



# Guide to Internal Audit

Frequently Asked Questions  
About Developing and Maintaining  
an Effective Internal Audit Function

*Second Edition*

**protiviti**<sup>®</sup>  
Risk & Business Consulting.  
Internal Audit.

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## Introduction

*“Management is doing things right; leadership is doing the right things.”*  
Peter Drucker

The internal audit (IA) profession has undergone remarkable growth since 2004, when we published the first edition of our *Guide to Internal Audit*. At that time, we determined guidance was needed to address a number of pivotal regulatory developments, most notably the revised listing requirements from the New York Stock Exchange (NYSE) that stated for the first time, “Every listed company must have an internal audit function.”

Four years later, companies are far more likely to have in place highly developed IA functions that address not only the NYSE standards but also the SEC’s interpretive guidance on Section 404 of the Sarbanes-Oxley Act, and PCAOB Auditing Standard No. 5 (AS5), *An Audit of Internal Control Over Financial Reporting Performed that is Integrated with an Audit of Financial Statements*, both of which were finalized in 2007. These regulatory developments have had a significant impact on internal audit functions. Given these and other changes as well as the many lessons learned since the enactment of Sarbanes-Oxley in 2002, we decided our clients and the business community could benefit from a second edition of our resource guide of frequently asked questions about the practice of internal auditing.

*Guide to Internal Audit* is designed to be a helpful and easy-to-access resource that IA professionals can refer to regularly in their jobs. The publication offers detailed insights into everything from building an IA function to managing and improving the function as the organization evolves. To facilitate the location of topics of most interest to our readers, the questions are divided into eight sections. In the table of contents, new and significantly revised questions from the first edition are noted with an asterisk. Many of these new questions focus on Sarbanes-Oxley best practices and the ever-expanding role of IA functions.

As can be seen in our new questions and responses, the requirements – and some might say burden – of Sarbanes-Oxley compliance has eased over the past few years. Companies have developed best practices gained from hard-earned experience – and consequently, have greater confidence than before to adapt such practices. And as a result, costs for Sarbanes-Oxley compliance have begun to fall. According to a recent survey by the Financial Executives International (FEI), Section 404 auditing costs have dropped by 5.4 percent. This is in line with Protiviti’s 2008 rebalancing survey findings<sup>1</sup>, which found that both the SEC’s interpretative guidance on Section 404 and PCAOB AS5 are having their desired effects of making Sarbanes-Oxley compliance easier and more cost-effective for organizations – enabling them to devote more of their time to more traditional and broader internal auditing responsibilities.

The IA profession has undergone significant changes since the NYSE issued its new listing standard requiring an internal audit function, and it is likely the landscape will be different in another four years. At Protiviti, we look forward to assisting organizations and their internal audit functions in addressing the current landscape along with the many changes that undoubtedly lie ahead. We hope this resource guide proves beneficial as part of your efforts to enhance your internal audit processes for the betterment of your business.

Protiviti Inc.

September 2008

<sup>1</sup>*Moving Internal Audit Back into Balance*, available at [www.protiviti.com](http://www.protiviti.com)



## The Internal Audit Profession

### ACKNOWLEDGEMENTS

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Protiviti wishes to thank The Institute of Internal Auditors both for providing material for this resource guide and by ably leading the IA profession through the evolving landscape.

All information in the questions, answers and appendices that is attributed to The Institute of Internal Auditors, including its International Standards for the Professional Practice of Internal Auditing (Standards), definition of internal auditing, Code of Ethics, practice advisories and other material, has been republished by Protiviti with approval from The IIA. (Information copyright © by The Institute of Internal Auditors Inc., 247 Maitland Avenue, Altamonte Springs, Florida 32710-4201 U.S.A. Reprinted with permission.)

**Note:** This booklet is provided for general information only and is not intended to be a legal analysis or advice. Companies should seek legal counsel and appropriate advisors for advice on specific questions as they relate to their unique circumstances. All references to The IIA's *Code of Ethics, Standards*, and Practice Advisories were current as of July 1, 2008 and do not reflect the changes proposed in 2008 to The IIA's Professional Practices Framework.

### 1. WHAT IS INTERNAL AUDITING?

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The internal audit profession, through The Institute of Internal Auditors (IIA), has continued to redefine itself as business risk and organizational complexity have evolved. Prior to June 1999, The IIA defined internal auditing as follows:

Internal auditing is an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost.

Today, The IIA uses the following definition:

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.

The new definition is part of the *Professional Practices Framework* currently projected to be revised and reissued in 2009. Adherence to The IIA *Standards* includes following this definition. Companies may choose to develop their own definition to best meet their needs. There is no regulatory requirement on how a company must define internal auditing. However, The IIA definition is generally accepted, and the U.S. *Securities and Exchange Commission (SEC)*, *New York Stock Exchange (NYSE)* and other regulatory bodies may reasonably be expected to accept and adopt The IIA's definition of internal auditing.

**Note:** The IIA promulgates internal audit standards and practice advisories. Effective January 2004, The IIA's Internal Auditing Standards Board (IASB) is responsible for revising and updating the *International Standards for the Professional Practice of Internal Auditing (The IIA Standards)*. The IIA *Standards* are updated to reflect current risk management and governance requirements. Ongoing updates incorporate numerous comments on issues received through a worldwide solicitation and public exposure process, upon which the IASB approves The IIA *Standards* for implementation.

## 2. HOW IS THE INTERNAL AUDIT PROFESSION REGULATED?

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The internal audit profession presently is not regulated by the SEC, Public Company Accounting Oversight Board (PCAOB) or any United States government agencies. The IIA is the self-governing professional body that includes the IASB charged with evaluating and developing practice standards that are issued in draft form and subject to a public comment period, much like other professional standards and accounting pronouncements.

The IIA *Standards* include a code of ethics that members must follow or face disciplinary action, including expulsion. (See Question 5 and Appendix E.)

## 3. IS CONTINUING PROFESSIONAL EDUCATION (CPE) REQUIRED FOR INTERNAL AUDITORS?

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Yes, practicing internal auditors who hold the Certified Internal Auditor® (CIA®) designation must complete and report 80 CPE hours every two years. The CIA is issued by The IIA to individuals who pass a comprehensive examination and meet educational, experience and character requirements. In addition, many internal auditors are Certified Public Accountants (CPAs) or Chartered Accountants (CAs), designations that also require a minimum of 20 related CPE units per two-year period to maintain public accountancy certification (this may vary among boards of accountancy). Because internal auditors may hold multiple certifications such as the Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE) and other specialized certifications, it is not uncommon for CPE credits to count toward several closely related certification programs. (Individuals holding such certifications should consult the respective certification body for exact CPE requirements.)

CIAs are expected to maintain the high standards of the internal audit profession by selecting quality educational programs to fulfill the CPE requirements.

## 4. ARE INTERNAL AUDITORS REQUIRED TO BE CERTIFIED?

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No. However, The IIA Standards require technical competence and training that can be demonstrated by various certifications, depending upon expertise and professional experience. The IIA also sponsors several additional certifications beyond the CIA, such as:

CFSA® – Certified Financial Services Auditor  
CCSA® – Certification in Control Self-Assessment  
CGAP® – Certified Government Auditing Professional

Additional internal audit-related certifications supported by other independent professional organizations include:

CISA – Certified Information Systems Auditor  
CFE – Certified Fraud Examiner

In addition, the valuable CPA certification is recognized separately by each state. The CA designation, also valuable, is regulated by individual countries. For more information, see Question 3 and Appendix F.

Effective internal audit functions require most existing professionals and new hires to obtain and then maintain at least one certification, including but not limited to the CPA, CA, CIA, CISA and CFE. All certifications require annual CPE training. Skill sets, experience and industry familiarity are crucial in order to exhibit competence, identify and address risks appropriately, and perform in a manner that provides value to the organization.

Strong internal auditors bring together various skills, ranging from specialized industry and technical knowledge to seasoned business acumen that includes advanced degrees in business administration, finance and even law. It is not uncommon for internal auditors to possess professional designations from other disciplines beyond accounting. After all, internal audit functions examine all aspects of a business entity – a key challenge in today’s complex business climate. Therefore, while not required or mandated specifically, it is considered best practice for internal auditors to possess and maintain professional certifications applicable to their focus and responsibilities.

## 5. ARE THERE PROFESSIONAL STANDARDS THAT GOVERN THE PRACTICE OF INTERNAL AUDITING?

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Yes. The IIA promulgates the *Professional Practices Framework* that consists of the following categories of guidance: the *Standards* and *Code of Ethics*, Practice Advisories, and Position Papers and Practice Guides. The first category (considered mandatory guidance) consists of core materials:

- Definition of Internal Audit
- Code of Ethics
- International Standards for the Professional Practice of Internal Auditing

Mandatory guidance is considered essential for the professional practice of internal auditing. Other elements of the framework are linked to these standards.

The *Standards* and *Code of Ethics* comprise attribute, performance and implementation standards. Attribute and performance standards apply to all internal audit services. Implementation standards apply to specific types of engagements, such as assurance and consulting activities. (See Appendix D for a summary of The IIA *Standards*.) Interpretations are included as part of many standards to provide clarification as to how they should be applied in practice.

While The IIA *Standards* do not have the rule of law, the practice of internal auditing, like other professions, is based upon elements of due professional care and a ruling body that develops standards of practice through a public exposure process. The IASB and adherence to The IIA *Code of Ethics* inculcate these standards into internal audit professional practices.

For more information, visit [www.theiia.org](http://www.theiia.org).

## 6. ARE INTERNAL AUDIT FUNCTIONS REQUIRED TO FOLLOW THE IIA STANDARDS?

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For CIAs, The IIA *Code of Ethics* requires adherence to The IIA *Standards*. Practice professionals usually look to the Practice Advisories for The IIA’s recommendations on matters related to situations that are not covered directly. Concepts of due professional care permeate all practice activity, and apparent violations are investigated by The IIA.

## 7. WHAT ARE THE IIA PRACTICE ADVISORIES?

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Practice Advisories (formerly referred to as Guidelines) provide additional guidance on certain topics and issues. These advisories are not mandatory. They may have a limited life or may be elevated to a *Standards* level based upon importance, usage and acceptance. In part, Practice Advisories help auditors interpret The IIA *Standards* and apply *Standards* to specific internal auditing situations.

Although some Practice Advisories may be applicable to all internal auditors, others may be developed to meet the needs of a specific industry, a specific audit specialty or a specific geographic area, including guidance on topics such as environmental issues, control self-assessment, information technology, government auditing, and guidance issued by other standard-setting bodies and adopted by appropriate committees of The IIA.

All Practice Advisories are subjected to a formal review process by The IIA’s Professional Issues Committee or other group designated by the organization’s Guidance Planning Committee.

(Source: The IIA website, [www.theiia.org](http://www.theiia.org))

8. **WHAT JURISDICTION DO THE SEC AND THE PCAOB HAVE OVER INTERNAL AUDITORS?**

Neither of these regulatory bodies has direct jurisdiction over internal auditors at this time. The PCAOB can influence the nature and extent of internal audit work through the rules it issues about external auditors' reliance on the work of others. For example, on May 24, 2007, the PCAOB issued Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That Is Integrated with an Audit of Financial Statements* (AS5), which described a public accountant's reliance on the work of others, including internal auditors, during audits of internal control over financial reporting (ICFR).

Currently, these regulatory bodies set requirements and monitor compliance of publicly listed U.S. companies and the public accounting profession. The internal audit profession, like the legal profession, continues to be self-regulated by a required public comment process. The IASB promulgates updated professional standards (see Question 1).

9. **CAN EXISTING EMPLOYEES BECOME INTERNAL AUDITORS?**

Yes. There is no prohibition against employees of a company becoming internal auditors. A number of companies host a "guest auditor" program whereby employees are assigned to the company's internal audit function for a short duration of time or to assist on one or more specific internal audit-related matters. When transferring existing employees into the internal audit function, companies, management, internal audit function leadership and, when appropriate, audit committees should consider the following questions:

- Does the person have a positive employment record? Has the person performed at a high level in his or her current department or function? If not, why is this employee being considered for a transfer to internal audit?
- Does the employee possess:
  - Balanced assessment abilities, integrity and trustworthiness?
  - Relevant operating and functional experience to be effective?
  - Appropriate educational background to be successful?
  - Objective attitude and professional skepticism?
  - A commitment to competency, technical proficiency, continuing education and ethics as set forth in *The IIA Standards*?

All employees will not necessarily become, nor should they be expected to become, effective internal auditors.

10. **WHAT PERSONAL QUALITIES, KNOWLEDGE AND SKILLS SHOULD INTERNAL AUDITORS POSSESS?**

Internal auditors should possess and demonstrate through their work, actions and communication a number of traits, including but not limited to:

- A commitment to and demonstration of competence in the field of internal auditing
- Strong financial and operational background in accounting, IT, regulatory compliance or the industry in which a company operates
- Honesty and integrity
- Strong work ethic and attention to detail

In general, internal auditors should develop and maintain a healthy level of professional skepticism and objectivity to assist in evaluating information and making judgments. Additionally, internal audit professionals should possess exceptional verbal and written communication skills, and be proficient in negotiating and reasoning with a variety of departments and groups over which internal audit may have no formal authority. Finally, personal integrity, professional due diligence and curiosity are important traits for individuals tasked with conducting internal audit work.

Internal auditors also need to acquire and then master new areas of expertise and knowledge of emerging or re-emerging issues. This can be accomplished by attending internal and external training programs. Realizing the internal audit profession is continuously evolving, Protiviti has conducted a series of internal audit capabilities and needs surveys in recent years to provide benchmarks by which internal auditors can measure their knowledge and skills and identify gaps to be addressed. See Appendix J for a list of skills and knowledge used in this internal audit benchmarking study.

11. **DO INTERNAL AUDITORS HAVE TO COMPLY WITH ANY PROFESSIONAL ETHICS REQUIREMENTS?**

Yes. Like most professions, members must adhere to a code of ethics as part of following The IIA Standards. In addition, other professional certifications that practitioners may hold typically require adherence to a standard of ethics. (See Question 5 and Appendix E.)

Along with the CIA designation, many internal auditors also hold CPAs, CISAs (IT auditors) or other certifications that require strict adherence to a formal code of ethics, with serious repercussions by an ethics board for violations.

In addition to professional ethics requirements, the organization in which internal auditors are employed may have its own specific code of conduct, rules of behavior and other ethical requirements that internal auditors need to be aware of, must comply with and may at times be responsible for validating compliance with.

12. **HOW MUCH SHOULD A COMPANY SPEND ON INTERNAL AUDIT?**

The costs, focus and size of an internal audit function should be tailored to each company's individual needs. In addition, a company's written internal audit charter, approved by the audit committee, will impact the amount of annual internal audit investment. The amount invested should depend on the level and complexity of risks a company faces, its industry profile and the responsibilities given to the internal audit function.

This is supported by a 2007 study sponsored by Corporate Executive Board's Audit Director Roundtable<sup>®</sup>. Data from this study (shown below) indicates that internal audit budgets are correlated positively both to company size (as measured by revenue) and complexity. However, it is not a linear relationship.

Revenue Range	Budget as a Percentage of Company Revenue		
(Billions of USD)	First Quartile	Median	Third Quartile
<\$1B	.08%	.13%	.19%
\$1B - \$2B	.07%	.11%	.19%
\$2B - \$3B	.05%	.07%	.10%
\$3B - \$5B	.04%	.07%	.09%
\$5B - \$10B	.03%	.04%	.06%
\$10B - \$20B	.02%	.03%	.06%
>\$20B	.02%	.03%	.05%

Corporate Executive Board goes on to state in this study that, "... even within similar revenue brands, there is significant variation [in internal audit budgets] across industries." Internal audit departments that operate in heavily regulated industries "must incorporate regulatory compliance into their processes, and at times, must audit at least two separate sets of books (statutory and accounting)."

# Appendix A

## THE IIA PRACTICE ADVISORY 1000-1: INTERNAL AUDIT CHARTER

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Interpretation of Standard 1000 from the International Standards for the Professional Practice of Internal Auditing:

### *1000 Purpose, Authority, and Responsibility*

The purpose, authority, and responsibility of the internal audit activity should be formally defined in a charter, consistent with the *Standards*, and approved by the board.

*Nature of this Practice Advisory:* Internal auditors should consider the following suggestions when adopting an internal audit charter. This guidance is not intended to represent all the considerations that may be necessary when adopting a charter, but simply a recommended set of items that should be addressed.

1. The purpose, authority, and responsibility of the internal audit activity should be defined in a charter. The chief audit executive (CAE) should seek approval of the charter by senior management as well as acceptance by the board. The approval of the charter should be documented in the governing body minutes. The charter should (a) establish the internal audit activity's position within the organization; (b) authorize access to records, personnel, and physical properties relevant to the performance of engagements; and (c) define the scope of internal audit activities.
2. The internal audit activity's charter should be in writing. A written statement provides formal communication for review and approval by management and for acceptance by the board. It also facilitates a periodic assessment of the adequacy of the internal audit activity's purpose, authority, and responsibility. Providing a formal, written document containing the charter of the internal audit activity is critical in managing the auditing function within the organization. The purpose, authority, and responsibility should be defined and communicated to establish the role of the internal audit activity and to provide a basis for management and the board to use in evaluating the operations of the function. If a question should arise, the charter also provides a formal, written agreement with management and the board about the role and responsibilities of the internal audit activity within the organization.
3. The CAE should periodically assess whether the purpose, authority, and responsibility, as defined in the charter, continue to be adequate to enable the internal audit activity to accomplish its objectives. The result of this periodic assessment should be communicated to senior management and the board.

# Appendix B

## INTERNAL AUDIT CHARTER – SAMPLE

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Source: The Institute of Internal Auditors ([www.theiia.org](http://www.theiia.org))

### MISSION AND SCOPE OF WORK

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The mission of the internal auditing department is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations. It helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of work of the internal auditing department is to determine whether the organization's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

Opportunities for improving management control, profitability, and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.

### ACCOUNTABILITY

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The chief audit executive (CAE), in the discharge of his/her duties, shall be accountable to management and the audit committee to:

- Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources.
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

# Appendix C

## ESTABLISHING AN INTERNAL AUDIT SHOP

Source: [www.theiia.org/guidance/standards-and-practices/additional-resources/establishing-an-audit-shop/](http://www.theiia.org/guidance/standards-and-practices/additional-resources/establishing-an-audit-shop/)

Have you ever been asked to set up a new internal audit department? The following suggestions and resources can help you get started.

**Step 1:**

Establish the authority of the internal audit activity and review the new definition of internal auditing and the *International Standards for the Professional Practice of Internal Auditing (Standards)* to become familiar with what is required.

**Step 2:**

Interview senior management and board of directors/audit committee chairmen to build rapport, to ensure those at the top have a clear picture of the internal audit function, and to clarify expectations of all. Use this opportunity to quickly learn and address what management and the board view as the greatest risks to the organization, while keeping in mind issues, problems, and opportunities that have already been identified. Develop a system for cataloging such information, including date and name of person interviewed for quick reference in the future. There are many considerations that should be evaluated in determining the optimal structure and source for internal auditing resources. Those responsible for making such determinations should evaluate the additional guidance and considerations outlined in The IIA position paper “Resourcing Alternatives in the Internal Audit Function.”

**Step 3:**

Obtain and review the audit committee charter. Of course, no sample charter encompasses all activities that might be appropriate to a particular audit committee, nor will all activities identified in a sample charter be relevant to every committee. Accordingly, this charter must be tailored to each committee’s needs and governing rules.

**Step 4:**

Understand “benchmarking” needs, i.e., industry, specialty groups, organizations with same staff size, etc. Ask senior management who they consider to be leaders and laggards in your organization’s market niche. Check out IIA’s GAIN services. Review past GAIN surveys.

**Step 5:**

Obtain and review your organization’s written policies and procedures, especially the policy pertaining to management’s responsibility to control the organization.

**Step 6:**

Discuss with external auditors open and closed internal control issues, which they may have identified during their reviews.

**Step 7:**

Start to develop the “audit universe,” or the list of all auditable entities.

**Step 8:**

Map the major processes/operations within the organization. Meet with operations managers, including those in information technology, in order to understand their risks and concerns.

**Step 9:**

Develop a risk assessment for your organization. This should be a macro-level assessment, which includes both external and internal risk factors.

## INDEPENDENCE

To provide for the independence of the internal auditing department, its personnel report to the CAE, who reports administratively to the chief executive officer and functionally to the board and audit committee in a manner outlined in the above section on Accountability. It will include as part of its reports to the audit committee a regular report on internal audit personnel.

## RESPONSIBILITY

The CAE and staff of the internal auditing department have responsibility to:

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the audit committee for review and approval.
- Implement the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the audit committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Establish a quality assessment program by which the CAE assures the operation of internal auditing activities.
- Perform consulting services, beyond internal auditing’s assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the audit committee and management summarizing results of audit activities.
- Keep the audit committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the audit committee.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the audit committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.

## AUTHORITY

The CAE and staff of the internal auditing department are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the audit committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

The CAE and staff of the internal auditing department are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to the internal auditing department.

**Step 10:**

Develop a charter for Internal Audit. Ensure that both senior management and the audit committee review and approve the charter. Information on audit charters can be found within the *Professional Practices Framework* or *Establishing an Internal Audit Activity Manual*. Additional samples are provided below.

**Step 11:**

Build the budget, including personnel and travel.

**Step 12:**

Based on your risk assessment, develop an audit plan. The amount of the plan that can be accomplished in the allotted time period (usually a year) will depend on the risks identified and the internal audit resources and staff. You should always leave time in your audit plan for management requests (usually 10 percent).

**Step 13:**

Hire your staff and develop a plan for staff training. Ensure your staff covers the range of expertise needed based on your risk assessment. You may also consider outsourcing portions of your audit plan to outside service providers or using professionals internal to the organization. Additional information is available within The IIA's Resourcing Alternatives for the Internal Audit Function.

**Step 14:**

Ensure that senior management notifies other departments of your existence and calls for complete cooperation. (The IIA has complimentary brochures, such as "All in a Day's Work," "Adding Value Across the Board", and "Guidance for the Profession.") Become familiar with The IIA's Web site and use the search feature on its home page to help you identify valuable resources.

**Step 15:**

Work with management to establish best-practice reporting relationships, to ensure internal audit is promoted throughout the organization, and to develop a methodology for following up on audit recommendations and measuring performance.

**Step 16:**

Establish a quality assurance program.



## ABOUT PROTIVITI INC.

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Protiviti ([www.protiviti.com](http://www.protiviti.com)) is a global consulting and internal audit firm composed of experts specializing in risk and advisory services. We help our clients solve problems in finance, operations, technology, litigation and GRC. Protiviti's highly trained, results-oriented professionals serve clients in the Americas, Asia-Pacific, Europe and the Middle East and provide a unique perspective on a wide range of critical business issues.

Protiviti is proud to be a Principal Partner of The IIA. More than 1,000 Protiviti professionals are active members of The IIA, and these members are involved with local, national and international leadership to provide thought leadership, speakers, best practices, training and other resources that develop and promote the internal audit profession.

Protiviti has more than 60 locations worldwide and is a wholly owned subsidiary of Robert Half International (NYSE symbol: RHI). Founded in 1948, Robert Half International is a member of the S&P 500 index.

## INTERNAL AUDIT SOLUTIONS

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Protiviti works with companies of virtually any size, public or private, to assist them with their internal audit activities. This can include starting and running the activity for them on a fully outsourced basis or working with an existing internal audit function to supplement their team when they lack adequate staff or skills. Protiviti's services also include providing clients with highly specialized resources such as IT Security, Business Continuity and Fraud Detection, among many others, and assisting with internal audits in multiple countries.

One of Protiviti's key features is that we are not an audit/accounting firm; thus, there is never an independence issue in the work we do for our clients. Protiviti is able to use all of our consultants to work on internal audit projects – this allows us at any time to bring in our best experts in various functional and process areas.

In addition, Protiviti can conduct an independent review of a company's internal audit function – such a review is called for every five years under standards from The Institute of Internal Auditors.

- Among the services Protiviti's internal audit practice provides are:
- Audit committee advisory
- Co-sourcing and specialized resource enhancement
- Full outsourcing
- Internal audit technology and tool implementation
- Internal audit quality assessments and readiness reviews
- Internal audit transformation
- Information technology audit services
- Start-up and development advice

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For more information about Protiviti's internal audit solutions please contact:

Robert B. Hirth Jr.  
Executive Vice President,  
Global Internal Audit  
Protiviti Inc.  
+1.415.402.3621 (direct)  
[robert.hirth@protiviti.com](mailto:robert.hirth@protiviti.com)

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# KnowledgeLeader<sup>SM</sup> provided by protiviti®

KnowledgeLeader<sup>SM</sup> is a subscription-based website that provides information, tools, templates and resources to help internal auditors, risk managers and compliance professionals save time, stay up-to-date and manage business risk more effectively. The content is focused on business risk, technology risk and internal audit, and is updated weekly.

The tools and resources available on KnowledgeLeader include:

- Audit Programs – A wide variety of sample internal audit and IT function audit work programs are available on KnowledgeLeader. These work programs, along with the other tools listed below, are all provided in downloadable versions so they can be repurposed for use in your organization.
- Checklists, Guides and Other Tools – More than 400 checklists, guides and other tools are available on KnowledgeLeader. They include questionnaires, best practices, templates, charters and more for managing risk, conducting internal audits and leading an internal audit department.
- Policies and Procedures – KnowledgeLeader provides more than 200 sample policies to help in reviewing, updating or creating company policies and procedures.
- Articles and Other Publications – Informative articles, survey reports, newsletters and booklets produced by Protiviti and other parties (including Compliance Week and Auerbach) about business and technology risks, internal audit and finance.
- Performer Profiles – Interviews with internal audit executives who share their tips, techniques and best practices for managing risk and running the internal audit function.

Key topics covered by KnowledgeLeader:

KnowledgeLeader has an expanding library of methodologies and models – including the robust Protiviti Risk Model<sup>SM</sup>, a process-oriented version of the Capability Maturity Model, the Six Elements of Infrastructure Model, and the Sarbanes-Oxley 404 Service Delivery Model.

- Business Continuity Management
- Control Self-Assessment
- Corporate Governance
- COSO
- Credit and Operational Risk
- Enterprise Risk Management
- Fraud and Ethics
- Internal Audit
- Sarbanes-Oxley Act
- Security Risk
- Technology Risk

With a KnowledgeLeader membership, subscribers have access to AuditNet Premium (Paid) Content; discounted certification exam preparation material from ExamMatrix; discounted MicroMash CPE Courses to maintain your professional certification requirements; audit, accounting and technology standards and organizations; certification and training organizations and information; brief review of applicable laws and regulations; and best business links.

To learn more about KnowledgeLeader, sign up for a complimentary 30-day trial by visiting our website at [www.knowledgeleader.com](http://www.knowledgeleader.com). Protiviti clients and alumni, and members of The IIA, ISACA, the AICPA and AHIA, are eligible for a subscription discount. Additional discounts are provided to groups of five or more.

KnowledgeLeader members have the option of upgrading to KLplus<sup>SM</sup> (KL+). KL+ provides all of the benefits of KnowledgeLeader, plus full access to Protiviti's suite of online courses.

## PROTIVITI INTERNAL AUDIT PRACTICE – CONTACT INFORMATION

Robert B. Hirth Jr.  
Executive Vice President – Global Internal Audit  
+1.415.402.3621  
[robert.hirth@protiviti.com](mailto:robert.hirth@protiviti.com)

### AUSTRALIA

Garran Duncan  
+61.3.9948.1205  
[garran.duncan@protiviti.com.au](mailto:garran.duncan@protiviti.com.au)

### BRAZIL

Waldemir Bulla  
+55.11.5503.2020  
[waldemir.bulla@protiviti.com.br](mailto:waldemir.bulla@protiviti.com.br)

### CANADA

Carmen Rossiter  
+1.647.288.4917  
[carmen.rossiter@protiviti.com](mailto:carmen.rossiter@protiviti.com)

### CHINA

Philip Yau  
+86.755.2598.2086, ext. 888  
[philip.yau@protiviti.com](mailto:philip.yau@protiviti.com)

### FRANCE

Francis Miard  
+33.1.42.96.22.77  
[f.miard@protiviti.fr](mailto:f.miard@protiviti.fr)

### GERMANY

Michael Klingler  
+49.69.963.768.155  
[michael.klingler@protiviti.de](mailto:michael.klingler@protiviti.de)

### INDIA

Adithya Bhat  
+91.22.6626.3310  
[adithya.bhat@protiviti.co.in](mailto:adithya.bhat@protiviti.co.in)

### ITALY

Giacomo Galli  
+39.02.6550.6303  
[giacomo.galli@protiviti.it](mailto:giacomo.galli@protiviti.it)

### JAPAN

Yasumi Taniguchi  
+81.3.5219.6600  
[yasumi.taniguchi@protiviti.jp](mailto:yasumi.taniguchi@protiviti.jp)

### MEXICO

Roberto Abad  
+52.55.5342.9100  
[roberto.abad@protiviti.com.mx](mailto:roberto.abad@protiviti.com.mx)

### THE NETHERLANDS

Carl Messemaeckers van de Graaff  
+31.20.346.04.00  
[carl.messemaeckers@protiviti.nl](mailto:carl.messemaeckers@protiviti.nl)

### SINGAPORE

Philip Moulton  
+65.6220.6066  
[philip.moulton@protiviti.com](mailto:philip.moulton@protiviti.com)

### SOUTH KOREA

Bong Hwan Yoo  
+82.2.3483.8240  
[bong.hwan.yoo@protiviti.co.kr](mailto:bong.hwan.yoo@protiviti.co.kr)

### UNITED KINGDOM

Dene Burke  
+44.20.7389.0426  
[dene.burke@protiviti.co.uk](mailto:dene.burke@protiviti.co.uk)

### UNITED STATES

Robert B. Hirth Jr.  
+1.415.402.3621  
[robert.hirth@protiviti.com](mailto:robert.hirth@protiviti.com)

## THE AMERICAS

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