



International Professional
Practices Framework

Implementation Guide 1321

Standard 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 supported by the results of the quality assurance and improvement program.

Interpretation:

The internal audit activity conforms with the Code of Ethics and the Standards when it achieves the outcomes described therein. The results of the quality assurance and improvement program include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.

Revised *Standards*, Effective 1 January 2017

Getting Started

Both internal and external assessments of the internal audit activity are performed to evaluate, and express an opinion on, the internal audit activity's conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)* and The IIA's Code of

Ethics. They may also include recommendations for improvement.

The chief audit executive (CAE) should have an understanding of the requirements for a quality assurance and improvement program (QAIP) and be familiar with the results from recent internal and external assessments of the internal audit activity. The CAE typically also has an understanding of the board’s expectations regarding use of the statement “Conforms with the *International Standards for the Professional Practice of Internal Auditing.*” The CAE may discuss such usage with the board periodically to gain and maintain an understanding of the board’s expectations on the matter.

Considerations for Implementation

Internal auditors may only communicate — in writing or verbally — that the internal audit activity conforms with the *Standards* if results of the QAIP, including both the internal and external assessment results, as required by Standard 1312, support such a statement. Once an external assessment validates conformance with the *Standards*, the internal audit activity may continue to use the statement — as long as internal assessments continue to support such a statement — until the next external assessment.

The following scenarios demonstrate proper use of the conformance statement:

- If the results of either the current internal assessment or most recent external assessment do not confirm general conformance with the *Standards* and The IIA’s Code of Ethics, the internal audit activity must discontinue indicating that it is operating in conformance.
- If an internal audit activity has been in existence at least five years and has not completed an external assessment, the internal audit activity may not indicate that it is operating in conformance with the *Standards*.
- If an internal audit activity has undergone an external assessment within the past five years, but has not conducted an internal assessment based on disclosures to the board on the frequency of internal assessment, the CAE should consider whether it is still operating in conformance and if appropriate to indicate conformance until validated by an internal assessment.
- An internal audit activity that has been in existence fewer than five years may indicate that it is operating in conformance with the *Standards* only if a documented internal



assessment (i.e., the periodic self-assessment) supports that conclusion.

- If it has been more than five years since the last external assessment was conducted in accordance with Standard 1312 – External Assessments, the internal audit activity must cease indicating that it operates in conformance, until a current external assessment is completed and supports that conclusion.
- If an external assessment reflects an overall conclusion that the internal audit activity was not operating in conformance with the *Standards*, the internal audit activity must immediately discontinue using any statements that indicate conformance with the *Standards*. The internal audit activity may not resume use of a conformance statement until it has remediated the nonconformance and conducted an external assessment to validate an overall assessment of conformance with the *Standards*.

It is important to note that the *Standards* are principles-based. In assessing conformance with the *Standards*, there may be situations where the internal audit activity achieves only partial conformance with one or more standards. The internal audit activity may demonstrate a clear intent and commitment to ultimately achieving the Core Principles for the Professional Practice of Internal Auditing, on which the *Standards* are based, but may have some improvement opportunities to achieve full conformance with the *Standards*. In such cases, the internal audit activity should consider the overall conformance conclusion when determining its ability to use the conformance statement.

In a situation where a specific engagement fails to achieve conformance with the *Standards*, the internal audit activity may be required to disclose the lack of conformance. The CAE is responsible for disclosing such instances of nonconformance. Implementation Guide 1322 – Disclosure of Nonconformance provides additional information about nonconformance with the *Standards*.

Considerations for Demonstrating Conformance

Multiple items may indicate conformance with Standard 1321, including copies of internal and external assessments wherein the assessor concludes that the internal audit activity has achieved conformance with the *Standards*. Engagement reports, the internal audit charter, board materials and meeting minutes, and other communications, may also help demonstrate conformance with this standard.



About The IIA

The Institute of Internal Auditors (The IIA) is the internal audit profession’s most widely recognized advocate, educator, and provider of standards, guidance, and certifications. Established in 1941, The IIA today serves more than 180,000 members from more than 170 countries and territories. The association’s global headquarters are in Lake Mary, Fla. For more information, visit www.globaliia.org or www.theiia.org.

About Implementation Guidance

Implementation Guidance, as part of The IIA’s International Professional Practices Framework® (IPPF®), provides recommended (non-mandatory) guidance for the internal audit profession. It is designed to assist both internal auditors and internal audit activities to enhance their ability to achieve conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*.

Implementation Guides assist internal auditors in applying the *Standards*. They collectively address internal audit’s approach, methodologies, and consideration, but do not detail processes or procedures.

For other authoritative guidance materials provided by The IIA, please visit our website at www.globaliia.org/standards-guidance or www.theiia.org/guidance.

Disclaimer

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