



International Professional  
Practices Framework

# Implementation Guide 2201

## Standard 2201 – Planning Considerations

In planning the engagement, internal auditors must consider:

- The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance.
- 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.
- The adequacy and effectiveness of the activity's governance, risk management, and control processes compared to a relevant framework or model.
- The opportunities for making significant improvements to the activity's governance, risk management, and control processes.

Revised *Standards*, Effective 1 January 2017

## Getting Started

Internal auditors must plan engagements carefully in order to effectively accomplish the goals and objectives set forth in the annual internal audit plan and to adhere to the organization's established policies and procedures for the internal audit activity. Engagement planning typically starts with a review of the documentation that supports the annual internal audit plan.

Internal auditors can plan effectively for an engagement if they start with an understanding of the mission, vision, objectives, risk, risk appetite, control environment, governance structure,

and risk management process of the area or process under review. A preliminary survey could be a valuable tool to help internal auditors achieve a sufficient understanding of the area or process to be audited.

Developing a risk and control matrix — or reviewing an existing one — is a common practice used by internal auditors to identify the risks that may impact the objectives, resources, and/or operations of the area or process under review. The risk and control matrix may provide critical feedback on the key risks that have been identified, as well as any mitigating controls. It can also be used to identify key objectives of subprocesses within the area or process to be audited.

During engagement planning, internal auditors typically gather information regarding the audit client's policies and procedures and seek to understand any IT systems used by the area under review, along with sources, types, and reliability of information used in the process and those that will be evaluated as evidence. Internal auditors also obtain and review the results of work performed by other internal or external assurance providers and/or prior audit results from the area or process under review, if applicable.

It is important for internal auditors to determine whether new processes or conditions may have introduced new risks. Additionally, it is helpful for internal auditors to determine the preliminary resources and information needed, including the internal audit skills needed to perform the audit effectively.

## Considerations for Implementation

To implement Standard 2201, it is important for internal auditors to identify, understand, and document the mission, strategic objectives, goals, key performance indicators, risks, and controls of the area or process to be audited. Typically, internal auditors evaluate whether the risks are managed to a tolerable level through governance, risk management, and control processes.

Internal auditors may hold discussions with the management of the area under review to understand the strategies and objectives. These discussions may be supplemented by a review of strategy papers, business plans, budgets, and minutes of meetings. Significant risks

may be identified in the supporting documentation. Internal auditors can use their understanding of the business and knowledge of the environment to independently evaluate the risk factors considered by business management.

Understanding the strategies, objectives, and risks of the area or process to be audited can help internal auditors to evaluate the adequacy and effectiveness of the its governance, risk management, and control processes. Internal auditors may review the organization structure, management roles and responsibilities, management reports, and operating procedures to gain an understanding of the governance, risk management, and control processes. It is also important for internal auditors to review meeting notes during the planning phase of an engagement to determine whether any additional tests should be added to the work program.

Management may maintain process flow and controls documents to meet regulatory requirements, such as Sarbanes-Oxley (USA), Turnbull (UK), or other listing rules. Internal auditors may review such documentation to identify key controls. Thereafter, internal auditors may consider using a relevant framework or model, such as The Committee of Sponsoring Organizations of the Treadway Commission's frameworks or ISO 31000, to aid the evaluation.

During engagement planning, it is important for internal auditors to consider how the internal audit activity can add value. In this regard, internal auditors use their professional judgment, knowledge, and experience to identify opportunities for making significant improvements to the organization's governance, risk management, and control processes.

While planning an engagement, internal auditors establish the engagement's objectives and scope in conformance with Standard 2210 – Engagement Objectives and Standard 2220 – Engagement Scope. Doing so allows internal auditors to consider what should be tested in the process or area under review. It also enables them to prioritize the areas within the engagement scope based on the significance of the risks identified. Priority is generally determined by the likelihood of a risk occurrence and the impact that risk would have on the organization if it occurred. Risks with a higher likelihood of occurrence and the greatest impact are generally given the highest priority for testing.

In addition, internal auditors typically speak with individuals who work in the area or process

under review. This can enhance understanding and lead to more effective engagement planning.

Implementation Guide 2210 – Engagement Objectives and Implementation Guide 2220 – Engagement Scope provide additional guidance.

## Considerations for Demonstrating Conformance

Documents that may demonstrate conformance with the standard include a well-documented planning memo that shows, among other things, that internal auditors have considered the items listed in Standard 2201. Other documentation, such as notes from a walk-through, process flowcharts, workpapers, and a risk and control matrix, may also demonstrate conformance.

Additionally, internal auditors generally have documentation of any gaps they may have found between policies and procedures of the area under review, and this may serve to demonstrate conformance. The opportunities for making significant improvements to the organization's governance, risk management, and controls processes may be documented in meeting minutes, presentations, or the final communication to management.



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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](http://www.globaliia.org/standards-guidance) or [www.theiia.org/guidance](http://www.theiia.org/guidance).

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