



International Professional
Practices Framework

Implementation Guide 2450

Standard 2450 – Overall Opinions

When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.

Interpretation:

The communication will include:

- *The scope, including the time period to which the opinion pertains.*
- *Scope limitations.*
- *Consideration of all related projects, including the reliance on other assurance providers.*
- *A summary of the information that supports the opinion.*
- *The risk or control framework or other criteria used as a basis for the overall opinion.*
- *The overall opinion, judgment, or conclusion reached.*

The reasons for an unfavorable overall opinion must be stated.

Revised *Standards*, Effective 1 January 2017

Getting Started

An overall opinion is the rating, conclusion, and/or other description of results provided by the chief audit executive (CAE) when addressing — at a broad level — governance, risk management, and/or control processes of the organization. An overall opinion is the professional judgment of the CAE based on the results of a number of individual engagements and other similar activities — such as reviews by other assurance providers — for a specific time interval.

Overall opinions differ from conclusions in that a conclusion is drawn from one engagement, and an overall opinion is drawn from multiple engagements. Also, a conclusion is part of an engagement communication, while an overall opinion is communicated separately from engagement communications.

The Interpretation of Standard 2310 – Identifying Information defines the terms sufficient, reliable, relevant, and useful:

- Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the internal auditor.
- Reliable information is the best attainable information through the use of appropriate engagement techniques.
- Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement.
- Useful information helps the organization meet its goals.

The Interpretation of Standard 2450 points out the required components for a communication of an overall opinion; the CAE should understand all of these components before issuing an overall opinion. Additionally, the CAE should have a good understanding of the organization's strategies, objectives, and risks as well as the expectations of the board and senior management prior to issuing an overall opinion.

Considerations for Implementation

The CAE starts by considering how an opinion will relate to the strategies, objectives, and risks of the organization. The CAE further considers whether the opinion will solve a problem, add value, and/or provide management or other stakeholders with confidence regarding an overall trend or condition in the organization. Discussions with senior management, the board, and other relevant stakeholders may help the CAE understand the expectations for the scope of the overall opinion.

The CAE then determines the scope of the overall opinion to be provided, including the time period to which the opinion relates, and considers whether there are any scope limitations. With this information in mind, the CAE can determine which audit engagements would be relevant to the overall opinion. All related engagements or projects are considered, including those completed by other internal and external assurance providers. Internal assurance providers may include other functions that comprise the second line of defense for the organization. External service providers may include the work of external auditors or regulators. For each project considered from an internal or external assurance provider, the CAE will need to assess the project to determine the level of reliance that can be placed on the project work. If the CAE relies on the work of another assurance provider, the CAE still retains responsibility for the overall opinion that was reached as a result of that reliance.

For example, an overall opinion may be based on aggregate engagement conclusions at the organization's local, regional, and national levels, along with results reported from outside entities such as independent third parties or regulators. The scope statement provides context for the overall opinion by specifying the time period, activities, limitations, and other variables that describe the boundaries of the overall opinion.

When reviewing engagement conclusions and other communications on which the overall opinion is based, the CAE ensures that such conclusions and other communicated results were based on sufficient, reliable, relevant, and useful information. The CAE then summarizes the information on which the overall opinion is based. In addition, the CAE identifies relevant risk or control frameworks or other criteria used as a basis for the overall opinion.

Upon consideration of the relevant information, the CAE issues an overall opinion, using clear and concise language, and articulates how the opinion relates to the strategies, objectives, and risks of the organization. The communication should include the six elements listed in the Interpretation of Standard 2450.

If the overall opinion is unfavorable, the CAE must explain the reasons supporting this conclusion.

Finally, the CAE decides how to communicate the overall opinion (verbally or in writing). Overall opinions are typically communicated in writing, although there is no requirement in the *Standards* to do so. Implementation Guide 2440 – Disseminating Results provides further guidance on additional considerations for communications.

It is important to note that the CAE is not required to issue an overall opinion; issuance of such an opinion is at the discretion of the organization and would be discussed with senior management and the board. However, when an overall opinion is requested, Standard 2450 provides additional information to support the CAE in the requirements related to communicating an overall opinion.

Considerations for Demonstrating Conformance

For written overall opinions, a copy of the opinion is typically sufficient to demonstrate conformance. For overall opinions that are delivered verbally, conformance may be demonstrated through the CAE's outline, speaking notes, slides, or similar documents. Additional materials that may demonstrate conformance with Standard 2450 include final engagement communications and external communications on which the overall opinion is based, memos, emails, board or other meeting agendas, and meeting minutes.

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Implementation Guidance, as part of The IIA's International Professional Practices Framework® (IPPF®), provides recommended (nonmandatory) 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.

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