagement Planning **Practice Guide:** Assessing the Adequacy of Risk Management Using ISO 31000

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			the only determining factor for raising findings or deciding on what to audit.	
	Internal audit and conflict of interest	I am employed as a Senior Internal Audit Manager in one of these Black Audit Firms. We started a small recruitment company with my wife in 2011 and we are both directors. I registered in databases of many companies as a supplier including some of our current clients. One of our clients and our directors are considering this as a conflict of interest and the client is pressurising my employer to dismiss me. Is this conflict of interest?	Objectivity is one of the principle internal auditors are required to uphold all the time and is a mental attitude which internal auditors should maintain while performing engagements. The internal auditor should have an impartial, un-biased attitude and avoid conflict of interest situations, as that would prejudice his/her ability to perform the duties objectively. The results of internal audit work should be reviewed before they are released in order to provide a reasonable assurance that the work has been performed objectively. If there are already concerns around conflicting interest, then you are not seen as objective. It is better if you clearly and formally disclose the potential conflict of interest so that you can be allocated projects where you have no interest. You may not perform an engagement in an area where you are considered as having conflict of interest. You may read the IIA article on conflicting interest in this link: http://www.theiia.org/theiia/about-the-profession/internal-audit-	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity 1110 Organizational Independence **Practice Guide:** Independence and Objectivity
	Internal audit sitting in the steering committee	As IT auditor I have also become a member of the ICT Steering committee - just to clarify again that my role is one of observer?	Internal auditors' role in a steering committee should not be that of taking responsibility for implementation of any part of the management duties. The ICT should be having a charter or terms of reference please refer to it. As an auditor at any given point your role should not be that of assuming management responsibility, but that of providing assurance and/or consulting services.	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity **Practice Guide:** Formulating and Expressing Internal Audit Opinions
	Internal Audit performing consulting or advisory functions	I am an IT audit specialist, in the Internal Audit department of my company. I was recently asked to be involved in the disaster recovery (DR) testing that IT was performing. Being part of Internal	Internal auditors' role in processes such as the one explained in this scenario should not be that of taking responsibility for implementation of any part of the DRP, but rather that of advisory, which conforms to consulting services.	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity

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		Audit, what should be the extent of my involvement in DR?	The Standards define consulting services as advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to an agreement with the client. Consulting services generally involve two parties: (1) the person or group offering the advice - the internal auditor, and (2) the person or group seeking and receiving the advice - the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility. The sign off should however not in any way imply that you are certifying that the system is successful , but should be clear that you observed the process and at the time of concluding the engagement management provided assurance that it is working. You can only give such opinion not sign-off after you have audited the area and performed tests that substantiate that the DRP is operating as intended.	**Practice Guide:** Formulating and Expressing Internal Audit Opinions
	Internal auditors not performing adequately	May I have any five punitive measures that can be taken against auditors who do not perform their duties?	Internal Auditors are employed like any other employee in an organisation. There should be a policy and procedure that guides how under-performance in the organisation will be dealt with. There should be performance agreements signed by all employees including internal auditors. Evaluation of performance should then be based on these performance agreements. IIA has set Standards that are detailed on what principles auditors should always uphold and can be used as measures of performance. The CAE should be held accountable for work performed in the unit as he or she is responsible for resource allocation and management	**Standards & Implementation Guidance:** 2000 Managing the Internal Audit Activity **Practice Guide:** Attribute Standards and Performance Standards How to employ an internal auditor
	Standardised audit procedure	Can you help me with standard audit procedures or program for the sustainability audit covering both limited and reasonable assurance?	Unfortunately IIA does not have a standardised audit program for any aspect of organisational being. Internal Audit units in each organisation must prepare	**Standards & Implementation Guidance:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			a risk-based audit plan and an internal audit program for each financial year and advises the accounting officer and report to the audit committee on the implementation of the internal audit plan. There are courses and books you may read that are offered by IIA on how to compile an audit program. You may also surf internet sites such as http://www.auditnet.org/ for samples of various audit programs.	**Practice Guide:**
	Internal audit guidelines	May you please assist regarding the following? Guidelines or process regarding ad-hoc audits, Guidelines for audit plan (long, medium, and short-term), Guidelines for audit risk matrix/assessment during audits and Guidelines for archiving audit files and reports.	The information your requesting is not provided by the IIA as it will differ from one organisation to the other. What we do have available are resources in our library and bookstore (Audit Planning, Internal Audit Operations Manual CD & Risk Management Books, etc.). It is highly recommended that you visit the IIA offices to read more on the subject matters you are interested in, and where some of the resources are not available in the library for borrowing then buy from our bookstore.	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity 1110 Organizational Independence 2000 Managing the Internal Audit Activity **Practice Guide:** Developing the Internal Audit Strategic Plan
	Audit follow up	May I ask for a guideline or standard to follow when a follow up audit is performed?	Follow-up is a process by which internal auditors evaluate the adequacy, effectiveness, and timeliness of actions taken by management on reported observations and recommendations, including those made by external auditors and others. This process also includes determining whether senior management and/or the board have assumed the risk of not taking corrective action on reported observations. The CAE is responsible for scheduling follow-up activities as part of developing engagement work schedules. There is however no standard program for this exercise.	**Standards & Implementation Guidance:** 2500 Monitoring Progress **Practice Guide:**
	Threats to independence or objectivity	As an internal auditor constantly experiencing independence threats, in terms of standards and advisories, what can we do to stop such	Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations,	**Standards & Implementation Guidance:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
		infringements and do we have a duty to report the matter to a specific body/ party?	restrictions on access to records, personnel, and properties, and resource limitations, such as funding. Internal auditors are to report to the chief audit executive (CAE) any situations in which an actual or potential impairment to independence or objectivity may reasonably be inferred, or if they have questions about whether a situation constitutes an impairment to objectivity or independence. If the CAE determines that impairment exists or may be inferred, he or she needs to reassign the auditor(s) and/or consider whether it is appropriate to inform the board regarding the matter. Intimidation is not to be accepted by Internal Auditors and it must be reported to the authorities such as Special Investigation Units, South African Police Services and the like. IIA SA has written an article "Forensic Investigations in the Public Sector" in the June/July 2013 IA Adviser based on a presentation that was delivered by Steven Powell in the Internal Audit Annual Conference. This presentation highlights the red flags of intimidation and states what must be done in such cases.	1130 Impairment to Independence or Objectivity 1110 Organizational Independence **Practice Guide:**
	Internal Audit Report	I am looking at possibly revamping the internal audit report template we are currently using. Is there where I can obtain examples of ideal audit report templates?	Please note that IIA does not have reporting templates. It is however recommended that you liaise with other internal audit functions, preferably those that generally conform to IIA Standards as per Quality Assurance Review results. Internal audit reporting depends on the needs of various stakeholders (audit committees, board, management, etc.), but internal audit should primarily ensure that there are standard items which are maintained, i.e. name of the audit, scope and objective, findings and recommendations/ agreed management actions.	**Standards & Implementation Guidance:** 2400 Communicating Results **Practice Guide:** Formulating and expressing Internal Audit Opinions

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
	Internal auditor witnessing an administrative task	I am an internal auditor at the Municipality. I have been instructed to be a witness that an employee (Manager) of the Municipality has been handed a suspension letter. I have refused to do it as I feel this is an operational work and the IIA standards do not allow it. Please advise if this is right?	There should be internal HR Policies and Procedures that provides clear guidelines on how to address such matters, therefore the requirement of internal audit to witness suspension should have been outlined therein. Witnessing the handover of the suspension letter would not have an impact on your integrity as internal auditor as it is normally a function that can be performed by any official within the municipality as it does not necessarily require internal audit skills. This is different from when an auditor is instructed to assume the responsibility of management in any of the situations such as the following: • Holding the Chief Financial Officers role; • Sitting in a bid evaluation committee representing management; • Chairing a disciplinary hearing; and the like	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity **Practice Guide:** Independence and Objectivity
	internal auditor conducting interviews with staff while general manager concerned is not aware	Is it ethical for an internal auditor to question staff in relations to an internal audit in the company, without discussing the issues with the relevant General Manager, and reporting it to higher authority like the CEO?	Audits are usually planned and approved for the year, in consultation with Senior Management and approved by the audit committee. Before commencement of the audits, an engagement letter should be issued by internal audit and signed by the relevant head of the particular unit, i.e. General Manager. Then interviews with staff in that particular area will be done as part of the audit. A draft report with findings will be discussed with line management and action plans will be provided to address the identified weaknesses. A final report will then be issued, a copy of which should be submitted to the CEO. The other scenario is, if an investigation relating to fraud is done, in that case the General Manager will be informed as well of the intention to do so, but it can sometimes happen that the report is submitted directly to the CEO, if the General Manager is implicated in the case.	**Standards & Implementation Guidance:** 2010 Planning 2020 Communication and Approval **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
	Internal Audit Charter	Is there a need for an Internal Audit Charter in a situation where the organization has outsourced the internal audit function?	Yes, there is a need for a charter even if the internal audit activity has been outsourced. The organisation still has the responsibility for marinating an effective internal audit activity and it'll also assist to clarify the mandate of Internal Audit. You will recall that the nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided by parties outside the organization, the nature of these assurance services must also be defined in the internal audit charter.	**Standards & Implementation Guidance:** 1000 Purpose, Authority and Responsibility 2070 External Service Provider and Organizational Responsibility for Internal Auditing **Practice Guide:** Interaction with the Board
	Internal Auditor signing off financial statements	I am an internal auditor and registered as a member with the IIA. Am I eligible to become an accounting officer of a CC and drafting financials and signing them off? If not what are the requirements?	Internal auditors are eligible to carry out audit engagements. Internal auditors cannot compile and sign off financial statements. Only registered accountants are eligible to do that. You have to be a registered accountant, i.e. CA and registered with SAICA. For more information you can visit www.saica.co.za.	Standards & Implementation Guidance: 1200 Proficiency and Due Professional Care **Practice Guide:**
	CIA exam	Has there been any change in how the CIA exam is structure besides new questions?	The Certified Internal Auditor (CIA) exam comprises of four parts. The time allotted for each actual exam is 90 multiple choice questions in 2 hours and 30 minutes for each part. The total is 800 marks. You need to score a minimum of 600 (75%) to pass. The new CIA 2013 Exam Syllabus is as follows: Part 1 – Internal Audit Basics is 125 questions over 2.5 Hours (150 minutes) The new CIA exam Part 1 topics tested include aspects of mandatory guidance from the IPPF; internal control and risk concepts; as well as tools and techniques for conducting internal audit engagements. Note: All items in this section of the syllabus will be tested at the Proficiency knowledge level unless otherwise indicated below.	**Standards & Implementation Guidance:** **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			Part 2 – Internal Audit Practice is 100 questions over 2.0 Hours (120 minutes) The new CIA exam Part 2 topics tested include managing the internal audit function via the strategic and operational role of internal audit and establishing a risk-based plan; the steps to manage individual engagements (planning, supervision, communicating results, and monitoring outcomes); as well as fraud risks and controls. Note: All items in this section of the syllabus will be tested at the Proficiency knowledge level unless otherwise indicated below. Part 3 – Internal Audit Knowledge Elements is 100 questions over 2.0 Hours (120 minutes) The new CIA exam Part 3 topics tested include governance and business ethics; risk management; organizational structure, including business processes and risks; communication; management and leadership principles; information technology and business continuity; financial management; and the global business environment. Note: All items in this section of the syllabus will be tested at the Awareness knowledge level unless otherwise indicated below. It will be helpful if you go to https://global.theiia.org/certification/Public%20Documents/CIA%20Four-part%20to%20Three-part%20Exam%20Content%20Map.pdf	
	Internal Auditor's duty	Is there where I can obtain detailed job descriptions for internal audit staff?	There is an Internal Audit Manual shell available in the IIA SA Library which provides all the relevant information about establishing and maintaining Internal Audit Functions, which includes amongst others the job descriptions for internal audit staff. IIA	**Standards & Implementation Guidance:** **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			also published a "How to employ an internal auditor" article, it will be helpful in identifying what skills and qualifications are pre-requisite for several audit roles. The document will enable you to draw up a job description and is obtainable from http://www.iiasa.org.za/files/How_to_employ_an_Internal_Auditor.pdf	How to employ an internal auditor
	Internal Audit Charter	I am in the process of setting up a group's internal audit department. I have prepared the Audit Charter and have the proposed IA department structure. Is there any check list for setting up a department so that I make sure all the areas have been addressed?	We do not necessarily have a checklist available, but it is recommended that you attend the IIASA courses relevant to Building, Leading and Managing the Internal Audit Department. The advantage of attending these courses is that the skills for enhancing your department's processes are in-house and continuously improved on. There is also the option of networking with the CAE's of other established & effective Internal Audit Activities whom have been through this route before and have practical examples of how they have gone about establishing their units. Practice Advisory 1000-1 should be used as a reference. The IA Charter should also be an agenda item for the Audit Committee to be addressed at least once a year. IIA Standards and King III requirements should be incorporated. You can consult the IIA website www.theiia.org for an example of a charter and also surf the net to find examples of charters which you can then tailor to your specific needs. The following links have got examples of how the IA Charter should be: https://global.theiia.org/standards-guidance/Public%20Documents/ModelCharter.pdf	**Standards & Implementation Guidance:** 1000 Internal Audit Charter **Practice Guide:**
	A career in internal Audit	I am currently a second year student at a university, studying B Com Accounting and I have a keen interest in becoming an internal auditor.	We do provide student membership which is reasonably priced for students. Navigate through our website and look at our membership classes and fees. After completing your B Com; you must go through the Internal Audit Technician (IAT) learnership program	**Standards & Implementation Guidance:** **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			which will assist in fast tracking the learning process in the internal audit field. The IIA SA defines an Internal Audit Professional as someone who has an academic qualification, who has gone through the IIA SAs structured on-the-job training program (Professional Training Program), has gone through a test of competence (IAT, GIA and CIA) and who is a member of the IIA. These four elements must be in place as they speak to the Internal Auditor's competence and accountability to a code of ethics. Please go to link http://www.iiasa.org.za/about-us/about-the-profession/how-do-i-become-an-internal-auditor.html	
	Time given to audit clients for provision of management comments	What is the maximum time to be given to the auditee to respond to audit findings before finalizing the audit report?	IIA Standards require that the audit client be given a reasonable time to respond to audit findings before finalization of the audit report, this is because audit assignments are time based. Such arrangements differ from one Internal Audit Activity to the other and these are usually defined in the engagement letter at the beginning of the audit. The assumption is that the engagement letter is discussed with the audit client and it is at this stage that the time frames should be agreed upon. Should one of the parties not comply with agreed timeframes, then there should be an escalation process in place, to assist in resolving such challenges. These would have been also discussed at the engagement planning stage. It is not necessary to delay issuing of the audit report because the client refuses to provide comments hence escalating the matter might be considered. Internal auditors are required by the IIA Standards to communicate in a manner that is accurate, objective, clear, concise, constructive, complete and timely.	**Standards & Implementation Guidance:** 2420 Quality of Communications 2440-1 Disseminating Results **Practice Guide:** Formulating and Expressing Internal Audit Opinions

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
	Accounting for work completed by subordinates	Is the Audit Manager supposed to take accountability for all the audit work done in his or her department or leave each auditor to be "seen to" by the client regarding let's say some of the findings or even the work being done?	The CAE is responsible for all internal audit engagements, whether performed by or for the internal audit activity, and all significant professional judgments made throughout the engagement. Through supervision, the CAE also is accountable for work performed by subordinates. Please refer to the IIA Standard 2340 – Engagement Supervision. Practice Advisory 2340-1 offers further guidance in this respect.	**Standards & Implementation Guidance:** 2340 Engagement Supervision **Practice Guide:** Chief Audit Executives — Appointment, Performance, Evaluation, and Termination
	Linking risk assessment with the 3 year rolling plan	I am a Trainee Internal Auditor and trying to link risk assessment with the formulation of a 3 year rolling strategic plan, please assist in this regard.	The IIA Standards require that the internal audit plan be risk-based. The results from an enterprise risk assessment will form the basis of developing a 3 year rolling strategic plan. This process requires a deep understanding of the risks combined with various other factors and is best to be assigned to a well experienced internal auditor (Head of Internal Audit or Audit manager). Unfortunately IIA does not have a "manual" to guide this process. Approaching the person(s) in your IA unit who are responsible for the development of the audit plan to brief you on this might be helpful. Perhaps you can request to assist, as part of your training, when the next review of the plan is undertaken.	**Standards & Implementation Guidance:** 2010 Linking the Audit Plan to Risk and Exposures 2010 Using Risk Management Process in Internal Audit Planning **Practice Guide:** Coordinating Risk Management and Assurance
	Internal Audit Charter	I am in the process of compiling an internal audit charter for my company. What I would like to know, is whether there is a framework from where I can start?	Practice Advisory 1000-1 should be used as a reference. The IA Charter should also be an agenda item for the Audit Committee to be addressed at least once a year. Any changes that have been made to the IIA Standards and King III since your last review of the Charter should be incorporated to the updated charter. You can consult the IIA website www.theiia.org for an example and also surf the net to find examples of charters which you can then tailor to your specific needs.	**Standards & Implementation Guidance:** 1000 Internal Audit Charter **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			The following links have got examples of how the IA Charter should be: http://www.theiia.org/guidance/standards-and-guidance/audit-committees-board-of-directors/internal-audit-department-charter/ http://internal-audit.web.cern.ch/internal-audit/charter.html http://www.bis.org/banking/iacharter.pdf	
	Total score for CIA exam	I want to find out about the total score for the CIA Part 2 Exam. What are the total score/marks required to pass the exam?	The Certified Internal Auditor (CIA) exam comprises of three parts. The time allocated as follows: • Part 1 – Internal Audit Basics (125 questions in 2.5 Hours/150 minutes) • Part 2 – Internal Audit Practice (100 questions in 2.0 Hours/120 minutes) • Part 3 – Internal Audit Knowledge Elements (100 questions in 2.0 Hours /120 minutes) The total mark for each exam part is 800. Candidates need to score a minimum of 600 (75%) to pass.	**Standards & Implementation Guidance:** 1000 Internal Audit Charter **Practice Guide:**
	Student membership	Can I register to become a member of the IIA if I am still a student?	Student membership is possible. For detailed information on types of membership, please contact Membership at the IIASA at e-mail: membership@iiasa.org.za or Fax: 086 685 0160	**Standards & Implementation Guidance:** **Practice Guide:**
	How to retain engagement records	I have an electronic copy of my working papers and hard copy of the working papers on file. Can I only have an electronic version of my working documents or must some documents be printed and filed?	Engagement records or working papers are the property of the organization. Standard 2330.A2 places the responsibility to develop retention requirements for engagement records on the Chief Audit Executive. This would include the medium, confidentiality and safekeeping of the records. Factors like IT and physical security, accessibility of the records, etc. must be considered when the retention requirements (policies) are developed. In this process unnecessary duplication of records can be avoided. The policies must be	**Standards & Implementation Guidance:** 2330 Documenting Information **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			documented; approved by the CAE and made available (communicated) to all Internal Audit staff members.	
	Audit sampling	I need assistance in compiling a sampling methodology that can be credible and transparent?	Sampling in audit is an extremely important element. Not only is it important to utilise the appropriate sampling method for the particular type of data, it is also essential to apply the sampling method correctly in order to get the required results. It will not be possible to deal with this matter in detail in this reply and it recommended that you consult authoritative literature on this subject.	**Standards & Implementation Guidance:** **Practice Guide:**
	internal auditors changing responsibility	How will it impact on my CIA qualification if I accept another position (outside internal audit) within our organisation?	A certified internal auditor who is not practicing in the auditing field who wants to maintain certification should report to the IIA as though he/ she is still practicing. The only difference is the number of CPE hours that are required from a CIA who is no longer practicing which is 20 hours per year (non-practicing) as opposed to 40 hours per year required for CIA who are currently practicing. You may go to this link for more information: https://na.theiia.org/certification/certification-candidate-handbook	**Standards & Implementation Guidance:** **Practice Guide:** Certification Candidate Handbook
	Materiality when developing an audit plan	Should materiality be considered when developing an internal audit plan?	Internal auditing should be implemented on a risk based approach because it is aimed at evaluating effectiveness and adequacy of the internal control systems to enhance sustainability of the business operation and not with financial statement materiality as external audit financial attestation does. Standard 1220.A1 refers to consideration of materiality to which assurance procedures are applied; however this is not the only determining factor for raising findings or deciding on what to audit.	**Standards & Implementation Guidance:** 1220 Due professional Care 2210 Engagement Planning **Practice Guide:** Assessing the Adequacy of Risk Management Using ISO 31000
	Follow up on findings raised	My Chief Audit Executive does not believe that it is internal audit's responsibility to follow up on reported findings. Is this the correct approach?	IIA Standard 2500 determines that the CAE must establish a follow-up process to monitor and ensure that management actions have been implemented	**Standards & Implementation Guidance:** 2500 Monitoring Process

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			effectively or that senior management has accepted the risk of not taking action. Practice Advisory 2500.A1-1 describes how this should be accomplished	**Practice Guide:** GTAG 3: Continuous Auditing: Implications for Assurance, Monitoring, and Risk Assessment
	Internal auditor's duties	Can you send me a job description for a Chief Audit Executive?	There is a competency framework compiled by IIA that illustrates different capabilities of different levels among the internal audit profession. IIA has also published a "How to employ an internal auditor" article, it will be helpful in identifying what skills and qualifications are pre-requisite for several audit roles. The document will enable you to draw up a job description and is obtainable from http://www.iiasa.org.za/files/How_to_employ_an_Internal_Auditor.pdf	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity **Practice Guide:** How to employ an internal auditor. Chief Audit Executives — Appointment, Performance, Evaluation, and Termination. Measuring Internal Audit Effectiveness and Efficiency.
		What can be done if internal auditors are denied access to certain information and records when that information forms part of the scope of the audit?	A scope limitation is a restriction placed on the internal audit activity that precludes the activity from accomplishing its objectives and plans. A scope limitation, along with its potential effect, needs to be communicated, preferably in writing, to the board. Restrictions on access to records" is deemed as "impairment" and therefore MUST be disclosed to the audit committee and the Board. The interpretation of Standard 1130 explains how the appropriate parties and nature of the impairment should be determined.	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity 1110 Organizational Independence **Practice Guide:** Independence and Objectivity
	Latest version of standards	Where can I obtain the latest version of the Standards?	If you are a fully paid up member of the IIA, you can call Membership at 011 450 1040 and ask for your international membership number and password. You can then log onto www.theiia.org and download the standards and practice advisories from the international website. If you are not a member, IIASA does sell the IPPF book and manual.	**Standards & Implementation Guidance:** **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
	Internal Audit Charter	Our Internal Audit Charter was reviewed and approved by the Audit Committee 18 months ago. Is it necessary to review the Charter again at this stage?	Internal Audit Charter should be reviewed on a yearly basis. Any changes that have been made to the IIA Standards and King III since your last review of the Charter should be incorporated to the updated charter. The IA Charter should also be an agenda item for the Audit Committee to be addressed at least once a year.	**Standards & Implementation Guidance:** 1000 Internal Audit Charter **Practice Guide:**
	Evaluation of outsourced internal audit	Please assist me with a template for the evaluation of our outsourced Internal Audit.?	IIASA does not have a template for this purpose as yet. I suggest you download the document on the following website: http://www.iiasa.org.za/files/How_to_employ_an_Internal_Auditor.pdf You need to ensure that your requirements are specified in detail in the contract and that the ownership of all the working papers resides with your organisation. A template for the evaluation can be compiled from the deliverables specified in the outsource agreement.	**Standards & Implementation Guidance:** 2030 Resource Management 2340 Engagement Supervision **Practice Guide:** How to employ an Internal Auditor
	Standard audit procedure for a municipality	Can you help me with standard audit procedures for a municipality?	The municipality operates based on the Municipal Finance Management Act. Internal Auditors in a municipal environment would still be expected to perform duties that are generic to all other internal audit functions as mandated in section 165 of the MFMA which states that each municipality and each municipal entity must have an internal audit unit that prepares a risk-based audit plan and an internal audit program for each financial year and advises the accounting officer and reports to the audit committee on the implementation of the internal audit plan and matters relating to (i) internal audit; (ii) internal controls; (iii) accounting procedures and practices; (iv) risk and risk management; (v) performance management; (vi) loss control; and	**Standards & Implementation Guidance:** **Practice Guide:**

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			(vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; Internal audit must perform such other duties as may be assigned to it by the accounting officer. There are no audit procedures that are unique to the municipal environment; however the general audit procedures for any operational process should be scrutinized to validate their applicability to the municipal environment as it would be necessary in any other environment.	
	Internal Auditor performing non audit functions	I am an Internal Auditor at XX organisation and I have been requested by a Director, who is a member of the Bid Adjudication Committee, to represent him in an upcoming Committee meeting. Should I agree/accommodate?	Internal Auditors including CAEs are required to always adhere to the Standards and Guidance of the Institute of Internal Auditors (including Practice Advisories). If an auditor is instructed to assume the responsibility of management in any situations such as the following: • Holding the Chief Financial Officers role; • Sitting in a bid evaluation committee representing management • Chairing a disciplinary hearing It appears as though independence and objectivity on the operational responsibilities carried out has been impaired. If the operational responsibilities carried out or part thereof, has been included in the internal audit plan, the auditor who assumed the responsibility and the staff reporting to the auditor in question may not audit that operation. Before the auditor accepts the operational responsibility, it should be explain to the Accounting officer or assigning management what the impact of assuming a management role is. If the non-audit management function is carried out, the auditor in question or the staff reporting to the auditor in question may not audit the operation in question. The CAE should minimize the impairment to objectivity by using a contracted, third party entity or external	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity **Practice Guide:** Formulating and Expressing Internal Audit Opinions

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			auditors to complete audits of the operations that had been assigned to the auditor in question.	
	In “conformance” with the standards	Will it be correct to state that an engagement has been performed “in conformance with the Standards” even though the Internal audit Activity has not successfully undergone a QAR?	Within five years of start-up of an internal audit activity the conformance phrase can be used provided the internal audit activity has an internal quality assessment improvement programme and has reported on this status being a “Generally Conforms” (GC) to the Audit Committee or Board. The external QAR needs to be performed in year 5 or earlier. Thereafter, the use of the conformance phrase is not appropriate until an external review has demonstrated that the internal audit activity is in General Conformance with the Definition of Internal Auditing, The Code of Ethics and the Standards.	**Standards & Implementation Guidance:** 1320 Reporting on the Quality Assurance and improvement program 1321 Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing" **Practice Guide:** Quality Assurance and Improvement Program
	Instructions for inventory count	I need set of instructions for inventory count.	IIA does not keep any programme that details how to conduct inventory counts. This information might be available on the internet if you “Google” it. If this was intended to get an audit program on how to audit a stock counting exercise, IIA does not keep audit program for any specific topic or exercise; it is recommended though that you go to internet sites such as www.auditnet.org that normally keep audit program for specific processes.	**Standards & Implementation Guidance:** **Practice Guide:**
		Can you advise me on report writing? • Structure supportive of the content of report writing • The ABC of report writing	Internal Audit produce reports for many levels of organisational use, some to be distributed to the Audit Committee, executive management and others to lower levels of management. The structure of reports is not prescribed as different information may be required to be conveyed to the various levels of users of such reports. For instance, the Audit Committee may only require high level graphic type input, the executive more detail of the strategically significant control breakdowns that they need to manage and ensure are	**Standards & Implementation Guidance:** 2020 Communication and approval 2060 Reporting to Senior Management and the Board 2400 Communicating 2410 Criteria for Communicating 2421 Errors and omissions 2430 Use of "Conducted in accordance with the International Standards

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			addressed and lower levels of management the specific issues that need attention. Elements of the reports to consider at each Level: • BOARD • Executive summary of the results of the audit • Scope limitations • Graphic Trend Analysis • Level of assurance that board can take from the audit results • Significant issues arising (not only materiality) that could hinder achievement of organisational objectives • Impact of findings on strategic organisational risk	for the Professional Practice of Internal Auditing" 2431 Engagement disclosure of Non-conformance 2440 Disseminating results **Practice Guide:** Formulating and Expressing Internal Audit Opinion
				Section 2: Compliance
1.1	Effective sizing of the internal audit activity.	Can IIA SA please provide me with the benchmark that may be used as a sector-specific sizing of internal audit unit?	It is advised that the CAE conduct some research on this matter, sources such as the Ikutu report and also participate in studies like GAIN. IIA SA does not have any benchmarking information other that those mentioned in the paragraph above. The structure and size of the IAA is very much dependent on the factors such as the following: · The complexity of the processes to be audited · Whether the IAA will be outsources or in-house · The amount of work that the organisation expects IAA to carry out as far as evaluating controls is concerned · Economic resources and more The CAE is advised to attend activities such as forums, conferences, CAE breakfast that are normally organised by the IIA SA in order to network with other CAEs and possibly learn how other IAA are structured and functioning. When this exercise is carried out, matters such as effectiveness and efficiency of the IAA should be considered. For an example, if one organisation was	**Standards & Implementation Guidance:** 1210 Proficiency 2030 Resource Management **Practice Guide:** How to Employ an Internal Auditor

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			to copy the size of another, the sizing might not be appropriate for the organisation; where the circumstances, work load and management's expectations of the IAA are different.	
	Organisational Structure for IAA	Can IIA SA please provide me with the structure that our internal audit activity should adopt? We are a small organisation in the public sector and just in the establishment phase and want to make sure that we comply with the IIA standards?	The Public Finance Act (PFMA) and the Municipal Finance Management Act (MFMA) and relevant Regulations (Treasury Regulations) do require that all Public Entities and Municipalities must have an internal audit function (it can be outsourced) and that the audit work must be performed in conformance with the International Standards for the Professional Practice of Internal Auditing (IPPF) which are generally known as IIA Standards. IIA SA does not have a distinct structure that can be recommended for IAA to follow as the compilation of the structure would be dependent on factors such as the following: The complexity of the processes to be audited Whether the IAA will be outsources or in-house The amount of work that the organisation expects IAA to carry out as far as evaluating controls is concerned Economic resources and more It is advised that the CAE conduct some research on this matter, IIA SA can then help in reviewing the structure that the municipality is deciding to implement and provide support and advise on whether the structure selected will not impact negatively on conformance to the Standards. The CAE is advised to attend activities such as forums, conferences, CAE breakfast that are normally organised by the IIA SA in order to network with other CAEs and possibly learn how other IAA are structured and functioning. When this exercise is carried out, matters such as effectiveness and efficiency of the IAA should be considered. For an example, if one municipality was to copy the size of another municipality, the sizing might not be appropriate for the municipality; where	**IPPF: STANDARDS AND PRACTICE ADVISORIES:** 1210 Proficiency **PRACTICE GUIDES:** Developing the Internal Audit Strategic Plan

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			the circumstances, work load and management's expectations of the IAA at the municipality differ.	
	Can audit firms go through external assessments	My firm renders internal audit services to organisation that have outsourced part or the whole of IA function. I would like IIA to conduct a QAR on my organisation.	The IIA SA does not provide a quality assurance status to service providers of internal audit services. The primary reason for this is that an organisation that should have an internal audit activity would have an individual in the organisation with the knowledge and ability to manage the outsourced service. This individual is accountable to the organisation's governance structures and as such a quality assurance status can only be provided over the work performed in that particular instance. No blanket status assessments will be made. Standard 1300 – Quality Assurance and Improvement Program requires the chief audit executive to develop and maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit activity. A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. QAIP is an ongoing and periodic assessment of the entire spectrum	IPPF: STANDARDS AND PRACTICE ADVISORIES: 1300 Quality Assurance and Improvement Program PA 1312-1 External Assessments PRACTICE GUIDES: Quality Assurance and Improvement Program

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			of audit and consulting work performed by the internal audit activity; it includes both the internal and external assessments.	
	Accreditation of audit firms by IIA	I am a member of IIA and have got a firm that has been newly established. I would like to know whether IIA is able to accredit firms that conduct external assessments on Internal Audit functions and what procedure must I follow to be accredited.	No, IIA SA does not accredit firms. Standard 1312-External Assessments is applicable to an internal audit activity (IAA) and not on the service provider to whom the internal audit services have been outsourced. As part of the external review, a thorough evaluation of working papers and discussions with the executive management as well as the audit committee of the organisation in which the external assessment is conducted; is carried out amongst other things. It would then be impractical to conduct such an evaluation on a firm as these governance structures would not be present. If a firm has its own internal audit function, then Standard 1312 apply. IIA SA is the sole provider of the quality assurance speciality course which is recommended for people who conduct external assessments. Candidate who have completed the course with IIA SA receive certificate that confirms the candidate's competence in the following areas: Advanced knowledge about the new Professional Practices Framework, including the International Standards for the Professional Practice of Internal Auditing. Understanding the Quality Assurance Standards and the mandatory external assessment requirements.	**IPPF: STANDARDS AND PRACTICE ADVISORIES:** 1300 Quality Assurance and Improvement Program PA 1312-1 External Assessments **PRACTICE GUIDES:** Quality Assurance and Improvement Program

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			State-of-the-art quality assessment techniques and processes Best practices and key benchmarking criteria that separate top performing internal audit activities from the rest of the pack Preparing the IAA in which they are serving for a future external assessment Exploration of Self-Assessment with Independent Validation option	
	QAR for audit firms	Do audit firms need to have a QAR done similar to the in-house functions? We are an audit firm rendering internal audit services to clients and report to the client's audit committee.	Quality Assessment Reviews in all internal audit activities (IAAs) functions must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization. The external assessment (QAR) covers a number of aspects such as the following: Assessment of IAA's conformity to The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) and Code of Ethics, Evaluation of the IAA's efficiency and effectiveness in carrying out its mission (as set forth in its IA charter, negotiated with management and approved by the Audit Committee) Offering advices and recommendations to enhance the management and work processes of the IAA, as well as its value to the organisation, where appropriate and to Assisting the IAA in its pursuit of adding value and consulting services. It is not possible to measure all these on an audit firm as there would be no	**IPPF: STANDARDS AND PRACTICE ADVISORIES:** 1300 Quality Assurance and Improvement Program PA 1312-1 External Assessments **PRACTICE GUIDES:** Quality Assurance and Improvement Program

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			governance structures in place. The audit firms therefore do not have to, the QAR can only be on the Internal Audit function. Work that has been outsourced or co-sourced to Audit Firms is reviewed as part of the audit work performed and the opinion on the outcome of the QAR will then be expressed for the internal audit function not the audit firm.	
	Access to Internal Audit reports	I want to know if internal audit reports can be made available to third parties or service providers. We are in a position where a client insists on having access to the company's internal audit reports. We feel that this could potentially open us up to penalties and fines. How can we avoid doing this?	Engagement records or working papers are the property of the organization and should be retained in a way that is consistent with the regulations applicable to the environment. The Companies Act 2008 Part C that deals with Transparency, Accountability and Integrity of companies explains how the records must be dealt with. The Board also has got the responsibility to Standard 2330.A2 places the responsibility to develop retention requirements for engagement records on the Chief Audit Executive. This would include the medium, confidentiality and safekeeping of the records. Factors like IT and physical security, accessibility of the records, etc. must be considered when the retention requirements (policies) are developed. In this process unnecessary duplication of records can be avoided. The policies must be documented; approved by the CAE and made available (communicated) to all Internal Audit staff members.	**IPPF: STANDARDS AND PRACTICE ADVISORIES:** 2330 Documenting Information PA 2330.A1-1 Control of engagement records 2330 Documenting Information PA 2330.A2 Retention of Records

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
	Job description for QAR officer	May you please assist me with job descriptions for QAR senior audit specialists?	Quality Assurance Assessor should be assisting the CAE in developing and maintaining a quality assurance and improvement program that covers all aspects of the internal audit activity. This is interpreted as developing a quality assurance and improvement program that is designed to enable 1) an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and 2) an evaluation of whether internal auditors apply the Code of Ethics. 3) The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. Since the evaluations are conducted on an internal audit activity, it is of utmost importance that this role is given to someone who has an internal audit background and preferably at a skilled or senior level. In compiling a job description, there is a competency framework compiled by IIA that illustrates different capabilities of different levels among the internal audit profession. IIA has also published a "How to employ an internal auditor" article, it will be helpful in identifying what skills and qualifications are prerequisite for several audit roles. Attending a QAR course that is offered by IIA will also be essential so that the person gains an insight on the methodologies to be used and it would also be	**IPPF: STANDARDS AND PRACTICE ADVISORIES:** 1300 Quality Assurance and Improvement Program 1310: Requirements of the Quality Assurance and Improvement Program. 1311: Internal Assessments. 1312: External Assessments. 1320: Reporting on the Quality Assurance and Improvement Program. 1321: Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing." 1322: Disclosure of Non-conformance. **PRACTICE GUIDES:** Quality Assurance and Improvement Program

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			beneficial to conduct a QAR with one of the experienced QAR team leaders, even if it is on a voluntary basis to gain practical knowledge from first-hand encounters.	
				Section 3: Governance
	Combined Assurance	Whose responsibility is it to manage the implementation of the combined assurance model in an organisation?	The activities internal audit will take in relation to combined assurance would need to be defined (Institute of Directors in Southern Africa) in the internal audit charter (Standard 1000.A1) of the organization and consequently would have a bearing on the Audit Committee, Risk Committee and possibly the Board charters, as the Board may choose not to delegate all the combined assurance activities of internal audit to the Audit Committee. IIA Standard 2050 states "The Chief Audit Executive should share information and coordinate activities with other internal and external providers of relevant assurance and consulting services to ensure proper coverage and minimise duplication of efforts". Internal audit activities are ideally positioned to assist the Board in discharging its responsibilities with regard to Combined Assurance and can therefore coordinate all assurance provision to the Board. This is supported by the IIA standard 2050, which refers to the CAE's responsibly to coordinate the activities of other assurance and consulting services. This view is further supported by the King III report which recognises the Internal Audit as a key assurance provider on matters of risk management and systems of internal control and also recommends that Internal	**Standards & Implementation Guidance:** **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			Audit should play a pivotal role in the combined assurance model.	
	Effective Audit committee	Please assist I require an Internal Audit Function/ Department evaluation document for our Audit committee?	Yes there is a guideline issued by the King Committee available on www.iod.co.za and also the IIA has published a framework in 2009 that can also assist to prepare the report. http://c.ymcdn.com/sites/www.iodsa.co.za/resource/collection/24CB4885-33FA-4D34-BB84-E559E336FF4E/KingIII_Ch7_Example_Evaluation_of_Internal_Audit_June2009.pdf	**Standards & Implementation Guidance:** **Practice Guide:** King III Report on Corporate Governance
	Skills audit committee should have	What is the minimum criteria would one expect to have in an expert who is contracted to attend AC meeting of a revenue authority, but is not a member and an official of the organisation?	Audit committee members should collectively be financially literate and understand the business well. They should at least have a balance between the business' operational knowledge and control-risk understanding. It is really not easy to tell what skills exactly because it depends on the core business of the organization. Audit Committee cannot be made up by financial gurus only, if this would be the case then the other governance which is on non-financial aspect will suffer in the business.	**Standards & Implementation Guidance:** **Practice Guide:** Interaction with the Board
	Absence of audit committee at the branch level	I am currently working as an Internal Auditor at a Branch of an international bank. The branch does not have its own audit committee nor does it have non-executive members in any of its committees such as the Risk Committee and Executive Committee. Who else can I report to ensure Internal Audit's independence?	This information is limiting as I do not know all the facts. No matter how small or big the internal audit activity is, independence and objectivity must be upheld. Assuming that there is an audit committee at the Head Office level, internal auditor at the branch should be reporting administratively to the Branch manager and functionally to the audit committee at the head office level.	**Standards & Implementation Guidance:** **Practice Guide:**
	King III code and Report	We are planning to issue an integrated report as per king III for the first time this financial year, and not sure where to start, is there any course that you can recommend or any support that you can offer?	The Institute of Directors in Southern Africa (IoDSA) has released an amendment to the King Code of Governance for South Africa 2009 and the King Report on Governance for South Africa 2009 (collectively referred to as King III). King III is available from the Institute of Directors only. Visit www.iodsa.co.za for	**Standards & Implementation Guidance:** **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			more information. You may contact them directly to establish if there are sample of these reports.	
	Effectiveness of audit committee	The audit committee (AC) term expires on 31 March 2012. However the new AC will be appointed by 30 April 2012. The next meeting scheduled AC is 29 May 2012.Will it be unlawful if we do not have an AC for this short period or should we extend the term of the existing AC until we appoint?	For the period between 31 March 2012 and 30 April 2012 when the AC will be appointed, there will be no governance committee. This is risky as there might be a governance matter that needs immediate consideration and there will be no one to attend to it. It is better to renew the existing AC contract until 30 April 2012 when the new appointment is effected.	**Standards & Implementation Guidance:** **Practice Guide:**
	Effectiveness of audit committee	Is there where can I find guidance on the format and extent of the written assessment to the audit committee regarding the effectiveness of internal controls and risk management as required by the principles of King III?	Yes there is a guideline issued by the King Committee available on www.iod.co.za and also the IIA has published a framework in 2009 that can also assist to prepare the report.	**Standards & Implementation Guidance:** **Practice Guide:**
	Kaw requiring establishment of internal audit activity	Which law or statutory requirements, apart from the IIA, exist that requires the establishment and quality assessment of an internal audit department?	The Public Finance Act (PFMA) and the Municipal Finance Management Act (MFMA) and relevant Regulations (Treasury Regulations) do require that all Public Entities and Municipalities must have an internal audit function (it can be outsourced) and that the audit work must be performed in conformance with the International Standards for the Professional Practice of Internal Auditing (IPPF). The Companies Act requires that the audit committee should receive and deal appropriately with any concerns or complaints, whether from within or outside the company, or on its own initiative, relating to (i) the accounting practices and internal audit of the company. One other requirements (Comply or explain approach - voluntary) is that of the King report on Corporate Governance (King III), which applies to all entities regardless of the manner or form of incorporation or establishment, however includes the positioning of Internal Audit as a strategic function and the King Code recommends that the Internal Audit	**Standards & Implementation Guidance:** **Practice Guide:**

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			Function should adhere to the IIA Standards and Code of Ethics.	
	King II Code and Report	Can you please assist me with an example of the Integrated Report that King III refers to?	Practice notes for King III is found on the IOD website www.iodsa.co.za The Audit Committee Forum website www.acf.co.za also gives guidance on King III for audit committee reporting purposes.	**Standards & Implementation Guidance:** **Practice Guide:**
	Questionnaires for conducting surveys	Is there an existing questionnaire that you IIA provide for the purpose to conduct a survey to determine how staff perceives Corporate Governance in our organisation?	IIASA does not have a questionnaire for this purpose. I suggest that you consult King III and see the questions that need to be answered by the Board and generalise it for staff purposes. You may also read through the books on how to conduct research for further information on compilation of a questionnaire.	**Standards & Implementation Guidance:** 1111 Board Interaction 2110 Governance **Practice Guide:** Interaction with the Board
	King II Code and Report	I need a copy of King III, where can I get it?	The Institute of Directors in Southern Africa (IoDSA) has released an amendment to the King Code of Governance for South Africa 2009 and the King Report on Governance for South Africa 2009 (collectively referred to as King III). King III is available from the Institute of Directors only. Visit www.iodsa.co.za for more information.	**Standards & Implementation Guidance:** **Practice Guide:**
				Section 4: Information Technology
	IT audits are denied access to certain information and records	What can be done if IT auditors are denied access to certain information and systems when that information forms part of the scope of the audit?	A scope limitation is a restriction placed on the internal audit activity that precludes the activity from accomplishing its objectives and plans. A scope limitation, along with its potential effect, needs to be communicated, preferably in writing, to the board. Restrictions on access to records" is deemed as "impairment" and therefore MUST be disclosed to the audit committee and the Board. The interpretation of Standard 1130 explains how the appropriate parties and nature of the impairment should be determined.	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity 1110 Organizational Independence **Practice Guide:** Independence and Objectivity

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
	Internal audit Planning	Should IT audit use hour-based measurements when compiling a plan as this is not regulated by any known standard?	Internal auditors including IT auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources. Time is a very crucial factor that internal auditors must manage in order to efficiently complete the plan. It is best practice to use time-based measurement in monitoring and managing IA activities if it were not time-based. When each project is planned and allocated hours, it makes it easier for the CAE to keep track of the work and identify challenges that adversely affect audit plan. When audit assignments are not completed within the planned hours, the CAE can also adjust the preceding year's plan accordingly taking into consideration the challenges that caused delays and whether these challenges have been rectified.	**Standards & Implementation Guidance:** 2010 Planning **Practice Guide:** Measuring Internal Audit Effectiveness and Efficiency
	Materiality when assessing risk on an IT audit plan	Should IT auditors apply materiality guidelines when assessing risk impact of audit focus areas?	Yes, materiality should be considered when assessing all kinds of risks. This process is clearly explained in the COSO framework on the webpage link: http://www.coso.org/documents/volumeiii-applicationtechniques.pdf Materiality can have qualitative and/or quantitative aspect. This refers to the notion that a misstatement or omission of information can be significant to the users due to the nature, rather than the size, thereof. An example is an important disclosure that is omitted from the organisational report. Materiality is quantified and considered twice during the audit process: first during the planning phase of the audit (when it is referred to as "planning materiality"), and second during the concluding phase of the audit (when it is referred to as "final materiality"). Standard 1220.A1 refers to consideration of materiality to which assurance procedures are applied; however	**Standards & Implementation Guidance:** 1220 Due professional Care 2210 Engagement Planning **Practice Guide:** Assessing the Adequacy of Risk Management Using ISO 31000

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			this is not the only determining factor for raising findings or deciding on what to audit.	
	Crucial skills for IT auditors	I am a newly appointed CAE and have been given the authority to create IT audit unit that will report to me. I want to groom some of the auditors I already have in my team but do not know how to shortlist or even to recommend further training for them.	IT auditors are internal auditors who specialise in computer auditing and like other internal auditors they are required to abide by the International Professional Practices Framework issued by Institute of Internal Auditors. WHAT SKILLS DO PROSPECTIVE IT AUDITORS NEED? IT auditors should have certain characteristics important to a successful IT audit career. They should have IT, financial, and operational audit experience, according to Reinhard who sums up these qualifications by saying "The ideal IT auditor should be able to discuss IP routing with the network folks in one hour and financial statement disclosures with the controller in the next." Reinhard further presents the following as a general list of attributes over and above communication and other soft skills that are crucial: • Basic audit skills. Basic audit certifications are needed, including the Certified Public Accountant or Certified Internal Auditor designations. • Desire to understand technology. A genuine interest in all things technical usually preceded a decision to go into IT auditing. • Educational background in computer science or related field. The growing complexity and vulnerabilities of computer networks requires that all auditors have some degree of technical expertise. • Communication skills. Many internal auditors, and especially IT auditors generally lack good communication skills, according to Davis. "IT auditors need to remember their geek-speak, but also brush up on their business argot. IT auditors	**Standards & Implementation Guidance:** **Practice Guide:**

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			need to speak the language of all your stakeholders so they can translate complex technical problems into quantifiable business decisions." • Ability and willingness to train others in general IT audit skills. Because much of what IT auditors learn is through on the job training, IT auditors must be able to train co-workers and subordinates in the fast-paced environment of IT auditing. • The ability to understand new technologies in a short-time period. With the meteoric rise in new technologies, coupled with the increasing sophistication of hackers, IT auditors must be able to stay on top of the most current trends. WHAT CERTIFICATIONS DO IT AUDITORS NEED? There is a wide range of ever-evolving technology skills and certifications. Even an auditor with extensive experience will most likely need certifications to back up that knowledge, according to Prentice. Below are some of the more general certifications: Certified Information Systems Auditor (CISA): ISACA's globally recognized cornerstone certification for IS, audit, control, assurance, and security professionals who control, monitor, and assess an organization's information technology and business systems. This is considered the current industry standard for IT auditors. • Certified Information Systems Security Professional (CISSP): An independent information security certification governed by the International Information Systems Security Certification Consortium, also known as ISC², which provides security training to information assets.	

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			• Certified Information Security Manager (CISM): ISACA's certification program for those who manage, design, oversee, or assess an enterprise's information security. • Microsoft Certified Systems Engineer (MCSE): Microsoft's certification in designing and implementing infrastructure based on Microsoft Windows 2000 platform and Windows Server System. IT auditing also demands an area of expertise within overall frameworks such as ISO 27001 and ISO 27002 [formerly ISO 17799]. Certified Fraud Examiner (CFE) certification also gives one credibility in areas of concentration e.g. fraud and forensics.	
	IT auditors performing consulting and advisory functions	I am an IT audit specialist, in the Internal Audit department of my company. I was recently asked to be involved in testing of the disaster recovery plan (DRP) that IT was performing. Being part of Internal Audit, what should be the extent of my involvement in DRP?	IT auditors are internal auditors who specialise in computer auditing and like other internal auditors their role in processes such as in the involvement in the disaster recovery testing should not be that of taking responsibility for implementation of any part of the DRP, but rather that of advisory, which conforms to consulting services. The Standards define consulting services as advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to an agreement with the client. Consulting services generally involve two parties: (1) the person or group offering the advice - the internal auditor, and (2) the person or group seeking and receiving the advice - the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility. The sign off should however not in any way imply that you are certifying that the system is successful , but should be clear that you observed the process and at	**Standards & Implementation Guidance:** 1130 Impairment to Independence or Objectivity **Practice Guide:** Formulating and Expressing Internal Audit Opinions

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			the time of concluding the engagement management provided assurance that it is working. You can only give such opinion not sign-off after you have audited the area and performed tests that substantiate that the DRP is operating as intended.	
	Framework for IT auditing	I am a newly appointed CAE and have been given the authority to create IT audit unit that will report to me. Is there any framework that I should be using in order to effectively manage this new unit?	IT auditors are internal auditors who specialise in computer auditing and like other internal auditors they are required to abide by the International Professional Practices Framework issued by Institute of Internal Auditors. When it comes to the technicalities of IT auditing, COBIT 5: A Business Framework for the Governance and Management of Enterprise may be used as it guides the activities and approach of the IT audit unit. COBIT 5 is the latest edition of ISACA's globally accepted framework, providing an end-to-end business view of the governance of enterprise IT that reflects the central role of information and technology in creating value for enterprises. The principles, practices, analytical tools and models found in COBIT 5 embody thought leadership and guidance from business, IT and governance experts around the world. COBIT 5 is based on five key principles for governance and management of enterprise IT: Principle 1: Meeting Stakeholder Needs Principle 2: Covering the Enterprise End-to- End Principle 3: Applying a Single, Integrated Framework Principle 4: Enabling a Holistic Approach Principle 5: Separating Governance from Management COSO has also been widely accepted as the framework for all internal control–related attest engagements, and especially applicable for an audit of financial statements. However, the market changed with SOX 404, and the introduction of ever-onerous requirements on IT controls has made COBIT a popular	**Standards & Implementation Guidance:** **Practice Guide:** Global Technology Audit Guide (GTAG®) 17 Auditing IT Governance

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			framework. Today's auditors are more comfortable with the IT concepts, whereas COSO is more general; COBIT is more granular in its IT approach.	
				Section 5: Risk Management Jonathan
	Can CFO be made to be a Chief Risk Officer	According to principle 4.4 of King 3 the CEO may appoint a CRO to assist with the execution of the risk management process. Keeping this in mind, 1.) whom typically is the correct individual in a listed company to fulfil the role of Chief Risk Officer?, and 2.) Is there any specific reason/s why the CFO can/should not also perform this function?	The ideal situation would be to separate the roles however the role of the CRO can be fulfilled by any executive manager in your organisation. The total process of risk management, which includes a related system of internal control, is the responsibility of the Board according to Principle 2.2 of King III Report. Management is accountable to the Board for designing, implementing and monitoring the process of risk management, and integrating it into the day-today activities of the company. Management is also accountable to the Board for providing assurance that it has done so. According the IIA Three lines of defence model (see attached) risk management is a second line of defence. Should the responsibility reside with the CFO, there will be limited level two independent assurance to the Board as the CFO in his normal activity is a level one assurance provider. If the CFO acts as risk manager effectively, he/she will be referee and the player. A Chief Risk Officer (CRO) should be appointed to coordinate the risk management activities, fully integrate activities of the risk functions and jointly	PRACTICE GUIDES: Coordinating Risk Management and Assurance

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			identify, assess potential risks facing your organisation and jointly determine optimal treatment for risks. The (CRO) will perform following functions: Act as a coach to management by assisting them in designing and implementing suitable risk management framework and regularly review such systems for appropriateness and effectiveness; Encouraging and creating awareness of risk management throughout your organisation; Monitor the company wide risk profile and ensure that major risks are identified and reported upwards; Ensuring consistency in evaluation and reporting of risks throughout your organisation; Assist the board in fulfilling the corporate governance responsibilities; Assist in the execution of the approved risk management process; Not responsible for risk, but facilitates challenges and drives the integrated approach; May have authority for managing a selection of significant risk types; Is a member of the risk management committee and reports to the CEO and Audit and Risk Committee; Oversees the corporate risk management function and is the ultimate champion of the corporate risk management framework process.	

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			The following are some of the benefits of integrated risk management: Focus on corporate objectives; maximum coverage of high risks; Elimination of focus on low risks; elimination of gaps and duplication;Performance improvement embedded across risk functions that focus on effectiveness and efficiency.	
	Impact of conducting risk assessments	"The accounting officer and the executive team have taken into consideration, a high-risk assessment report conducted and issued by Internal Audit and decided to place the some officials on special leave as announced by the department's spokesperson. "This is to allow for an investigation to be conducted on matters arising from the internal audit." he reasoned. I would like to know 1) if someone's suspension can be based on a "risk assessment report" and 2) What "High-Risk-Assessment" report is, as opposed to the Risk Assessment report. Has the IIA come across this concept in professional literature?	When internal audit conducts a risk assessment, it can be either in a facilitative manner as part of risk management or in risk assessment that will be used for purposes of audit planning. Standard 2010 raises a need for internal auditors to have adequate knowledge about management of risks in an organisation in order to be able to provide assurance to the Board by determining whether risks are being managed appropriately in relation to the risk appetite and strategy as set in organisational policies and/or frameworks. On the other hand, COSO explains that risk assessment follows event identification and precedes risk response. The purpose is to assess how big the risks are, both individually and collectively, in order to focus management's attention on the most important threats and opportunities, and to lay the groundwork for risk response. Risk assessment is about measuring and prioritizing risks so that risk levels are managed within defined tolerance	IPPF: STANDARDS AND PRACTICE ADVISORIES: 2120 Risk Management PA2120-1 Assessing the adequacy of risk management processes PRACTICE GUIDES: Coordinating Risk Management and Assurance

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			thresholds without being over controlled or forgoing desirable opportunities. The CAE should communicate the results of the risk assessment to the senior members of management and to the Audit Committee/ Board. It is purely a prerogative of the senior management and the Board to decide on actions to be taken following the results of the risk assessment. The disciplinary procedures are a prerogative of management and should be clearly set out in a policy and procedure. Management can decide to what level of detail they would like to define actions to be taken against employees who breaches company policies, company code of conduct and ethics. The details of this scenario are not clear enough, but consider the following: a) Risk assessment report – was this a review of the risk process, in which case one could probably find and argue reason for suspension under a)b) Risk assessment report – if this was merely a risk facilitation, it is not clear what the logic would be for a suspension. c) Risk assessment report – was this maybe a follow-up on a previous risk assessment that was done where certain issues had to be addressed and risks managed and due to non-action of the agreed measures certain risks materialised that caused harm to the Department. In this case one could argue something under a) above.	

FAQ no.	Topic/Subject	Question/Problem Statement	Response/Answer	Useful Link(s) & Resources
			A risk assessment identifies the likelihood of something going wrong and the impact thereof on the organization or the specific process; it therefore is not a confirmation of something that has gone wrong. This would have been different if there was audit evidence to substantiate the audit finding and based on that, people got suspended. Once the audit evidence shows something like gross negligence or fraud, it would be a matter of tabling audit evidence that is sufficient, but not a risk assessment. It is not clear if 'high risk assessment' as asked refers to normal risk assessment or perhaps to strategic risk assessment. IIA SA has neither come across nor developed practice guide where this phrase was used.	
	Risk rating - finding rating	I work in a complex environment and whenever I raise findings, management do not accept the ratings of findings and always want to be shown where the rating came about. Is there a matrix that summarizes how audit findings should be rated	I work in a complex environment and whenever I raise findings, management do not accept the ratings of findings and always want to be shown where the rating came about. Is there a matrix that summarizes how audit findings should be rated. When an auditor raises findings, at a very basic level each finding should have criteria, risk, root cause and an effect. The risk should be rated according to the organisational ratings scales as stipulated in the risk policies. The internal auditor should rate the findings in line with the residual risk to show that the mitigating controls have been taken into consideration.	IPPF: STANDARDS AND PRACTICE ADVISORIES: 2130 Risk Management PA2130-1Assessing the Adequacy of Control Processes 2010 Planning PA2010-2 Using the Risk management Process in Internal Audit 2600 Communicating the Acceptance of Risks PRACTICE GUIDES: Coordinating Risk Management and Assurance
	IA role where there is no ERM	What role should IAA play in an instance where an organisation does not	The internal audit plan must be risk based, which means that internal audit	IPPF: STANDARDS AND PRACTICE ADVISORIES:

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		have any risk management framework or plan?	planning needs to make use of the organizational risk management process, where one has been developed. In planning an engagement, the internal auditor considers the significant risks of the activity and the means by which management mitigates the risk to an acceptable level. When an organisation does not have a risk management unit, the internal auditor uses risk assessment techniques in developing the internal audit activity's plan and in determining priorities for allocating internal audit resources. Risk assessment is used to examine auditable units and select areas for review to include in the internal audit activity's plan that have the greatest risk exposure. It is worth noting that ERM is broader than risk assessment that internal audit does, expecting internal audit to account for risk management would be an unrealistic expectation and has a potential to significantly impair internal audit's objectivity. Managing risks is management responsibility and may impair the objectivity of the internal audit activity. Internal Auditors including CAEs are required to always adhere to the Standards and Guidance of the Institute of Internal Auditors (including Practice Advisories) which call for upholding of independence and objectivity at all times. An effective risk management process	1130 Impairment to Independence or Objectivity PA 1130-1 Impairment to Independence or Objectivity 1130 Impairment to Independence or Objectivity PA 1130.A1-1 Assessing Operations for Which Internal Auditors Were Previously Responsible PA 1130.A2-1 Internal Audit's Responsibility for Other (Non-audit) Functions PRACTICE GUIDES: Independence and Objectivity Coordinating Risk Management and Assurance

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			assists in identifying key controls related to significant inherent risks. Enterprise risk management (ERM) is a term in common use. The Committee of Sponsoring Organizations (COSO) of the Treadway Commission defines ERM as “a process, effected by an entity’s board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.” Implementation of controls is one common method management can use to manage risk within its risk appetite. Internal auditors audit the key controls and provide assurance on the management of significant risks.	
	How IA can add value to ERM	How can the IA function add value to the ERM process?	"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes." Source: International Professional Practices Framework (IPPF), The Institute of Internal Auditors. From the definition one can safely conclude that 1) providing the audit committee and executive management with assurances that the ERM process is	IPPF: STANDARDS AND PRACTICE ADVISORIES: 2120 Risk Management PA2120-1 Assessing the adequacy of risk management processes PRACTICE GUIDES: Coordinating Risk Management and Assurance

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			efficient, effective, and operating as it was intended and 2) using the output of the ERM process to develop its risk-based audit plan and to identify unexpected high-risk areas as circumstances change are ways in which IA can add value as far as ERM is concerned.	
	Prioritising risks	The IA annual plan must be risk-based, is there any guideline that coaches internal auditors on how to prioritise risks?	Internal auditors need to have adequate knowledge about management of risks in an organisation because this knowledge will assist in determining whether risks are being managed appropriately in relation to the risk appetite and strategy in an organisation. This however is a bit different from the required risk-based audit planning, which is the use of the updated organisational risk register and focusing on the most significant risks when compiling an audit plan. Please not that where there is risk management, internal audit does not necessary need to scrutinise each and every risk that appears in the risk register when planning as this would have been carried out by the Risk management function, IA is required to focus on the top risks as explained earlier on. Risk management is a key responsibility of senior management and the board. To achieve its business objectives, management ensures that sound risk management processes are in place and functioning. Boards have an oversight	IPPF: STANDARDS AND PRACTICE ADVISORIES: 2110 Governance 2120 Risk Management PA2120-1 Assessing the adequacy of risk management processes PRACTICE GUIDES: Coordinating Risk Management and Assurance

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			role to determine that appropriate risk management processes are in place and that these processes are adequate and effective. In this role, they may direct the internal audit activity to assist them by examining, evaluating, reporting, and/or recommending improvements to the adequacy and effectiveness of management's risk processes. This order ranks the risks by a combination of probability and impact. Risk B would take precedence over Risk A, as it has a higher probability of occurring. Risk D would take precedence over Risk C, due to probability and impact.	
	Internal audit vs risk management	What exactly is the difference between internal audit and risk management?	Enterprise-wide risk management (ERM) is a structured, consistent and continuous process across the whole organization for identifying, assessing, deciding on responses to and reporting on opportunities and threats that affect the achievement of its objectives. Responsibility for ERM The board has overall responsibility for ensuring that risks are managed. In practice, the board will delegate the operation of the risk management framework to the management team, who will be responsible for completing the activities below. There may be a separate function that co-ordinates and projectmanages these activities and brings to bear specialist skills and knowledge. Everyone in the organization plays a role in ensuring successful enterprise-wide risk management but the primary responsibility for identifying and managing	IPPF: STANDARDS AND PRACTICE ADVISORIES: 1130 Impairment to Independence or Objectivity PA 1130-1 Impairment to Independence or Objectivity 1130 Impairment to Independence or Objectivity PA 1130.A1-1 Assessing Operations for Which Internal Auditors Were Previously Responsible PA 1130.A2-1 Internal Audit's Responsibility for Other (Non-audit) Functions PRACTICE GUIDES: Independence and Objectivity

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			risks lies with management. The role of internal auditing in ERM Internal auditing is an independent, objective assurance and consulting activity. Its core role with regard to ERM is to provide objective assurance to the board on the effectiveness of risk management. Research has shown that board directors and internal auditors agree that the two most important ways that internal auditing provides value to the organization are in providing objective assurance that the major business risks are being managed appropriately and providing assurance that the risk management and internal control framework is operating effectively	
	Internal audit performing risk management	I have been newly appointed as the CAE and not the CEO expects me to manage risk management as well. The reasons given are that IA plan should be risk based so to eliminate duplication of efforts, IA is expected to take responsibility of the risk management process. Is this allowed?	No, it is not allowed. Managing risks is management responsibility and will impair the objectivity of the internal audit activity. Internal Auditors including CAEs are required to always adhere to the Standards and Guidance of the Institute of Internal Auditors (including Practice Advisories) which call for upholding of independence and objectivity at all times. An effective risk management process can assist in identifying key controls related to significant inherent risks. Enterprise risk management (ERM) is a term in common use. The Committee of Sponsoring Organizations (COSO) of the Treadway Commission defines ERM as “a process, effected by an entity’s board	IPPF: STANDARDS AND PRACTICE ADVISORIES: 1130 Impairment to Independence or Objectivity PA 1130-1 Impairment to Independence or Objectivity1130 Impairment to Independence or Objectivity PA 1130.A1-1 Assessing Operations for Which Internal Auditors Were Previously Responsible PA 1130.A2-1 Internal Audit’s Responsibility for Other (Non-audit) Functions

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			of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives." Implementation of controls is one common method management can use to manage risk within its risk appetite. Internal auditors audit the key controls and provide assurance on the management of significant risks. The internal audit plan must be risk based, which means that internal audit planning needs to make use of the organizational risk management process, where one has been developed. In planning an engagement, the internal auditor considers the significant risks of the activity and the means by which management mitigates the risk to an acceptable level. The internal auditor uses risk assessment techniques in developing the internal audit activity's plan and in determining priorities for allocating internal audit resources. Risk assessment is used to examine auditable units and select areas for review to include in the internal audit activity's plan that have the greatest risk exposure. It is worth noting that ERM is broader than risk assessment that internal audit does, expecting internal audit to account for risk management	PRACTICE GUIDES: Independence and Objectivity

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			would be an unrealistic expectation and has a potential to significantly impair internal audit's objectivity.	
	Internal audit performing risk management	Please advise on further motivations from the IIA for the need to have the Audit and Risk as independent functions from each other. Any motivational letters from clients you assist asking the two functions to be split.	The responsibility to manage risks is management responsibility and will impair the internal audit activity's objectivity. Internal Auditors including CAEs are required to always adhere to the Standards and Guidance of the Institute of Internal Auditors (including Practice Advisories) which call for upholding of independence and objectivity at all times. Before the auditor accepts this operational responsibility, it should be explain to the Accounting officer or assigning management what the impact of assuming a management role is. If this risk management function is carried out, the auditor in question or the staff reporting to the auditor in question may not audit this area. The CAE should minimize the impairment to objectivity by using a contracted, third party entity or external auditors to complete audits of this organisation's risk management process.	IPPF: STANDARDS AND PRACTICE ADVISORIES: 1130 Impairment to Independence or Objectivity PA 1130-1 Impairment to Independence or Objectivity 1130 Impairment to Independence or Objectivity PA 1130.A1-1 Assessing Operations for Which Internal Auditors Were Previously Responsible PA 1130.A2-1 Internal Audit's Responsibility for Other (Non-audit) Functions PRACTICE GUIDES: Formulating and Expressing Internal Audit Opinions
	Risk acceptance	What is the procedure that management need to follow for Risk Acceptance, i.e. where management say we accept the risk and therefore won't implement the recommendation.	Internal auditors need to obtain sufficient and appropriate evidence to determine that the key objectives of the risk management processes are being met to form an opinion on the adequacy of risk management processes. Completeness of management's risk analysis and actions taken to remedy issues	IPPF: STANDARDS AND PRACTICE ADVISORIES: 2600 Communicating the acceptance of risks 2120 Risk Management PA2120-1 Assessing the adequacy of risk management processes PRACTICE GUIDES:

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			raised by risk management processes, and suggested improvements should be also reviewed. Should the CAE conclude that management have accepted a level of risk that may be unacceptable to the organisation, the CAE must discuss the matter with senior management. If the CAE determines that the matter has not been resolved, the CAE must communicate the matter to the Audit Committee.	Coordinating Risk Management and Assurance
				Section 4: Fraud
	Duties of forensic auditors	May you please assist me with job descriptions for forensic auditors?	The home for fraud and forensic investigation is the Association of Certified Fraud Examiners (ACFE) (http://www.acfe.org.za/). Although internal auditors need to have significant knowledge of the risk of fraud, the investigation and preparation of dockets for the police etc. lies within the ambit of the ACFE. They also have developed a learnership which is designed to help with the practical training of forensic investigations. Please contact ACFE for further guidance.	
	Responsibility to report fraud	I am an internal auditor and have come across an area where I strongly believe that fraud is taking place. I am not a CAE and would like to know whose responsibility is to report fraud?	During normal course of executing audits, internal auditors often discover sensitive information that is substantial to the organization and poses significant potential consequences. This information may relate to exposures, threats, uncertainties, fraud, waste and mismanagement, illegal activities, abuse of power, misconduct that endangers public health or safety, or other wrongdoings.	IPPF: STANDARDS AND PRACTICE ADVISORIES: 2060 Reporting to Senior Management and the Board PA 2060-1 Reporting to Senior Management and the Board PRACTICE GUIDES Internal Auditing and Fraud

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			Furthermore, these matters may adversely impact the organization's reputation, image, competitiveness, success, viability, market values, investments and more if not addresses properly. Once the internal auditor has deemed the new information substantial and credible, he or she would normally communicate the information through the Chief Audit Executive — in a timely manner — to senior management and the board in accordance with Standard 2060 and PA 2060-1. An internal auditor has a professional duty and an ethical responsibility to carefully evaluate all evidence and the reasonableness of his or her conclusions and decide whether further actions are needed to protect the organization's interests and stakeholders, the outside community, or the institutions of society. Internal auditors also need to consider the duty of confidentiality imposed by The IIA's Code of Ethics to respect the value and ownership of information and avoid disclosing it without appropriate authority unless there is a legal or professional obligation to do so. During this evaluation process, the auditor may seek the advice of legal counsel and, if appropriate, other experts. This communication would typically follow the normal chain of command for the internal auditor. If the chief audit executive (CAE), after those discussions,	Fraud Prevention and Detection in an Automated World

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			concludes that senior management is exposing the organization to an unacceptable risk and is not taking appropriate action, he or she needs to present the information and the differences of opinion to the board in accordance with Standard 2600.	
	Fraud examination	I am an internal auditor and have been assigned to investigate potential fraud in an organisation. Should this not be carried out by specialised fraud investigators?	Internal auditors' role in relation to fraud risk management could include initial or full investigation of suspected fraud, root cause analysis and control improvement recommendations, monitoring of a reporting/whistleblowing hotline and providing ethics training sessions. If assigned such duties, internal auditing has a responsibility to obtain sufficient skills and competencies including knowledge of fraud schemes, investigations techniques and laws that are applicable to the processes that are being investigated. Internal audit must only accept the assignment if objectivity and proficiency will not be compromised. Some assignments are too sensitive to be carried out by internal audit and are better undertaken by an independent commission. An internal auditor has a professional duty and an ethical responsibility to carefully evaluate all evidence and the reasonableness of conclusions and decide whether further actions are needed to protect the organization's interests and	IPPF: STANDARDS AND PRACTICE ADVISORIES: 2060 Reporting to Senior Management and the Board PA 2060-1 Reporting to Senior Management and the Board PRACTICE GUIDES: Internal Auditing and Fraud

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			stakeholders, the outside community, or the institutions of society. Internal auditors also need to consider the duty of confidentiality imposed by The IIA's Code of Ethics to respect the value and ownership of information and avoid disclosing it without appropriate authority unless there is a legal or professional obligation to do so. During this evaluation process, the auditor may seek the advice of legal counsel and, if appropriate, other experts. Fraud reporting follows the normal chain of command for the internal auditor. If the chief audit executive (CAE), after those discussions, concludes that senior management is exposing the organization to an unacceptable risk and is not taking appropriate action, he or she needs to present the information and the differences of opinion to the board in accordance with Standard 2600.	
	Specialising in Forensic Auditing	I'm a 3rd year Internal auditing student and I want to specialize in forensic auditing more than internal, any guidelines?	The home for fraud and forensic investigation is the Association of Certified Fraud Examiners (ACFE) (http://www.acfe.org.za/). Although internal auditors need to have significant knowledge of the risk of fraud, the investigation and preparation of dockets for the police etc. lies within the ambit of the ACFE. They also have developed a learnership which is designed to help with the practical training of forensic investigations. Should you wish to specialise in forensic	

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			investigations we advise that you contact the ACFE for further guidance. The relevant standards for internal auditors are listed below. If you wish to choose the broader non-forensic audit career you need to make the IIA your home	
	Adoption of non-IIA standards regarding fraud risk	There is an ISA 240 simply tabulates the responsibility of Auditors in relation to fraud in which case I developed a questionnaire pertaining to fraud for our clients. Can internal auditors not perhaps adopt International Standard of Auditing (ISA) 240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements for internal audit fraud reviews in various clients in addition to the Performance Standards (mentioned above)? I thought this is relevant to internal auditors without being limited to the external auditors.	There is nothing that prevents internal audit from considering other standards in executing their work; however the IIA has issued a guidance relating to Internal Auditing and Fraud. While external auditors focus on misstatements in the financial statements that are material, internal auditors are often in a better position to detect the symptoms that accompany fraud. Internal auditors usually have a continual presence in the organization that provides them with a better understanding of the organization and its control systems. Specifically, internal auditors can assist in the deterrence of fraud by examining and evaluating the adequacy and the effectiveness of internal controls. In addition, they may assist management in establishing effective fraud prevention measures by knowing the organization's strengths and weaknesses and providing consulting expertise. Referring to the attached guidance for more information and see how best internal audit remains focused and aligned to its responsibilities.	IPPF: STANDARDS AND PRACTICE ADVISORIES: 1200 Proficiency and Due Professional Care PA 1210-1 Proficiency PRACTICE GUIDES: Internal Auditing and Fraud Fraud Prevention and Detection in an Automated World

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	Responsibility for detecting fraud risks	What does COSO framework say regarding the risk of fraud and how companies should manage it? Or is it just taken for granted that within the ERM framework, fraud is considered?	The COSO framework deals mainly with Internal Control Framework and not much is said is said with regard to the responsibility of Internal Audit's role on Fraud. The IIA Standards require that engagements should be performed with proficiency and due professional care and that internal auditor should have sufficient knowledge to identify the indicators of fraud but is not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.	IPPF: STANDARDS AND PRACTICE ADVISORIES: 1200 Proficiency and Due Professional Care PA 1210-1 Proficiency PRACTICE GUIDES: Internal Auditing and Fraud Fraud Prevention and Detection in an Automated World