Professional Practice for Internal Auditing

This audit standard is based on and complies with the Professional Practice Guide for Internal Audit published by the Institute of Internal Auditors Australia. [Sydney, No date.]

In contrast to the AS 3911.1-1992 standard, where the audit ceases at the exit interview, the main value of this standard is that it gives the auditor the responsibility of follow-up to ensure that compliance has been met.

Appointment

1. The auditor is appointed to conduct the internal audit according to the governance structure of the organization being audited.
2. The auditor is not subject to line managers.
3. The auditor has sufficient resources to perform the required audit.
4. The auditor has sufficient time to perform the required audit.
5. The auditor has the authority to increase the scope of the audit if a critical issue would otherwise be missed.
6. Auditors are competent for the functions they perform.
7. Auditors seek advice and assistance if they lack skills and/or knowledge to conduct all or part of an audit.
8. The auditor has a set of defined Key Performance Indicators.

Planning

9. Each audit is planned to achieve its purposes.
10. The auditor considers the context, and assesses and manages risks in the audit.
11. The auditor identifies internal and/or external benchmarks against which to audit, where relevant.
12. The internal audit assists the auditee to meet the organization's requirements.
13. The audit adds value to the organization.
14. The audit is adapted to the size of the audit, its complexity, and the nature and scope of auditee operations.

Conduct

15. Perceptions of conflict of interest are resolved in a fair and reasonable way.
16. The auditor reviews internal controls and review mechanisms.
17. The audit aims to identify problems while still small and prevent them from becoming major problems that are more expensive to resolve.
18. The auditor assesses the risk management of the organization.
19. The auditor encourages managers to evaluate their own work.
20. The auditor establishes facts against clear rules of evidence.
21. The auditor gives greater attention to matters at unacceptably high risk.

Closure and follow-up

22. The auditor gives an independent and impartial review.
23. The auditor makes recommendations that address the organization's strategic goals.
24. The auditor recommends changes in internal systems that, where possible, make the correct action the easiest or most rewarded.
25. The auditor ensures that managers promptly address recommendations.
26. The auditor actively follows up recommendations to ensure unacceptably high risks have been reduced to acceptable risks.
27. The auditor issues a report at the end of the audit that is accurate, timely and relevant to the needs of the stakeholders.

End