



Maintaining a professional internal audit function

When we go to the doctor do we ask to see their licence to practice? No. We trust that they have studied, passed exams and are now keeping pace with the latest developments. The same is true of our audit customer - they also trust that you and your team are professional.

In this guide, we will explore the key qualities that together form our judgements on what constitutes professionalism together with establishing clear expectations of what is required when conducting internal audits in the UK and Ireland.

The Oxford dictionary defines a profession as “a paid occupation, especially one that involves prolonged training and a formal qualification”, this sits well with the Institutes’ assertion that professionalism does not occur overnight, as it is a process that evolves out of focused commitment and dedication, ongoing study and professional growth, unyielding ethics, unwavering determination, and plain, old-fashioned hard work.

Standards of professionalism begin and end with the recruitment strategy for your audit department, the qualities you seek out, the values you identify and share, the expectations you define and the leadership you demonstrate.

Sought after qualities

Over time, we create a personal picture that constitutes our own version of professionalism such as wearing cufflinks, having 500+ connections on LinkedIn or a string of letters on a business card. Certain characteristics however, are common, and although challenging, effort should be made to find ways of looking for these in the recruitment and assessment process for all roles including administrative audit assistants as everyone in the team represents the profession. There are a variety of ways in which these can be included from psychometric tests, assessment centres, presentation scenarios and background checks.

The attribute standards set out criteria that an auditor requires:

1120 Objectivity	An impartial, unbiased attitude and avoid any conflict of interest, requiring that judgment on audit matters is not sub-ordinated to others.
1210 Proficiency	Possess the knowledge, skills and other competencies needed to perform engagements.
1220 Due professional care	Operating in a reasonably prudent manner, with care and skill, attention to detail.

1230 Continuing professional development	An openness to feedback, inclination towards lifelong learning to enhance knowledge, skills and other competencies.
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These can be expanded on with the following:

Accountability	The capability to take ownership for oneself and output, working autonomously, seeking out solutions, constructive learning approach.
Appearance	Whilst subjective and variable across industry it is important to consider the culture of the working environment and also the wider profession.
Business acumen	Demonstrating insightful and innovative thinking, quickly assimilating data and understanding complex processes.
Communication	Using language and tone appropriate to the environment, written and verbal dexterity of the language used for audit activity (this is particularly relevant with global teams).
Demeanour	Exuding a calm confidence, air of authority without being overpowering, maintaining poise extending to gravitas for senior levels.
Ethics	Advocate of ethical behaviour, positive attitude and honest.
Emotional intelligence	Ability to defuse conflict, empathise with others, demonstrate resilience, negotiate win/win solutions.
Empathy	Recognising workload pressures and personal circumstances in engagement planning without compromising assurance objectives.
Organisation	Basic administrative skills, diary management, tidy workspace, punctuality.
Reliability	Timeliness, realistic promises, reputation for delivery.
Trust	Able to build relationships, respectful of others and commands respect due to behaviours.

Defined expectations

We understand that as heads of internal audit (HIA), you may face a variety of recruitment challenges depending on industry, sector and location. We also appreciate that your own career path may not have originated within the field of internal audit. None of this detracts from the importance that we, as a Chartered Institute, place on the professional standards we expect from not only our members but also those practicing the profession of internal auditing.

Our minimum expectations for qualifications in the UK and Ireland take into account the practicalities that you face as HIAs of secondments, succession planning and preparing future business leaders. We would

expect these to also be the minimum commitments made by prospective auditors at interview and also to budget funding by your organisation. In addition, there may also be specialist expectations relating to auditing financial services and information technology that are pertinent to your function; qualifications for these areas are also available.

We expect that individuals entering internal audit as a second or third career from other disciplines to have business experience and intellect sufficient to be able to undertake process reviews, advise on improvements and make 'a good go' at the role of internal auditing. However, on its own this common-sense approach does not constitute professional practice and over time may potentially undermine the position of internal audit as trusted advisor to the board.

All minimum commitments require membership of the Institute which ensures agreement to abide by the International Professional Practices Framework. The Code of Ethics specifically requires auditors to have integrity and be objective whilst maintaining confidentiality and ensuring competence. These form the basis of the trust by which auditing activity is carried out in accordance with the International Standards.

Professional internal auditors have a specialised knowledge, behaviour and skillset not found in others within an organisation.

Demonstrable leadership

As a leader of the internal audit function, your personal professionalism may come from another discipline. However, there are expectations particular to internal auditing that the Institute puts forward for heads of audit to consider.

Conformance

The Institute standards may appear onerous or authoritarian but would you trust an accountant that didn't abide by financial reporting standards? The standards set out basic requirements that when applied differentiate internal auditing from business process reviews and operational effectiveness teams. How the standards translate to working practices and processes in your own department are for you to decide.

Ethics

An important part of the bedrock for internal auditing, the Institute's code should be discussed at least annually as a team and with the audit committee, and measures relating to it included in performance reviews. An auditor's behaviour must be ethical at all times, in corporate environments respecting and contributing to the legitimate and ethical objectives of the organisation and outside of work; careless social media posts have the potential to undermine business relationships and trust.

Competence

Competence is one of the cornerstones of our ethical code. As a head of internal audit there may be a variety of budgetary challenges, however, it is important that technical and people skills are maintained. Trained mechanics need to learn about new cars that come to the market and auditors need to understand new technology developments, business models and auditing techniques. Internal auditors need to continually improve their proficiency together with the quality and effectiveness of their services.

Like any professional, auditors often fall into one of three learning types and heads of audit must motivate

the whole team, including themselves, to ensure that competence is maintained:

- **Lifetime scholar:** Always keeping abreast of new things, keen to learn and develop.
- **Passive scholar:** Willing to engage in low effort activities, attending conferences, day courses without tests.
- **Locked scholar:** Disengaged having achieved their qualification.

Independence

This is fundamental to internal auditing. It is demonstrated through the reporting line of the HIA into the chair of the audit committee and the mind-set exhibited by all auditors. An external quality assessment, every five years, is a good way of validating this as part of its broader remit.

Objectivity

The importance of this unbiased approach to audits is critical to professionalism and a constant balance for HIAs building relationships and seeking to add value. It is also a requirement (1130.A1) that internal auditors must allow 12 months to lapse before auditing in an area where they have previously worked.

Succession

Planning is a necessity for any leader. The audit qualifications provide a useful progression framework from IIA Certificate in Internal Audit and Business Risk through the CIA then QIAL and ultimately to Chartered status, which serves to demonstrate not only the commitment of the individual but also the organisations commitment to the individual and the recognition of the function/profession within their organisation.

Appearance

May be considered an old-fashioned virtue to some and yet as a head of audit it must be considered. Is it beneficial for audit to stand apart from the dress code of the organisation or conform to it? Can a dress code be a demonstration of independence and professionalism?

Communication

Tone and style establish boundaries for auditors. What constitutes brevity versus being curt? Is the use of an emoji acceptable? Does an 'instant chat' message hold weight as audit evidence?

Demeanour

Is often the epitome of professional or unprofessional behaviour. Auditors have the right of access to people, buildings and documents relevant to their work and should maintain the authority of their position by exuding a calm confidence, not being bossy, threatening or defensive. A practical example of this is swearing in the office. If an auditee swears during a meeting is it acceptable for the auditor to mirror this or should it be avoided?

Safe space

There are high expectations of auditors, the trusted advisors to the board, the bastion of corporate virtues and exemplars of efficiency and effectiveness. But auditors are just people doing their best, they make mistakes, they get frustrated, they get angry, they hear things they need to share with someone...they need

to vent! To create a safe space where auditors can talk freely without judgement should be an objective for all HIAs. Granted this is not simplistic in the open plan world of today and may require creativity; permanent meeting room booking, team retreats etc.

Closing thought

We would hope that you work with many professionals in your day to day business, however, this term can be applied quite loosely in common parlance. As one of the Chartered professions it is imperative that we uphold the prestige and credibility that comes with the designation, and that as required by the status we act at all times in the public interest.

"Professional is not a label you give yourself – it's a description you hope others will apply to you"

- David Maister

Further reading

Culture and the role of internal audit