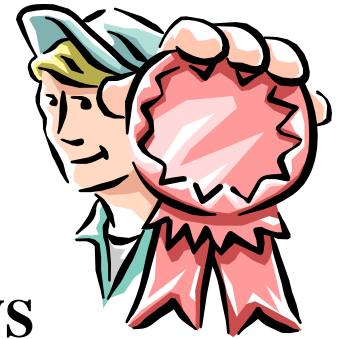


“Partnership with Integrity”™



COMPLIANCE AND QUALITY ASSURANCE REVIEWS

Internal and External Peer Reviews provide independent assurance to management and external advisors that the ship is on course and the engines are firing on all cylinders. It's like going to the dentist or having the oil changed – periodic inspections that can prevent major catastrophes down the road.

Quality Assurance self reviews and external peer reviews have become part of the professional practice of internal auditing. These reviews are recognized and required by the Institute of Internal Auditors (“IIA”), the Association of College and University Auditors (“ACUA”), and other professional organizations. To disseminate information on quality assurance and peer reviews, ACUA and others have formed committees to address relevant needs of members and promote best practices within their organizations. The IIA first recognized the need for both internal and external reviews back in 1984 when it published the Quality Assurance Review Manual for Internal Auditing. Since then, The IIA was required either an external Quality Assurance Review “QAR” of a validation of an internal self assessment at least one every five years.

Recently, and in Conjunction With a revised definition of Internal Auditing which stresses the “value-added” nature of internal auditing’s role in providing assurances regarding risk management and corporate governance (in addition to traditional procedural and control reviews), the IIA updated the 1984 manual. The current manual strongly encourages the use of Quality Assurance Reviews as a means to enhance auditing processes and improving the overall effectiveness and value of the Internal Auditing Activity.

While indicating that an independent Quality Assurance Review (“QAR”) every five years provides the optimum means of complying with the requirements of Standard 1312 – External Assessments - because of its ability to benchmark best practices, provide additional credibility due to independence, and eliminates the “inability to see the forest for the trees”, the IIA also recognizes that an **internal** self-assessment with **independent** validation also adds value and provides an alternative means of complying with Standard 1312.¹

The purpose of completing an internal control self-assessment, followed by an independent validation, would be to more efficiently spend limited resources, while maximizing audit effectiveness and return on investment, terms all Chief Audit Executives and Boards of Trustees understand. The

internal self-assessment procedures are patterned after those followed by an independent reviewer and would be:

- **Performed** under the direction of the CAE by experienced internal audit professionals in accordance with an approved framework, such as *The Professional Practices Framework*, developed by the IIA’s Guidance Task Force;
- **Documented** sufficiently to allow for an independent assessment by an external party regarding the internal audit department’s adherence to internal auditing standards, internal policies, and other criterion, as well as recommendations for improvement;
- **Reviewed** by a qualified, independent professional firm (such as **ALP**) and include tests of the self-assessment procedures, interviews with senior executives and members of the audit committee or board of trustees, preparation of a draft report addressed to the board and senior management, validating the results of the self-assessment and provide additional recommendations;
- **Opined** by the independent auditing firm as to the adequacy of the self-assessment procedures and an indication of the level of internal auditing’s conformity to the Standards.

The primary goals of the external, independent auditing firm should be to recommend to the CAE and Board ways for the internal auditing activity to enhance its value to the organization, improve its adherence to Standards, and act as a catalyst for positive change within the organization.

Regardless of whether you opt for an external QAR, or follow the self-assessment path, our professionals can tailor an assessment program to meet your needs. **ALP CONSULTING** is an independent, professional auditing firm with extensive experience in all areas of IT auditing, IT security, and internal auditing.

For more information on ALP’s Quality Assurance and Compliance auditing capabilities, including our DOERS® approach for Sarbanes-Oxley compliance, please contact:

Dave Laakso
Partner

877-312-6547

DLaakso@alp-consulting.net

¹ Quality Assessment Manual - Fourth Edition, “The Institute of Internal Auditors”, p. 21, (2002)