

Factsheet: Quality Pre-Assessment

This resource reflects the 'Global Internal Audit Standards' published in 2024

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External Quality Assessment

The International Professional Practices (IPPF) issued by the Institute of Internal Auditors (IIA) includes the 'Global Internal Audit Standards'. Standard 8.3 'Quality' requires the internal audit function's quality assurance and improvement program to include an external quality assessment of internal audit.

Standard 8.4 'External Quality Assessment' expands on this requirement and states that:

The chief audit executive must develop a plan for an external quality assessment and discuss the plan with the board (audit committee). The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

When selecting the independent assessor or assessment team, the chief audit executive must ensure at least one person holds an active Certified Internal Auditor designation.

External Quality Assessment Objectives

The 'Global Internal Audit Standards' require the chief audit executive collaborate with the board (audit committee) and senior management in determining the scope and frequency of an external quality assessment. Standard 8.4 *Considerations for Implementation* propose the following objectives for an external quality assessment:

1. Conformance with the 'Global Internal Audit Standards' including consideration of:
 - › Mandate / charter / strategy / methodologies / processes / risk assessment / internal audit plan
 - › Compliance with applicable laws and regulations
 - › Performance criteria and measures as well as assessment results
 - › Competencies and due professional care, including the sufficient use of tools and techniques, and focus on continual development
 - › Qualifications and competencies, including those of the chief audit executive role as defined by the organisation's job description and hiring profile.
2. Integration into the organisation's governance processes, including the relationships among those involved in positioning the internal audit function to operate independently.

3. Contribution to the organisation's governance / risk management / control processes.
4. Contribution to improvement of the organisation's operations and ability to attain its objectives.
5. Ability to meet expectations articulated by the board (audit committee) / senior management / stakeholders.

Quality Assessment Ratings

The External Quality Assessment methodology was updated to reflect enhanced requirements of the Global Internal Audit Standards and is outlined in the Quality Assessment Manual issued by the IIA-Global. It has a 4-point rating scale compared to the previous methodology which had a 3-point rating scale and did not include a Fully Conforming category.

Principles	Not Achieving	Partially Achieving	Generally Achieving	Fully Achieving
Standards	Not Conforming	Partially Conforming	Generally Conforming	Fully Conforming

Under the updated methodology, to receive an overall rating of Full Achievement, an internal audit function must:

- › Fully Achieve the Purpose of Internal Auditing
- › Fully Achieve the 15 Principles
- › Fully Conform with each of the 52 Global Internal Audit Standards.

It is not possible to reach an overall rating of Full Achievement unless all Standards are Fully Conforming and all Principles and the Purpose of Internal Audit are fully achieved, making it a high bar to meet. This is unlike the previous standards where the highest rating was General Conformance and this could be achieved with partial conformance for some standards.

In recognition of the effort level required, the IIA Global 'Quality Certification' has been introduced to recognise internal audit functions that receive an overall rating of Full Achievement. The IIA Global 'Quality Certification' is a prestigious recognition awarded to internal audit functions demonstrating exceptional conformance and performance under the 'Global Internal Audit Standards'. It is not available for Self-Assessments with Independent Validation. Refer IIA-Global website [IIA Quality Certification](#).

Pre-Assessment

A Pre-Assessment may also be called Preliminary Review or Readiness Assessment. Some internal audit functions decide to have their external quality assessment as a two-stage process:

- › Pre-Assessment – followed by
- › Full scope external quality assessment – some time after the Pre-Assessment.

There are various reasons a chief audit executive may decide to follow this route.

Pre-Assessment	
What is it?	Why do it?
<ul style="list-style-type: none"> › Pre-assessment followed by full scope external quality assessment. › The organisation engages an assessor or assessment team to conduct an independent pre-assessment of the internal audit function. › The assessor needs to be independent of the organisation. › Assessor delivers report and identifies improvements necessary to reach Full Achievement with the 'Global Internal Audit Standards'. › Assessor offers guidance on how this can be done. › Time gap between pre-assessment and full scope external quality assessment is used to implement improvements. › Report is not generally shared with the audit committee. 	<ul style="list-style-type: none"> › You cannot know what you do not know – many internal auditors are not as knowledgeable about the 'Global Internal Audit Standards' as they should be. › Many chief audit executives have not been through an external quality assessment under the 'Global Internal Audit Standards'. › The 'Global Internal Audit Standards' are more rigorous than the previous standards. › Should bring ideas from very experienced assessors who have performed many external quality assessments and seen a lot of good practice. › Leverage assessor knowledge about improvements required to reach Full Conformance. › Time between preliminary review and external quality assessment allows internal audit to implement improvements. › Improve result from later full scope external quality assessment.



Full Scope External Quality Assessment	
What is it?	Why do it?
<ul style="list-style-type: none"> › The organisation engages an assessor or assessment team to conduct an independent external quality assessment of the internal audit function. › Assessor needs to be independent of the organisation. › Assessor conducts fieldwork including: <ul style="list-style-type: none"> › Information gathering › Stakeholder interviews › Feedback surveys › Documentation review › Evaluation of internal audit workpapers. › Assessor produces report. › Report includes evaluation of internal audit function performance including achievement assessment. › Report is presented to the audit committee. 	<p><u>Answers Questions</u></p> <ul style="list-style-type: none"> › Does internal audit meet professional standards? › Can things be done better? › Should more be done? › Is maximum value being received for the money spent on internal audit? › Can internal audit add more value to the organisation? › Can internal audit enhance its image / perceptions / credibility within the organisation? <p><u>Provides Opportunities</u></p> <ul style="list-style-type: none"> › Gain added credibility with management and the audit committee. › Show leadership in the internal audit profession. › Leverage a positive marketing opportunity for internal audit. › Show professionalism and conformance to the IPPF including the 'Global Internal Audit Standards'. › Identify opportunities for improvement within internal audit. › Prove internal audit's worth to its clients.

Pre-Assessment Case Studies

Chief audit executives and internal audit management involved in a pre-assessment before their full scope external quality assessment have commented:

- › The pre-assessment was a valuable process because it told us what we didn't know.
- › The rating scale in the 'Global Internal Audit Standards' is quite different and can be difficult to understand compared to the previous standards, so the pre-assessment process helped our understanding.
- › The pre-assessment was like a training program as it improved our knowledge of the 'Global Internal Audit Standards' – the assessor provided us with continuing professional development by including training about (a) the 'Global Internal Audit Standards' (b) internal audit quality.
- › The pre-assessment report made us focus on implementing improvements in a short timeframe which we would be unlikely to have done without the pre-assessment report.
- › The pre-assessment implementation roadmap prepared by the assessor was a great help to lifting our achievement ratings in the external quality assessment report later presented to the audit committee.
- › The pre-assessment was a valuable experience and set us up for a much better external quality assessment outcome.

Conclusion

Chief audit executives who commission a pre-assessment as part of their external quality assessment process are more likely to achieve a higher rating in their external quality assessment report.

Useful References

International Internal Auditing Standards Board, 2024. *Global Internal Audit Standards*. [Online]

Available at: <https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/standards/>

The Institute of Internal Auditors - Australia, 2025. *Factsheet: External Quality Assessment*. [Online]

Available at: <https://www.iaa.org.au/member-resources/factsheets/factsheet-external-quality-assessment>

