



Chartered Institute of
Internal Auditors

EQA – the IIA Approach

IPA

Presented by Vincent Lynch, EQA Reviewer

7 December 2017



Host and presenter

- Vincent Lynch, EQA Quality Services Panel Member



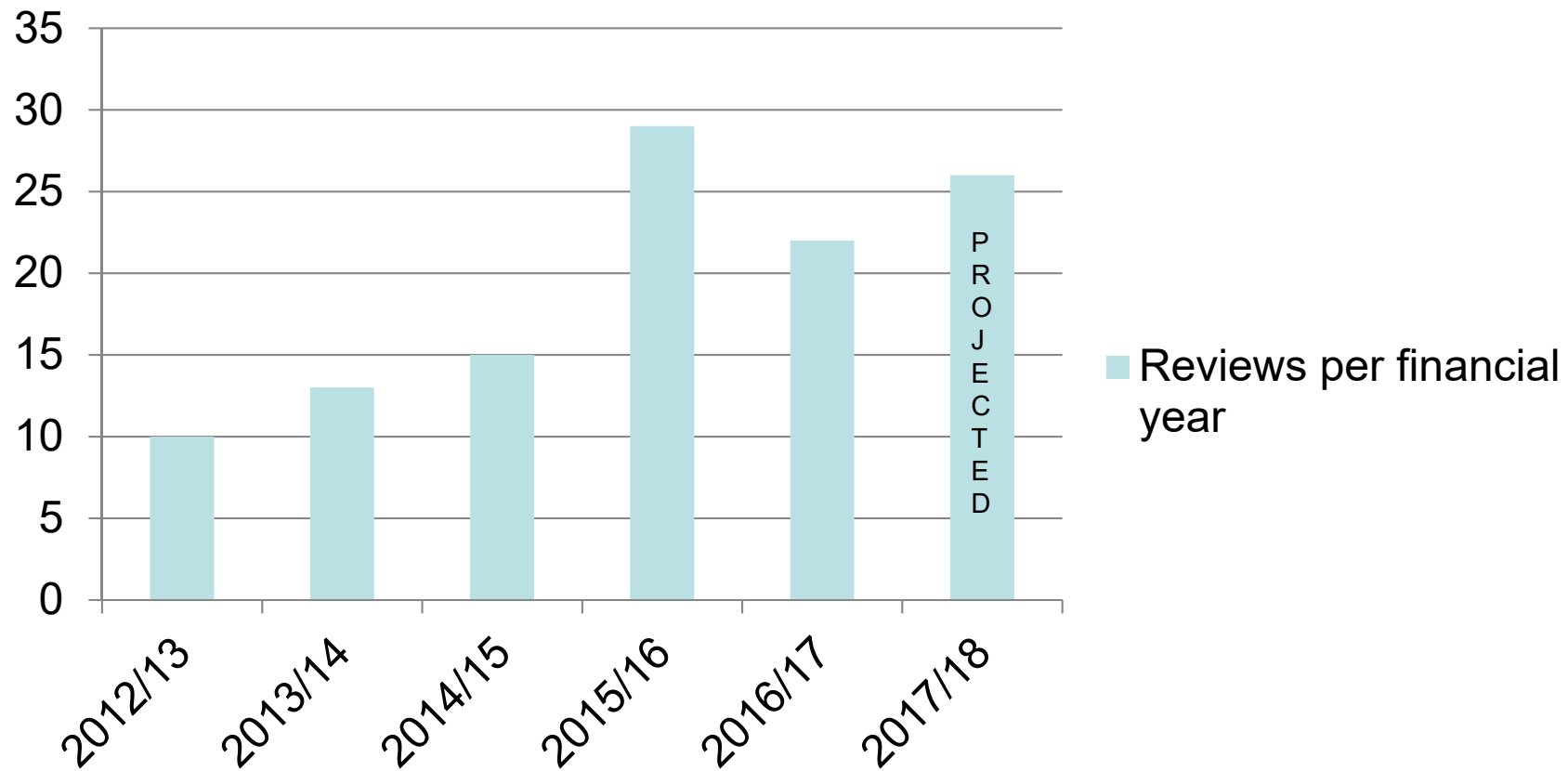


Today's topics

1. EQA progress & projections
2. What people want from EQA
3. How the IIA delivers
4. Overview of EQA results
5. What results means
6. How the IIA have responded

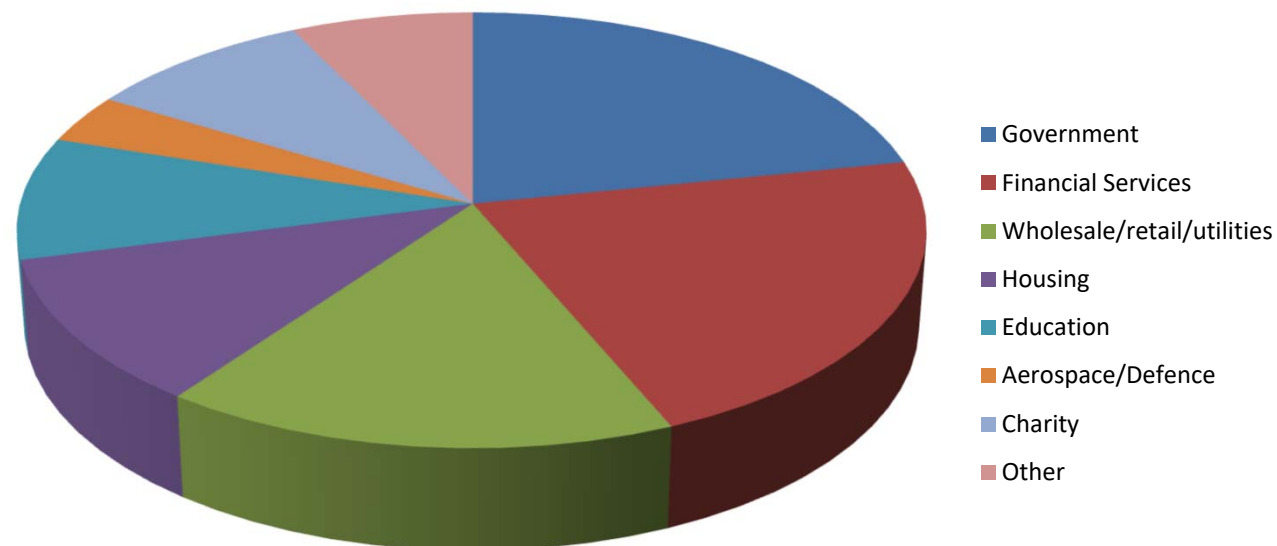
EQA Progress and Projections

Reviews per financial year



EQAs by sector

EQA client sector coverage



Sectors Covered

Government	22%
Financial Services	22%
Wholesale/retail/utilities	16%
Housing	11%
Education	9%
Aerospace/Defence	4%
Charity	9%
Other	7%



What people want



- Understanding of the organisation and role IA plays.
- Support, encouragement & advice.
- Challenge.
- Level of Conformance to IPPF.
- Benchmarking.
- Practical ideas and suggestions.

What does the IIA offer?

- Tailored options:
 - Readiness assessments,
 - Validated self-assessment,
 - Full EQA.
 - Follow-up reviews
- Experienced Reviewers.
- Quality and consistency.
- An affordable alternative

**We tailor our approach to
fit your needs**



How the IIA delivers - EQA reports

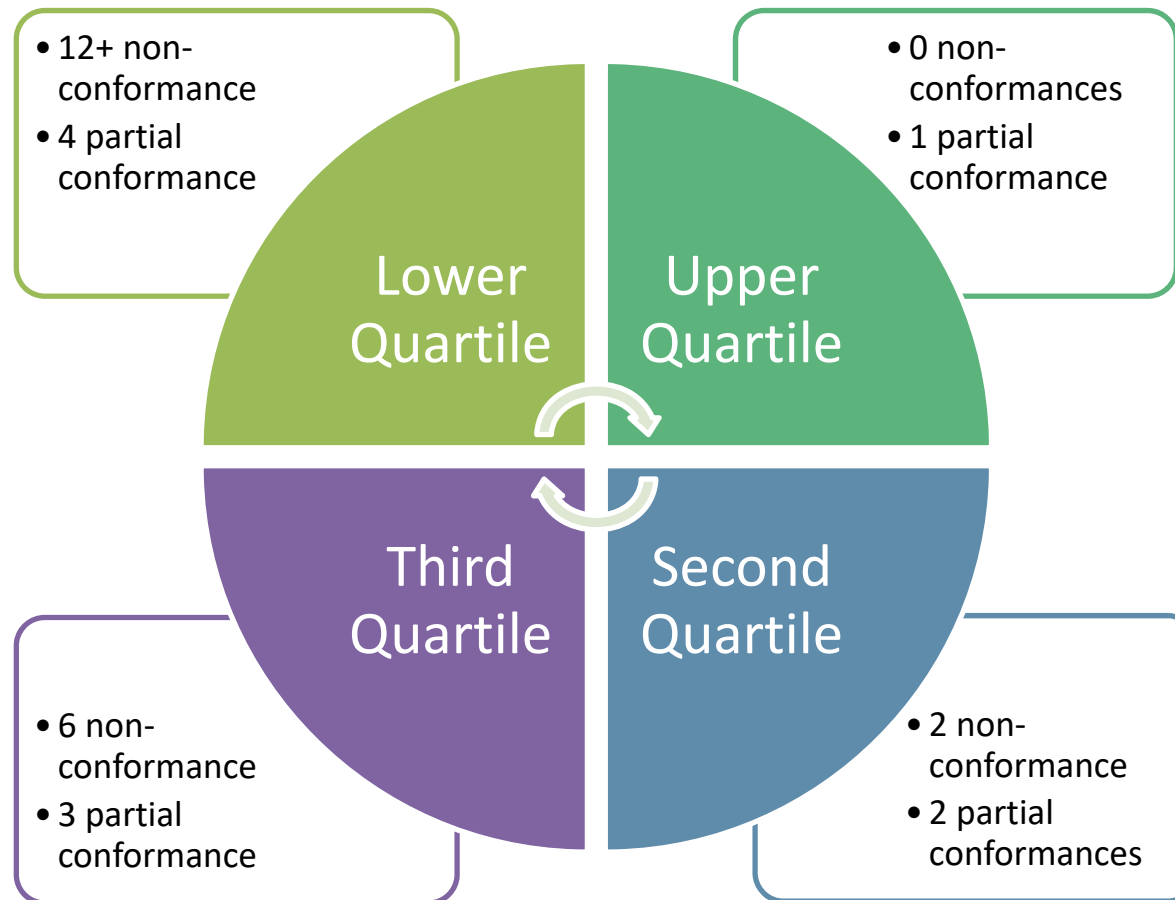
Summary of CIIA Conformance	Standards	Does not Conform (DNC)	Partially Conforms	Generally Conforms	Total
Definition of IA and Code of Ethics	Rules of conduct			5	5
Purpose	1000 - 1130			7	7
People	1200 - 1230			4	4
Performance	1300 - 1322	1	1	5	7
Planning	2000 - 2130		1	11	12
Process	2200 - 2600		2	19 (1 n/a)	21
Total		1	4	51	56



Benchmarking

Assessment	Conformance to the IIA standards	Focus on performance, risk and adding value.	Coordination and maximising assurance	Operating with efficiency	Quality Assurance and improvement programme
Excellent	Outstanding reflection of the IIA standards, in terms of logic, flow and spirit. Generally conforms in all areas.	Excellent IA alignment to the organisation's objectives, risks and change. IA has a high profile, is listened to and is respected for its assessment, advice and insight.	IA is fully independent and is recognised by all as a 3 rd line of defence. The work of assurance providers is coordinated with IA reviewing reliability of.	Assignments are project managed to time and budget using tools/techniques for delivery. IA reports are clear, concise and produced promptly.	Ongoing efforts by whole IA team to enhance quality through continuous improvement. QA&IP plan is shared with and approved by AC.
Good	The IIA Standards are fully integrated into the methodology – mainly generally conforms.	Clear links between IA engagement objectives to risks and critical success factors with some acknowledgement of the value added dimension.	Coordination is planned at a high level around key risks. IA has established formal relationships with regular review of reliability.	Audit engagement are controlled and reviewed while in progress. Reporting is refined regularly linking opinions to key risks.	Quality is regarded highly, includes lessons learnt, scorecard measures and customer feedback with results shared with AC
Satisfactory	Most of the IIA Standards are found in the methodology with scope to increase conformance from partially to generally conform in some areas.	Methodology requires the purpose of IA engagements to be linked to objectives and risks. IA provides advice and is involved in change but criteria and role require clarity.	The 3 lines of defence model is regarded as important. Planning of coordination is active and IA has developed better working relationships with some review of reliability.	Methodology recognises the need to manage engagement efficiency and timeliness but further consistency is needed. Reports are informative and valued but are considered a little wordy	Clear evidence of timely QA in assignments with learning points and coaching. Customer feedback is. Wider QA&IP may need formalising
Needs Improvement	Gaps in the methodology with a combination of non-conformances and partial conformances to the IIA Standards.	Some connections to the organisation's objectives and risks but IA engagements are mainly cyclical and prone to change at management request.	The need to coordinate assurance is recognised but progress is slow. Some informal coordination occurs but reviewing reliability may be resisted.	Multiple guides that are slightly out of date and form a consistent and coherent whole. Engagement go beyond deadline and a number are deferred	QC not consistently embedded across the function. QA is limited / late or does not address root causes
Poor	No reference to the IIA Standards with significant levels of non-conformance.	No relationship between IA engagements and the organisation's objectives, risks and performance. Many audits are adhoc.	IA performs its role in an isolated way. There is a feeling of audit overload with confusion about what various auditors do.	Lack of a defined methodology with inconsistent results. Reports are usually late with little perceived value.	No evidence of ownership of quality by the IA team.

Conformance levels – What we are seeing

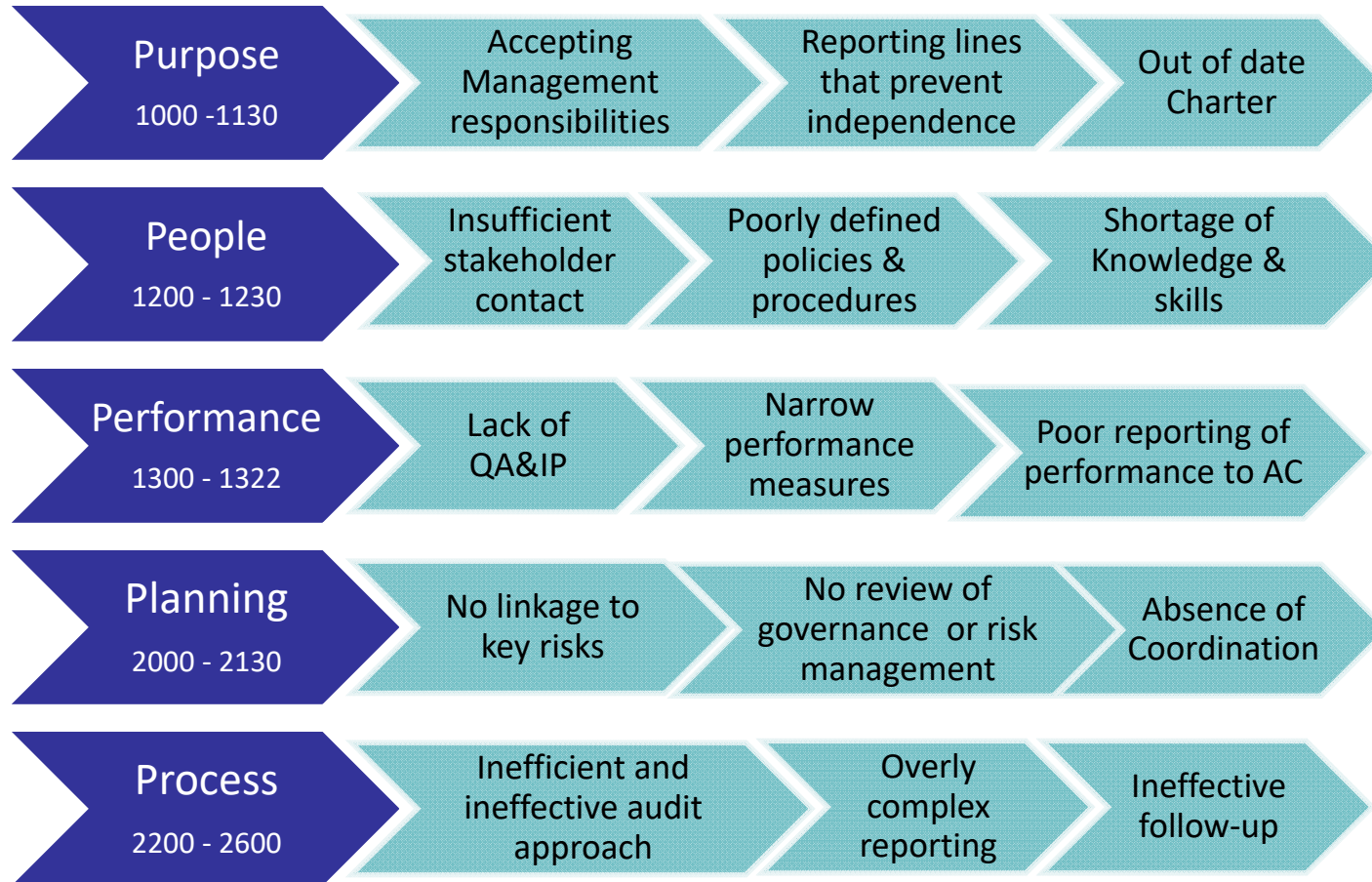


What do results mean?

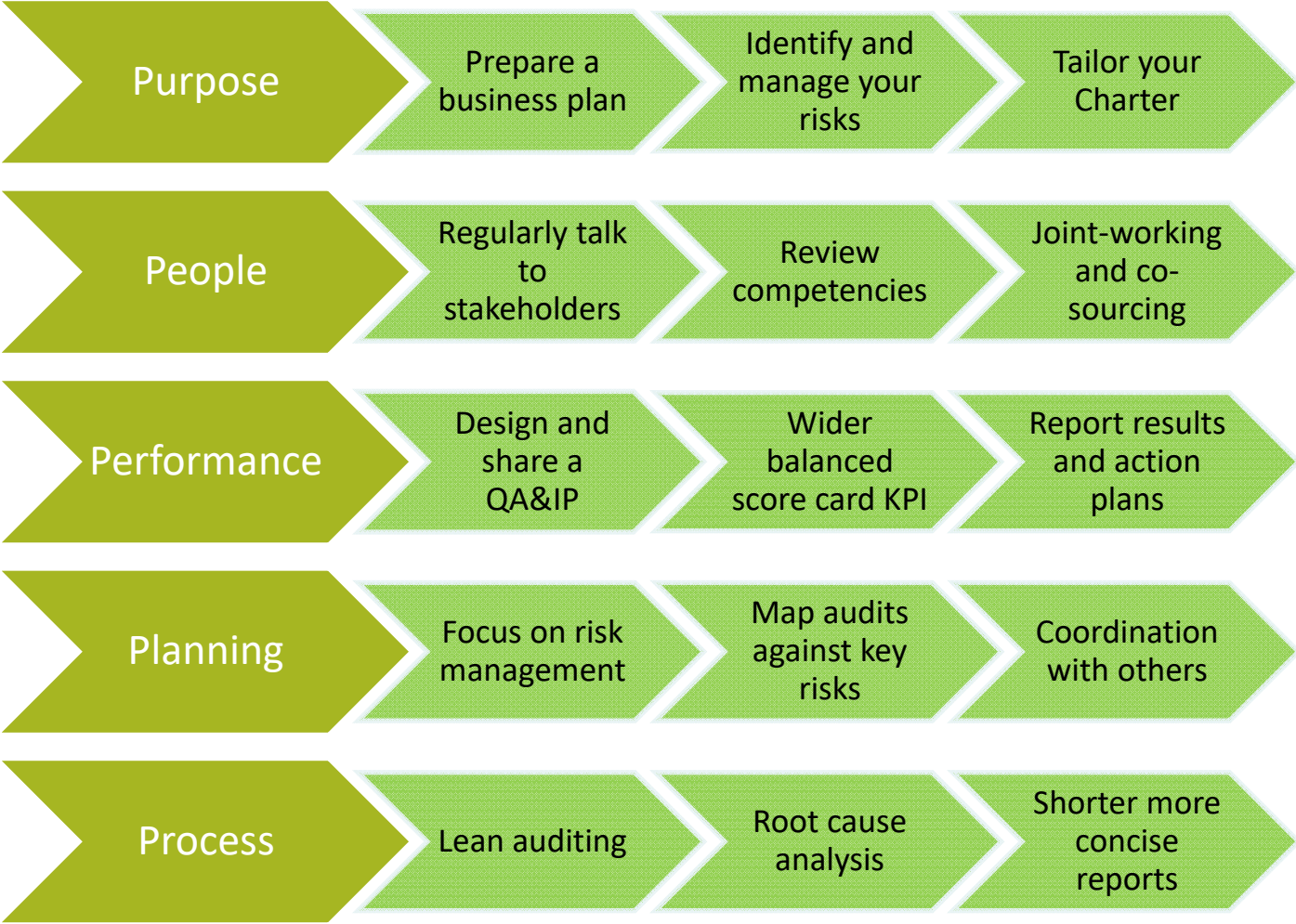
- Majority of internal audit functions are doing well or OK against the Standards – 50 to 75%
- No grounds for complacency – there is always scope for improvement.
- Concern about the standard of audit in lower quartile – 25%
- Concern that some IA functions still not embracing EQA.
- Risk management in many organisations is still immature making risk based internal auditing challenging.
 - Support risk management development
 - Given an annual opinion on maturity level



Top 15 current issues



Good practice

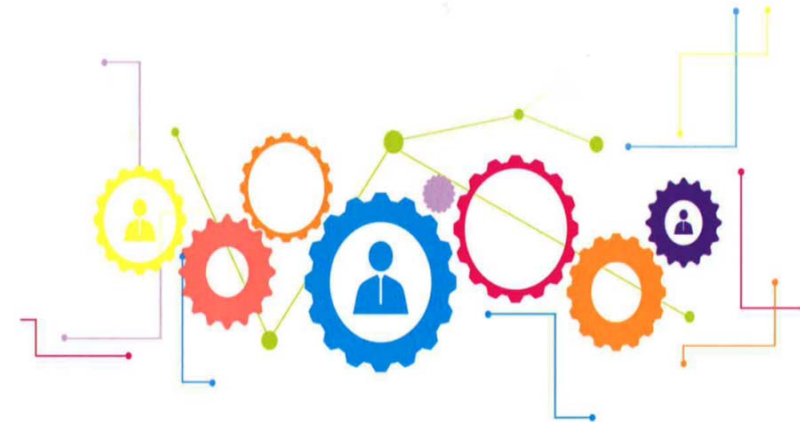


Benchmarking and projects

Internal Audit Effectiveness Report 2017

A summary of the effectiveness of the internal audit functions reviewed during 2016/17

<https://www.iaa.org.uk/resources/heads-of-internal-audit-service/internal-audit-performance/>



Models of effective internal audit

How to organise a successful internal audit function

<https://www.iaa.org.uk/media/1275511/Models-for-Effective-Internal-Audit-FINAL.pdf>

New Guidance documents

How to set up a new IA activity [Feb 2015](#)

Quality Assurance & Improvement Programmes [April 2015](#)

Using Root Cause Analysis [May 2015](#)

Reviewing Social Media [June 2015](#)

What does an effective RBIA approach look like [June 2015](#)

Conduct Risks [July 2015](#)

Extended Supply Chain and Role of Internal Audit [August 2015](#)

CAATs aimed at small audit teams [May 2016](#)

Auditing the organisation's R&D function [June 2016](#)

Modern Slavery Act [September 2016](#)

Outcome of processes [February 2017](#)

Modern slavery annual statement [February 2017](#)

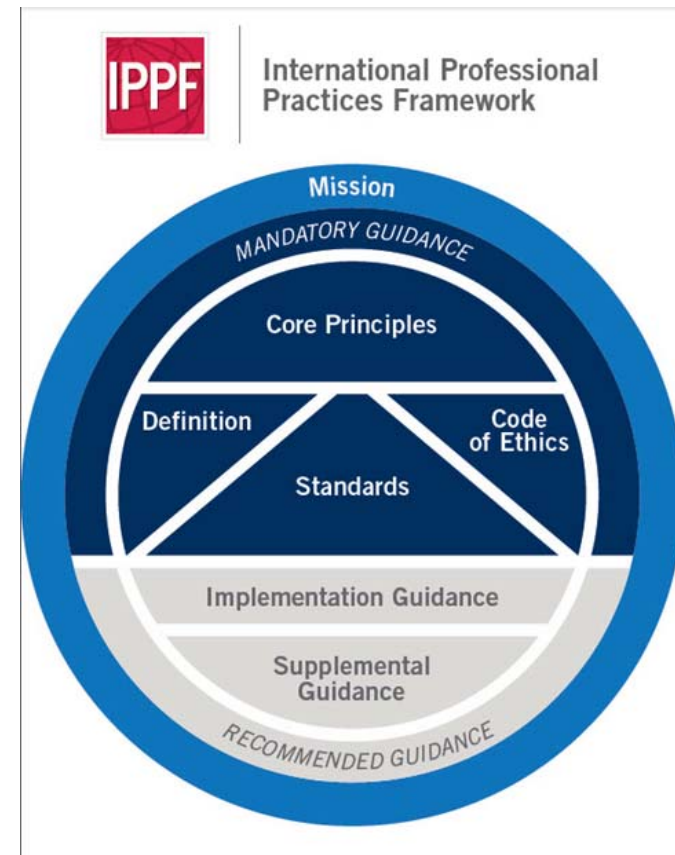
Cyber security [March 2017](#)

EQA Clients include

ACCA Alliance Boots **Atomic Weapons Establishment** BDO
BT Group Bunzl **BUPA** **Chartered Accountants Ireland**
Civil Aviation Authority **Department of Public Expenditure and Reform**
Dublin Institute of Technology Gentoo Housing
Department of Jobs Enterprise and Innovation **ERVIA**
FBD Insurance **Greencore PLC** Historic Royal Palaces
Home Office Imperial Tobacco Group PLC **International Bank of Qatar**
Irish Courts Service **Kent County Council** **Kerry Group**
National Grid **Northern Ireland Water**
Open University **Paragon Banking Group** **Permanent TSB**
Research Councils UK RSM UK **Rural Payments Agency**
Save The Children International **Shop Direct** **SOLAS**
Southern Internal Audit Partnership TalkTalk TfL United Trust Bank
United Utilities **UNIAC Higher Education IA Consortium**
University of Surrey Vanquis Bank **Welsh Water**

In future

- Updating EQA checklist to reflect new IPPF.
- Update of maturity matrix
- New offerings:
 - Readiness assessments
 - Follow-up reviews
- Annual EQA benchmarking report & enhanced benchmarking.



Thank you

Vincent Lynch

087 2406 480

Vincent.Lynch@internalauditservice.ie

eqa@iaa.org.uk

Tel: 0044 207 819 1945