



International Professional
Practices Framework

Implementation Guide 2220

Standard 2220 – Engagement Scope

The established scope must be sufficient to achieve the objectives of the engagement.

Revised *Standards*, Effective 1 January 2017

Getting Started

In implementing Standard 2220, internal auditors are tasked with establishing an engagement scope that is sufficient to achieve the engagement objectives. Because an engagement generally cannot cover everything, internal auditors must determine what will and will not be included. When internal auditors establish the engagement scope, they generally consider factors such as the boundaries of the area or process, in-scope versus out-of-scope locations, subprocesses, components of the area or process, and time frame.

Internal auditors typically review the planning considerations (see Implementation Guide 2201 – Planning Considerations) and the engagement objectives (see Implementation Guide 2210 – Engagement Objectives) to attain an understanding of the key risks identified during the planning phase. This allows them to achieve a thorough understanding of how best to link the engagement scope to the objectives. It is important for internal auditors to carefully consider the boundaries of the engagement, as the scope must cover enough breadth to achieve the engagement objectives.

Considerations for Implementation

During planning, internal auditors typically draft a scope statement that specifically states what will and will not be included in the engagement (e.g., the boundaries of the area or processes, in-scope versus out-of-scope locations, subprocesses, components of the area or process, and time frame). The time frame may be based on a point in time, a fiscal quarter, a calendar year, or another predetermined period of time.

To ensure the scope is sufficient to meet the engagement objectives and aligns with the organization's annual internal audit plan, internal auditors must use sound professional judgment based upon relevant experience and/or supervisory assistance. When determining the scope, it is helpful for them to review the engagement objectives to ensure that each objective can be accomplished under the established parameters. Internal auditors generally consider and document any scope limitations, as well as any requests from the client or stakeholders for items to be included or excluded from the scope. If internal auditors encounter scope limitations, these must be reported in the final engagement communication.

At times, internal auditors may place reliance on work performed by others — such as external auditors or compliance groups within the organization — and it may be useful to document such reliance in the scope statement. Standard 2050 – Coordination and Reliance and its Implementation Guide provide further guidance on the internal audit activity's reliance on such work.

Considerations for Demonstrating Conformance

Documents that may demonstrate conformance with Standard 2220 include the description of engagement planning process in the internal audit charter or internal audit policies and procedures, which typically explains how the scope is defined. The engagement work program, approved by internal audit management, generally shows whether the engagement scope adequately aligns with the objectives and addresses the key risks identified.

Typically, the scope statement is clearly documented in the engagement's final communications. Other documentation that may serve to demonstrate conformance includes planning memos, signed approvals, engagement announcements, and notes from meetings

during which the scope was discussed.

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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.

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