

Assessment Report on
Monitoring and Effectiveness of overall Internal Audit Functions of
Palli Karma-Sahayak Foundation (PKSF)

S. F. AHMED & CO.

Chartered Accountants since 1958

Member Firm of HLB International

House # 51 (2nd floor), Road # 9, Block F, Banani, Dhaka 1213, Bangladesh

Phones: (880-2) 9870957, 9872584; Fax: (880-2) 55042314

E-mails: (i) sfaco@dhaka.net; (ii) sfaco@sahmedco.com



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**THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK**

S. F. AHMED & CO.
Chartered Accountants | since 1958

House # 51 (2nd & 3rd Floors)
Road # 09, Block-F, Banani
Dhaka-1213, Bangladesh
Website: www.sfahmedco.com

Telephone : (880-2) 9872584,9870957
Mobile : (88) 01707 079855, 01707079856
Fax : (880-2) 55042314
Emails : sfaco@sfahmedco.com
sfaco@dhaka.net

Transmittal Letter

Dr. Md. Jasim Uddin
Deputy Managing Director -2
Palli Karma-Sahayak Foundation (PKSF)
PKSF Bhaban
E-4/B, Agargoan Administrative Area
Sher-e-Bangla Nagar
Dhaka-1207

Dated, Dhaka
25 November 2020

Subject: Assessment Report on Monitoring and Effectiveness of overall Internal Audit Functions of Palli Karma-Sahayak Foundation (PKSF).

Dear Sir,

In fulfillment of the obligations under the Terms of Reference (ToR) of our appointment letter as Statutory Auditors dated 26 December 2019, S.F. Ahmed & Co. has conducted Assessment of Monitoring and Effectiveness of overall Internal Audit Functions of Palli Karma-Sahayak Foundation (PKSF). We are pleased to submit herewith our report on the above subject for your kind perusal and further action.

This is to mention that the draft report was discussed with Internal Audit, Finance and Accounts and Program Department on 17 November 2020 and upon receipt of clearance, the report has been finalized and submitted.

Thanking you,

Yours truly,

S. F. Ahmed & Co.

S. F. Ahmed & Co.
Chartered Accountants

Assessment of the Effectiveness Internal Audit Function of Palli Karma-Sahayak Foundation (PKSF)



1. Introduction.....	2
2. Executive Summary.....	6
2.1 Objectives and Scope	6
2.2 Conclusion	6
3. Core Principles.....	7
3.1 Core Principles Assessment.....	7
4. Observations and Recommendations.....	8
4.1 Internal Audit Good Practice.....	8
4.2 Findings and Recommendations.....	8
Appendix A – Methodology.....	9
Appendix B – Glossary.....	10
Appendix C – Discussions.....	11
Appendix D – Evaluation against the Standards.....	12



1. Introduction

Palli Karma-Sahayak Foundation (PKSF), an apex development organisation, was established by the Government of Bangladesh (GoB) in May 1990, for sustainable poverty reduction through employment generation.

Legally, PKSF is a “company not for profit” and is registered under the Companies Act of 1913 (replaced by the Companies Act 1994) with the registrar of Joint Stock Companies. The legal structure of PKSF allows flexibility and authority to undertake programmes in a dynamic environment, implementing them throughout the country and manage its affairs as an independent organisation.

The major objectives of PKSF are to:

- a. Provide financial assistance and institutional development support to appropriate organisations for implementing sustainable inclusive financial programmes for reduction of poverty through creating productive employment opportunities for the moderate and ultra poor, small and marginal farmers and micro-entrepreneurs.
- b. Support, promote, develop and identify sustainable employment opportunities for the moderate and ultra poor, small and marginal farmers and micro-entrepreneurs; and to provide them assistance including education, health, training and risk reduction services as may be necessary for enhancing their capacity.
- c. Build and strengthen the institutional capacity of the POs (partner organisations) and enhance their ability to provide various financial and non-financial services to the poor in a sustainable manner.
- d. Support, promote and sponsor innovative programmes and suitable projects for improving the quality of life of the poor and enabling them to lead a dignified life.
- e. Help the poor to diversify and strengthen their livelihood strategies, enhance their security, give them access to assets and rights, and augment their self-respect by providing them greater choices and independence.

Internal Audit Department of PKSF:

Palli Karma-Sahayak Foundation (PKSF) has built up a sound and effective internal auditing system which is one of the most key-points of legacy-success of PKSF. Transparency and accountability are two prerequisites for good Governance and Management of PKSF. The broad aim of PKSF Internal Audit Department is to safeguard the interest of PKSF itself and the interest of its Partner Organizations (POs) as well as the interest of Development Partner Agencies. The Internal Audit Department of PKSF is continuously dedicated to promote transparency and accountability ensuring *True and Fair View* of every financial transaction along with a sound economic and financial management practices in PKSF itself as well as its POs.



The Internal Audit Department of Palli Karma-Sahayak Foundation (PKSF) is an independent unit of PKSF headed by a General Manager (GM) who is directly reportable to the Managing Director (MD), the CEO of PKSF, who is also the member secretary of the Governing Body and General Body. The core objective of PKSF's internal audit department is to ensure the accuracy, relevancy & transparency of any sort of financial transaction including different Programs/Projects' expenditure incurred by PKSF itself as well as its Partner Organizations (POs) and to ensure the proper utilization of all types of funds which are funded by PKSF under different Programs/ Projects of PKSF.

Internal Audit Department of PKSF consists of 20 (twenty) officials including 1 (one) General Manager (GM), 1 (one) Assistant General Manager (AGM), 8 (eight) Managers, 2 (two) Deputy Managers, 7 (seven) Assistant Managers and 1 (one) Junior Officer.

The internal audit Department has two major internal wings:

- a) **Internal Audit Wing for PKSF Audit:** All types of financial transactions as well as various Programs/ Projects' expenditure incurred by PKSF are audited by this wing. It is must to get the prior positive opinion from the internal audit department for any sort of payment incurred by PKSF itself and any kind of reimbursement to its POs against different projects/programs. The tasks of this internal audit wing are to ascertain the effectiveness of expenditure and to ensure the accuracy & transparency of each financial transaction as well as to ensure compliance with the PKSF/Government/ Development Partner agency's policies, rules and regulations in the payment process.
- b) **POs Audit Wing:** The activities of POs, funded by PKSF by means of loans and grants under different programs/projects, are duly audited by the POs Audit Wing of PKSF's Internal Audit Department in accordance with the approved 'Terms of Reference (ToR)' and annual audit plan. In the course of POs audit, in addition to usual verification the concerned audit officials check and verify whether the POs have complied with the policies, guidelines, rules & regulations issued by PKSF, concerned Development Partner Agencies & Micro-credit Regulatory Authority (MRA), prevailing taxation policies issued by National Board of Revenue (NBR). POs audit wing also verify whether the POs have complied with the, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).

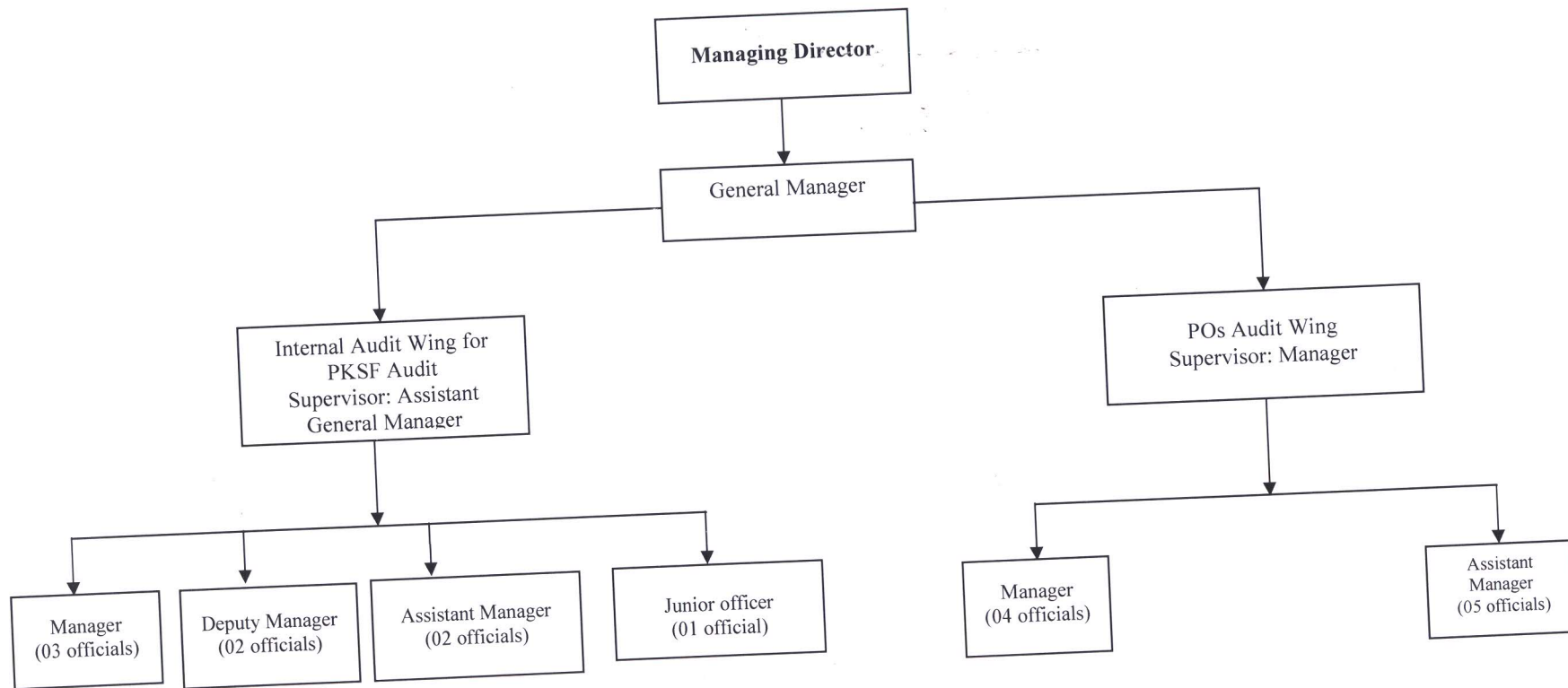
Beyond the regular audit of the POs by PKSF's Internal Audit Department, 50% of the active POs are also audited by PKSF's appointed Chartered Accountancy (CA) firms in each financial year. PKSF's Internal Audit Department plays a coordinating and supportive role to effectively carry out this special audit of POs by the appointed CA firms.

Compliances for both types of PO audit are done duly and shared to the relevant program and projects management to follow up and take necessary further action duly.

The Internal Audit Department submits and shares all the major findings and observations revealed in POs audit to the PKSF Governing Body and General Body meetings accordingly as well as regular management forums.



The Present Organogram of the Internal Audit Department of PKSF is shown as follows.



Applied Standards and Methodologies

The standards applied to Internal Audit are the 'International Standards for the Professional Practice of Internal Auditing' (Standards) contained in the 'International Professional Practices Framework' (IPPF) issued by the Institute of Internal Auditors (IIA). These require Internal Audit functions to develop and maintain a Quality assurance and Improvement Program which includes a periodic independent Assessment of Effectiveness of Internal Audit Functions.

This report follows a Quality Assessment process and satisfies that requirement of the Standards.

The methodology involved a full Assessment performed by S. F Ahmed & Co. This methodology is promoted by the IIA. A full description of the methodology is shown at Appendix A 'Methodology'.

A Quality Assessment is a comprehensive review that examines an Internal Audit functions for:

- ✚ Conformance with mandatory internal auditing requirements, including the Standards.
- ✚ Whether Audit Committee/GoB and management expectations of Internal Audit are being met.
- ✚ Opportunities for improvement.

Where the term CAE has been used in this report, this relates to the generic term used in the Standards to refer to the Head of Internal Audit (General Manager-Audit) of PKSF.

Throughout this report, findings have been rated according to the following legend:

	Generally conforms with: <ul style="list-style-type: none"> ▪ Internal Audit good practice OR ▪ The International Standards for the Professional Practice of Internal Auditing
	Partially conforms with: <ul style="list-style-type: none"> ▪ Internal Audit good practice OR ▪ The International Standards for the Professional Practice of Internal Auditing
	Does not conform with: <ul style="list-style-type: none"> ▪ Internal Audit good practice OR ▪ The International Standards for the Professional Practice of Internal Auditing



2. Executive Summary

2.1 Objectives and Scope

The objectives of the Assessment were to assess:

1. Conformance with mandatory internal auditing requirements
2. Check monitoring of audit process and effectiveness of overall internal audit functions,
3. Whether management expectations of Internal Audit are being met.

The scope of the Quality Assessment focused on the value of the Internal Audit contribution to the business outcomes of PKSf and to form an opinion on conformance to the Standards.

2.2 Conclusion

Internal Audit Department of PKSf primarily safeguards the interest of PKSf, its Partner Organizations (POs) and the Development Partner Agencies as well. The core objective of PKSf's internal audit department is to ensure the accuracy, relevance & transparency of all sorts of financial transactions made by the various Programs/ Projects of PKSf and its Partner Organizations (POs). Through meticulous examination and cross-checks, PKSf's internal audit department ensures desired utilization of all funds in accordance with the budgetary allocation, systems and policy framework approved by the Governing Body of PKSf.

The Quality Assessment found that, at the time it is conducted, the Internal Audit functions at PKSf is achieving expectations of the management as well as PKSf's Governing Body and General Body. There was general conformance with mandatory internal auditing requirements, including the Standards.

The overall assessment against the Quality "Assessment objectives" is:

Sl#	Objectives	Assessment
1.	Internal Audit conformance with the:	
	• Core Principles for the Professional Practice of Internal Auditing.	
	• Definition of Internal Auditing.	
	• Code of Ethics.	
	• International Standards for the Professional Practice of Internal Auditing.	
2.	Whether management expectations of Internal Audit are being met.	

As with many Internal Audit functions, there are some areas where improvements can be made gradually.

These are shown later in this report for consideration of the CAE.

3. Core Principles

3.1 Core Principles Assessment

Assessment against the Core Principles for the Professional Practice of Internal Auditing is shown below:

No.	Core Principles	Assessment
1	Demonstrates integrity.	
2	Demonstrates competence and due professional care.	
3	Is objective and free from undue influence (independent).	
4	Aligns with the strategies, objectives and risks of the organisation.	
5	Is appropriately positioned and adequately resourced.	
6	Demonstrates quality and continuous improvement.	
7	Communicates effectively.	
8	Provides risk-based assurance.	
9	Is insightful, proactive and future-focused.	
10	Promotes organisational improvement.	



4. Observations and Recommendations

4.1 Internal Audit Good Practice

Internal Audit Department of PKSF good practice observed during the Quality Assessment included the following:

- ❖ Demonstrates integrity
- ❖ Ensure Strong Internal Control System.
- ❖ Demonstrates competence and due professional care
- ❖ Performing their task in accordance with the approved ToR and best practice
- ❖ Ensuring accuracy, relevance and transparency of all sort of financial transactions made by the various programs/ projects of PKSF.
- ❖ Through meticulous examination and cross-checks, PKSF Internal Audit Department ensures desired utilization of all funds in accordance with the budgetary allocation, systems and policy framework approved by the Governing Body.
- ❖ IAD is assisting PKSF to ensure Corporate Good Governance

4.2 Findings and Recommendations

Finding	Recommendation	Rating
Matters for Management of PKSF Consideration		
The following matters were noted for consideration by management:		
Conformance with mandatory internal auditing requirements, including the Standards		
The following areas were identified where the Internal Audit functions is not fully conforming to the Standards:		
Standard 1321 – Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”	Internal Audit Department of PKSF should conform with the International Standards for the Professional Practice of Internal Auditing	
Standard 2010 – Planning	The risk-based methodology used to develop the Internal Audit Plan should have stronger links to key organisation risks	



Appendix A – Methodology

The methodology used for the Quality Assessment involved a full Quality Assessment performed by S. F Ahmed & Co, External Assessors. This methodology is promoted by the IIA.

The process undertaken:

- Review of Internal Audit policies, procedures and practices.
- Review of internal audit planning.
- Discussions with key stakeholders.
- Review Internal Audit information and documents.
- Review selected internal audit engagements by reviewing the working papers.
- Analyse the work of Internal Audit.
- Review conformance of Internal Audit with mandatory internal auditing requirements, including the Standards.
- Prepare a report summarising results of the Quality Assessment.



Appendix B – Glossary

CAE	Chief Audit Executive – CAE is the term used in the Standards to refer to the General Manager - Internal Audit of PKSF.
Control	Any action taken by management, the Board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.
Engagement	A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy.
Governance	The combination of processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organisation toward the achievement of its objectives.
IIA	Institute of Internal Auditors.
Independence	The freedom from conditions that threaten the ability of the internal audit activity to carry out Internal Audit responsibilities in an unbiased manner.
Internal Auditing	An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
IPPF	International Professional Practices Framework – the conceptual framework that organises the authoritative guidance promulgated by the IIA.
IT	Information Technology.
Must	The Standards use the word to specify an unconditional requirement
Objectivity	An unbiased mental attitude that allows Internal Auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that Internal Auditors do not subordinate their judgment on audit matters to others.
Risk Management	A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation's objectives.
Standards	International Standards for the Professional Practice of Internal Auditing.
Value-Add	Internal Audit adds value to the organisation and its stakeholders when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.
POs	Partner Organizations
PKSF	Palli Karma-Sahayak Foundation.



Appendix C – Discussions

Name	Position
Management	
1. Mr. Md. Fazlul Kader	Deputy Managing Director -1
2. Dr. Md. Jashim Uddin	Deputy Managing Director -2
3. Mr. Golam Touhid	Deputy Managing Director -3
4. Mr. Md. Hasan Khaled	Senior General Manager (Programme)
5. Mr. Bibhuti Bushan Biswas	General Manager (Finance & Accounts)
Internal Audit	
1. Mr. A. Khaleque Miah	General Manager
2. Mr. Mohammad Shakawat Hossan Majumder	Assistant General Manager
3. Mr. Dilip Kumar Lahiri	Manager
4. Mr. Abdur Razzaque	Manager
5. Mr. Habibur Rahman Khan	Manager



Appendix D – Evaluation against the Standards

The International Standards for the Professional Practice of Internal Auditing

	Generally conforms with the International Standards for the Professional Practice of Internal Auditing
	Partially conforms with the International Standards for the Professional Practice of Internal Auditing
	Does not conform with the International Standards for the Professional Practice of Internal Auditing

Note: A more detailed Legend is shown on the last page

ATTRIBUTE STANDARDS			
Number	Standard	Description	Assessment
1000	Purpose, Authority, and Responsibility	The purpose, authority and responsibility of the Internal Audit activity must be formally defined in an Internal Audit Charter, consistent with the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards. The Chief Audit Executive must periodically review the Internal Audit Charter and present it to senior management and the Board for approval.	
1010	Recognition of the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter.	The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Standards must be reflected in the Internal Audit Charter. The Chief Audit Executive should discuss the Mission, the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards with senior management and the Board.	
1100	Independence and Objectivity	The Internal Audit activity must be independent, and Internal Auditors must be objective in performing their work.	
1110	Organisational Independence	The Chief Audit Executive must report to a level within the organisation that allows the Internal Audit activity to fulfil its responsibilities. The Chief Audit Executive must confirm to the Board, at least annually, the organisational independence of the Internal Audit activity.	



ATTRIBUTE STANDARDS			
Number	Standard	Description	Assessment
1111	Direct Interaction with the Board	The Chief Audit Executive must communicate and interact directly with the Board.	
1112	Chief Audit Executive Roles beyond Internal Auditing	Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.	
1120	Individual Objectivity	Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest.	
1130	Impairments to Independence or Objectivity	If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.	
1200	Proficiency and Due Professional Care	Engagements must be performed with proficiency and due professional care.	
1210	Proficiency	Internal Auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The Internal Audit activity collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities.	
1220	Due Professional Care	Internal Auditors must apply the care and skill expected of a reasonably prudent and competent Internal Auditor. Due professional care does not imply infallibility.	
1230	Continuing Professional Development	Internal Auditors must enhance their knowledge, skills, and other competencies through continuing professional development.	
1300	Quality Assurance and Improvement Program	The Chief Audit Executive must develop and maintain a Quality Assurance and Improvement Program that covers all aspects of the Internal Audit activity.	
1310	Requirements of the Quality Assurance and Improvement Program	The Quality Assurance and Improvement Program must include both internal and external assessments.	
1311	Internal Assessments	Internal assessments must include: <ul style="list-style-type: none"> <input type="checkbox"/> Ongoing monitoring of the performance of the Internal Audit activity. <input type="checkbox"/> Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices. 	



ATTRIBUTE STANDARDS			Assessment
Number	Standard	Description	
1312	External Assessments	External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Chief Audit Executive must discuss with the Board: <input type="checkbox"/> The form and frequency of external assessment; and <input type="checkbox"/> The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.	
1320	Reporting on the Quality Assurance and Improvement Program	The Chief Audit Executive must communicate the results of the Quality Assurance and Improvement Program to senior management and the Board. Disclosure should include: <input type="checkbox"/> The scope and frequency of both the internal and external assessments. <input type="checkbox"/> Conclusions of assessors. <input type="checkbox"/> Corrective action plans. The qualifications and independence of the assessor or assessment team, including potential conflicts of interest.	
1321	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"	Indicating that the Internal Audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if the results of the Quality Assurance and Improvement Program support such a statement.	
1322	Disclosure of Non-conformance	When non-conformance with the Code of Ethics or the Standards impacts the overall scope or operation of the Internal Audit activity, the Chief Audit Executive must disclose the non-conformance and the impact to senior management and the Board.	

PERFORMANCE STANDARDS			Assessment
Number	Standard	Description	
2000	Managing the Internal Audit Activity	The Chief Audit Executive must effectively manage the Internal Audit activity to ensure it adds value to the organisation.	
2010	Planning	The Chief Audit Executive must establish a risk-based plan to determine the priorities of the Internal Audit activity, consistent with the organisation's goals.	
2020	Communication and Approval	The Chief Audit Executive must communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to senior management and the Board for review and	

PERFORMANCE STANDARDS			
Number	Standard	Description	Assessment
		approval. The Chief Audit Executive must also communicate the impact of resource limitations.	
2030	Resource Management	The Chief Audit Executive must ensure that Internal Audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.	
2040	Policies and Procedures	The Chief Audit Executive must establish policies and procedures to guide the Internal Audit activity.	
2050	Co-ordination and Reliance	The Chief Audit Executive should share information and co-ordinate activities with other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts.	
2060	Reporting to the Board and Senior Management	The Chief Audit Executive must report periodically to senior management and the Board on the Internal Audit activity's purpose, authority, responsibility, and performance related to its plan, and on its conformance with the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require the attention of senior management and/or the Board.	
2070	External Service Provider and Organisational Responsibility for Internal Auditing	When an external service provider serves as the Internal Audit activity, the provider must make the organisation aware that the organisation has the responsibility for maintaining an effective Internal Audit activity.	
2100	Nature of Work	The Internal Audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal Audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.	
2110	Governance	The Internal Audit activity must assess and make appropriate recommendations to improve the organisation's governance processes for: <ul style="list-style-type: none"> <input type="checkbox"/> Making strategic and operational decisions. <input type="checkbox"/> Overseeing risk management and control. <input type="checkbox"/> Promoting appropriate ethics and values within the organisation. <input type="checkbox"/> Ensuring effective organisational performance management and accountability. <input type="checkbox"/> Communicating risk and control information to appropriate areas of the organisation. <input type="checkbox"/> Co-ordinating the activities of, and communicating information among, the Board, external and Internal Auditors, other assurance providers, and management. 	

PERFORMANCE STANDARDS

Number	Standard	Description	Assessment
2120	Risk Management	The Internal Audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.	
2130	Control	The Internal Audit activity must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.	
2200	Engagement Planning	Internal Auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives, and risks relevant to the engagement.	
2201	Planning Considerations	In planning the engagement, Internal Auditors must consider: <input type="checkbox"/> The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance;	
		<input type="checkbox"/> The significant risks to the activity's objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level;	
		<input type="checkbox"/> The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant control framework or model; and The opportunities for making significant improvements to the activity's governance, risk management and control processes.	
2210	Engagement Objectives	Objectives must be established for each engagement.	
2220	Engagement Scope	The established scope must be sufficient to achieve the objectives of the engagement.	
2230	Engagement Resource Allocation	Internal Auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.	
2240	Engagement Work Program	Internal Auditors must develop and document work programs that achieve the engagement objectives.	
2300	Performing the Engagement	Internal Auditors must identify, analyse, evaluate, and record sufficient information to achieve the engagement's objectives.	
2310	Identifying Information	Internal Auditors must identify sufficient, reliable, relevant and useful information to achieve the engagement's objectives.	
2320	Analysis and Evaluation	Internal Auditors must base conclusions and engagement results on appropriate analyses and evaluations.	



PERFORMANCE STANDARDS			
Number	Standard	Description	Assessment
2330	Documenting Information	Internal Auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.	
2340	Engagement Supervision	Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.	
2400	Communicating Results	Internal Auditors must communicate the results of engagements.	
2410	Criteria for Communicating	Communications must include the engagement's objectives scope, and results.	
2420	Quality of Communications	Communications must be accurate, objective, clear, concise, constructive, complete, and timely.	
2421	Errors and Omissions	If a final communication contains a significant error or omission, the Chief Audit Executive must communicate corrected information to all parties who received the original communication.	
2430	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"	Stating that engagements are "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing" is appropriate only if the results of the Quality Assurance and Improvement Program support the statement.	
2431	Engagement Disclosure of Non-conformance	When non-conformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the: <ul style="list-style-type: none"> <input type="checkbox"/> Principle(s) or rule(s) of conduct of the Code of Ethics or standard(s) with which full conformance was not achieved; <input type="checkbox"/> Reason(s) for non-conformance; and <input type="checkbox"/> Impact of non-conformance on the engagement and the communicated engagement results. 	
2440	Disseminating Results	The Chief Audit Executive must communicate results to the appropriate parties.	
2450	Overall Opinions	When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organisation; and the expectations of senior management, the Board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.	
2500	Monitoring Progress	The Chief Audit Executive must establish and maintain a system to monitor the disposition of results communicated to management.	



PERFORMANCE STANDARDS

Number	Standard	Description	Assessment
2600	Communicating the Acceptance of Risks	When the Chief Audit Executive believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation, the Chief Audit Executive must discuss the matter with senior management. If the Chief Audit Executive determines that the matter has not been resolved, the Chief Audit Executive must communicate the matter to the Board.	
	IIA Code of Ethics: Integrity Objectivity Confidentiality Competency	The purpose of the Code of Ethics is to promote an ethical culture in the profession of internal auditing.	



Legend

	Generally Conforms	Means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual Standards or elements of the Code of Ethics, and partial conformity to the others, within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the Standards or the Code of Ethics, is not applying them effectively, or is not achieving their stated objectives.
	Partially Conforms	Means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section and major category, but has fallen short of achieving some of the major objectives. This will usually represent some significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives. Some of the deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the Board of the organisation.
	Does Not Conform	Means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual Standard or element of the Code of Ethics, section and major category. These deficiencies will usually have a significant negative effect on the activity's effectiveness and its potential to add value to the organisation. They may also represent significant opportunities for improvement, including actions by senior management or the Board.

