A REPORT PRESENTED TO

UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN

QUALITY ASSESSMENT REPORT

Prepared February 24, 2023

Table of Contents

United Nations Entity for Gender Equality And the Empowerment of Women

Internal Audit Service Generally Conforms with the *International Standards for the Professional Practice of Internal Auditing* and the IIA Code of Ethics.

This level of conformance is the top rating and demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.

GOVERNANCE		STAFF		MANAGEMENT		PROCESS	
Standard	Rating	Standard	Rating	Standard	Rating	Standard	Rating
1000	GC	1200	GC	2000	GC	2200	GC
1100	GC			2100	GC	2300	GC
1300	GC			2450	GC	2400	GC
Code of Ethics	GC			2600	GC	2500	GC

Basil Woller, CIA, CRMA
Team Leader
IIA Quality Services

Warren Hersh, CIA, CPA, CISA, CFE
Director, IIA Quality Services
IIA Quality Services

Team Member:
Cyndi Plamondon, CIA, CISA, QIAL, CCSA, CRMA, CGAP, CFSA

IIA Quality Services

List of Acronyms

ACRONYM	DESCRIPTION
ACO	Advisory Committee on Oversight
CAATs	Computer-Assisted Audit Techniques
Chief Audit Executive or CAE	Director, IEAS
Core Principles	Core Principles for the Professional Practice of Internal Auditing
CPE	Continuing Professional Education
EQA	External Quality Assessment
ERM	Enterprise Risk Management
IIA	The Institute of Internal Auditors
IEAS	Independent Evaluation and Internal Audit Service
Internal Audit Service or IAS	Internal Audit Activity for UN Women
IPPF	International Professional Practices Framework
IT	Information Technology
QAIP	Quality Assurance and Improvement Program
Quality Assessment Manual	*Quality Assessment Manual for the Internal Audit Activity – 2017 IPPF Aligned Edition*
Standards	*International Standards for the Professional Practice of Internal Auditing*
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women

Executive Summary

Conformance Summary

STANDARDS AND THE IIA CODE OF ETHICS

		GC	PC	DNC
ATTRIBUTE STANDARDS				
1000 - Purpose, Authority, and Responsibility		X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100 - Independence and Objectivity		X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairments to Independence or Objectivity	X		
1200 - Proficiency and Due Professional Care		X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300 - Quality Assurance and Improvement Program (QAIP)		X		
1310	Requirements of the QAIP	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the QAIP	X		
1321	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing" Statement	X		
1322	Disclosure of Nonconformance	X		
PERFORMANCE STANDARDS				
2000 - Managing the Internal Audit Activity		X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		

		GC	PC	DNC
PERFORMANCE STANDARDS (CONTINUED)				
2100 - Nature of Work		X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200 - Engagement Planning		X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Programs	X		
2300 - Performing the Engagement		X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400 - Communicating Results		X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500 - Monitoring Progress		X		
2600 - Communicating the Acceptance of Risks		X		
IIA CODE OF ETHICS				
	Code of Ethics	X		
OVERALL CONFORMANCE RATING		X		

Overall Opinion

OPINION AS TO CONFORMANCE WITH THE *STANDARDS* AND THE IIA CODE OF ETHICS

The United Nations Entity for Gender Equality and the Empowerment of Women ("UN Women") internal audit activity ("Internal Audit Service or IAS") Generally Conforms with the *International Standards for the Professional Practice of Internal Auditing ("Standards")* and the Institute of Internal Auditors ("IIA") Code of Ethics. A conformance rating of Generally Conforms is the top rating and demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing ("Core Principles") and the Definition of Internal Auditing.

A summary of conformance with individual *Standards* and the IIA Code of Ethics is provided within the "Conformance Summary" section of this report. Upon issuance of this report, Internal Audit Service may use the phrases "Conforms with the *International Standards for the Professional Practice of Internal Auditing*" and "Conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*" within its practice materials and/or audit reports.

The IIA *Quality Assessment Manual for the Internal Audit Activity – 2017 IPPF Aligned Edition* ("*Quality Assessment Manual*") suggests a scale of three ratings, "Generally Conforms," "Partially Conforms," and "Does Not Conform." Detailed rating definitions and criteria associated with "Generally Conforms," "Partially Conforms," and "Does Not Conform" are described within Appendix A of this report and are consistent with IIA guidance stated in its *Quality Assessment Manual*.

Under the *Standards*, an External Quality Assessment ("EQA") of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or an independent assessment team from outside the organization. IIA Quality Services, LLC was selected to lead this assessment. This engagement's Assessment Team demonstrated competence in both the professional practice of internal auditing and the EQA process as required by the *Standards.* The EQA was conducted in a virtual manner the weeks of January 16 and January 23, 2023. Conclusions made were as of January 23, 2023.

Future changes in external factors and actions taken by personnel, including actions taken to address our recommendations, may have an impact upon the operation of Internal Audit Service in a manner that this report did not and cannot anticipate. Considerable professional judgment is involved in evaluating the observations and developing recommendations. Accordingly, it should be recognized that others could evaluate the results differently and draw different conclusions.

All information included in this report is proprietary and confidential and is intended for internal use only. This report may not be distributed to any other third-party (other than your regulator, the Executive Board, the Advisory Committee on Oversight ("ACO"), or your external auditor) without the prior written consent of IIA Quality Services, LLC.

Objectives, Scope, and Methodology

OBJECTIVES

The primary objective of this assessment was to evaluate conformance with the *Standards*, which require an EQA of an internal audit activity at least every five years. In addition, the Assessment Team:

- Assessed conformance with the IIA Code of Ethics,
- Assessed Internal Audit Service effectiveness in providing assurance and advisory services to stakeholders and other interested parties, and
- Identified opportunities, offered recommendations for improvement, and provided counsel to Internal Audit Service for improving its performance and services, as well as promoting its image and credibility throughout the organization.

SCOPE

The scope of this assessment included an evaluation of Internal Audit Service efficiency and effectiveness in executing its mission, as set forth in the Independent Evaluation and Internal Audit Service ("IEAS") Charter and the Internal Audit Service Charter, which defines the purpose, authority, responsibilities, and accountabilities of Internal Audit Service.

METHODOLOGY

To accomplish the aforementioned objectives, the Assessment Team:

- Reviewed information prepared by Internal Audit Service at the Assessment Team's request,
- Conducted interviews with key stakeholders of Internal Audit Service including the current and former chairs of the ACO, UN Women senior executives, the external auditors, the Director, IEAS ("Chief Audit Executive or CAE"), and members of Internal Audit Service leadership,
- Reviewed a sample of audit projects and associated work papers and reports,
- Reviewed survey data received from Internal Audit Service stakeholders resulting from IIA Quality Services' survey process, and
- Prepared diagnostic tools consistent with the methodology established for an EQA as stated in the *Quality Assessment Manual.*

Observations Specific to Internal Audit Service

OVERALL SUMMARY

Internal Audit Service Generally Conforms with the *Standards* and the IIA Code of Ethics. A conformance rating of Generally Conforms is the top rating and demonstrates a clear intent and commitment to achieving the Core Principles and the Definition of Internal Auditing.

Internal Audit Service operates in a very dynamic environment, with changing and emerging risks. Their ability to adapt and be responsive to change, combined with their ability to leverage insight on risks impacting the organization into focused audit plans, will continue to be critical to their success and value to UN Women. The CAE has established and is executing a Quality Assurance and Improvement Program ("QAIP") that demonstrates a clear commitment to continuous improvement and alignment with the *Standards* and the IIA Code of Ethics. The Internal Audit Service annual risk assessment process focuses activities in areas of highest risk and impact consistent with the strategies, objectives, and risks of UN Women. Internal Audit Service is a critical component of the UN Women governance structure, and they operate as an effective third line that appropriately monitors risk management and control activities across UN Women. The Internal Audit Service methodology supports planning, fieldwork, reporting, and monitoring processes for engagements identified in the annual audit planning process.

ATTRIBUTE STANDARDS

Internal Audit Service has the infrastructure in place to support sustainability of internal audit processes in a consistent and quality manner. The IEAS and IAS charters are foundational to all their activities and appropriately defines their purpose, authority, responsibilities, and accountabilities within UN Women. The functional and administrative reporting relationships of the CAE support organizational independence and objectivity. Independence and objectivity of Internal Audit Service management and staff are supported by language in the IEAS and IAS charters and the IAS Audit Manual. Internal Audit Service management and staff collectively possess the knowledge, skills, and competencies necessary to demonstrate professional proficiency. A competency framework is used to support professional proficiency, continuing professional development, and resource management for Internal Audit Service management and staff. Work is performed with due professional care that includes an appropriate level of supervisory review and approval. Internal Audit Service embraces the use of technology and is working to enhance and expand the use of Computer-Assisted Audit Techniques ("CAATs") to support their risk assessment and planning activities, as well as for the execution of individual audit engagements. A formal QAIP has been established to meet requirements of the *Standards.* The internal assessment component of the QAIP includes an on-going monitoring process to promote quality on an audit-by-audit basis. A periodic internal assessment component holistically evaluates and concludes on conformance with the *Standards* and the IIA Code of Ethics in periods between external assessments. This EQA is being conducted within the five-year requirement of the *Standards*. Results of the QAIP are communicated to the Executive Director of UN Women, the ACO, and the Executive Board in a manner and timeframe established by the *Standards.*

Observations Specific to Internal Audit Service

PERFORMANCE STANDARDS

Internal Audit Service is managed effectively – processes and procedures support consistency, quality, and sustainability. A vision, mission, and associated objectives have been established for Internal Audit Service and a strategic plan has been developed to guide Internal Audit Service in a proactive, thoughtful, systematic, and practical manner. This strategic plan might include a Strengths, Weaknesses, Opportunities, and Threats ("SWOT") analysis to identify and support initiatives for the plan and highlight where active management of threats to those initiatives should take place. The annual risk-based audit plan is supported by a dynamic risk assessment process that incorporates broad-based input from Internal Audit Service stakeholders and which results in a view towards inherent and residual risk for elements in the audit universe. The annual risk-based audit plan, and significant changes to the plan, are presented to the ACO for review. The ACO provides advice to the Executive Director of UN Women for her review and approval requirements. The annual risk-based audit plan is consistent with the entity-wide view of risk and appears to be focused in the areas of highest risk, impact, and relevance to UN Women. While Internal Audit Service resources are managed effectively, they might be expanded to cover high risk areas of the audit universe more frequently. Third party subject matter experts are used on an as needed basis to complement Internal Audit Service resources from a skills and competencies perspective for individual engagements. Documentation of policies and procedures support consistency, quality, and sustainability of their execution. As second-line assurance activities continue to mature within UN Women, Internal Audit Service is working to expand coordination of risk coverage with these functions. An assurance map of risk coverage between Internal Audit Service as a third line activity and other second line assurance activities might be developed to demonstrate and manage coordination of assurance activities. Periodic reports to the Executive Director of UN Women and the ACO, and the annual report to the Executive Board effectively communicate Internal Audit Service activities. Internal Audit Service appropriately balances their focus between governance, risk management, and control activities consistent with the nature of work *Standards.* Engagement level planning is supported by engagement level risk assessment to focus audit activities in areas of highest risk and impact. Work paper documentation supports linkage between engagement objectives, risks, controls, work programs, and reports. Supervisory review and approval are documented within the work papers at appropriate times. Results of engagements are communicated to senior stakeholders within UN Women, the Executive Director of UN Women, the ACO, and the Executive Board. There is an effective follow-up process in place that tracks audit issues through to resolution.

Detailed Observations

Successful Practices

The Assessment Team identified the following areas where Internal Audit Service operates in a successful practice manner:

#	STANDARD	OBSERVATION
SP-01	**Standard 1000 – Purpose, Authority, and Responsibility –** The IEAS and IAS charters are comprehensive and consistent with the mandatory elements of the International Professional Practices Framework ("IPPF").	We specifically note the following successful practices demonstrated in the IEAS and IAS charters: • The charter is reviewed and approved by the Executive Director of UN Women on a periodic basis as changes are needed. The last update and approval of the IEAS and IAS charters took place in July 2021. The ACO provides review and advice to the Executive Director of UN Women related to approval of the IEAS and IAS charters. • The charters define a reporting relationship where the CAE reports and is accountable to the Executive Director of UN Women for the provision of internal audit services in accordance with the provisions of the IEAS and IAS charters and the Financial Rules and Regulations of UN Women. Examples of functional reporting are consistent with examples and requirements included in the *Standards*. • The charters require the CAE to communicate the organizational independence of Internal Audit Service to the Executive Director of UN Women, the ACO, and the Executive Board on an annual basis. • The charters positively confirm the requirement for Internal Audit Service to operate in an independent and objective manner. Language requires adherence to the *Standards* and the IIA Code of Ethics. • The charters describe the requirement for the CAE to establish and maintain a QAIP that includes internal and external assessments to evaluate conformance with the *Standards* and the IIA Code of Ethics. Results must be communicated to the Executive Director of UN Women, the ACO, and the Executive Board. • The charters specifically differentiate between assurance and consulting activities performed by Internal Audit Service. • The charters specifically describe the role and responsibilities of the CAE related to Independent Evaluation and how any impairments to independence and objectivity of the CAE are to be actively managed. • The charters recognize the mandatory nature of the Core Principles, the IIA Code of Ethics, the *Standards*, and the Definition of Internal Auditing.
SP-02	**Standard 1111 – Direct Interaction with the Board –** The CAE and Internal Audit Service leadership have an appropriate and high level of exposure to the Executive Director of UN Women, the ACO, and the Executive Board.	Language in the IEAS and IAS charters makes clear that Internal Audit Service generally and the CAE specifically have full, free, and unrestricted access to the Executive Director of UN Women, the ACO, and the Executive Board. Interaction with the CAE takes place formally during ACO meetings and through the annual written report to the Executive Board. Informal meetings with the Executive Director of UN Women and the ACO Chair take place periodically as necessary. These informal meetings provide additional opportunities to discuss results of Internal Audit Service activities and to ensure that reports by the CAE to the ACO and the Executive Board address all areas of interest. In addition to the CAE, Internal Audit Service leadership meet periodically with the Executive Director of UN Women, attend ACO meetings to present materials pertinent to their areas of responsibility within Internal Audit, and meet with the Executive Board as necessary. Exposure to the Executive Director of UN Women, the ACO, and the Executive Board is an exceptional way to develop leadership in terms of executive level interface and communication skills and provides the Executive Director of UN Women, the ACO, and the Executive Board with an opportunity to gain insight into individual Internal Audit Service management backgrounds, skills, and experience. Frequent and direct interaction between Internal Audit Service leadership and the Executive Director of UN Women, the ACO, and the Executive Board is a successful internal audit practice that supports fiduciary oversight of Internal Audit Service, continuing professional development for Internal Audit Service leadership, and succession planning for the CAE.

Successful Practices

The Assessment Team identified the following areas where Internal Audit Service operates in a successful practice manner:

#	STANDARD	OBSERVATION
SP-03	**Standard 1112 – Chief Audit Executive Roles Beyond Internal Auditing –** The IEAS and IAS charters include language that describes the role of the CAE related to Independent Evaluation and how potential impairments to independence and objectivity are to be actively managed.	Responsibilities related to Independent Evaluation are consistent with the other responsibilities of the CAE related to internal auditing and are appropriate given the independence and objectivity of the CAE. However, since the CAE cannot audit an activity for which she is responsible, an impairment to independence is created that must be actively managed. This type of role and responsibility was contemplated when this new Standard was adopted in 2017 and reflects the reality that the CAE might be responsible for other activities in an organization that are complementary to the internal auditing role of the CAE. Including language in the IEAS and IAS charters describing active management of impairment related to Independent Evaluation is a successful internal audit practice consistent with the spirit and intent of this Standard. Further, this provides transparency in terms of this role and responsibility and the safeguards in place to protect independence and objectivity of the CAE.
SP-04	**Standard 1120 – Individual Objectivity –** Internal Audit Service management and staff confirm on an annual basis and for individual engagements that they are aware of and agree to abide by the requirements of the *Standards* and the IIA Code of Ethics.	Currently, all Internal Audit Service management and staff are required to adhere to UN Women Code of Conduct and Ethics requirements and must disclose any actual or perceived impairments to these requirements. In addition, the IEAS and IAS charters require all internal auditors to adhere to the *Standards* and the IIA Code of Ethics and its principles of integrity, objectivity, confidentiality, and competency. Internal Audit Service uses an annual confirmation process whereby Internal Audit Service management and staff confirm that they are aware of and agree to abide by these requirements. An additional process is in place for individual engagements performed. Confirming independence and objectivity specific to their role as internal auditors and agreeing to abide by the IIA Code of Ethics is a successful internal audit practice that demonstrates a commitment to these core and foundational requirements. Disclosures, if any, are tracked and used when scheduling engagements to avoid perceived or actual impairments to independence and objectivity.
SP-05	**Standard 1210 – Proficiency –** Internal Audit Service management and staff are highly qualified, credentialed, and experienced. They collectively possess the skills required to perform Internal Audit Service responsibilities.	There is a good blend of skills from a technical, financial, and operational perspective and individuals have professional certifications including the Certified Internal Auditor, Certified Public Accountant, Certified Fraud Examiner, and Certified Information Systems Auditor. Continuing Professional Education ("CPE") requirements associated with these certifications are supported for all Internal Audit Service management and staff. Internal auditors appear to have sufficient knowledge to evaluate the risk of fraud and how it is managed in the organization. Internal auditors also appear to have sufficient knowledge of key information risks and controls and available technology-based audit techniques to perform their assigned work. Third party resources are used appropriately to supplement Internal Audit Service resources from a subject matter perspective, primarily related to evaluating Information Technology ("IT") risk. Proficiency is supported by a commitment to training and professional development that includes an effective onboarding process for new personnel.

Successful Practices

The Assessment Team identified the following areas where Internal Audit Service operates in a successful practice manner:

#	STANDARD	OBSERVATION
SP-06	***Standard 1210 – Proficiency*** – Internal Audit Service uses an internal auditing competency framework to support talent and resource management activities within Internal Audit Service and to demonstrate professional proficiency.	Talent management requires an overall evaluation of skills and competencies within Internal Audit Service to meet annual audit plan objectives. These skill and competency requirements are compared to those in place for Internal Audit Service management and staff and gaps are addressed through talent and resource management processes that include hiring, training, and continuing professional development. A useful tool to support these activities and to demonstrate professional proficiency is an internal auditing competency framework. The use of competency frameworks is a successful internal audit practice that establishes a baseline of knowledge, skills, and experience for each level within Internal Audit Service. Competency frameworks supplement job descriptions for Internal Audit Service management and staff and can be used to support: • training and professional development activities • onboarding of new staff into Internal Audit Service, • scheduling of resources for Internal Audit Service engagements, • decisions regarding the use of third-party subject matter experts if necessary to augment Internal Audit Service skills and competencies, • identification of professional certification requirements to support professional proficiency, • decisions regarding hiring of new staff into Internal Audit Service, and • succession planning for the CAE and key professionals within Internal Audit Service.
SP-07	***Standard 1230 – Continuing Professional Development –*** Internal Audit Service demonstrates a commitment to continuing professional development for their management and staff.	Continuing professional development within Internal Audit Service requires Internal Audit Service management and staff to enhance their knowledge, skills, and other competencies. The independent assessment team noted the following: • Individual development plans are incorporated into the annual review process and focus on specific skill requirements. • A high level of certification for Internal Audit Service management and staff that demonstrates professional proficiency. • An internal auditing competency framework is used to support talent management and professional development activities. • An effective onboarding process is in place that makes use of a structured checklist approach to ensure new management and staff become productive members of Internal Audit Service as quickly as possible. • An appropriate level of CPE is encouraged in support of certification and is tracked for individuals within Internal Audit Service. • A performance evaluation is conducted consistent with UN Women requirements. • Participation in professional organizations such as the IIA encourages collaboration and sharing from an internal auditing perspective.

Successful Practices

The Assessment Team identified the following areas where Internal Audit Service operates in a successful practice manner:

#	STANDARD	OBSERVATION
SP-08	**Standard 1311 – Internal Assessments –** The CAE has established an effective process, using a balanced scorecard, to monitor performance of Internal Audit Service and to drive quality and continuous improvement. The use of checklists and templates adds to overall quality of engagements.	Defining, implementing, measuring, and reporting key performance indicators, using a balanced scorecard, is a successful internal audit practice that promotes continuous improvement of Internal Audit Service processes. The balanced scorecard used by Internal Audit Service incorporates metrics relevant to the efficient and effective performance of Internal Audit Service. Results reported on the balanced scorecard are included as a component of the periodic reporting process to the Executive Director of UN Women, the ACO, and the Executive Board to support their oversight of Internal Audit Service. The balanced scorecard is included in the annual report to the Executive Board. The IIA Practice Guide *"Measuring Internal Audit Effectiveness and Efficiency"* offers professional guidance related to the development and use of balanced scorecards. Internal Audit Service effectively uses checklists and templates, embedded within their work papers, to ensure Internal Audit Service projects are planned and executed in a manner consistent with the defined methodology and that all required elements are considered. The checklists and templates used by Internal Audit Service are comprehensive and are updated to address specific requirements of the area under review. The use of checklists and templates to plan, execute, and administer Internal Audit Service projects, together with required supervisory review and approval: • ensures consistent application of the Internal Audit Service methodology, • contributes to a high level of quality and consistency within Internal Audit Service projects, • provides a mechanism to document appropriate supervisory review and approval for critical elements within the work papers, • supports ongoing monitoring requirements of the QAIP, and • demonstrates due professional care in conducting internal audits.
SP-09	**Standard 1311 – Internal Assessments –** Periodic internal assessment is performed in periods between external assessments in a manner that supports an overall conclusion related to conformance with IIA Code of Ethics and the *Standards*, and that promotes continuous improvement.	Periodic internal assessment is performed in a holistic manner that includes an evaluation of all aspects of the IIA Code of Ethics and the *Standards*. The evaluation is performed by a qualified and independent individual(s) from within Internal Audit Service. The most recent periodic internal assessment provided insight into conformance with the *Standards* and importantly went beyond evaluating assurance with these elements. The assessment also looked to identify opportunities for continuous improvement in a comprehensive manner. Results of the periodic internal assessment are appropriately reported to Executive Director of UN Women, the ACO, and the Executive Board upon completion of the reviews.

Successful Practices

The Assessment Team identified the following areas where Internal Audit Service operates in a successful practice manner:

#	STANDARD	OBSERVATION
SP-10	**Standard 2000 – Managing the Internal Audit Activity –** Internal Audit Service has developed a strategic plan to support the very dynamic nature of UN Women and guide their activities in a proactive, thoughtful, systematic, and practical manner.	A vision, mission, and associated objectives have been established for Internal Audit Service. The strategic plan might include a SWOT analysis to identify and support initiatives for the plan and identify where active management of threats to those initiatives should take place. Developing and documenting a formalized strategic plan for Internal Audit Service is an emerging and evolving successful practice that supports internal audit activities operating in very dynamic environments, such as UN Women. Strategic plans for an internal audit activity promote continuous improvement and contribute to sustainability of Internal Audit Service infrastructure and process in periods of dynamic change. The strategic plan for Internal Audit Service should be adjusted on an annual basis and presented to the Executive Director of UN Women, the ACO, and the Executive Board for their review. Initiatives commonly found in an internal auditing strategic plan include the use of technology and data analysis, talent management, and enhancing relationships with stakeholders within the organization. The plan should be consistent with and support UN Women strategic objectives. The IIA Practice Guide "*Developing the Internal Audit Strategic Plan*" provides professional guidance on strategic plans specific to an internal audit activity.
SP-11	**Standard 2010 – Planning –** Internal Audit Service has a dynamic annual risk assessment and audit planning process that incorporates input from the Executive Director of UN Women, senior stakeholders within UN Women, and the ACO to focus engagements in areas of highest risk and impact to UN Women.	Internal Audit Service generally, and the CAE specifically, have a "seat at the table" within the organization to appropriately capture information related to emerging and/or changing risk profiles while maintaining their independence and objectivity. This "seat at the table" is primarily accomplished by formal interaction with the senior leadership team, coordination with other assurance functions including Enterprise Risk Management ("ERM"), open and direct access to senior stakeholders throughout the organization, and formal and informal interaction with the ACO. The annual risk-based audit plan is consistent with the enterprise-wide view of risk and strategic objectives and audits are focused to evaluate specific objectives related to mitigation of risk. Broad-based input into the identification and prioritization of engagements in the annual risk-based audit plan actively promotes the role of Internal Audit Service within the governance structure of UN Women. There is an appropriate balance between financial reporting, compliance, and operational risk objectives in the annual risk-based audit plan.
SP-12	**Standard 2040 – Policies and Procedures –** The IEAS Audit Manual that documents the underlying policies, procedures, and infrastructure supporting Internal Audit Service is well done.	The IAS Audit Manual is comprehensive and includes all required elements that are embedded in the *Standards* as well as good business practice. The manual supports consistency, quality, and sustainability in the performance of audit work and appropriately defines supporting infrastructure. The manual is periodically updated to reflect any changes in the IPPF. The manual, as currently structured, supports on-boarding of personnel and contributes to consistency in execution of audit processes. Implementation of the defined methodology, as incorporated into the work papers, enhances consistency of planning, fieldwork, reporting, and monitoring processes for Internal Audit Service. As the Internal Audit Service approach to data analytics and risk assessment continues to evolve and mature, appropriate sections of the IAS Audit Manual should be updated to reflect the changes to the operating methodology. A separate section to the manual might be added that addresses the use and governance of data analytics including: • the use of templates to describe consideration of use for each engagement, • a description of continuous monitoring protocols, and • procedures on sourcing, scrubbing, and maintaining the confidentiality of large data sets.

Successful Practices

The Assessment Team identified the following areas where Internal Audit Service operates in a successful practice manner:

#	STANDARD	OBSERVATION
SP-13	**Standard 2060 – Reporting to Senior Management and the Board –** Internal Audit Service reports to the Executive Director of UN Women, the ACO, and the Executive Board are thorough, well done, and appropriately include required communications.	Reports are of high quality and provide the Executive Director of UN Women, the ACO, and the Executive Board with appropriate information to support their responsibilities. The periodic reporting package summarizes Internal Audit Service activities including Internal Audit Service annual risk-based audit plan status, summaries of reports issued in the current period, status of reported observations, and other Internal Audit Service organizational matters. Content of reports to the Executive Director of UN Women, the ACO, and the Executive Board is insightful and meaningful. Presentations make use of graphics and heat maps to communicate results in a succinct and meaningful manner. They effectively present thematic observations and instances where management has accepted risk. Communications required by the *Standards* are incorporated into periodic reports as appropriate. Changes to the *Standards* effective January 1, 2017 require the CAE to communicate information to the Executive Director of UN Women, the ACO, and the Executive Board about the IEAS and IAS charters, the independence of the internal audit activity, the annual risk-based audit plan and progress against the plan, resource requirements, results of audit activities, conformance with the IIA Code of Ethics and the *Standards* and action plans to address any significant conformance issues, and management's response to risk that in CAE's judgment may be unacceptable to the organization.
SP-14	**Standard 2120 – Risk Management –** Internal Audit Service effectively participates in risk management activities within UN Women.	The CAE has a "seat at the table" related to entity-wide risk management and actively coordinates activities to ensure alignment of the annual audit plan with this entity-wide view of risk. Internal Audit Service risk assessment is completed in a systematic and thoughtful manner that ensures audit plans are aligned with entity-level risks and that emerging risks and changes to current risks are captured in a timely manner. Risk assessment is performed on an overall basis to support annual planning activities and at an engagement level to focus audit efforts in areas of highest risk and impact. Fraud risk is considered during the annual risk assessment process and for individual engagements. An evaluation of the ERM process has been performed to support risk management activities within UN Women. ERM is a second line activity that supports and provides assurance to strategy processes within the organization. A periodic evaluation of ERM is a common governance practice aligned with Internal Audit Service' role described in professional internal auditing guidance found in IIA Practice Guide "*Internal Audit and the Second Line of Defense*". This evaluation further supports the requirement of this Standard for Internal Audit Service to evaluate risk exposures relating to UN Women governance, operations, and information systems regarding the: • achievement of UN Women strategic objectives, • reliability and integrity of financial and operational information, • effectiveness and efficiency of operations and programs, • safeguarding of assets, and • compliance with laws, regulations, policies, procedures, and contracts.

Successful Practices

The Assessment Team identified the following areas where Internal Audit Service operates in a successful practice manner:

#	STANDARD	OBSERVATION
SP-15	**Standard 2201 – Planning Considerations –** Internal Audit Service has established an effective engagement planning process to focus audits in areas of highest risk and impact.	Engagement planning is supported by a risk assessment process with input from key stakeholders to align the work program with defined objectives and scope. Internal Audit Service specifically evaluates compliance and regulatory risk, strategic risk, fraud risk, IT risk, and financial risk as part of the process. They use appropriate control frameworks as part of this process. Risks and related controls are discussed with management during the planning process to ensure management input and concerns are considered during refinement of engagement scope and objectives. Supervisory review and approval take place and are documented during the process. Objectives specific to each engagement are defined and described in planning documentation. Internal Audit Service consistently and appropriately uses risk and control documentation embedded within the work papers to link engagement planning with execution and reporting. The use of risk and control documentation is a required element of the Internal Audit Service methodology that is designed to document risk assessment, controls, work programs, and testing results for each engagement. Documentation is designed to link all required engagement elements in a manner that facilitates supervisory review and approval of work steps and that documents the rationale for observations included in Internal Audit Service reports. The consistent and effective use of risk and control documentation is a successful internal audit practice that enhances linkage between objectives, risks, evaluation of controls, and reporting within an engagement.
SP-16	**Standard 2330 – Documenting Information –** Work papers for individual audit engagements were documented in a complete, consistent, and high-quality manner.	Observations communicated to the Executive Director of UN Women, the ACO, and the Executive Board were fully supported and linked to the underlying work papers. Documentation of information within the work papers – including planning, fieldwork, reporting, and supervisory review and approval – was maintained across the projects reviewed and in conformance with the defined methodology. Status of engagements was formally reported to clients on a periodic basis – creating transparency in the audit process and early validation of results. Significant client communications were routinely included and there was appropriate supervisory review and approval of all work performed. The use of checklists and templates as a component of the internal monitoring of performance component of the QAIP supports and promotes the effectiveness and overall quality of work papers.
SP-17	**Standard 2500 – Monitoring Progress –** An effective monitoring process has been developed to ensure that observations included in engagement reports are appropriately addressed by management in a manner consistent with the action plans and timeframes described and reported.	All observations are assigned a priority and are tracked through to resolution by Internal Audit Service. The status of open action items is reported to the Executive Director of UN Women, the ACO, and the Executive Board on a periodic basis. Open observations are effectively managed using the Internal Audit Service electronic work paper tool. This provides assurance that monitoring reports are based upon complete and accurate information. The monitoring process is clearly used by the organization to ensure reported observations are addressed in a timely manner.

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit Service processes and/or infrastructure:

#	STANDARD	OBSERVATION	AUDIT SERVICES RESPONSE
IO-01	**Standard 1000 – Purpose, Authority, and Responsibility** – Consider enhancing the governance process related to the IEAS and IAS charters by using an "IEAS or IAS Charter Matrix" to support oversight of Internal Audit Service by the Executive Director of UN Women, the ACO, and the Executive Board.	The IEAS and IAS charters clearly establish the purpose, authority, responsibilities, and accountabilities of Internal Audit Service and is consistent with the mandatory elements of the IPPF. Consider developing and using an "IEAS or IAS Charter Matrix" to monitor and report the status of requirements embedded in the IEAS and IAS charters. This matrix should specifically describe requirements related to organizational independence and objectivity as well as each responsibility defined in the IEAS or IAS charters. The matrix should further describe the actions needed to demonstrate the requirement was met, specific deliverables related to each objective, the frequency or due date for each objective or deliverable, and the status. This matrix should be included in materials presented by the CAE to the Executive Director of UN Women, the ACO, and the Executive Board – at least on an annual basis. Consider incorporating CAE required communications into the document. Monitoring and reporting status related to IEAS and IAS charter requirements is a successful internal audit practice that demonstrates conformance with the IEAS and IAS charters. An example IEAS or IAS Charter Matrix was provided to Internal Audit Service separate from this report.	Monitoring of compliance with its Charters provisions: IEAS agrees with this suggestion and will implement it. IEAS already prepared and maintained a matrix to monitor IIA standard compliance as a basis for its QAIP. Moreover, IEAS used INTOSAI criteria to assess its independence as requested by the Executive Board. IEAS will take a stock of the IEAS and IAS Charters main provisions and prepare matrix for implementation, monitoring and periodic reporting to the ACO, ED and EB. The IEAS matrix shared by IIA will be used as an example to inform this exercise.

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit Service processes and/or infrastructure:

#	STANDARD	OBSERVATION	AUDIT SERVICES RESPONSE
IO-02	**Standard 1220 – Due Professional Care –** Continue to embrace the use of technology and CAATs to enhance efficiency and effectiveness of Internal Audit Service risk assessment, planning, and engagement execution processes.	Internal Audit Service is working to develop and expand capabilities related to data extraction and analysis, fraud prevention / detection, automated audit procedures, and executive and departmental reporting using technology and CAATs. They have included enhancing the use of technology and data analysis in their strategic plan. They consider the use of data analysis for each engagement performed. As UN Women raises their level of maturity related to their use of technology and data analytics, Internal Audit Service will have an opportunity to take advantage of advanced and innovative approaches to using technology such as data visualization, robotics, etc. Timely access to data across the organization, discipline to address technology and data analytics for each engagement, and training associated with data analysis tools and techniques, will continue to be critical success factors to raising the level of technology and CAATs maturity. Internal Audit Service recognizes that the use of technology and data analytics provides opportunities to: • enhance the audit process so it is faster and more efficient and effective, • enhance productivity of Internal Audit Service management and staff, • demonstrate due professional care when planning and performing engagements, • shorten the audit cycle time to provide more timely risk and control assurance, • support development of continuous monitoring and auditing protocols, • achieve greater audit coverage without the need to expand Internal Audit Service resource requirements, • audit 100% of data populations rather than a sample, • improve the quality of assurance using data and transactional analysis, and • become more predictive with regards to areas of emerging risk.	CAATs – IEAS plans to update its existing data toolkit based on the DataWarehouse of the new ERP. Moreover, IEAS will consider possibility for a dashboard dedicated to enable dedicated reports. The new data presentation will be done in compliance with the requirements/format of the Executive Board papers.

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit Service processes and/or infrastructure:

#	STANDARD	OBSERVATION	AUDIT SERVICES RESPONSE
IO-03	**Standard 1311 – Internal Assessments –** Consider enhancing the periodic internal assessment process by using the "*Core Principles Effectiveness Framework*" to demonstrate the effectiveness and maturity of Internal Audit Service related to the Core Principles.	While a specific evaluation of Core Principles is currently not required, many internal audit activities are beginning to evaluate the Core Principles as part of their periodic internal assessment process. Core Principles were added as a mandatory element of the IPPF in 2015. A tool used by some internal audit activities for this assessment is the "*Core Principles Effectiveness Framework*" introduced in *Internal Auditor – February 2017.* This maturity framework describes the characteristics of infrastructure, process, and quality associated with differing levels of effectiveness and maturity for the Core Principles. An example of this framework, as applied to Internal Audit Service, is included as an attachment to this report. Alternatively, the IIA Practice Guide *"Demonstrating the Core Principles for the Professional Practice of Internal Auditing"* includes a tool to assess and communicate how Core Principles are demonstrated within an internal audit activity.	Maturity framework – IEAS will use the IIA maturity framework as part of the QAIP.
IO-04	**Standard 2020 – Communication and Approval –** Consider enhancing presentation of the annual risk-based audit plan by communicating the resource requirements needed to meet annual audit plan objectives in a manner that provides insight into the potential impact of resource limitations.	The Internal Audit Service annual plan is presented to the ACO for review and to the Executive Director of UN Women for review and approval. The annual plan includes a list of projects to be completed and total resources needed to meet annual plan requirements. The plan might be presented in a manner that highlights the potential impact of resource limitations caused by the need for additional resources or specialized skills for additional higher risk projects not currently included in the plan. This is normally accomplished by communicating other higher risk areas not included in the current plan year with an explanation for the exclusion. Presenting a sensitivity to the annual audit plan that shows audits that might be performed with an incremental resource is another way to communicate the potential impact of resource limitations. Approval of resource requirements by the Executive Director of UN Women under delegated authority from the Executive Board, ultimately provides assurance that Internal Audit Service annual audit plan objectives can be met with appropriate staffing levels and skill sets. Approval of changes in the annual audit plan in interim periods demonstrates that the annual audit plan appropriately deals with changing and emerging risks. Communicating the potential impact of resource limitations, as required by this Standard, supports this approval process in a transparent manner that provides insight into risk appetite embedded in the Internal Audit Service annual audit plan.	Potential impact of resource limitations vs audit universe. – IEAS will start communicating the high risks coverage from its audit plan based on current resources, and high risks excluded due to limited resources. This will be presented to the ACO and Executive Director for acknowledgement in line with the risk appetite of UN Women and the EB for information.

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit Service processes and/or infrastructure:

#	STANDARD	OBSERVATION	AUDIT SERVICES RESPONSE
IO-05	**Standard 2030 – Resource Management –** Actively monitor resource levels, skills, and competencies linked to annual audit plan objectives to ensure alignment with UN Women strategies, objectives, risks, and changing Internal Audit Service requirements.	While resource levels appear adequate to meet approved Internal Audit Service annual audit plan objectives and requirements, the independent review team noted that some high-risk areas are not being reviewed at a frequency commensurate with their stated level of risk. This suggests that the level of resources should be expanded to provide additional coverage. Actively monitoring and adjusting Internal Audit Service resource levels to ensure high priority areas receive audit coverage is a successful internal audit practice that aligns resource levels with organizational strategies, objectives, and risk-appetite. This is especially critical for internal audit activities operating within a very dynamic organization such as UN Women. Factors that can exert upward pressure on staffing levels and competency requirements include: • growth or strategic changes within the organization, • changes in regulatory requirements impacting the number of required audits in the plan, • market condition related to salaries and availability of Internal Audit Service resources, and • changing and/or emerging risks that impact the number of higher priority projects – especially related to IT and compliance risk. Internal Audit Service uses third parties for subject matter expertise on an as needed basis as technical skill requirements evolve and expand. Where third-party skills are necessary to meet audit plan objectives, they are an inherent component of the budget and resources approved by the Executive Director of UN Women. Internal Audit Service also utilizes guest auditors from within UN Women to augment its resources. This variable staffing component can support short term resource needs as well as long-term expertise requirements. Internal Audit Service should continue to provide oversight and direction for all work performed by others and there should always be a knowledge sharing component.	The resource limitation to cover all high risks within a shorter audit cycle will be reported as a part of the RBAP. Moreover, IEAS will continue to provide active supervision of the third parties/consultants and match them with IEAS fixed term staff during assignments.

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit Service processes and/or infrastructure:

#	STANDARD	OBSERVATION	AUDIT SERVICES RESPONSE
IO-06	**Standard 2050 – Coordination and Reliance** – Consider enhancing the Internal Audit Service risk assessment and annual audit planning process by including an assurance map in annual risk-based audit plan materials that describes and demonstrates coverage of risk between Internal Audit Service and other providers of assurance for UN Women.	The current risk assessment and audit planning process is generally linked with the entity-wide view of risk for UN Women, using broad-based input into the Internal Audit Service annual risk assessment and audit planning process. While the mapping of the risk coverage between Internal Audit Service and other oversight providers is done as part of audit topic selection, it is not consolidated and included in the risk-based audit plan. Describing coverage using an assurance map is a successful internal audit practice that highlights the different roles between Internal Audit Service as a third line of defense activity and other providers of assurance that comprise the first and second lines within the organization.

In coordinating activities, the CAE may rely on the work of other assurance providers within the organization. Internal Audit Service should periodically review the scope, objectives, and results of the work performed by other providers of assurance within UN Women to meet this reliance requirement. All second-line functions in place for UN Women should be included in the audit universe and reviewed on a periodic basis. | Going forward, IEAS will summarize its existing mapping in the annual audit plan submission. This will consolidate the results from its Excel working document used for the annual audit planning process to elevate awareness to senior management. Any potential reliance and its limitations on the second line of deference will be discussed. |

Appendix A
Conformance Rating Criteria

Conformance Rating Criteria

"Generally Conforms" (GC) means the Assessment Team concluded the following:
- For individual *Standards*, the internal audit activity conforms to the requirements of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) or elements of the IIA Code of Ethics (both Principles and Rules of Conduct) in all material respects.
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity achieves general conformity to a majority of the individual *Standards* and/or elements of the IIA Code of Ethics, and at least partial conformity to others, within the section/category.
- For the internal audit activity overall, there may be opportunities for improvement, but these should not represent situations where the internal audit activity has not implemented the *Standards* or the IIA Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.

"Partially Conforms" (PC) means the Assessment Team concluded the following:
- For individual *Standards*, the internal audit activity is making good faith efforts to conform to the requirements of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) or element of the IIA Code of Ethics (both Principles and Rules of Conduct) but falls short of achieving some major objectives.
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity partially achieves conformance with a majority of the individual *Standards* within the section/category and/or elements of the IIA Code of Ethics.
- For the internal audit activity overall, there will be significant opportunities for improvement in effectively applying the *Standards* or the IIA Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

"Does Not Conform" (DNC) means the Assessment Ream concluded the following:
- For individual *Standards*, the internal audit activity is not aware of, is not making good faith efforts to conform to, or is failing to achieve many/all of the objectives of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) and/or elements of the IIA Code of Ethics (both Principles and Rules of Conduct).
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity does not achieve conformance with a majority of the individual *Standards* within the section/category and/or elements of the IIA Code of Ethics.
- For the internal audit activity overall, there will be deficiencies that will usually have a significant negative impact on the internal audit activity's effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

Appendix B
Stakeholder Feedback

Stakeholder Feedback

SENIOR MANAGEMENT AND KEY STAKEHOLDERS

NAME	TITLE
Amalia LoFaso	Current Chair of ACO
MaryAnn Wyrsch	Former Chair of ACO
Jean-Luc Bories	Chief, Executive Board Secretariat
Ismail Sabir	Chief, IST
Anna-Karin Jatfors	Director, Strategic Planning and Risk Management
Moez Doraid	Director, Management and Admin Division
Joaquin Elias Muga Hernandez	External Auditor

In addition to interviews with the individuals listed above, broad-based and confidential surveys were conducted by IIA Quality Services. Surveys were sent to senior management and stakeholders throughout the organization. A separate survey was sent to Internal Audit management and staff.

Stakeholder Feedback

AUDIT SERVICES LEADERSHIP

NAME	TITLE
Lisa Sutton	Director, IEAS
Malika Mukhitdinova	Chief, Internal Audit Service

In addition to interviews with the individuals listed above, broad-based and confidential surveys were conducted by IIA Quality Services. Surveys were sent to Internal Audit management and staff. A separate survey was sent to senior management and stakeholders throughout the organization..

Stakeholder Feedback

COMMENTS RECEIVED DURING INTERVIEWS AND SURVEYS

The summary comments listed below represent general themes expressed by more than one stakeholder during stakeholder interviews and/or surveys that were validated by the Assessment Team. All stakeholder interviews were conducted privately without presence of the CAE. All surveys were conducted in a confidential manner. Statistical results of surveys are presented separately from these comments.

STRENGTHS	OPPORTUNITIES
• High integrity; thoughtfulness; willingness to engage in healthy dialogue with management regarding observations and findings. • Internal Audit Service operates in an independent and objective manner – they are a valuable component of the governance structure at UN Women. • Internal Audit Service is a business partner – focused on value rather than "gotcha". • I appreciate Internal Audit Service and the value they bring to our organization. The staff has exhibited a desire to learn our processes and is collaborative with regards to working with us to help them understand the underlying reasons for why we have a specific process. • Communication protocols before, during, and after the audit are excellent. There are never any surprises. They listen effectively. • Planning of engagements is exceptional – objectives and scope make sense. They solicit and use our input. • Internal Audit Service effectively communicates results of engagements to senior management, the Executive Director of UN Women, the ACO, and the Executive Board. Engagement reports are well done and focus on things that are important. • Internal Audit Service is an organization that is always trying to get better – they are committed to continuous improvement. • The role of Internal Audit Service within the organization is well understood.	• Stay on top of changing and emerging risks – especially related to information technology. Doing a good job at this but must continue to be vigilant. • Continue to coordinate with other activities within UN Women – want to make sure we are not duplicating efforts. • Look for opportunities to streamline Internal Audit Service processes to enhance efficiency. • Continue efforts to enhance capabilities related to the use of technology and data analysis. • Look for opportunities to understand my business and its operations. Stay abreast of changes that impact my area. • Ensure Internal Audit Service is involved in major projects from the start. • Continue to promote an understanding of the Three Lines Framework within UN Women. • Continue efforts to build out and promote relationships between Internal Audit Service and stakeholders in the organization. • Look for opportunities to describe observations in a more actionable manner.

Stakeholder Feedback

SURVEY RESULTS (SUMMARY)
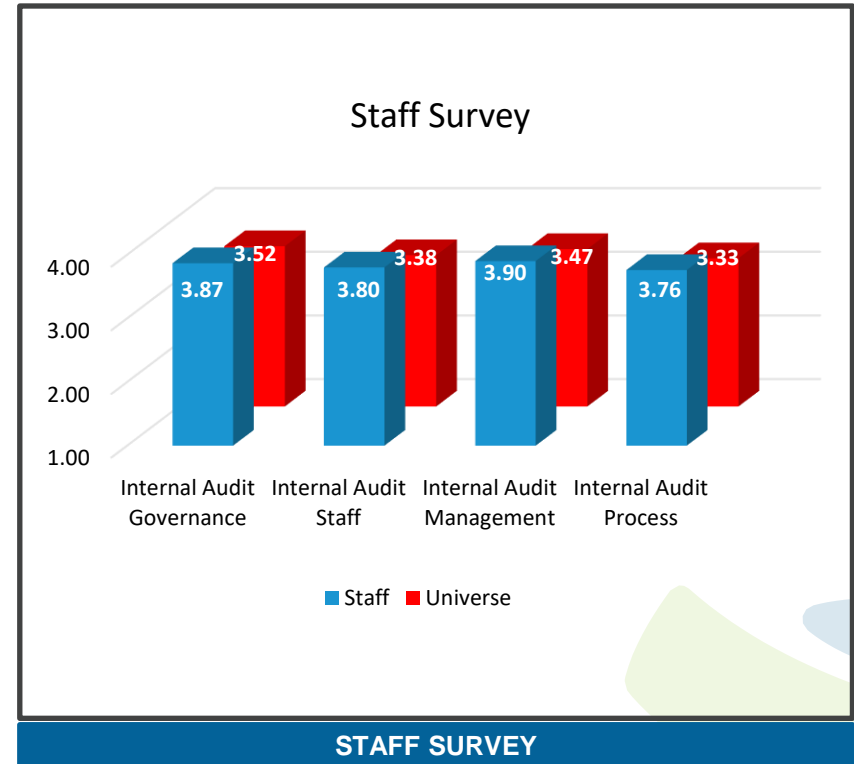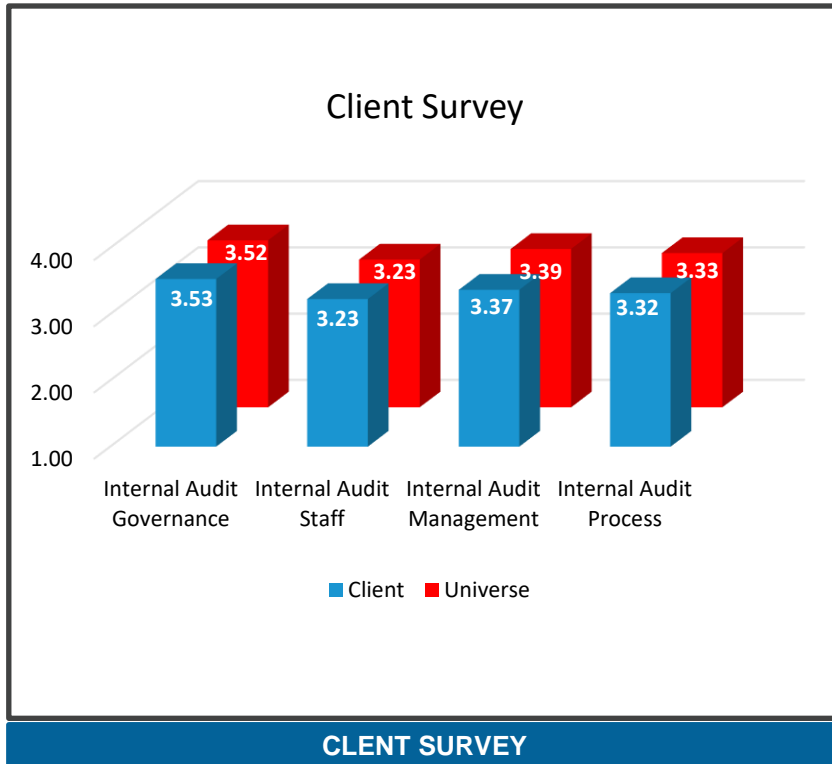
"Client" represents the weighted average of all stakeholder respondents.
"Universe" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

STAKEHOLDER SURVEY RESULTS (DETAIL)

Internal Audit Governance	1	2	3	4	AVG	UNV
IA activity personnel respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.	3.75	3.57	3.75	4.00	3.72	3.70
IA activity personnel exhibit the highest level of professional objectivity in performing their work, making a balanced assessment of all relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.	3.50	3.29	3.00	4.00	3.39	3.47
The IA activity is perceived as adding value and helping our organization accomplish its objectives.	3.25	3.17	3.75	3.33	3.35	3.35
The integrity of the IA activity establishes confidence, providing the basis for their role as trusted advisor within our organization.	3.75	3.14	3.75	3.33	3.44	3.43
Organizational placement of the IA activity ensures its independence and ability to fulfill its responsibilities.	4.00	3.17	4.00	3.67	3.65	3.56
IA activity personnel have free and unrestricted access to records, information, locations, and employees during the performance of their engagements.	3.75	3.67	3.50	3.50	3.63	3.62
				TOTAL	3.53	3.52

LEGEND
Group 1 = HQ Senior Managers
Group 2 = HQ Managers
Group 3 = Field Management
Group 4 = IEAS Team (except for Internal Audit Service)

"AVG" represents the weighted average of all respondents for all stakeholders.
"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Stakeholder Feedback

STAKEHOLDER SURVEY RESULTS (DETAIL)

Internal Audit Staff	1	2	3	4	AVG	UNV
IA activity staff and management communicate effectively (oral, written, and presentations).	3.25	3.57	3.50	3.33	3.44	3.34
IA activity staff and management keep up to date with changes in my business, our industry and relevant regulatory issues.	2.67	3.00	3.25	3.67	3.13	3.22
IA activity staff display adequate knowledge of my business processes including critical success factors.	2.25	3.00	3.50	3.67	3.06	3.14
IA activity staff exhibit effective problem identification and solution skills.	2.75	3.14	3.25	3.67	3.17	3.23
IA activity management demonstrate effective conflict resolution and negotiating skills.	3.33	2.75	3.67	4.00	3.33	3.27
The IA activity is viewed as viable source of talented individuals who could successfully transfer to other parts of our organization.	3.50	3.00	3.00	3.67	3.23	3.19
				TOTAL	3.23	3.23

"AVG" represents the weighted average of all respondents for all stakeholders.
"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Stakeholder Feedback

STAKEHOLDER SURVEY RESULTS (DETAIL)

Internal Audit Management	1	2	3	4	AVG	UNV
Internal audit activity management communicates effectively (oral, written, and presentations).	3.50	3.57	3.50	3.67	3.56	3.37
Internal audit activity management keeps up to date with changes in my business, our industry, and relevant regulatory issues.	3.00	3.00	3.00	4.00	3.08	3.23
The IA activity establishes annual audit plans to assess areas or topics that are significant to our organization and consistent with our organizational goals.	3.75	3.17	3.75	4.00	3.56	3.44
The IA activity sufficiently communicates its audit plans to management of areas being reviewed. This includes descriptions of audit objectives and scope of review.	3.25	3.50	3.50	4.00	3.53	3.42
The IA activity effectively promotes appropriate ethics and values within our organization.	2.75	3.50	3.50	3.67	3.35	3.55
The IA activity adequately assesses the effectiveness of risk management processes employed by management to achieve objectives.	2.75	2.80	3.50	3.67	3.13	3.33
				TOTAL	3.37	3.39

"AVG" represents the weighted average of all respondents for all stakeholders.
"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Stakeholder Feedback

STAKEHOLDER SURVEY RESULTS (DETAIL)

Internal Audit Process	1	2	3	4	AVG	UNV
The IA activity competently assesses the adequacy and effectiveness of our organization's system of internal controls.	3.25	3.20	3.50	3.67	3.38	3.37
The IA activity exhibits proficient project management and organizational skills to assure the timely completion of their audit engagements.	3.00	3.50	3.25	3.67	3.35	3.30
The IA activity demonstrates sufficient knowledge of key information technology risks and controls in performing its audit engagements.	0.00	3.00	3.00	3.67	3.18	3.28
The IA activity demonstrates sufficient knowledge of fraud to identify "red flags" indicating possible fraud when planning its audit engagements.	3.67	3.50	3.50	3.67	3.56	3.40
IA activity audit reports are accurate, objective, clear, concise, constructive, complete, and timely.	2.75	3.00	3.25	3.67	3.11	3.29
				TOTAL	3.32	3.33

"AVG" represents the weighted average of all respondents for all stakeholders.
"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Stakeholder Feedback

CORPORATE AUDIT LEADERSHIP AND STAFF SURVEY RESULTS (DETAIL)

Internal Audit Governance	1	2	AVG	UNV
Our internal audit activity is perceived as adding value and helping our organization accomplish its objectives.	3.00	3.80	3.67	3.47
Our internal audit activity personnel have free and unrestricted access to records, information, locations, and employees during the performance of their engagements.	4.00	3.40	3.50	3.33
My chief audit executive effectively promotes the value of our internal audit activity within our organization.	4.00	4.00	4.00	3.64
Our internal audit activity staff is fully aware of, and completely conforms with, both the Principles and the Rules of Conduct that comprise the Code of Ethics established by The Institute of Internal Auditors (IIA).	4.00	4.00	4.00	3.59
Our internal audit activity staff is fully aware of, and completely conforms with, The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) relating to objectivity and due professional care and the Code of Ethics.	4.00	4.00	4.00	3.56
Our internal audit activity has a conflict-of-interest policy to report any perceived or actual issues that may have an influence on the independence and objectivity of the auditors.	4.00	4.00	4.00	3.53
		TOTAL	3.87	3.52

LEGEND
Group 1 = Chief Audit Executive
Group 2 = Internal Audit Service

"AVG" represents the weighted average of all respondents for all stakeholders.
"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Stakeholder Feedback

INTERNAL AUDIT LEADERSHIP AND STAFF SURVEY RESULTS (DETAIL)

Internal Audit Staff	1	2	AVG	UNV
IA activity staff and management communicate effectively (oral, written, and presentations).	4.00	4.00	4.00	3.43
Our audit assignments provide internal audit activity staff with opportunities to develop adequate knowledge of key business processes, including critical success factors.	3.00	3.80	3.67	3.46
I have sufficient knowledge of key IT risks and controls to perform my audit engagements.	3.00	3.60	3.50	3.20
I have sufficient knowledge of fraud to identify "red flags" indicating possible fraud when planning my audit engagements.	4.00	3.80	3.83	3.36
Our internal audit activity management provides me with ample opportunities to develop the skills and knowledge necessary to perform all of my audit engagements.	3.00	3.80	3.67	3.41
Our internal audit activity management provides me with ample opportunities to develop skills and knowledge and acquire experience that enable me to develop professionally and advance my career.	3.00	3.80	3.67	3.38
I have ample opportunity to enhance my knowledge, skills, and competencies through in-house training sessions and/or outside seminars.	3.00	3.60	3.50	3.39
My performance is reviewed on a regular and sufficiently frequent basis, the criteria used are adequate, and the reviews are meaningful and helpful.	3.00	3.80	3.67	3.32
Our internal audit activity management encourages and supports internal audit activity staff in demonstrating its proficiency by obtaining appropriate professional certifications such as designations offered by The IIA or other designations related to internal auditing.	4.00	4.00	4.00	3.54
Our internal audit activity is viewed as a valuable developmental assignment by individuals from other parts of our organization.	3.00	3.80	3.67	3.26
		TOTAL	**3.80**	**3.38**

"AVG" represents the weighted average of all respondents for all stakeholders.
"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response
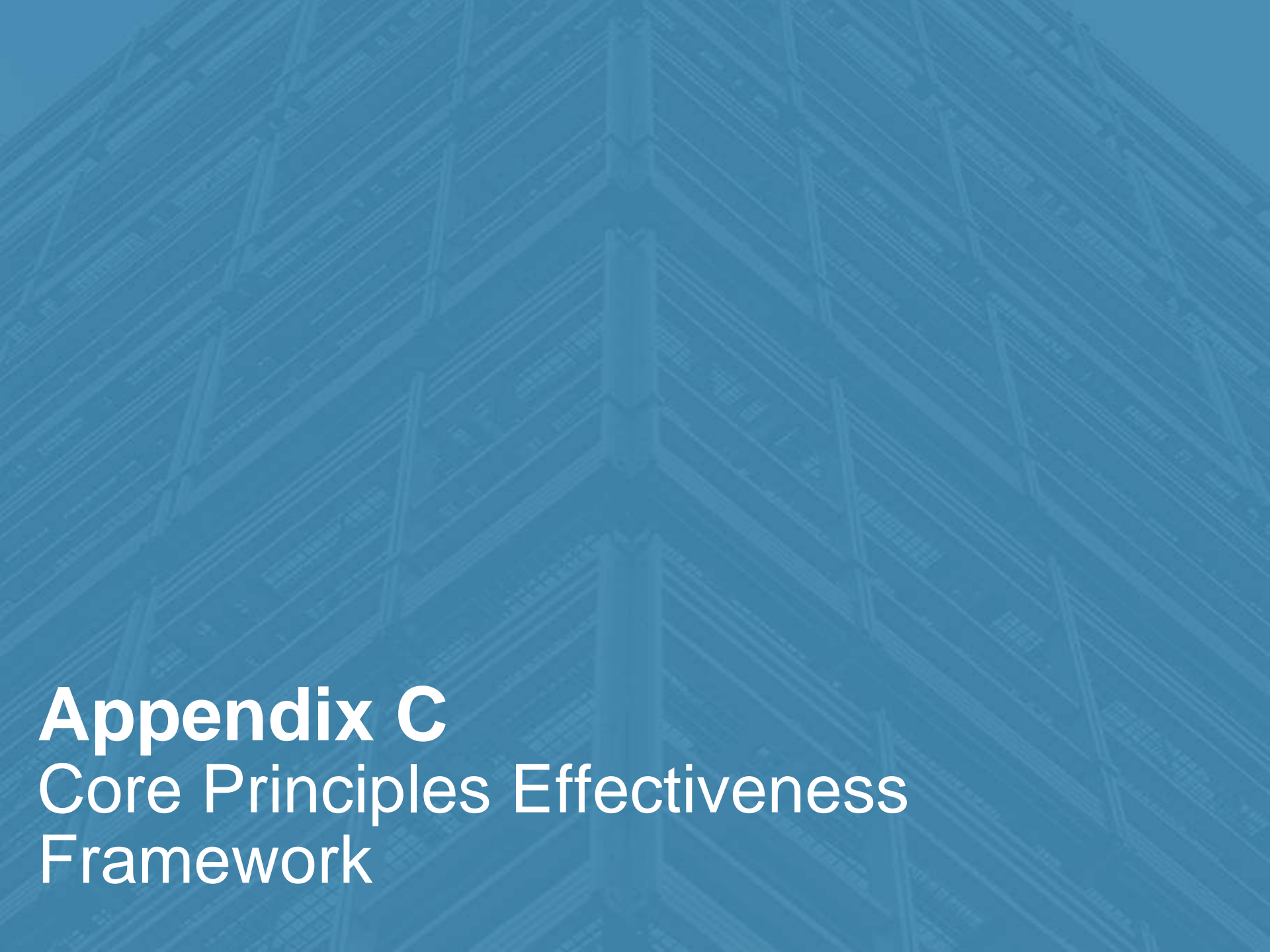
Stakeholder Feedback

INTERNAL AUDIT LEADERSHIP AND STAFF SURVEY RESULTS (DETAIL)

Internal Audit Staff	1	2	AVG	UNV
Our internal audit activity management has established policies and procedures that clearly guide the operation of our internal audit activity.	3.00	4.00	3.83	3.49
Our internal audit activity actively encourages collaborative effort between internal audit management and staff to effectively complete our engagements in a timely manner.	3.00	4.00	3.83	3.47
Our internal audit activity competently assesses the adequacy and effectiveness of our organization's system of internal controls.	4.00	3.80	3.83	3.49
Our internal audit activity adequately assesses the effectiveness of risk management processes employed by management to achieve our organization's objectives.	3.00	3.80	3.67	3.40
Our internal audit activity effectively promotes appropriate ethics and values broadly across our total organization.	4.00	4.00	4.00	3.57
Our internal audit activity adequately assesses the effectiveness of governance processes, including ethics-related programs and activities.	4.00	3.80	3.83	3.42
		TOTAL	**3.90**	**3.47**

"AVG" represents the weighted average of all respondents for all stakeholders.
"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Stakeholder Feedback

INTERNAL AUDIT LEADERSHIP AND STAFF SURVEY RESULTS (DETAIL)

Internal Audit Staff	1	2	AVG	UNV
Our internal audit activity develops and documents a plan for each engagement based on a preliminary assessment of risks relevant to the area being reviewed (including the probability of fraud), and our engagement objectives reflect the result of this risk assessment.	4.00	4.00	4.00	3.54
Our internal audit activity uses computer-assisted audit techniques, including data mining, to facilitate data collection and analysis during completion of our engagements.	3.00	3.60	3.50	3.17
I receive appropriate, timely, and constructive feedback regarding my performance in completing engagements, enabling me to continue developing my knowledge, skills, and competencies.	3.00	3.80	3.67	3.29
Our internal audit activity management and staff exhibit proficient project management and organizational skills to assure the timely completion of our audit engagements.	4.00	3.60	3.67	3.29
Our internal audit activity management and staff demonstrate effective conflict resolution and negotiating skills.	3.00	3.80	3.67	3.35
		TOTAL	3.76	3.33

"AVG" represents the weighted average of all respondents for all stakeholders.
"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Appendix C
Core Principles Effectiveness Framework

Core Principles Effectiveness Framework

INTRODUCTION

The Core Principles Effectiveness Framework presented on the following slides describes the characteristics of infrastructure, process, and quality associated with differing levels of effectiveness for the Core Principles. Effectiveness progresses from an 1) ineffective level where infrastructure and process are not well defined or operating effectively – there are many areas of partial or non-conformance with associated *Standards* to 2) a partially effective level where infrastructure and processes are defined and operating effectively but there are areas of partial conformance within associated *Standards* to 3) an effective level where infrastructure and processes are mature and where there is general conformance with all associated *Standards* to 4) a sustainable level where quality programs are focused on continuous improvement and general conformance with associated *Standards* is demonstrated for at least two consecutive external assessments to 5) optimized level where there is a drive for continuous improvement using benchmark data and peer input with external quality assessment taking place more frequently than five years with a focus on generating ideas for improvement.

Most organizations strive to be at an effective to sustainable level as there is normally incremental cost associated with operating at an optimized level.

Core Principles Effectiveness Framework

SUMMARY

	Not Effective	Partially Effective	Effective	Sustainable	Optimized
Infrastructure and Processes Supporting Core Principles					
Level of conformance with the *Standards*			X		
QAIP – internal and external assessments			X		
Elements of Infrastructure and process			X		
Core Principles for the Professional Practice of Internal Auditing					
Demonstrates Integrity				X	
Demonstrates competence and due professional care				X	
Is objective and free from undue influence (independent)				X	
Aligns with strategies, objectives, and risks of the organization			X		
Is appropriately positioned and adequately resourced			X		
Demonstrates quality and continuous improvement			X		
Communicates effectively			X		
Provides risk-based assurance				X	
Is insightful, proactive, and future-focused			X		
Promotes organizational improvement				X	

Core Principles Effectiveness Framework

GENERAL CHARACTERISTICS

Core Principles Characteristics	Not Effective	Partially Effective	Effective	Sustainable	Optimized
Level of Conformance with *Standards*	• Not in conformance with an associated *Standard*. • Partially in conformance with numerous associated *Standards.*	• Partially in conformance with some associated *Standards.* • Generally in conformance with remaining *Standards.*	Generally in conformance with all associated *Standards.*	General conformance with all *Standards* demonstrated in at least two consecutive external assessments.	Generally in conformance with all criteria embedded in associated *Standards.*
QAIP – Internal and External Assessments	• Internal assessments not performed. • External assessment not performed. • Results not communicated.	• Internal assessments performed, but not on an annual basis. • External assessment performed outside the five-year requirement. • Results not communicated per requirements.	• Internal assessments performed on an annual basis. • External assessment performed within the five-year requirement. • Results communicated per requirements.	• At least two consecutive external assessments performed. All external assessments performed within the five-year requirement. • Results communicated per requirements.	• External assessments performed more frequently than the five-year requirement. • Results communicated per requirements.
Elements of Infrastructure and Process	• Internal Audit charter not in place or not approved by the Audit Committee. • No QAIP in place. • Internal Audit infrastructure and process not defined and documented in Internal Audit policies and procedures.	• Internal Audit charter approved by Audit Committee. Not all required elements in place. • QAIP in place and documented but does not include all required elements. • Internal Audit infrastructure and processes defined and documented in Internal Audit policies and procedures. Not all elements included.	• Internal Audit charter approved by Audit Committee. All required elements in place. • QAIP in place and documented with all required elements. • Internal Audit infrastructure and processes defined and documented in Internal Audit policies and procedures. All required elements included.	• Internal Audit charter approved by Audit Committee on an annual basis. • QAIP in place with primary focus on continuous improvement. • Internal Audit policies and procedures updated on an annual basis to ensure alignment with changes to *Standards* and successful internal audit practice.	• Internal Audit charter supports Internal Audit role in Three Lines of Defense Framework. • QAIP viewed as opportunity to become optimized. Passion for excellence. Status quo not acceptable. • Active benchmarking with peers to identify opportunities for continuous improvement.

Core Principles Effectiveness Framework

SPECIFIC CHARACTERISTICS AND ASSOCIATED PROFESSIONAL GUIDANCE

Core Principles Characteristics/Associated Professional Guidance	Not Effective	Partially Effective	Effective	Sustainable	Optimized
Demonstrates integrity. Code of Ethics – Integrity *Standards – 1000 Series, 1300 Series, 2000 Series*	• Specific examples of violations relating to the IIA Code of Ethics or the organization's code of conduct/ethics by a member of Internal Audit management or staff. • Not in conformance with an associated *Standard.* • Partially in conformance with numerous associated *Standards.*	• the IIA Code of Ethics is referred to in the Internal Audit Charter but is not built into the QAIP. • Internal Audit policies and procedures reference the IIA Code of Ethics. • Partially in conformance with an associated Standard. • Generally in conformance with remaining *Standards.*	• the IIA Code of Ethics is referred to in the Internal Audit Charter and built into the QAIP. • The CAE has informed the internal audit activity of their ethical responsibilities. • Training on the IIA Code of Ethics and the organization's code of conduct/ethics takes place. • Generally in conformance with all associated *Standards.*	• Internal auditors have an annual confirmation of compliance with the IIA Code of Ethics and organization's code of conduct/ethics. • Internal audit team with CIA certification have completed ethics-related CPE requirement. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• The internal policies and/or internal audit training includes ethical scenarios/case studies that are specifically relevant to internal auditing. • Results of surveys of internal auditors and auditees indicate overall perception that internal audit activity operates with integrity. • Generally in conformance with all criteria embedded in associated *Standards.*
Demonstrates competence and due professional care. Code of Ethics – Competency *Standards – 1200 Series, 2000 Series, 2200 Series, 2300 Series, 2600*	• Internal audit management and staff do not have skills, credentials, and experience to achieve audit plan objectives. • Work performed in ad hoc manner. • Supervisory review and approval of internal audit work not in evidence. • Not in conformance with an associated *Standard.* • Partially in conformance with numerous associated *Standards.* • Specific example(s) of operating in conflict with Code of Ethics.	• Internal audit management and staff generally have the skills, credentials, and experience to achieve audit plan objectives. • Work performed in a manner generally consistent with defined methodology. • Supervisory review and approval takes place but may not be formally documented. • Partially in conformance with an associated Standard. • Generally in conformance with remaining *Standards.*	• Job descriptions defined for all levels within Internal Audit. • Use of technology and data analysis defined as component of Internal Audit methodology. • Work performed in a manner consistent with defined methodology, supported by QAIP. • Supervisory review and approval consistently documented. • Generally in conformance with all associated *Standards.* • Internal Audit policies and procedures require conformance with competence principle.	• Skills, credentials, and experience managed using a competency framework. • Internal audit embraces the use of technology and data analysis to support work performed. • Work of subject matter experts effectively integrated into work performed. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Competency framework adapted to changing skills and credential requirements. • Electronic work papers fully integrated into risk management of the organization. • Continuing professional development key focus of Internal Audit. • Internal Audit viewed as a talent pool by stakeholders. • Generally in conformance with all criteria embedded in associated *Standards.*

Core Principles Effectiveness Framework

SPECIFIC CHARACTERISTICS AND ASSOCIATED PROFESSIONAL GUIDANCE

Core Principles Characteristics/Associated Professional Guidance	Not Effective	Partially Effective	Effective	Sustainable	Optimized
Is objective and free from undue influence (independent). Code of Ethics – Objectivity *Standards – 1000 Series, 1100 Series, 2000 Series*	• Specific example(s) of operating in conflict with Code of Ethics. • No disclosure of real or perceived conflicts of interest. • Functional reporting is not to the board or a committee of the board. • Management exerts undue influence. • Not in conformance with an associated *Standard.* • Partially in conformance with numerous associated *Standards*	• Internal Audit charter references Code of Ethics. • Internal Audit policies and procedures reference Code of Ethics. • Functional reporting defined to the board, but actual practice does not support this reporting relationship. • Partially in conformance with an associated Standard. • Generally in conformance with remaining *Standards.*	• Internal Audit charter and policies require conformance with Code of Ethics. • Real or perceived conflicts of interest appropriately disclosed. • Functional reporting to the board clearly articulated in both Internal Audit and Audit Committee charters. • Generally in conformance with all associated *Standards.*	• Independence, and objectivity actively managed by Internal Audit. • Annual confirmation of independence and objectivity. • Safeguards, with reporting to the board, are in place for any roles that the CAE may have responsibility for beyond Internal Audit. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Independence and objectivity supported by annual awareness training. • Organizational roles and responsibilities clearly defined and aligned with the Three Lines of Defense. • Unrestricted and periodic access to the board. • Generally in conformance with all criteria embedded in associated *Standards.*
Aligns with strategies, objectives, and risks of the organization. Code of Ethics – Objectivity *Standards – 2000 Series, 2200 Series*	• Internal audit plan is not risk-based. • Internal audit plan is developed without input from key stakeholders within the organization. • No internal audit specific strategic plan. • No coordination with other providers of assurance in the organization, especially with ERM. • Not in conformance with an associated *Standard.* • Partially in conformance with numerous associated *Standards*	• Risk-based internal audit plan with limited input from key stakeholders. • Internal audit strategic plan not well defined – initiatives not linked to entity-wide view of risk. • Coordination with other providers of assurance done on ad hoc basis – no clear definition or understanding of roles in Three Lines of Defense Framework. • Partially in conformance with an associated Standard. • Generally in conformance with remaining *Standards.*	• Top organizational risks are used as the basis of the annual audit plan. Top risks not addressed in the annual audit plan are communicated to the board. • The internal audit activity's strategic plan, aligned to the organizational strategy, is developed with a defined vision, objectives, and clear measures of success. • Effective coordination with other providers of assurance. • Generally in conformance with all associated *Standards.*	• Risk-based planning exercise performed more frequently than on annual basis. • Internal Audit strategic plan has multi-year horizon – presented to board for review and approval. • Active coordination with other providers of assurance. Assurance maps used to communicate risk coverage. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Risk-based plan includes criteria related to alignment with organizational strategy and risk. • Internal audit strategic plan milestones linked to Internal Audit balanced scorecard. • CAE attends senior stakeholder strategy-setting meetings. • Internal Audit performs periodic assessments related to Second Line of Defense functions' effectiveness. • Generally in conformance with all criteria embedded in associated *Standards.*

Core Principles Effectiveness Framework

SPECIFIC CHARACTERISTICS AND ASSOCIATED PROFESSIONAL GUIDANCE

Core Principles Characteristics/Associated Professional Guidance	Not Effective	Partially Effective	Effective	Sustainable	Optimized
Is appropriately positioned and adequately resourced. Code of Ethics – Competency *Standards – 1000 Series, 1100 Series, 1200 Series, 2000 Series*	• Functional reporting not to the board. • Administrative reporting does not support independence and objectivity. • Resources not sufficient to meet audit plan objectives from numbers and/or skills perspective. • Not in conformance with an associated *Standard*. • Partially in conformance with numerous associated *Standards*.	• Functional reporting to board, but not specifically defined in charters. • Administrative reporting to level below direct report to the CEO. • Resources generally sufficient to meet audit plan objectives – audits deferred due to resource limitations. • Partially in conformance with some associated *Standards*. • Generally in conformance with remaining *Standards*.	• Functional reporting to the board – specifically defined in charters. • Administrative reporting to CEO or direct report of the CEO. • Survey results support view that Internal Audit operates independently and objectively. • Resources aligned with audit plan objectives. Impact of resource limitations communicated. • Generally in conformance with all associated *Standards*.	• Functional reporting defined consistently between charters. • Administrative reporting actively promotes role of Internal Audit • Resources aligned with audit plan objectives. Third party resources used to augment skills or numbers. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Functional reporting to board clearly understood across organization. • Internal Audit activity's mandate is broad and aligned with organizational needs. • Resource levels from skills and numbers perspective monitored and adjusted to meet audit plan objectives. • Generally in conformance with all criteria embedded in associated *Standards*.
Demonstrates quality and continuous improvement. Code of Ethics – Competency *Standards – 1300 Series, 2000 Series*	• QAIP not defined or being executed. • Internal assessment processes not being executed. • External assessment not performed. • Not in conformance with an associated *Standard*. • Partially in conformance with numerous associated *Standards*.	• QAIP not formally defined – ad hoc. • Internal assessment does not promote quality on audit-by-audit basis. • Periodic internal assessment not performed holistically. • External assessment not performed within five-year requirement. • Results of QAIP not communicated effectively. • Partially in conformance with some associated *Standards*. • Generally in conformance with remaining *Standards*.	• QAIP formally defined and executed consistent with plan. • Internal assessment effective and distinguish between ongoing monitoring of performance and periodic internal assessment. • External assessment performed within five-year requirement. • Results of QAIP communicated effectively. • Generally in conformance with all associated *Standards*.	• QAIP updated annually for alignment with *Standards*. • Internal and external assessment focus on conformance and continuous improvement. • External assessment performed in at least two consecutive periods. • Communication of results promotes continuous improvement. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Periodic internal assessment uses vertical and horizontal assessment techniques. • Benchmarking and peer input promotes continuous improvement and generation of ideas. • External assessment performed more frequently than every-five years. • External assessment used as idea generation for improvement. • Generally in conformance with all criteria embedded in associated *Standards*.

Core Principles Effectiveness Framework

SPECIFIC CHARACTERISTICS AND ASSOCIATED PROFESSIONAL GUIDANCE

Core Principles Characteristics/Associated Professional Guidance	Not Effective	Partially Effective	Effective	Sustainable	Optimized
Communicates effectively. Code of Ethics – Confidentiality *Standards – 1300 Series, 2000 Series, 2200 Series, 2300 Series, 2400 Series, 2600*	• Required communications not defined. • Infrequent interaction with the Audit Committee. • Engagement reporting viewed as ineffective by key stakeholders. • Engagement reports of low quality as measured by quality characteristics. • Not in conformance with an associated *Standard*. • Partially in conformance with numerous associated *Standards*.	• Required communications defined - not consistently followed. • Formal interaction with Audit Committee – limited informal. • Engagement reporting viewed as adequate by key stakeholders. • Engagement reports meet most quality characteristics. • Partially in conformance with some associated *Standards*. • Generally in conformance with remaining *Standards*.	• Required communications checklist used to ensure requirements met. • Formal and informal interaction with the board. • Engagement reporting viewed as effective by key stakeholders. • Engagement report of high quality and consistent with quality characteristics. • Generally in conformance with all associated *Standards*.	• Required communications integrated into board agenda. • Reports are factually accurate, highlight risk, address root cause, and encourage engagement from audit client. • Engagement reporting template driven with appropriate use of graphics. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Required communications in the Internal Audit charter. • Interaction with board includes Internal Audit management and staff. • Customized reports to key stakeholders – recognition of different communication requirements. • Reports provide a holistic view of assurance including positive performance. • Generally in conformance with all criteria embedded in associated *Standards*.
Provides risk-based assurance. *Standards – 2000 Series, 2100 Series, 2200 Series, 2400 Series, 2600*	• No alignment of annual audit plan with top organizational risk universe and risk appetite. • Internal Audit has no seat at the table related to ERM. • No coordination with other providers of assurance within the organization. • Not in conformance with an associated *Standard*. • Partially in conformance with numerous associated *Standards*	• General alignment of risk-based plan with top organizational risks – alignment not demonstrated with assurance map. • Coordination with other providers of assurance done on ad hoc basis – no clear definition or understanding of roles in Three Lines of Defense Framework. • Partially in conformance with some associated *Standards*. • Generally in conformance with remaining *Standards*.	• Internal Audit mandate includes assurance that key risks are being managed or that action plans are in place to address them. • Assurance map used to demonstrate alignment of annual audit plan with ERM risks. • Effective coordination with other assurance functions demonstrated using assurance maps. • Generally in conformance with all associated *Standards*.	• Internal Audit planning aligned with top organizational risk universe and risk appetite. • Internal Audit plan is flexible and adapts to emerging risks or changes to risk profile. • Effectively interfaces with and periodically audits the risk management function / framework. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Each engagement scope and objective is customized to address the significant organizational and strategic risks most relevant to the engagement. • Reporting or results linked back to top organizational and strategic risks. • Generally in conformance with all criteria embedded in associated *Standards*.

Core Principles Effectiveness Framework

SPECIFIC CHARACTERISTICS AND ASSOCIATED PROFESSIONAL GUIDANCE

Core Principles Characteristics/Associated Professional Guidance	Not Effective	Partially Effective	Effective	Sustainable	Optimized
Is insightful, proactive, and future-focused *Standards – 2000 Series, 2100 Series*	• Internal Audit strategic plan not defined. • Data analysis not in evidence to support risk assessment, planning, and engagement execution. • Engagement reports do not draw conclusions and/or provide insight on significance of observations. • Not in conformance with an associated *Standard*. • Partially in conformance with numerous associated *Standards.*	• Internal Audit strategic initiatives performed on an ad hoc basis – reactive rather than proactive. • Data analysis used in a limited manner. • Internal Audit observations provide limited insight in risk/impact. • Partially in conformance with some associated *Standards.* • Generally in conformance with remaining *Standards.*	• Internal Audit strategic plan in place with multi-year planning horizon. • Data analytics are deployed throughout the various phases of the audit life-cycle to identify risks. • Internal Audit observations highlight the risk/impact of observations raised. • Generally in conformance with all associated *Standards.*	• Internal Audit strategic plan updated on roll-forward basis. • Data analytics addressed for each engagement as well as for annual risk assessment. • Internal Audit reports have multiple dimensions – include themes and/or systematic issues. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Internal Audit strategic planning embedded into culture. • Data analytics incorporates robotics and artificial intelligence. • Incorporates use of maturity models into reporting of results. • Active participation with peer groups to identify emerging risks and leading practices to manage risk. • Generally in conformance with all criteria embedded in associated *Standards.*
Promotes organizational improvement. *Standards – 1000 Series, 2000 Series, 2100 Series, 2500, 2600*	• Internal Audit is compliance based – check the box approach. • Audit universe not defined - no risk-based internal audit plan. • Audit plan does not consider input from key stakeholders. • Internal audit viewed by key stakeholders as necessary evil – not seen as valuable contributor to organization success. • Not in conformance with an associated *Standard*. • Partially in conformance with numerous associated *Standards.*	• Internal audit approach focused in one dimension – financial, operational, or compliance. • Stakeholder input not used in developing risk-based plan – minimal linkage to ERM. • CAE doesn't have appropriate seat at the table. • Continuous improvement not a specific audit objective. • Partially in conformance with some associated *Standards.* • Generally in conformance with remaining *Standards.*	• Balance between financial, operational, and compliance control objectives. • Audit plan includes both assurance and advisory engagements. • Internal Audit methodology includes focus on continuous improvement. • Evaluation of control design inherent to audit approach. • Reported observations tracked, validated, and escalated based on risk through to completion. • Generally in conformance with all associated *Standards.*	• Engagement reports focus on and address root cause of issues. • Internal Audit is invested in the business as demonstrated by industry specific training and participation in industry organizations. • Internal Audit focuses on efficiency and effectiveness of processes – identifies opportunities for improvement. • Generally in conformance with all *Standards* demonstrated in at least two consecutive external assessments.	• Effective coordination with other assurance providers within organization – reliance on work performed. • Leading practices, insights, and control / risk trends shared with the business and across business units. • Management and the board view Internal Audit as value-added partner in governance structure of the organization. • Generally in conformance with all criteria embedded in associated *Standards.*