A proposed internal audit tool to improve internal audit effectiveness in South African national departments

Research Report

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Thesis presented in partial fulfilment for the degree of Master of Business Administration to the Faculty of Commerce, Law, and Management, University of the Witwatersrand

March 2021

DECLARATION

I, Zondre Launchya Seitei declare that this research report entitled 'A proposed internal audit tool to improve internal audit effectiveness in South African national departments' is my own unaided work. I have acknowledged, attributed, and referenced all ideas sourced elsewhere. I am hereby submitting it in partial fulfilment of the requirements of the degree of Master of Business Administration at the University of the Witwatersrand, Johannesburg. I have not submitted this report before for any other degree or examination to any other institution.

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Signed at Johannesburg on 31st March 2021

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ABSTRACT

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Thesis title: A proposed internal audit tool to improve internal audit effectiveness in South African national departments

Johannesburg, March 2021

Increasing governance related issues are plaguing the South African government, which have in recent times seen many state institutions facing serious financial and operational related challenges to the point where the National Treasury had to bail out public institutions. Internal audit is a vital component of governance structures within organisations, as internal audit functions (IAF) provides support to the its governing bodies through the provision of assurance and consulting services on the effectiveness of risk management, controls and governance processes. The Institute of Internal Auditors (IIA) has made the development and implementation of a quality assurance and improvement programme (QAIP) mandatory in term of standard 1300 of the International Standards for the Professional Practice of Internal Auditing (The Standards). This augments the importance of measuring the quality delivered by internal auditors to their key stakeholders. Literature revealed that the quality or effectiveness of IAFs' management support, independence and its competence are factors that can be positively correlated to internal audit effectiveness (IAE). However, the existence of a quality assurance self-assessment preparation (QASP) tool appears to be limited. Therefore, the aim of his study was to propose such a tool to aid IAFs in South African government national departments in conducting their own self-assessments. This could capacitate IAFs in the public sector to assess their effectiveness. This study found that there is a need for quality assurance self-assessment preparation (QASP) tool to help IAFs assess their effectiveness. Four key themes emerged from the findings, namely, IAE, internal assessments, a measurement tool and external audit reliance culminating into a proposed QASP tool. It is therefore recommended that IAFs of national departments in the South African public sector take cognisance of the proposed tool to improve internal audit quality and ultimately governance and service delivery.

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ACKNOWLEDGEMENTS

I owe it all to GOD who gives me strength in all I do. Thank you for bringing me through the most trying period of my adult life, which resulted in me having to delay the submission of my research, and without whom I would not have made it.

Sincere thanks to my dearest and loving husband Harry Seitei for his understanding and unwavering support throughout my research. His contribution extended beyond just being my biggest cheerleader, but also assisting in pre-review of my work. Thank you for your many selfless sacrifices known and unknown, including sharing our time with my MBA journey.

To my supervisor, Dr Kato Plant. A big thank you for your guidance and support. You have been amazing and I have learnt so much from you. You persuaded me to pursue the topic of which I now have no regrets. I am confident that this study as a start will contribute majorly to improving the quality of internal audit functions within the public sector.

To my mother, Denise Oosthuizen, a single mother of five. Thank you for all your support and love in raising us and for the many altruistic struggles you have gone through that I know nothing of.

A heartfelt thank you to National Treasury for funding my MBA studies and the enormous support received.

Finally, thank you to the friends I made on my MBA journey. I have learnt so much from you, looking forward to our life-long friendships in further contributing to each other and South Africa as a whole.

DEFINITION OF KEY TERMS AND CONCEPTS

AC – Audit Committee

AGSA – Auditor-General South Africa

Auditee – Management responsible for designing, implementing and monitoring risks and controls of the organisation

CAE – Chief Audit Executive

EQAR – External Quality Assurance Review

IAE – Internal audit effectiveness

IAF – Internal Audit Function, also known as Internal Audit Activity

IIA – Institute of Internal Auditors Global

IIA SA – Institute of Internal Auditors South Africa (South African Chapter)

IIA Standards – International Standards for the Professional Practice of Internal Auditing "IIA Standards", 2016

IPPF – International Professional Practices Framework, 2016

P – Participant (are internal auditors and interviewees from which data a collected)

PFMA – Public Finance Management Act, No. 1 of 1999

QAIP – Quality Assurance and Improvement Programme

QASP – QASP Tool (Proposed Tool)

SA – South Africa

SAA – South African Airways

TR – Treasury Regulations, 2005

USA – United States of America

1 INTRODUCTION TO THE RESEARCH

1.1 Background and context

More generally, this research is proposing a practical internal audit quality assurance self-assessment tool that can be used by internal audit functions (IAF) in South African national departments to assess internal audit effectiveness. Before getting to the research conceptualisation (Section 1.2), the terms and concepts used in conceptualising this research are briefly introduced in Section 1.1 generally and broadly—while Chapter 2 has a more specific and detailed discussion on the research context. The research conceptualisation section provides for the research problem statement (Section 1.2.1) and consequently the purpose of this research (Section 1.2.2) as well as the research questions (Section 1.2.3). The delimitations and assumptions of the research study are in Section 1.3 while the significance of the research study is discussed in Section 1.4 and provides a preface to the research report in Section 1.5.

A number of recent governance failures (Thabane & Snyman-Van Deventer, 2018) and serious irregularities (Staff Reporter, 2018) has seen organisations such as amongst others, Steinhoff, Nkonki Incorporated, Klynveld Peat Marwick Goerdeler (KPMG), Eskom, South African Broadcasting Corporation (SABC) and South African Airways (SAA) crumble to a point of irrefutable damage to their reputation, credibility and bottom line (Burger-Smidt, 2018; Thabane & Snyman-Van Deventer, 2018). This has casted a shadow on the once previously world renowned South African auditing fraternity in relation to being ranked as the best in auditing and reporting standards by the World Economic Forum's Global Competitiveness Survey. These recent scandals consequently resulted in South Africa (SA) falling in rank from number one (1) out of 138 countries in 2016 (Schwab, 2016) to number 49 out of 141 countries in 2019 (Schwab, 2019). This is cause for serious concern, since governance is the life-blood of any organisation if the definition by The Chartered Governance Institute (TCGI) is conformed to (TCGI, 2020). The TCGI (2020) defines corporate governance as the process of how an organisation is governed, controlled, directed and held to account (IIA, 2012i) in line with its mandate and objectives, and identifies the decision-making structures.

The King IV Report (2016:p11) defines corporate governance "as the exercise of ethical and effective leadership by the governing body towards the achievement of ... ethical culture, good performance, effective control and legitimacy." Governance plays an extremely vital role in how organisations are controlled and directed (TCGI, 2020) and could mean the difference between the sustainability of an organisation and its demise as in the case of Nkonki Incorporated and SAA (Burger-Smidt, 2018) & (Thabane & Snyman-Van Deventer, 2018). Although the South African Johannesburg Stock Exchange (JSE) listing requirements mandates companies that are listed with them to comply with the King Code, it is however not a requirement for government organisations, although these organisations are strongly encouraged to apply the recommended governance practices (Makgabo, 2007).

Internal audit is a vital component of governance structures within organisations (IIA, 2016a). Key aspects of the definition of governance relates to and overlaps with the definition of internal auditing as it pertains to the improvement of governance, control and risk management processes and effectiveness (IIA, 2016b). Specifically within the public sector, the IAF provides support to the organisation's governing bodies through the provision of assurance and consulting services on the effectiveness of risk management, controls and governance processes (IIA, 2012i). The Auditor-General South Africa (AGSA) in its 2018/19 Consolidated General Report on national and provincial audit outcomes report, attributed the improvement of departments' governance to concerted efforts made by audit committees (AC) and the assurance provided by internal audit (AGSA, 2019a). In essence, internal audit could be regarded as what one could call the guardians of governance.

The internal audit profession in SA (IIA, 2016e) is governed by amongst others the internal audit professional body, which is the Institute of Internal Auditors South Africa (IIA SA) and forms the local chapter of the Global Institute of Internal Auditors (IIA) based in the United States of America (USA) (IIA, 2020a). The profession of internal audit in the South African public sector is further directed by local statutes, being the Public Finance Management Act (1999) (PFMA) and the Treasury Regulations (2005) (TR) inter alia.

The IIA goes as far back as 1941 (IIA, 2020a) and has a mandatory Framework called the International Professional Practices Framework (IPPF) that requires internal auditors who are members of the IIA to conform to it (IIA, 2016d). The IPPF consists of both mandatory and recommended guidance (IIA, 2016d). The International Standards for the Professional Practice of Internal Auditing (ISPPIA – hereinafter referred to as the Standards) of the IIA which forms part of the IPPF (2016d) mandatory guidance has been adopted by the South African government and incorporated into section 3.2.6 of the TR (Treasury, 2005).

The IIA has made the development and implementation of a quality assurance and improvement programme (QAIP) mandatory in term of standard 1300 of the ISPPIA (IIA, 2016a). This augments the importance of measuring the quality delivered by internal auditors to their key stakeholders. The IIA's quality assurance assessment criteria consists mainly of the Standards against which internal auditors and the IAFs' effectiveness are measured (IIA, 2016e). The question however remains whether the Standards alone adequately and comprehensively measure internal audit effectiveness and the value it adds (Fahlén & Langell, 2014) or does it require an accompanying tool to further enhance its implementation? From the study by Kasim and Hanafi (2012) there appears to be inadequate or insufficient practical tools and techniques available to support South African government departments IAF's in conducting quality assurance assessments. This is further evidenced by the results emanating from Mbewu and Barac (2017) research where no form of quality assurance assessments was performed by the South African municipalities' IAFs that partook in their study. Quality assurance mechanisms efforts are directed at overall improvement of processes and ultimately performance (Karapetrovic & Walter, 2000). It is not enough to have adequate measurement criteria, but what's needed is a tool that aids in practically implementing (Hudson, Hunter, & Peckham, 2019) the said quality criteria (Vidhya, 2017), as this is what can inform effectiveness measurement (Marais, 2004). Continuous measurement and scrutiny of performance criteria according to Marais (2004) forms part of monitoring quality systems. The question should be, what constitutes value add, as this is perspective dependent and should be focused from the perceptions of the IAF's key stakeholders.

1.1.1 What factors or indicators contribute to internal audit effectiveness (IAE)?

A number of studies on factors influencing internal audit effectiveness (IAE) around the world has been conducted. Some of the pertinent findings emanating from those studies conducted in Greece, Vietnam and Ethiopia highlight the independence of internal audit (Huong, 2018), support by management (Mihret & Yismaw, 2007), internal audit competence (Mustika, 2015), internal audit quality (George, Theofanis, & Konstantinos, 2015), inter alia as indicators contributing to and influencing IAE. Another research study by Alzeban and Gwilliam (2014) revealed that management support was the key driver of IAE, whereas Mustika's (2015) results found no correlation between management support and IAE. A number of authors have emphasised the importance of having quality IAF's (Huong, 2018; Mihret & Yismaw, 2007); however adequate quality assurance tools do not exist that include criteria to assess indicators of effectiveness (Kasim & Hanafi, 2012).

1.1.2 What quality assurance tool will aid internal audit in adequately assessing its effectiveness and conformance to the IIA Standards?

The IIA Standards (2016a), Standard 1300 requires that internal audit develops and maintains a QAIP. In order for internal audit to be a trusted advisor (IIA, 2016c) and provide quality services to its audit clients, be it consulting or assurance (IIA, 2016b), they need to be adequately equipped. This is a huge capacity challenge for many IAFs within the public sector, and their sizes and complexities differ (Mbewu & Barac, 2017) with many not adequately resourced from both a financial and human resources perspective (IKUTU & Treasury, 2014). Quality assurance processes are designed to evaluate IAE and quality (IIA, 2016a), and if not done, opens it up to inferior delivery of services. There are many public sector IAFs that are ineffective (Erasmus & Fourie, 2014) and are not implementing QAIPs and conducting quality self-assessments of their work (Mbewu & Barac, 2017), and the reasons why this is not being done is being questioned and remains an ongoing debate, hence the purpose for this study.

1.2 Research conceptualisation

1.2.1 The research problem statement

The South African Government are experiencing increasing governance related issues, which have in recent times seen many state institutions facing serious financial and operational related challenges to the point of the National Treasury bailing them out (Devenish, 2018) (Mutize, 2017). This has had a huge strain on the fiscal budget of the country according to Mutize (2017). A recent report by the AGSA released alarming audit results for the 2018/19 financial year, one of which points out that government departments incurred increased irregular expenditure of R11 billion more than the prior year and is a serious cause for concern (AGSA, 2019b).

A number of factors contribute to the poor quality and as a result, effectiveness of internal audit, particularly a lack of resources (IKUTU & Treasury, 2014) (Mbewu & Barac, 2017), independence of and competence of internal audit (Mustika, 2015). The latter is largely based on the capability of internal audit to identify risks and control deficiencies in order to further advise management and help them improve an organisation's operations (IIA, 2016b). Mihret and Yismaw (2007) further attributed inadequate management support and the quality of internal audit as factors that negatively affect IAE. The IIA Standards (2016d) require of an IAF to put in place a QAIP in terms of Standard 1300 that measures internal audit as a whole against the IPPF (2016d). This means that if internal audit quality is measured, this will enable internal audit to not only be cognisant of its areas of weaknesses, but also put in place adequate measures to address these shortcomings and allow the AC to monitor internal audit's progress thereon (IKUTU & Treasury, 2014). The indicators of IAE include competence (Mustika, 2015), internal audit quality, its independence (George et al., 2015), as well as management support (Huong, 2018). However, internal audit quality, if assessed using the IIA Quality Assurance Manual (2016), includes the evaluation of all these indicators, but criteria pertaining to management support needs enhancing. According to Mihret and Yismaw (2007), an effective IAF contributes immensely to the overall improvement of an organisation's operations and control processes (Mihret & Yismaw, 2007).

The IIA Standards require internal audit to add value and help an organisation achieve its objectives by evaluating and improving its risk management, governance and control processes (IIA, 2016b). However, many government departments' IAFs are not performing optimally (Erasmus & Fourie, 2014) and are unable to assess the value added and their effectiveness for further improvement (Mbewu & Barac, 2017). Furthermore, the implementation of professional guidance and prescripts is a huge concern in the public sector and the same also for IAFs. With specific reference to quality assurance self-assessments, the Institute of Internal Auditors Quality Assessment Manual was revised in 2016 to assist IAFs to conduct self-assessments; however, it appears that the implementation part of the manual requirements remains a challenge (Mbewu & Barac, 2017). Hence, the need for a practical self-assessment quality tool that will enable internal audit to assess their contribution to the achievement of an organisation's objectives.

1.2.2 The research purpose (aim and objectives) statement

The purpose of the research is to propose a tool through the development of a quality assurance self-assessment preparation tool (QASP) for IAFs in South African government national departments. This will capacitate IAFs in the public sector to be in a position to conduct their own self-assessments on the quality of the services they provide and its effectiveness (IIA, 2016a). There are presently inadequate or no practical tools for public sector IAFs to utilise in efficiently conducting a self-assessment of their work (Mbewu & Barac, 2017). This is presently a challenge and if addressed will aid the AC to have a more directed approach by using the result produced by this tool as the basis for a monitoring mechanism in identifying, assessing and tracking the gaps hindering the effectiveness of IAFs within government departments for further improvement, rather than having their attention scattered.

The intent is to explore the design of a QASP that will enable internal audit to evaluate their effectiveness and adherence to the IIA Standards, using the IIA Quality Assessment Manual (2016) as a baseline that will ultimately result in internal audit adding value to organisations by assisting them in achieving their objectives (IIA, 2016b). In addition, to ascertain using qualitative strategies the need for enabling tools to measure the quality of IAE.

The research is to be performed by means of qualitative methods, thus using semi-structured interviews with a purposive sample of participants that will aid in ascertaining the adequacy of the QAIP in relation to indicators of IAE. It will help realise if any gaps exist in the existing Quality Assurance Assessment Manual (2016) that is crucial and fundamental to promote the effectiveness and quality (IIA, 2016e) of IAFs within government departments. To derive the conceptual frame for undertaking this study it is imperative to establish the extent to which the IIA's Quality Assessment Manual (2016) includes indicators of IAE and ease of conducting a self-assessment that generates a result. This process will further help inform a practical quality assurance tool that public sector internal auditors can use to perform their own self-assessment in preparation for their external quality assurance reviews (EQAR) as required by the professional body, the IIA at least once every five years. Furthermore, such a self-assessment can be independently validated (IIA, 2016h) rather than have a full external review done (IIA, 2016g), thus saving costs to departments (IIA, 2016h).

1.2.3 The research questions as well as where applicable accompanying research hypotheses or research propositions

1.2.3.1 Question 1: What factors or indicators contribute to internal audit effectiveness (IAE)?

Proposition: Internal audit effectiveness indicators are critical to the well-functioning of IAFs to be able to provide adequate assurance and consulting activities.

1.2.3.2 Question 2: What quality assurance tool will aid internal audit in adequately assessing its effectiveness and conformance to the IIA Standards?

Proposition: The development of a QASP tool will aid internal audit in adequately assessing its effectiveness and conformance to the IIA Standards.

1.3 Delimitations, assumptions and limitations of the research study

The delimitations, assumptions and limitations of this research study are as follows:

Assumptions

Many public sector IAFs within the South African context lack the relevant competencies to conduct quality assurance assessments (Mbewu & Barac, 2017) and (IKUTU & Treasury, 2014) where they measure their conformance to the IIA Standards and it effectiveness, incapacitating them. Thus, not having adequate automated quality assurance self-assessment tools to administer and prepare them for this process exacerbate this issue (Kasim & Hanafi, 2012). Hence, the purpose of this study is to arm internal audit with necessary and adequate tools and techniques that will empower them to facilitate and implement adequate quality assurance self-assessments.

Delimitations

This study focuses only on capacitating IAFs in national government departments in the South African public sector and not any other spheres of government with the aim to propose a practical, automated QASP tool.

Limitations

This tool will not endeavour to test the effectiveness of the proposed tool; but rather to obtain the views and perceptions of IAFs on the feasibility of the proposed tool. Testing the effectiveness of the tool therefore falls out of the scope of this study, as this process will entail a longitudinal study, but could be explored for future research purposes. This study is further limited to only the assessment criteria informed by the IIA Standards to ensure a succinct assessment. A further limitation is the limited number of national departments that participated in this study, although the results cannot be generalised it is arguably relevant to other national departments.

1.4 Significance of the research study

Internal audit is seen as an imperative governance pillar in the governance structures of government within SA (IIA, 2012i). Hence, the focus on well-run IAFs should be augmented through the execution of quality assurance reviews, as internal audit supports the highest governance structures within government. It is for this reason that developing a practical and automated QASP tool for the South African public sector

IAFs will not only capacitate internal audit, but aid them to ascertain their areas for development. This will put them in a position to introspect, be aware of and implement adequate control mechanisms to address any known gaps, and as a result enhance the value they deliver to their auditees, as highlighted in Standard 2000 (IIA, 2016a).

It is in essence the need to ensure that the organisation's performance is enhanced and objectives achieved continually that activate a demand and necessity for adequate quality systems. Hence, assessing internal audit's quality and ultimately its contribution to the organisation, aids in ascertaining whether internal audit is operating efficiently and effectively and will allow them to set in motion control activities to address any gaps identified to better equip them to add value (IIA, 2016a). Developing the proposed tool will provide a systematic process for internal audit to report their shortcomings and needs from an informed standpoint to management and the AC whom are the decision-makers and hold the power to provide the necessary resources internal audit may require in order to improve their status quo.

1.5 Preface to the research report

To this end, the report has six chapters. Following this introductory chapter, Chapter 2 provides a literature review covering the problem, the past studies, the explanatory framework and the conceptual framework. Chapter 3 discusses the research strategy, design, procedures, reliability and validity measures as well as limitations. Chapters 4 and 5 present and discuss the findings, respectively, to interrogating the research questions while Chapter 6 summarises and concludes the research.

A detailed review and discussion of literature were performed to ascertain the extent of research conducted in the area of internal audit related quality assurance tools, of which there were very few that related to the development of practical and automated assurance tools. Using the IIA Quality Assessment Manual (2016) as the underlying framework, the idea supporting this research is to capacitate IAFs enabling them to practically conduct quality assurance self-assessments in preparation for their EQAR, which is identified as an important area for improvement in the IKUTU and Treasury report (2014). This tool should largely provide the AC with a mechanism to assess internal audit quality and effectiveness and to hold them to account through monitoring their progress in addressing the findings emanating from the proposal tool (Marais, 2004) (Vidhya, 2017).

This study aims to obtain an in-depth understanding of an extensive account of current senior internal auditors' experiences and views on quality assurance processes and its implementation, as well as the importance of assessing internal audit conformance to the IIA Standards (2016a) and its effectiveness. The latter is what provides an indicator of the impact internal audit's efforts have on the organisation achieving its objectives (IIA, 2016b) For purposes of this study and to achieve the aforementioned rich data, the semi-structured interview method will be applied in the collation of information. Since quality assurance processes require persons with in-depth knowledge and experience in the space of internal audit and quality assurance, only senior internal auditors currently in practice in national government departments within SA will be interviewed.

2 LITERATURE REVIEW

This chapter has three broad objectives; namely to understand the research problem, to identify the knowledge gap, and to develop a framework for interpreting the research findings. Specifically, in Section 2.1, the research problem is explained. In Section 2.2, literature on studies that have attempted a similar study or research are reviewed. With information arising from Section 2.2, qualitative attributes that are key to this research are identified in Section 2.3 as well as a framework that we will used to interpret the research findings in Section 2.4.

Internal audit role in governance in the public sector and its challenges

Public sector governance takes into account how organisational goals are established and attained and how effectively it's managed (Asare, 2009). Internal audit has been identified as a key governance pillar of sound governance based on its assessment of business operations of which the results are communicated to the AC and senior management (Coetzee & Erasmus, 2017). Internal audit's contributions to governance are binary in that it provides independent and objective appraisals of the organisation's governance system and are catalysts for improvement of risk management, governance and controls (Asare, 2009). Maintaining effective governance within public institutions has become more and more challenging over the years with the increase in irregular activities taking place in public institutions (Zulu, 2019) owing to inadequate leadership and unethical decisions (Njobeni, 2016). This has become more apparent through reports produced by organisations such as the Public Protector on allegations of state capture (Public Protector, 2016), which triggered the Zondo Commission of Enquiry (President of the RSA, 2018) with a number of other Commissions set up over recent years to probe public resources irregularities. This is cause for concern, as a number of public institutions have become technically insolvent due to financial mismanagement, such as the SAA (Zulu, 2019) and Eskom to name a few (Public Protector, 2016).

The relevance and importance of internal audit in organisations are increasingly being questioned putting added pressure on them to perform (Boța-Avram & Palfi, 2009). With all that has happened in the government domain, a number of questions have been raised as to where the auditors were to prevent these perverse governance mishaps from occurring and to the extent it has, which is a valid ask (von Eck, 2019). Internal audit's role is to provide assurance and consulting activities on the effectiveness of governance, risk management and controls of the organisation to oversight bodies charged with the responsibility for governance (IIA, 2016a). The AGSA (2019a) consolidated general report on audit outcomes highlighted with concern management's failure to adequately address findings previously raised, which has indeed hindered internal audit and the ACs' efforts to effectively discharge their monitoring activities.

Increasing demands are placed on internal audit to provide much needed unbiased and value adding insights and foresights (IIA, 2016a). This requires an enabling environment that will assist internal audit to effectively conduct their work in meeting the mission of internal audit, which is to protect and enhance the value of organisations (IIA, 2020b). This however will depend on the resources and tools available to internal audit that will empower them to improve their service offerings by conducting quality assurance self-assessments on their IAFs in order for them to direct their efforts toward intentional and needed continuous improvements (National Treasury, 2018).

South African legislation supports the IIA Standards (2016a), as it has incorporated section 3.2.6 in the Treasury Regulations (2005) enforcing internal audit engagements to be conducted in accordance with these Standards. Despite no specific mention made in the TRs (2005) of quality assurance processes, it is highlighted as a process to be followed by the National Treasury (2009) Internal Audit Framework, section 3.7. With all the professional guidance and prescripts designed to improve the effectiveness of IAFs within the South African public sector, this study aims to augment this by developing a practical QASP tool that can be implemented with ease by these functions.

Internal audit effectiveness (IAE) indicators

An important part of measuring the quality of internal audit's deliverables is identifying and understanding the indicators and value chain of what makes an IAF effective. Lenz, Sarens and D'Silva (2014), and Roussy and Brivot (2016) associated IAE indicators to input, such as having people with the right skills set and knowledge, processes that entail having the right tools, technology and adequate procedures; and output deliverables which refer to the recommendations, reports, advice and presentations made to key stakeholders. The value added is all about how one's stakeholders receive it and how useful it is to them and their work. This is why managing expectations with their key stakeholders is of paramount importance (Lenz & Hahn, 2015) as it contributes to being relevant and effective as an IAF. Bardhan, Vargus, Pizzini and Lin (2011) explain quality assurance as techniques that enable the effectiveness of the IAF's operations and include activities that consist of client feedback, peer reviews, independent review of working papers and direct supervision amongst others.

The research results of George, Theofanis and Konstantinos (2015) based on the Greece context, highlight that quality of internal audit, management support, internal audit independence and its competence are all indicators that positively relate to the effectiveness of internal audit (Huong, 2018). All these indicators are aligned to the IPPF (2016d); however, when reviewing the IIA Quality Assessment Manual (2016), the criteria to assess management support is not adequately articulated and covered therein to invoke a glaring gap, should this be an area internal audit is struggling with. They further found that the indicator on internal audit quality is associated highly with the other three mentioned indicators (George et al., 2015). Although Mustika (2015) found management support to have no effect on IAE, their study found independence, competence of internal audit and strong relationships between external and internal audit to be highly correlated to IAE within the Indonesian context, with the latter indicator contributing to internal audit quality. Earlier research by Mihret and Yismaw (2007) in the Ethiopian context reveals that quality of internal audit and management support is positively associated with the effectiveness of internal audit. Hence, from the research materials presented, the IAE indicators for consideration and for the purpose of this research include quality of internal audit, independence, competence and management support. When comparing these indicators to the current IIA Quality Assessment Manual (2016) criteria, the indicator on management support could not easily be traced into the said assessment, notwithstanding that this as criteria is not easily measured, and hence this indicator being expanded on under internal audit governance should be considered for expansion. Management support of the work of auditors is inadequate as reported by the AGSA (2019a) consolidated general report, due to their failure to address audit findings raised through the implementation of adequate controls, which is one of the critical aspects toward overall organisational improvement.

Another aspect that helps leverage the work done by internal audit is the reliance placed on internal audit's work by the external auditors in terms of the International Standard on Auditing (ISA) 610 and the IIA's Standard 2050, particularly in the public sector. Their reliance is mainly premised on the measurement of quality and effectiveness outcomes of the work produced and the behavioural actions of IAF and internal auditors (Lenz & Hahn, 2015). This will further encourage the combined assurance principles to be applied (Huibers, 2015) (IoDSA, 2016) and will help save organisations costs, whilst ensuring increased assurance and or consulting coverage, thereby creating efficiencies within the assurance processes.

Internal audit quality assurance and improvement programme (QAIP)

A quality assurance process in respect of internal audit refers to the assessment of the IAF's conformance to amongst others the IIA Standards (2016a), Code of Ethics and its effectiveness (IIA, 2016a). Standard 1300 of the IIA Standards (2016) requires chief audit executives (CAEs), the heads of IAFs (also referred to as internal audit directors) to develop and maintain a QAIP.

Internal audit should always strive to improve their service offerings through continuous measurement against set criteria to ensure its quality is constantly enhanced (Pitt, 2014). Quality can be defined in various contexts, but it ultimately aims to measure performance (Al-Amri, Jani, & Zubairi, 2015). A study by Elassy (2015) states that there is no simple and straightforward definition for quality, as the difficulty with it is that it is a relative concept and can mean different things in diverse contexts. He further goes on to explain five various definitions of quality, with one particular definition that could relate to internal audit quality assurance, being quality in the context of conformance to standards. Despite this, Lenz and Hahn (2015:p7) gives meaning to quality as follows: "quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for". A distinction is made by Elassy (2015) between quality and standards, with the former being the process, whereas outcomes relate to the standards, this elevating the role of the quality assurer to ensure that the process meets a high standard.

Karapetrovic and Willborn (2000:p679) state, "quality audits are prominent and proven management tools for assessing compliance and effectiveness of quality systems" and further explain that its objective is ultimately to help improve an organisation's overall performance. The IIA Netherlands Chapter has directly associated quality with the effectiveness of the IAF (Netherlands, 2016). The IIA (2017:webpage) has stated that "for an IAF to be considered effective, all Principles[1] should be present and operating effectively". One of these principles that this study focuses on in particular, relates to internal audit demonstrating continuous improvement and quality (IIA, 2016d). Measurement of performance is imperative for further improvement of any process, thing or person (Al-Amri et al., 2015).

The meaning of quality varies dependent on the context it's used in, such as a product being defect-free does not mean that the product is competitive if it does not have the most contemporary features (Hoyle, 2008). Since the context in which quality is used is important, the definition by Hoyle (2008) on conformance to requirements pertains to a service of which internal audit offers their audit clients. Effectiveness on the other hand according to Bartuševičienė and Šakalytė (2013) entails measuring the degree to which goals are attained by organisations. This means that for internal audit to be effective it needs to help the organisation achieve its objectives (IIA, 2016a) through the services that it offers the organisation. This is in line with the IIA definition of internal audit (IIA, 2016b). Kasim and Hanafi (2012) once wrote that conformance to the internal audit International Professional Practices Framework (2016d) (IPPF) is the best measure of the effectiveness of internal audit. Alzeban and Gwilliam (2014) mention that internal audit quality hugely affects IAE. Hence, for purposes of this study internal audit quality and IAE will be regarded as the same, as the focus is on the criteria or indicators of IAE.

The outcomes of the study by George et al. (2015) are in line with the instrument developed by Kasim and Hanafi (2012), as their model is premised on the IPPF. However, this instrument consists of just a set of criteria similar to that of the IIA's Quality Assessment Manual (2016) and lacks a quality assurance self-assessment tool. Since the IIA's Quality Assessment Manual's (2016) assessment criteria will underpin the proposed practical QASP tool, it is notable that all the aforementioned IAE indicators (George et al., 2015) are reasonably covered, except for the IAE indicator on management support that needs to be expanded on to make it explicit. This tool will enable internal audit to conduct self-assessments that will prepare the IAF by simulating

[1] Demonstrates integrity | Demonstrates competence and due professional care | Is objective and free from undue influence (independent) | Aligns with the strategies, objectives, and risks of the organization | Is appropriately positioned and adequately resourced | Demonstrates quality and continuous improvement | Communicates effectively | Provides risk-based assurance | Is insightful, proactive, and future-focused | Promotes organizational improvement.

the quality assurance review for the actual EQAR, and will ensure that the IAF conforms to Standard 1300 on QAIP (IIA, 2016a). The IIA welcomes the customisation of the application of the IPPF (2016d), provided that conformance to the Standards are not in any way jeopardised (IIA, 2016e). Marais (2004:p104) quoted a fundamental statement that "a profession can have great standards, but without credible mechanisms to enforce compliance, they lose their effectiveness and their status as a mark of professional quality". This means that adequate systems that enable enforcement and prudent implementation of the standards and performance criteria that measure effectiveness and value added are underpinned by credible systems. These factors are interdependent for its successful implementation. To attain optimal levels of performance that are beneficial for an external assurance review, Sarens and Abdolmohammadi (2011) put forth that the identification and reporting of leading practices and benchmarking should be included in their area of work to ascertain and adopt efficiencies and improve effectiveness of the IAF. The current IIA Quality Assessment Manual (2016) allows IAFs to identify and explain any potential opportunities for improvement and leading practices that they may have adopted.

A quality system according to Ramly, Ramly and Yusof (2008) is a tool that assesses activities against quality criteria and identifies key areas for improvement. Karapetrovic and Willborn (2000) further support this through their explanation that independent and objective verification, collation and evaluation of audit evidence against set audit criteria is a form of quality audit. Similarly, Fahlén and Langell (2014) emphasised a need for further research to be conducted in the area of complementary quality tools with a focus on improvement suggestions opposed to just compliance checks. Karapetrovic and Willborn (2000) emphasised that a perfect system does not exist, as areas for improvement are always necessary. Assessing internal audit's quality and contribution to the organisation aids in identifying areas for further improvement and ultimately value added (IIA, 2016a, 2017). There is a need to ensure that the organisation's performance is enhanced and objectives achieved continually that sets in motion a demand and need for quality systems (Ramly et. al, 2008). Fahlén and Langell (2014) argues that internal audit could potentially be used as a form of tool for improvement and value adding, but further highlights that no evidence exists that internal audit continually adds organisational value.

Karapetrovic and Willborn (2000) emphasised that applying the applicable quality assurance measures will aid in ensuring that audit processes and outcomes are of quality and build customer confidence in the services offered. The Organisation for International Standards (ISO), an international body that aims to issue global standards on standardisation, issued ISO 9001 which is a set of principles-based criteria for managing quality (ISO, 2015). However, an article by Jack Dearing (2007) questions the cost-benefit aspect of implementing this ISO stating that there is indeed room for improvement. Although Bota-Avram and Palfi's (2009) research highlighted that instituting quality assurance sections within the IAF will enhance internal audit performance, this is a luxury that the SA public sector does not have. In the absence of this ideal, this study seeks to fill this gap through the development of an automated excel-driven QASP tool that could push for independent validation, which is less costly (IIA, 2016h). This will enable public sector internal auditors to conduct their own preliminary quality assurance self-assessments that will aid in the identification of focused areas for improvement and that can be regularly monitored by the AC (IKUTU & Treasury, 2014) toward preparation for the actual EQAR (IIA, 2016g) or Self-assessment with Independent Validation (IIA, 2016h). Adopting and adapting this tool based on IAF's needs will help internal audit move towards becoming a creator of value opposed to a resources consumer (Boța-Avram & Palfi, 2009).

From an internal audit perspective, the quality assurance self-assessments are expected to provide much needed insights and foresights (IIA, 2016a) that will not only help internal audit identify its areas of weaknesses, but also provide potential solutions for future improvement and augmentation of its effectiveness. The QAIP has a two-pronged approach which ultimately evaluates whether or not internal audit is attaining its own objectives including those of the organisation it audits (IIA, 2012m). This study aims to augment literature and find a credible and practical QASP tool that will advance and enable IAFs to effectively, efficiently and economically, conduct quality assurance self-assessments of their IAF and auditors. It further aims to help them systematically evaluate their effectiveness, monitor and report on gaps to their key stakeholders for continuous improvement.

2.1 Research problem analysis

Internal auditors in the South African public sector are increasingly facing challenges that inhibit inter alia their effectiveness. A study on IAE by Mbewu and Barac (2017) found that organisational governance is amplified when IAFs are effective. Gramling and Van der Velde (2006) further support this, where they highlight that having an IAF that is weak and of poor quality significantly weakens the internal control systems of that organisation. Mbewu and Barac (2017) research found that there is a lack of or no quality assurance (internal or external) assessments conducted on the IAFs in SA, severe internal audit resource constraints and developmental programmes, which all significantly hinders internal audit effectiveness.

The quality of internal audit is a key factor that affects the function's effectiveness (Alzeban & Gwilliam, 2014) and requires adequate practical tools that are able to evaluate the IAE, of which is in short supply, as major weaknesses are prevalent in the existing tools (Kasim & Hanafi, 2012). There is no perfect system and room for continuous improvement is critical (Karapetrovic & Willborn, 2000), as some mechanisms designed to augment internal audit's role and responsibilities, are the very ones that attrite their effectiveness. Factors such as professional requirements necessitate internal audit to adhere to certain standards, such as the IIA Standard 1300, stating that internal audit should put in place a QAIP (Sarens, Jallow, Abdolmohammadi, & Lenz, 2012) (Sarens et al., 2012). However, due to a lack of functional support, systems and resources (financial and human), it does not enable internal audit efficaciously to fulfil their responsibilities (Mbewu & Barac, 2017). Notwithstanding the competing priorities that departments have to endure in allocating extremely limited resources to activities that will best ensure the effective delivery of services to the public. This being, distribution of funding to departmental core activities over the allocation of these same resources to support functions, of which internal audit is one of them, and which is similar to the scenario painted by Merino (2018).

Internal audit resources are a challenge according to Mbewu and Barac (2017), and one of these key resource constraints relates to lack of quality assurance tools that will help enable internal audit to diagnose their areas of weaknesses pertaining to their effectiveness and the value they add. If they do not know what they are doing or where they are going wrong, how will they know what areas within their function to improve in order to direct their already stretched resources to attain organisational objectives. Apart from resources being a challenge (IKUTU & Treasury, 2014), research revealed that many IAFs fail to conduct quality self-assessments to ascertain their level of effectiveness (Pitt, 2014). This is due to some IAFs being small in nature, assessments requiring increased time for compliance at the expense of core audit work and lack of management support (Baharuddin, 2014).

Having an adequate quality assurance tool in place is imperative, and equally important is having all the required criteria that will not only measure conformance to the IIA Standards (2016a), but also criteria that assesses effectiveness and the value internal audit adds to its auditees (Kasim & Hanafi, 2012). Kasim and Hanafi, (2012) further stated that no consistency exists explaining what audit quality characteristics are. This could be due to set audit criteria according to Ramly et al., 2008 being biased (Karapetrovic & Willborn, 2000), and which do not enable enhancement of performance (Fahlén & Langell, 2014). Marais (2004) interpretation of the IIA Standard 1300 on the QAIP alludes to its intention to improve quality. The IIA's IPPF (2016d) is a mere baseline for quality measurements to inform quality systems; however, a number of quality assurance systems do not include all of the IIA's IPPF requirements or criteria, and these systems further do not quantify or allocate a rating to their measures (Kasim & Hanafi, 2012). Pitt (2014) also supports this notion that conformity to the IIA Standards alone are inadequate and should include efficiencies created and effectiveness of the function. This could be due to quality not having a standard definition (Elassy, 2015). Sarens and Mohammad (2011) is of a slightly different view in that adopting the full IIA Standards set will give increased coverage of quality aspects. The IIA Standards (2016a), Standard 1300 is very clear in that the QAIP does not only focus on conformance to the Standards and evaluates application of the Code of Ethics, but should also include the evaluation of how efficiently and effectively the function operates with due consideration to identifying opportunities for process improvements. This means that the QAIP's intention was always to focus on quality beyond mere conformance to the IIA Standards (2016a).

There are other spin-offs from enhancing internal audit quality, in that other assurance providers, such as external audit will be able to comfortably use the work of internal audit if their function is effective and produces quality results (IAASB, 2014). Endaya and Hanefah (2016) writes that only when internal audit is fully effective, will external audit rely on and use the work of internal audit. This entails conforming to the IIA Standards (2016a) if one is to consider the criteria outlined in the International Standards on Auditing (ISA) 610 applicable to external auditing (IAASB, 2014). Pitt (2014) however argues differently in that conformance to the Standards should not be the performance objective, but rather a premise for how their operations are run. This means that performance is more than just meeting the Standards, which is perhaps why most existing quality systems are not reaping the intended objectives.

It is known that professional governing documents may be well written with the greatest of intention, but is futile if not institutionalised and supported with adequate tools or systems that will enable users thereof to effectively implement it in practice. The manner in which existing quality tools are designed may have unintended consequences resulting in the tools' failure to promote effectiveness through the attainment of the intended set objectives, as well as not being able to identify areas for further improvement, although the final results of any system should be to ensure organisational sustainability (Ramly, et al., 2008:Abstract). The IIA Standards (2016a) are there to guide internal audit from amongst others a technical and behavioural perspective, however putting it into practice is a separate process.

Internal audit has become so good at assessing the organisational business processes that they have neglected to take stock and assess their own effectiveness and the quality they deliver to their auditees (Peña, 2019). This may be due to their lack in skill to apply IIA Standard 1300 in practice or lack of resources; but whatever their reason is, it must be done if they are to remain relevant (IIA, 2016a). A study revealed that failure to enforce quality standards could lead to the inefficient and ineffective use of resources by internal audit (Peña, 2019). It is due to the aforesaid that it is important to not only focus on performance and quality criteria, but also the practical tools that will assist in efficiently assessing the set criteria. According to Peña (2019), a number of significant positives could be derived from having conducted a quality assurance process, such as increased training and resources that will contribute to building internal audit. It is for the above reasons that there is a significant need for an adequate, credible and practical quality assurance tool in the public sector that will enable IAFs to conduct quality self-assessments of their effectiveness and conformance to the IIA Standards (2016a).

What is even more important is the actual process of developing the intervention that will contribute to the impact the tool will have on improving the overall effectiveness of IAFs within the public sector and its conformance to the IIA Standards (2016a). The outcome explained by Belcher and Palenberg (2018), as the causes of impact, are premised on fully conforming and effective public sector IAFs. This aforesaid will be as a consequence of the review on the adequacy of the existing quality assessment criteria of the IIA (IIA, 2016e) to ascertain whether it amply includes criteria that assess IAE indicators.

To attain the outcomes, it will be imperative to review the IIA's Quality Assessment Manual (2016) in order to ascertain if it incorporates assessment criteria pertaining to IAE. The first point of call is to identify the factors or indicators of what constitutes IAE, and then to determine if the IIA's quality assessment criteria include these factors or indicators. For internal audit to add value and provide advice to its clients, it needs to be operating optimally. Hence, having adequate criteria alone is not sufficient, but actually conducting the self-assessment against the enhanced quality assessment criteria is imperative. However, existing tools are inadequate (Kasim & Hanafi, 2012) to enable internal audit to conduct quality self-assessments, and by converting the IIA's Quality Assessment Manual (2016) into a practical self-assessment preparation tool could be the solution to moving public sector IAFs toward becoming effective and operating optimally.

Although Mbewu and Barac (2017) suggest that training on quality assurance reviews could be undertaken by IAFs within the South African local government to address the gap of them performing no to limited assurance assessments, this may not be the most economical solution since funding in general is a challenge, let alone funding for training. Hence, the purpose of this study is to develop such a practical self-assessment preparation tool.

2.2 Research knowledge gap analysis

This section will aid in identifying the research knowledge gap through the analysis of existing literature. A qualitative approach will be adopted using semi-structured interview methods, transcribing and analysing the interview information into themes (Mbewu & Barac, 2017) that will produce findings, recommendations, and conclusions and further evaluations of the extent of existing quality assurance mechanisms.

A number of studies have explored factors affecting IAE (George et al., 2015), however limited studies have considered developing instruments that could drive effectiveness (Mbewu & Barac, 2017). Although Kasim and Hanafi's (2012) research considers a quality assurance instrument, it does not allow for an automated self-assessment that prepares internal audit for the EQAR that should take place at least once every five years (IIA, 2016a).

Although questionnaires are popular mechanisms used to collect and analyse data, as used by George, et al. (2015); a number of research studies have used semi-structured interviews, as a mechanism, to extract information and has quantitatively analysed results (Kasim & Hanafi, 2012), with others analysing the results using qualitative methods (Mbewu & Barac, 2017). Focus group interviews were used to conduct research (Kasim & Hanafi, 2012), whilst Mbewu and Barac (2017) used questionnaires in their interviews to collect information. The most popular mechanism used to collect research data consists of questionnaires or surveys of which mostly quantitative methods are employed to analyse such data (George et al., 2015).

Kasim and Hanafi's (2012) research is based on the Malaysian context with a minimum total sample size of 185 (60 for attribute standards and 125 for performance standards) and included a set of two (2) interviews that targeted nine (9) CAEs' and 22 internal auditors. With Mbewu and Barac's (2017) study, they targeted mostly senior representatives such as accounting officers, chairpersons of ACs and CAEs, as well as internal auditors from four municipalities in Limpopo in SA. Another study by George et al. (2015) used a sample size of 140 Athens Stock Exchange listed companies out of a population of 240. A mix of focus group interviews (Kasim & Hanafi, 2012) and questionnaires (Mbewu & Barac, 2017) were used in the information collection process, whilst George et al. (2015) only utilised a questionnaire to collect information.

Kasim and Hanafi, (2012) firstly confirmed the existing IIA Quality Assessment Manual (2016) with the originators prior to using it in the development of the instrument and then transcribed the information obtained. However, George et al. (2015) made use of descriptive statistics and regression analysis to process data. Two (2) sets of reliability tests were used for analysing the questionnaire (Kasim & Hanafi, 2012), which included Cronbach's coefficient alpha. George et al. (2015), however used a number of statistical analyses, which included amongst others, factor analysis, varimax orthogonal to interpret results, Barlett test to ascertain correlations and Kaiser-Meyer-Olkin measure of sampling. Mbewu and Barac (2017), to unpack and analyse the data obtained in their research used thematic analysis.

George, et al. (2015) found that internal audit quality *(IIA Standard 1300)* was not only positively correlated with IAE, but also with other IAE indicators such as the competence *(IIA Standard 1200)* of the internal audit team, its independence *(IIA Standard 1100)* and management support. All of these IAE indicators are reasonably and adequately included in the IIA Quality Assessment Manual (2016) criteria with the exception of management support, as the criteria hereon if expanded on could enhance this indicator. This means that if the quality aspect of the IAFs are addressed, so will many other IAE indicators. Kasim and Hanafi (2012) explained that a number of methods were introduced to evaluate internal audit's quality with little success to quantify the measures. This research attempts to bridge this gap particularly as it relates to IAFs within the South African public sector. Kasim and Hanafi (2012) further confirmed the validity of the IPPF (2016d) and the IIA Quality Assessment Manual (2016) in developing their quality assurance instrument and since the latter is aligned to the recent changes in the IIA Standards (2016a), the updated IPPF (2016d) will be used in this study. It will serve as a baseline for inclusion in the development of the automated practical QASP tool and since management support is confirmed as an IAE indicator, this will be expanded on and incorporated into the said tool.

Although extensive research has been conducted on IAE indicators and some research on the existing IIA Quality Assessment Manual (2016), limited research is done on the development of a practical and implementable automated quality assurance self-assessment tools that will aid internal audit in conducting quality assurance self-assessments in preparation for the EQAR. Kasim & Hanafi's (2012) research highlighted that a modified measurement scale instrument could enable quantifiable measurements of conformance to the IPPF (2016d). Despite them replacing the present Likert scales due to it not being quantitative, their instrument still does not enable internal audit to conduct a self-examination of their conformance to the IIA Standards (2016a) that concludes in the automatic calculation of a result (i.e. General Conforms, Partially Conforms or Do Not Conform) (IIA, 2016f). However, this study focuses on allocating a rating to the current Likert scales with the tool automatically generating a final assessment result.

South African public sector internal auditors are always assessing organisations' compliance to prescripts, their risk management processes, governance and control systems (IIA, 2016a) that give rise to the delivery of services. However, in order to be the referee of others, they need to conduct an introspection of their services and conduct before they can evaluate others (IIA, 2016a). Hence, the need to assess the quality of an IAF and its effectiveness, as it is an imperative in order to lead by example as the guardians' and evaluators of an organisation's control, risk and governance systems (IIA, 2016b). With the development of an automated practical quality assurance self- assessment preparation tool, it will contribute to enhancing and strengthening public sector IAFs' effectiveness and enable them to adequately identify and address their shortcomings that can be monitored quarterly by the AC (IKUTU & Treasury, 2014).

By IAFs being externally quality reviewed, it will further increase the functions' chances whereby, the AGSA who is the supreme audit institution of SA and the legislated external auditor of government, could use the work of internal audit in terms of their ISA 610 Standard. This is the process whereby external audit places reliance on the work of internal audit or uses direct assistance to assist in their audit coverage (IAASB, 2017). According to Gramling and Van der Velde (2006), a weak IAF can constitute a significant weakness in the control environment of the organisation.

Kasim and Hanafi's (2012) study expressed a need for further research to refine their instrument. With the limited research conducted on the development of practical quality assurance assessment tools for internal audit, it necessitates a study on the development of such a tool that will help enhance internal audit effectiveness (George et al., 2015) and their conformance to the IIA Standards (IIA, 2016a). A proposed tool of this nature aims to enable and encourage internal audit to implement and conform to professional guidance. Such a tool would be able to expose any non-conformance or effectiveness gaps that can be monitored by the AC (IKUTU & Treasury, 2014) to ensure improvement of public sector IAFs. This tool will further prepare IAFs for EQARs that must be conducted at least once every five years as required by IIA Standard 1312 (IIA, 2016a).

2.3 Qualitative attributes or quantitative variables key to the research

Since a qualitative approach will be used, and hence qualitative attributes apply here, the Lexico powered by the Oxford Dictionary describes an attribute as "a quality or feature regarded as a characteristic or inherent part of someone or something" or "regard something as being caused by"(Lexico powered by Oxford, 2020). The qualitative attributes of this study will include assessment criteria for IAE that will measure the quality and effectiveness of IAFs in national government departments in SA.

Research by Erasmus and Fourie (2014) reveals that IAFs within national government departments are not meeting the expectations of their key stakeholders, as they are not effective in delivering their goals, which is to help government organisations achieve its objectives. The question arises whether internal audit knows and understands why they are not delivering on their objectives and how they are measuring their effectiveness. Thus, this study aims to ascertain if developing a practical QASP tool with rating scales that automatically generate a result, will aid internal audit in adequately assessing its effectiveness and conformance to the IIA Standards (2016a). Development of the said tool could be done by using as a basis, the criteria outlined in the IIA Quality Assessment Manual (2016), which is based on the IPPF (2016d) and should further include criteria to measure IAE (Lee & Quazi, 2001). Lee and Quazi (2001) state that the purpose of self-assessment tools is to measure the quality of performance, which is further supported by Jørgensen, Boer and Gertsen (2003) explaining that it is a development improvement process. Government institutions' IAFs do not have adequate resources (IKUTU & Treasury, 2014) in particular to measure the quality of services they offer (Mbewu & Barac, 2017), for example the funds to buy licences for the use of audit software to conduct certain audit processes and or quality reviews (Janse van Rensburg & Coetzee, 2016). This research however is suggesting the development of a self-assessment tool within a programme that all government departments has access to, which is the Microsoft Excel package.

There is a general consensus amongst scholars that self-assessment tools are designed to identify shortcomings (Lee & Quazi, 2001) for further improvement purposes (Jørgensen, Boer, & Gertsen, 2003). Jørgensen et al.'s (2003) study reveals and advocates the importance of having the self-assessment process facilitated, however earlier research by Lee and Quazi (2001) states that the quality criteria used in the assessment should be underpinned by the actual self-assessment tool. This means that the self-assessment tool is the underlying mechanism and vehicle to deliver the frame of the tool being the quality assessment criteria. Further research by Lee and Quazi (2001) reveals that self-assessment tools developed over the years to measure quality do provide some form of benefit to organisations in the form of a dipstick high-level analysis of the issues.

Organisations' success according to Lee and Quazi (2001) is augmented when quality processes inform management practices. On the other hand, Jørgensen et al. (2003) argues that self-assessment results may reveal symptoms of challenges, but alone it is not enough to drive change or improvement, unless fully supported by management, hence the need to expand on management support criteria in the IIA's Quality Assessment Manual (2016). Lee and Quazi (2001) advocated for the assessment criteria to be delivered through a questionnaire driven self-assessment, which is a similar approach that this study will be taking in the development of the practical QASP tool.

This study takes the form of semi-structured interview questions with two (2) sets of target audience. The first set of interviewees targeted at national government departments within SA include senior internal auditors (and those that has worked in the internal audit space within the last two years) responsible for or those implementing quality assurance programmes within IAFs. This includes those individuals who were previously in quality assurance and have left the internal audit space within the last two (2) years. The second set consisting of those that do not have a quality assurance programme in place. The interview questions can be found under **Annexure 1.1**. The interview questions will profile the interviewees by asking about the position they hold and the department they are employed by, including the number of years' experience in internal audit. The generic questions will follow and filter the target audience into two (2) groups, those that have a QAIP in place and those that do not, as the set of questions will differ for each group, with some questions being similar. This will be followed by ascertaining if the IAF has actually implemented the QAIP processes in place.

The first group are those persons working in IAFs that have a QAIP in place. This is followed by a question to determine if the AGSA places reliance on their work. Questions are posed to determine interviewees' views of what they consider indicators of IAE are and to ascertain if these indicators highlighted by literature is included in their internal assessment and EQAR. Further questions are posed on when they last conducted an internal assessment and an EQAR, the outcome thereof, what they thought attributed to the outcome and whether the results have been communicated to the AC.

Regarding a tool, questions are directed to determining if they have quality assurance tools and techniques in place to assess the IAF against the IIA Standards and IAE indicators, and whether these tools automatically generate a simulated result. The next question is to ask if their existing quality assurance tools are effective and prepare them adequately for the actual EQAR, and if using an automated quality assurance self-assessment tool will prepare them better for the EQAR. Last, but certainly a very important question focuses on their suggestions on what functionalities would enhance a QASP tool that would simplify and facilitate the implementation of quality assurance activities.

The second group consists of those persons working in IAFs that do not have a QAIP in place. The questions posed to the purposively selected audience focuses on the reasons for not having a QAIP in place and would having one in place improve internal audit quality. Other questions zoom into whether their IAF is effective and their view on what constitutes IAE indicators. Then importantly a question on whether or not the development of a Microsoft Excel automated QASP tool will help internal audit improve its effectiveness and quality and what functionalities in their view would simplify the implementation of quality assurance activities.

The quality of internal audit is imperative to help an organisation improve its overall risk management, controls and governance processes (IIA, 2016b). For this to happen internal audit needs to be effective in the discharge of its responsibilities. The only way the IAF can ascertain this, is if it conducts some form of a self-assessment on the performance of the IAF as a whole, which is proposed by Standard 1300, requiring the head of internal audit to develop and implement a quality assurance improvement programme (IIA, 2016a). Thus making use of qualitative attributes to gain an in-depth understanding on the viability to develop a practical QASP tool aimed at helping internal audit identify its shortcomings and improving its quality and effectiveness within national government departments in SA. A quality assurance self-assessment tool that is formula-driven and scoring enabled allows for a rating and quantification of a final result, thus providing an analysis of current situation with improvement suggestions to enhance the status quo (Jørgensen et al., 2003).

2.4 Framework(s) for interpreting research findings

Applying a qualitative research method using semi-structured interviews to ascertain the target audience's view and or experiences of the need to conduct quality assurance self-assessments on their services offered and how embarking on this process will contribute to the effectiveness of IAFs within the public sector. Further, ascertaining through this mechanism what participants perceive as indicators contributing to IAE. The results will be analysed to derive findings that either support or disprove my research question(s).

The IIA Standard 1300 (IIA, 2016a) requires the head of internal audit to develop and maintain a QAIP that assesses the function's activities against the IPPF (IIA, 2016d). In earlier years an external assessment was required to be conducted at a minimum once every three years, however was later revised to once in every five years (IIA, 2016e). The purpose of the QAIP is to measure internal audit's level of conformance to the IPPF

(2016d) (IIA, 2016f) and add value to an organisation's operations (Marais, 2004). However, constructing an instrument that will enable the measurement of internal audit's conformance to the IPPF (Kasim & Hanafi, 2012) will prove more effective and useful for IAFs. The aforesaid has been cemented in the IIA Quality Assessment Manual (2016) that not only encourages heads of internal audit to develop their own QAIP, but provides a framework to perform such an assessment. However this framework lacks a structured formula driven rating scale that enables internal audit to perform a self-assessment (IIA, 2016f) on its effectiveness and compliance with the IIA Standards (2016a).

Improving the quality of internal audit's level of services to the organisation (Marais, 2004) by measuring its level of conformance to the IPPF (Kasim & Hanafi, 2012) is the primary objective. However, the existing framework suggested by the IIA's Quality Assessment Manual (2016) does not provide for a scientific process to arrive at an assessment scale result of Generally Conforms, Partially Conforms and Does Not Conform, which is why there is a need to develop an automated self-assessment tool. Like most professional guidance, it provides a framework within which to work; however the "how" to implement the framework in practice is not clearly documented, which is usually what public sector practitioners struggle with (Vidhya, 2017). It is for this reason that the development of an automated Microsoft Excel tool with rating scales that are premised on the IIA's Quality Assessment Manual (2016) and that will enable public sector internal auditors to efficiently and effectively conduct a quality assurance self-assessment is paramount. This will put them in a position to not only identify their weaknesses for further and continuous improvement in preparation for the EQAR, but also quantify it (Kasim & Hanafi, 2012).

Further advantages of the practical QASP tool is that it focuses ultimately on adding value to the organisation and provides opportunities for further improvement (IIA, 2016g) through the recommendations emanating from the tool. This tool will not only assesses internal audit's achievement of their own objectives, but that of the organisation's as well (IIA, 2012m). Although many IAFs will opt to conduct a self-assessment with independent validation (IIA, 2016h), these mostly focus on conformance to the IIA Standards as the final goal of performance, rather than increased focus placed on achieving efficiencies and effectiveness (Pitt, 2014). Pitt

(2014) further emphasises the importance of basing quality (i.e. outputs and outcomes of planned goals) on stakeholder expectations and value adding services, which she labelled in her book as demand-based drivers of quality as opposed to conformance drivers (i.e. conformance to the IIA Standards). This is a very important statement, as this goes beyond mere conformance, which in itself is fundamental to ascertaining internal audit weaknesses. Internal audit cannot be perfunctory in their duties, as this will render them irrelevant and ineffective in propelling the organisation toward achievement of their goals, and as a result their mandate. A number of challenges pertaining to present quality assurance mechanisms exist, including that most of the instruments on quality assurance limits quantification of quality assessments and does not include the entire IPPF in the assessment criteria (Kasim & Hanafi, 2014), as well as criteria on efficiencies and effectiveness (Pitt, 2012). Furthermore, many public sector IAFs are small in size and have extremely limited resources, resulting in them not being able to afford the services of an external quality assurance assessor, increasing the likelihood of them not being externally reviewed (Marais, 2004).

The AGSA applies the ISA 610 when assessing whether or not to use the work of internal audit (IAASB, 2014). All the criteria in the ISA 610 Standard are also assessed in the IIA's Quality Assessment Manual (2016) that is suggested as a tool for internal auditors to use in assessing their conformance to the IPPF (2016d). However, recent research by Mbewu and Barac (2017) revealed that most IAFs at a local government level do not conduct quality assurance assessments. This is a missed opportunity, as results that emanate from such assessments could be used to explain shortcomings and substantiate the need for management support, whether in the form of resources, developmental initiatives or just their cooperation that would empower internal audit to provide augmented and value added services.

The IKUTU (2014) report alludes to the need for IAFs to develop and implement a quality improvement and innovation plan that ought to be closely monitored by the AC. AGSA audit outcome reports are another report that can be used to inform the status of South African government departments' IAFs. Using a recent audit report drafted by the AGSA (2019a), a couple of examples pertaining to national departments' audit outcomes can be used as indicators to ascertain IAE and quality from the perspective of the organisation's level of goal attainment. The present state of government services are poor and appears to be regressing, as can be seen by the results presented by the AGSA on departments' performance information where only 33% of departments produced quality performance reports in the 2018/19 financial year compared to 47% in 2014/15 (AGSA, 2019a). To add salt to the wound, one of the biggest government departments in SA attained 67% of their planned targets for education infrastructure development; however 94% of the allocated budget was spent (AGSA, 2019a). With such results, can one say that the department is achieving its objectives as set out if only two-thirds of its deliverables are met, with allocated funding almost depleted.

If internal audit is risk-focused and are there to assist management attain its objectives (IIA, 2016b), the question arises as to why the department attained this poor result, although it has an IAF. This means that internal audit has not been as effective as they could be in terms of their definition (IIA, 2016b). If quality aims to measure performance (Al-Amri et al., 2015), it means that quality is increased with higher levels of goal attainment and that if a department is not attaining 100% or close enough to their planned deliverables, that internal audit's contributions are not sufficiently effective. This could be due to a number of reasons such as insufficient resources (IKUTU & Treasury, 2014) and lack of competencies (National Treasury, 2018); however in order to ascertain this, internal audit needs to conduct a systematic evaluation of its own operations as required by Standard 1300 of the IIA Standards (IIA, 2016a).

Developing a practical QASP tool has many benefits to the practice of internal audit, as it could entrench the concept of continuous improvement into internal audit's operating culture and quality processes that extends beyond conformance with the IPPF (2016d) (IIA, 2016f). By building in a measurement scale into present literature allows for a quantifiable self-assessment, of which the results can be monitored and used as the AC's assessment of the quality delivered by internal audit (Kasim and Hanafi (2012). Although Marais' (2004) research is dated, it still holds true that another advantage is that a self-assessment particularly for small audit shops is cost beneficial, as less time will be spent by external validators to conduct their independent validations.

The interpretative framework for this study is the IIA Quality Assurance Manual (2016) that underpins the proposed practical QASP tool. The following assessment criteria or statements are eminent from this manual and form the basis for the development of the said tool. Figure 1 hereunder outlines the said interpretive framework:

Interpretive Framework

No.	Category	Sub-category	Brief Description	Motivation
1	**Internal Audit Governance (IAG)**	IAA* Charter (1000)	This area focuses keenly on the overall governance practices exercised by the IAA	This category is important, as it assesses the underlying fundamental governance aspects that informs internal audit's existence and uniqueness and its level of conformance to the IIA Standards
		Independence and Objectivity (1100)		
		Quality Assurance and Improvement Programme (QAIP) (1300)		
		Definition of Internal Auditing		
		Code of Ethics		
		Leading practices and potential opportunities for improvement		
2	**Internal Audit Staff (IAS)**	Proficiency (1210)	Focus is on the collective staffs competency and conducting tasks in accordance with IIA Standards	This category is important, as it assesses the collective level of internal auditors capabilities to be abled to conduct their work effectively
		Due Professional Care (1220)		
		Leading practices and potential opportunities for improvement		
3	**Internal Audit Management (IAM)**	Planning (2010)	This area focuses on planning, managing the IAA and reporting to key stakeholders	This category is important for assessing how well an IAA* is run to support the organisation's strategy
		Managing the Internal Audit Acttivity (2000)		
		Communication (2400) and Communicating the Acceptance of Risks (2600)		
		Nature of Work (2100)		
		Successful practices and potential opportunities for improvement		
4	**Internal Audit Process (IAMP)**	Assurance and Consulting Engagements Files	This area focuses on implementing the assurance and consulting services	This category is important, as it assesses and considers the implementation of assurance or consulting engagements in line with the IIA Standards
		Assurance Engagements (2200, 2300, 2400, 2500, 2600)		
		Consulting Engagements (2200, 2400, 2500)		
		Leading practices and potential opportunities for improvement		

Key:

IAA*	Internal Audit Activity

Figure 1: Interpretive Framework (IIA, 2016e)

2.5 Summary and conclusion

2.5.1 Summary of literature reviewed

To sum up this literature review, it is evident that not much research has been conducted on adequate practical quality self-assessment preparation tools that will aid and capacitate IAFs to conduct a quality assurance self-assessment in preparation for the once in every five years external review (IIA, 2016a). Despite a number of research studies conducted on IAE indicators, not much emphasis was placed on unpacking the practical implementation of the quality aspect of internal audit, which inherently covers and assesses most of the IAE factors (George et al., 2015). The IIA has created a Quality Assessment Manual (2016) that includes a set of criteria based on the IPPF (2016d) against which internal audit operations and auditors are assessed. This provides an adequate basis for the proposed practical self-assessment tool for quality assurance. The IAE indicator on management support however requires more emphasis through the design of explicit assessment criteria, as assessing this will add value to the quality of internal audit.

The literature review has further revealed that South African public sector organisations, in particular national departments lack in the area of implementing quality improvement programmes and require assistance herewith (IKUTU & Treasury, 2014). Hence, this need highlighted by the IKUTU and Treasury (2014) report will likely be addressed through the development of the proposed practical QASP tool. In order to develop the said proposed tool, a qualitative approach will be followed to be able to obtain the in-depth professional experiences of those in practice and the present challenges they are facing, which will provide rich data to adequately inform this study.

2.5.2 Proposed research strategy, design, procedure and methods arising from the literature reviewed

Based on prior research, it is therefore evident that both qualitative and quantitative research strategies have been used previously to explore the notion of quality assurance of IAFs. The aims of prior quantitative studies were to examine theories that are objective by studying the association between variables, whereas the qualitative studies aimed to answer the "why" questions.

Due to the fact that this study attempts to obtain more rich data from a purposive sample of research participants or interviewees, a qualitative strategy and design will be followed using semi-structured interviews. Data collected will be analysed qualitatively using thematic analysis (Creswell & Creswell, 2018). This will in turn further inform and enhance the proposed practical quality assurance self-assessment preparation tool.

3 RESEARCH STRATEGY, DESIGN, PROCEDURE AND METHODS

In Section 1.2.3, two questions that this research report intend to answer were posed—that is, 'What factors or indicators contribute to internal audit effectiveness (IAE)?' and 'What quality assurance tool will aid internal audit in adequately assessing its effectiveness and conformance to the IIA Standards?' A literature review has since been conducted and an interpretative as well as conceptual framework developed that will guide the choices of techniques to be used. This chapter identifies and describes the research approach, design as well as procedure and methods that were employed in this research to collect, process, and analyse empirical evidence. Broadly, it has three objectives; namely, to identify and describe the research strategy (Section 3.1), the research design (Section 3.2), as well as the procedure and methods (Section 3.3). The chapter also describes the reliability and validity measures (Section 3.4) that this research applies to make it credible as well as the technical and administrative limitations of the choices we make (Section 3.5).

3.1 Research strategy

Research strategy refers to the manner in which a research study is carried out (Leavy, 2017) and involves the process of developing a research structure and procedures (Creswell & Creswell, 2018). The most common research strategies include quantitative, qualitative and mixed methods (Creswell & Creswell, 2018), which is a combination of the first two.

A qualitative strategy was adopted, as this study entails ascertaining and understanding the challenges (Creswell & Creswell, 2018) pertaining to implementing the IIA's Quality Assessment Manual (2016) in order to propose an easily accessible and practical automated-driven quality assurance tool that will allow IAFs to conform to the IIA Standards (2016a) and its related mandatory guidance. The objective is not just to identify and understand the challenges, but to develop a feasible solution by means of a tool that will allow the assessment of operational quality by building the necessary knowledge (Creswell & Creswell, 2018) that will unpin this process.

This study adopted a research approach similar to the research conducted by De Smet and Mention (2011) on "Improving auditor effectiveness in assessing KYC/AML practices Case study in a Luxembourgish context" where they have applied a qualitative strategy consisting of a mix of designs. The objective of the study was to propose an internal control assessment tool in the form of a template consisting of a checklist used to assess compliance to a set of standards (De Smet & Mention, 2011). The qualitative strategy committed to by De Smet and Mention (2011) was appropriate to their study, as it allowed for the identification and in-depth study of the issues experienced. It further promoted a cooperative approach for a study that was complex in nature due to the many interdependencies related to other aspects (De Smet & Mention, 2011). Applying a similar strategy to this study, enabled the identification, the reasons and understanding of why things are going wrong with the aim to design a tool that will address the shortcomings.

3.2 Research design

Research design refers to the methods of inquiry that will be employed and provide direction in addressing the main problem that the study plans to pursue (Creswell & Creswell, 2018). The manner in which a researcher collects data forms the premise of a research design. These types of inquiries stems from the research strategy approaches related to qualitative, quantitative and mixed methods and includes five prominent research designs including experimental designs (quasi-experiment), cross-sectional design, comparative design, case study design and longitudinal design (Bryman, 2012).

Premised on the literature reviewed, this study adopted a case study design utilising interviews that allows people to share their real life experiences (Leavy, 2017) from what works to that which does not work, allowing them to articulate their understanding of the challenges and potential solutions. This design was used to encourage in-depth engagement and conversations allowing participants to provide their professional views (Bryman, 2012). The participants all represent different "cases" within the South African public sector, specifically at national department level.

Cargeor (2017) who conducted research on "An Assessment of the Factors Influencing Internal Audit Effectiveness in the Public Sector" has applied both the questionnaire and the interview design since she used a mixed method research strategy, of which the latter design was used in this study to gather information. She further used the University of Liberia as a case study to investigate IAE, as this allows for a detailed account of and analysis of the experiences of participants (Bryman, 2012). The objectives of her research entailed ascertaining the indicators that influence the effectiveness of internal audit (Cargeor, 2017). The design used by this study helped to obtain information depth pertaining to real life scenarios (Cargeor, 2017) that could answer the research questions under scrutiny. Hence, using the interview research design aided in enhancing learnings about and understanding the real life on the ground experiences and its weaknesses and by this means generate rich data toward finding adequate direct solutions to augment this study.

3.3 Research procedure and methods

This section documents the procedures and the methods employed in proposing an internal audit quality assurance self-assessment tool that will help internal audit measure and improve IAE in South African national government departments and to collect, collate, process, and analyse empirical evidence. This section provides the following information: the data and information collection instruments (Section 3.3.1), the target population and sampling of respondents (Section 3.3.2), the ethical considerations during the research process (Section 3.3.3), the data and information collection process and storage (Section 3.3.4), the data and information processing and analysis (Section 3.3.5) as well as the background description of the respondents who provided empirical evidence for this research study (Section 3.3.6).

3.3.1 Research data and information collection instrument(s)

A research instrument is a mechanism used to gather data for a particular cause (Leavy, 2017) and include amongst others an interview schedule and observation schedule. Based on the literature reviewed and in the interest of proposing and developing a tool that will contribute to identifying and seeking to understand the present challenges pertaining to the levels of IAE, the most appropriate research instrument is a semi-structured interview schedule. The present enabler is that there is an existing framework with criteria (IIA, 2016e) for the tool; however limited. In-depth information is required to facilitate the process of developing a tool that would be allow for its effective implementation. The current challenge is that it is not automated to the point that it produces a final outcome clearly highlighting the key issues for further action. Furthermore, public sector IAFs within the South African context does not only have resource shortages (National Treasury, 2018), but also lacks competent internal auditors, particularly those with specialised skills (IKUTU & Treasury, 2014). The existing framework as it stands does not enable internal auditors who lack the quality assurance specialised skill to easily conduct the assessment and this is the gap that this study aims to fill.

There are various types of interviews as per Leavy (2017) that can be used to generate data, such as unstructured, fully structured to semi-structured, of which the latter will be used in this study. Semi-structured interviews were conducted using a mix of face-to-face and online platforms, but mostly the latter since this study was done during the COVID-19 pandemic and priority was to ensure the safety and comfortability of all interviewees. A semi-structured interview schedule permitted flexibility to be able to probe further based on the shared experiences of the interviewees allows for in-depth questioning (Bryman, 2012) to further unearth valuable insights that could generate rich data.

De Smet and Mention (2010) used a semi-structured interview schedule as one of three methods to collect data and information on a case study in the Luxembourgish context relating to improving IAE through the assessment of set criteria. The objective of the research was to design an internal control assessment mechanism to evaluate compliance to a set of criteria on knowing your customer and anti-money laundering (De Smet & Mention, 2011). The rationale behind selecting this strategy was that it would provide a sound foundation for the validity of the designed tool and would aid in the identification and in-depth discussion and unpacking of the real issues. This research design benefited this study from the standpoint of identifying and understanding the underlying causes behind the challenges faced by public sector IAFs, which could help in informing the development of a fit-for-purpose self-assessment tool that could facilitate IAFs process improvement. The questions posed to interviewees were based on the IIA Quality Assessment Manual (2016), the IIA Standards (2016a) and the various literature reviewed pertaining to IAE indicators. The interview schedules were split into two groupings of professionals, those whose departments have quality assurance processes in place and the ones who do not. The detailed interview schedules have been appended to this study as **Appendix 1.1**.

3.3.2 Research target population and selection of respondents

3.3.2.1 Research target population

A target population is known as the total group of units from which a sample is selected (Leavy, 2017). The main target audience for this study is national government departments IAFs, as this study focused on contributing to the effectiveness of public sector internal auditors within SA. There were two (2) sets of interview questions with eight participants, the one set consisting of four (4) participants is be based on those national departments IAFs that have quality assurance programmes in place and the other set of four participants is based on those who do not have this programme in place. This way leading practices, challenges and their experiences could be ascertained. Quality assurance is mainly performed at senior levels within the IAF, as comprehensive experience is required to implement and assess quality measures, hence middle to senior management were interviewed as part of gathering valuable insights.

Kasim and Hanafi's (2012) research involved CAEs' and internal auditors similar to the target audience for this study. Their research was also similar to this study as it focused on a reliable instrument to assess internal audit quality in the Malaysia context. The objective of their research was to develop a quality instrument that could quantitatively measure internal audit's quality that will be able to quantify its level of conformance to the IPPF (Kasim & Hanafi, 2012). The target group selected by the researchers (Kasim & Hanafi, 2012) was based on the audience sharing their experiences and issues they are faced with in practice that are valuable and that will enable the enhancement of the quality measuring instrument. The approach used by Kasim and Hanafi (2012) benefited this study since the target audience was in a position to give valuable insights contributing to the development of a tool that is based on past experiences.

3.3.2.2 Sampling or selecting respondents from the target population

Sampling according to Leavy (2017) is the process of selecting a subset of elements from a specific population that are representative of that population. This study used a qualitative approach, which means that sampling relating to this approach was used, such as purposive sampling, which involves rationally seeking out the best cases and people in specific positions in relation to the topic to be able to yield the best and rich data. There are other purposive sampling techniques such as homogenous sampling, snowball sampling and instrumental-use multiple case sampling to mention a few. For purposes of this study, a purposive sampling strategy was applied so that the people sampled are best placed and in a position to provide first-hand rich data that will allow for an in-depth understanding of the research topic in order to propose a quality assurance self-assessment preparation tool.

Research by Cargeor (2017) used purposive sampling in assessing factors influencing IAE within government, in order to ascertain and analyse indicators affecting the effectiveness of internal audit in a Liberia context. This sampling technique selected was to gain an in-depth understanding of targeted people's experiences and to allow for an environment for them to share their issues and best practices (Cargeor, 2017). This further aid in obtaining contextual complex descriptions (Cargeor, 2017) that otherwise would not be possible without following a purposive sampling technique. Similar to the aforementioned research, this study seeks to identify and understand the quality processes together with the challenges and then to propose a practical solution that will facilitate the capacitation and efficient implementation of quality assurance self-assessments. The potential participants for this study are senior internal auditors in eight (8) national government departments in SA representing 20%(i.e. 8 out of 41 national government departments) of the population and that have extensive experience in internal audit and quality assurance processes.

3.3.3 Ethical considerations when collecting research data

Ethics means honesty, integrity, morality, and impartiality according to Leavy (2017). Ethics is a pivotal element of any research making it important to anticipate any ethical dilemmas that may arise during the study so that these are quickly and adequately addressed (Creswell & Creswell, 2018). The aim of course is to enhance trust, promote integrity, guard against impropriety and more importantly to protect these participants since obtaining research data involves people and their shared experiences (Creswell & Creswell, 2018).

As an internal auditor by profession that has also worked as an external auditor and in roles that provided oversight to other departments, this research study in particular is to find ways and techniques to augment IAFs effectiveness with the ultimate aim of moving them toward optimal value creators. For further details, refer to **Appendix 2.1**. This study aimed to identify existing challenges and those processes that work and that ultimately contributes to and augment internal audit quality. In order to achieve the afore-stated, it is a primary responsibility of the researcher to ensure the protection of participants and the information entrusted. Research participants were assured that no harm, physically or developmentally will befall them in any way through this study that will cause them stress or drive them to a point of self-esteem issues. Informed written consent was obtained from all participants in this study, and in order to protect participants, all interviews were recorded with consent and stored in accordance with Wits University's data protocol. A written consent form accompanied by a participation information sheet was provided to all participants for their completion that explained any potential risks and advantages associated with their participation in the study and it acknowledged that the rights of participants will be protected and their personal information kept confidential and not revealed. By participating in this study, all participants agreed to doing so freely and voluntary. The outline of these documents is included under the **Appendices**.

3.3.4 Research data and information collection process

Research data collection refers to the strategies employed to gather data (Leavy, 2017) and entails setting parameters for the research through the process of recruitment and or sampling (Creswell & Creswell, 2018). Data collection methods for research includes ethnography, focus group discussion, interviews (face-to-face, telephonic, internet-based) and should be unobtrusive (Leavy, 2017). This study applied the interview method using the semi-structured interview technique, since this study seeks to understand the indicators determining IAE, as well as considerations for the implementation of quality assurance processes by IAFs in national departments in SA.

A study by De Smet and Mention (2010) adopted the semi-structured interview method when conducting their research on improving IAE through the assessment of knowing your customer (KYC) and anti-money laundering (AML). The aim of the study focused on developing an internal control assessment model to assess compliance with KYC and AML criteria (De Smet & Mention, 2011). The rationale for applying this data collection method is that it will strengthen the validity and refine the model being developed (De Smet & Mention, 2011) making it fit-for-purpose, which is what this study aimed to achieve to ensure that IAFs are capacitated through the development of a refined and easy to use tool. The data emanating from this study will be stored in locked folders in cloud-based facilities namely the Google Drive for safekeeping for seven (7) years to ensure the information provided by participants are respected and confidentiality strictly safeguarded. The link to this Drive can be found under **Appendix 3.1**.

3.3.5 Research data and information processing and analysis

3.3.5.1 Research data and information processing

Research data processing is described by Creswell and Creswell (2018) as peeling back layers of an onion through segmenting data and reassembling it. Data coding is prevalent in qualitative research and entails allocating a phrase or word that best explains that subset of data, capturing the quintessence of the data subset (Leavy, 2017) allowing for thematic analysis of data and this process was applied in this study to identify the most important key elements per interview question. Transcribing data is a process of organising and preparing data for analysis, and involves typing up field notes, arrangement of data in groups, scanning and cataloguing visual material (Creswell & Creswell, 2018). This process leads to thematic analysis where data is grouped into themes that best describe each of the data subsets (Creswell & Creswell, 2018) and was used in this study to ensure that themes are applied in order to extract critical information that answers the research purpose and questions, thus enhancing the study. Cargeor (2017) applied these information and data processes in her research on assessing factors influencing the effectiveness of internal audit within government.

3.3.5.2 Research data and information analysis

Data analysis is the process of determining one's findings (Leavy, 2017) and in terms of the qualitative approach involves methods of categorisation and themes whereby data is organised according to similar characteristics and building patterns (Creswell & Creswell, 2018). For purposes of this study a thematic analysis was applied where data with similar features was categorised together to build key themes, as this will help with categorising the open-ended questions emanating from the interview schedule.

Motubatse, Barac and Odendaal's (2015) research applied thematic analysis to categorise data into themes and sub-themes. Their research and its objective intended to identify the challenges experienced by IAFs in the public sector as perceived by their role players (Motubatse, Barac, & Odendaal, 2015). They adopted a qualitative approach and used semi-structured interview to collect their information which then needed to be coded into themes and sub-themes to be able to allocate short phrases to summarise a big part of recorded information (Motubatse et al., 2015). This allowed the researchers to take into account the entire text and they were able to draw parallels between the varying views of participants. This form of data analysis will help this study in ascertaining an in-depth understanding of the current state of affairs of the quality assurance processes within government together with identifying mechanisms to measure IAE.

3.3.6 Description of the research respondents

Administering quality assurance processes requires the capability of very experienced and qualified senior internal auditors. It is for this reason that internal auditors at middle to senior management levels within national government departments in SA, will be considered as participants in this study. These participants have a minimum of five years' experience in internal audit and currently work or have worked in a quality assurance capacity. Since two sets of interview questions were used, the one set directed at departmental IAFs that has a QAIP in place and those that do not. In light of the confidential and sensitive nature of the information collected, all participants and the organisation they work for remain anonymous and identified through the allocation of a unique code.

3.4 Research strengths—reliability and validity measures applied

Reliability from a qualitative perspective refers to the consistency applied across various researchers and amongst activities, whereas validity involves applying certain procedures that denotes the level of accuracy of all key parties to the research's version of accounts (Creswell & Creswell, 2018). This is a very important aspect as it is an indicator of the credibility of the content captured by the researcher in that it is a truthful account (Creswell & Creswell, 2018) of those interviewed or providing their views. With research reliability researchers' strive to document in detail and as many procedural steps they have followed in collecting information (Creswell & Creswell, 2018).

The research conducted by Soh and Martinov-Bennie (2011) on the perceptions of internal audit roles, effectiveness and evaluation obtained reliability through email confirmation of the interview summary for participants' approval. The objective of their study was to gather insights on the existing roles of the IAF including the indicators required to enhance the functions' effectiveness (Soh & Martinov-Bennie, 2011). The reliability measure was reflected in this research whereby a number of findings was consistent across other researchers' prior research conducted in similar areas (Soh & Martinov-Bennie, 2011), this further enhances data reliability; which is what this study strives to achieve.

The validity of research is an imperative to ensuring that the information collected is an accurate account (Creswell & Creswell, 2018) of participants experience and or views. There are various ways to validate research using a qualitative approach, which includes ensuring its dependability, credibility, transferability and confirmability. Dependability, which is similar to reliability, refers to the consistency of findings being applied at other times (Bryman, 2012) and across peers; with credibility (internal validity) referring to the level of authenticity of the findings (Bryman, 2012). This study built a level of trustworthiness and dependability with participants by documenting in detail the procedures and interview responses in a systematic manner, and sharing and confirming the transcribed interpretation of each participant's account post the interview, but prior to research conclusion. In addition, the categorisation of the information into themes was verified by the supervisor. Eight (8) one-hour semi-structured interviews were conducted to ensure a comprehensive discussion and the extraction of rich data in order to achieve a level of credibility relevant to the topic researched and to strive toward data saturation. The third form of validation being transferability (external validity) denotes whether the research findings can be applied to other settings, and confirmability (equivalent to objectivity) refers to the level of the researcher's values impeding the study (Bryman, 2012). To ensure these aspects were built into and applied to the study a detailed account of the environmental and background information supporting the participants' experience and views were kept and a senior academic in the research arena reviewed the findings in order to avoid researcher biasness in analysing and interpreting the data collected.

De Smet and Mention's (2011) research on improving the effectiveness of internal audit through the assessment of KYC and AML practices has applied validity measures similar to that intended by this study, by confirming the documented results with participants. The objective of their research was to develop a compliance assessment instrument that can act as a control system. The reason for using this validity approach is that it is helpful in obtaining feedback from participants and the benefit derived from it is that it assisted with stimulating debate and interrogation of information toward finality. This approach will aid this study in ensuring that the results, recommendation and conclusions are based on collected information that reflects the views and experiences of participants.

3.5 Research weaknesses—technical and administrative limitations

Limitations are inherent in any research study. A number of limitations have been noted, particularly pertaining to the prevailing conditions facing the world at present, which is the COVID-19 and that has been declared a pandemic earlier in 2020 by the World Health Organisation (WHO, 2020).

The first limitation relates to the research instrument being the semi-structured interview, as probing questions may lead to inconsistent questions being asked across participants and could impact the reliability of data. The second related to the data collected, as it could be biased based on individual preferences and personal, rather than professional views, which could have an impact on representivity of the collective data obtained. In addition, the study only included a purposive sample of participants and therefore the results cannot necessarily be generalised to the entire population of IAFs in the South African public sector. Furthermore, this study does not test the effectiveness of the proposed QASP tool, as this study is only limited to the development of this tool to capacitate public sector internal auditors within SA. Despite this study being limited to the views and experiences of senior internal auditors in national government departments in SA, the proposed quality assurance tool is not limited only to this sphere of government, as the said tool allows for adaptability to any environment.

Other limitations involved situations beyond the control of the researcher, since COVID-19, which is a deadly virus came into existence and wreaked havoc (Harding, 2020). This has had a major impact on peoples' social and work lives, to the point of restricting movement and social activity resulting in it being regulated (Harding, 2020) to avoid the spread of this virus in the interest of protecting lives (Claridge, 2020). A national and even to some extent global limitation has been put on human social interactions to an extent where social distancing and dealings on both a personal and professional level have been limited. This has resulted in social interactions being limited to telephonic, email and online (social media for personal interactions, and for work purposes emails, video and audio meetings being held on Zoom, and Microsoft Teams to mention some) communication platforms that has become the norm and safest manner of interaction. Based on the aforesaid, this entailed that the semi-structured interviews were conducted virtually either via Zoom or Microsoft Teams, which ever best suited the participant. This in itself is a limitation in that the non-verbal cues (examples include body language, expressions, voice nuances, etc.) of an individual was not possible to observe that gives an indication of the importance or authenticity of the responses to question(s).

4 PRESENTATION OF RESEARCH RESULTS

The purpose of this study is to propose and develop a tool that will capacitate IAFs in the public sector within South Africa to be in a position to conduct their own self-assessments on the quality of the services they provide and its effectiveness (IIA, 2016a). The IIA Standards requires internal audit to add value and help an organisation achieve its objectives by evaluating and improving its risk management, governance and control processes (IIA, 2016b). However, many government departments IAFs are not performing optimally (Erasmus & Fourie, 2014) and are unable to assess the value added and their effectiveness for further improvement (Mbewu & Barac, 2017). Hence, the need for a practical self-assessment quality tool that will enable internal audit to assess their contribution to the achievement of an organisation's objectives.

The results of the qualitative analysis on proposing a QASP tool to aid in improving conformance to the IIA Standards and IAE of IAFs in South African national departments are presented hereunder. An analysis and understanding of what factors constitute IAE indicators were firstly explored and compared to the IIA's Quality Assessment Manual (2016) for the IAF. A detailed discussion ensued on the need for a practical QASP tool has been outlined below together with the findings identified. The implications have further been unpacked into themes to ascertain the extent of the effect it could have on IAFs and indirectly the organisations being audited.

A thematic analysis was conducted on the data collected and four (4) key themes emerged from the data. These themes and related sub-themes are:

1) Theme 1: Internal audit effectiveness
2) Theme 2: Internal assessments
3) Theme 3: Quality Assurance Self-Assessment Preparation (QASP) tool:
    a. Activities contributing to EQAR outcomes
    b. Reasons for not implementing a QAIP
    c. Benefits of a QAIP
    d. Usefulness of a QAIP self-assessment tool
4) Theme 4: External audit's reliance on internal audit work

Two (2) sets of interview schedules were developed, one (1) for South African national government departments that have a QAIP and another for those national departments that do not have QAIP systems or processes in place. The research data was obtained using semi-structured interviews through Microsoft Teams or Zoom, with exception of two (2) interviews that were conducted face-to-face. The means of using online platforms to conduct interviews came at a time during the COVID-19 pandemic where social distancing, mask wearing and frequent sanitising were the order of the day, hence the safer option was to conduct interviews remotely.

For purposes of the presentation of results, the views of participants with a QAIP are firstly provided, followed by the views of participants without a QAIP. The summary of the key findings of each theme is presented in the next section under discussion of research findings.

4.1 Profiling

Eight (8) participants from IAFs within the South African national government departments were interviewed. These participants were numbered one (1) through to eight (8). Four (4) of the eight (8) participants are from departments that have a QAIP system or processes in place, with the other four (4) participants from national departments that have extremely limited to no quality assurance processes in place. These participants were intentionally identified and selected based on their internal audit related experience and direct role in implementing the quality assurance processes within their IAFs', and where no or limited QAIP processes exist, the CAEs were interviewed to obtain an understanding of their overall and specific challenges for not implementing such processes. A summary analysis and breakdown of participant profiles are outlined in Table 1 below:

Table 1: Participant profile analysis

PROFILING

PARTICIPANT PROFILES	PARTICIPANTS
1. Participants (P) whose IAFs have a QAIP in place	P1, P2, P3 and P4 = 4 interviews
P1: P1 is a Manager for Quality Assurance and Compliance Audits with 12 years of internal audit related experience.	
P2: P2 is a Director for Performance & IT Audit and has 13 years related internal audit experience.	
P3: P3 is a Director for Internal Audit with 16 years of experience in internal audit.	
P4: P4 is Head of Internal Audit [Chief Audit Executive (CAE)] with 12 years internal audit related experience and	
2. Participants whose IAFs do not have a QAIP in place	P5, P6, P7 and P8 = 4 interviews
P5: P5 is a Director for Internal Audit and Risk Management and is the CAE for his/her department with 16 years	
P6: P6 is a CAE at a Deputy Director level for Internal Audit with 16 years related experience.	
P7: P7 is a CAE at a Director level for Internal Audit with more than 25 years of related internal audit experience.	
P8: P8 is a CAE with internal audit related experience totalling 19 years.	
Total interviews	8 interviews

4.2 What factors or indicators contribute to internal audit effectiveness (IAE)?

For internal audit to be effective, they have to assist the organisation whom they audit, to achieve their objectives through their risk-based auditing and value-adding services that seeks to enhance organisational operations (IIA, 2016b). In order to achieve this, knowing what makes internal audit effective is imperative and the indicators that contribute to this effectiveness. These indicators will direct what criteria should be included in the practical QASP tool against which IAFs are assessed.

4.2.1 Theme 1: Internal audit effectiveness

All IAFs strives to be effective and deliver quality services to its organisation; however, it is imperative to know what factors contributes to IAE and to measure these accordingly through internal and external assessments. Literature reviewed has revealed that independence, competence, quality and management support are all indicators that adds to IAE (George et al., 2015). This research further aims to propose a QASP tool to facilitate the inclusion of these IAE indicators, so that IAFs' are not only measured against the IIA Standards (2016), but also against criteria that measures its effectiveness. Each of the IAE indicators has a standard dedicated to it that emphasises how it should be applied, Standards 1100 (Independence and Objectivity), 1210 (Proficiency) and 1300 (QAIP) (IIA, 2016a), except for the indicator on management support. This could partially be because this is not in the control of internal audit, but for this to be adequately applied, some form of emphasis in the internal and external assessments should be placed on it. Since management support is a factor of IAE, the criteria in the IIA Quality Assessment Manual (2016) should reflect this to a point where the framing of the criteria is able to unearth its impact and level of effectiveness.

4.2.1.1 IAFs with QAIP

All participants have indicated that the four (4) factors contributing to IAE (independence, quality, competence and management support) are incorporated into their quality assurance assessment criteria; with exception of one (1) participant stating that only the management support factor was not adequately included in his/her criteria. This participant stated that only assessment criteria within IAF's control are adequately included in their self-assessment tool, of which management support is beyond its control. This is supported below by a quote from the participant:

"… everything that is in this quality assurance improvement program, I have control over and I manage that. If I put something in this quality assurance improvement program that I don't have control over, then I need to get to a point to say but I'm not meeting that specific criteria that I set for myself, and therefore, it will have a negative effect on our performance" (P4:p.22, 2020).

Participants were asked to provide additional factors contributing to IAE. One (1) participant highlighted factors pertaining to "executive support" (P2:p.27, 2020), "the quality of the internal audit function… and reliance from other assurance providers" that add value and contributes to IAE (P2:p.28, 2020). One (1) participant mentioned that "we're not consistent within government in terms of internal audit" (P4:p.23, 2020), thus having "standardised methodologies", software and working paper templates, would help improve consistency and the quality produced by public sector IAFs' (P4:p.24, 2020).

One (1) participant highlighted a very important aspect pertaining to the pooling of specialised experts, where he/she suggested that IAFs could for example "pull resources from experts in terms of IT auditors" (P4:p.27, 2020) from a central place such as an oversight institution, the National Treasury. He/she further expressed their dissatisfaction for being the secretariat for the audit committee, "… the fact that internal audit is responsible for the audit committee… is extremely time consuming… we are spending so much time" (P4:p.29, 2020). Another participant highlighted that "the one important thing is the timely reporting… on engagements, like the issuing of audit reports on time" (P1:p.17, 2020) are one of the factors that will contribute to improving IAE.

4.2.1.2 IAFs with no or limited QAIP

Participants highlighted a number of factors that contribute to IAE. Three (3) participants indicated that "capacity" and "resources… I'm talking about people and finances" is a factor that contributes to IAE, with one (1) of the participants stating that they are only two staff members and this "… prevents them from meeting their goals and objectives". The other participant highlighted that "there is a gap in terms of one layer of supervisory level" resulting in quality related issues (P8:p.5, 2020). One other participant stated that "regular quality assessment reviews performed on internal audit itself will assist a lot to improve the quality of internal audit work and the value which internal audit is contributing to the department" (P8:p.7, 2020). Two (2) participants mentioned that cooperation from senior management and the audit committee through the "timely availability of documents from management" contributes to IAE (P7:p.5, 2020). Another participant highlighted that "specialization on various aspects will also improve the quality of internal audit and the value of internal audit" such as "financial review and performance audit" (P8:p.6, 2020).

Participants were further asked whether their IAFs are effective through the provision of quality services to their auditees. Two (2) participants stated that their IAFs are effective and provide quality services, as they "got support from management, actually the accounting officer, and the audit committee" and "with the kind of relationships that were built with management, they are able to approach internal audit with any *ad hoc* assignment.

4.3 What quality assurance tool will aid internal audit in adequately assessing its effectiveness and conformance to the IIA Standards?

According to Standard 1300 of the IIA Standards (2016a), internal audit must assess their effectiveness and conformance to the IPPF (2016d). This process will allow internal audit to identify and understand their strengths and more importantly their weaknesses. The aim of this process is to ensure that internal audit is operating efficiently and effectively to be able to provide value add services to its auditees (IIA, 2016a). Similar to how internal audit monitors its auditees implementation of audit recommendations, so must internal audit quality shortcomings be monitored by the AC (IKUTU & Treasury, 2014) to ensure that their services are of quality and contributes positively to the organisation's achievement of their objectives.

4.3.1 Theme 2: Internal assessments

Theme 3 refers to internal assessments which are a form of quality assurance where internal audit evaluates its adherence to the IIA Standards and Code of Ethics (IIA, 2016a) in the form of a self-assessment. Internal assessments are conducted more frequently (that is periodically), and if implemented adequately, helps the IAF prepare for the EQAR that takes place at least once every five years (IIA, 2016a; IKUTU & Treasury, 2014; Public Protector, 2016). The assessment outcome culminates into a final rating emanating from a three-tier rating model, with the highest rating being 'Generally conforms', the second or middle rating 'Partially conforms', with the lowest rating being 'Do not conform'. The importance of this theme is to ascertain if IAFs' internal assessment tools are adequate to prepare the IAF for the actual EQAR.

4.3.1.1 IAFs with a QAIP

Three (3) participants indicated that their last internal assessment was conducted two years ago or less, with the fourth (4) participant having conducted theirs more than four years ago. The main reason given by two (2) participants for the former, is due to the COVID-19 pandemic that put SA under lock-down for most of the 2020 year. Furthermore, two (2) participants confirmed that they achieved a 'Generally conforms' rating for their last internal assessment, with another two (2) participants achieving a

'Partially conforms' rating. This was attributed to amongst others, severe "resource constraints" (P1:p.19, 2020) and "no dedicated person that's responsible overall for QA (quality assurance)" (P2:p.19, 2020).

Three (3) participants indicated that their internal assessment results are communicated to both the AC and senior management, with the exception of one (1) participant communicating results only to the AC, this to avoid management finding added fault with internal audit. Another participant added that his/her internal assessment is "linked to his/her performance agreement" (P4:p.5, 2020). Two (2) participants stated that although their internal assessment differs somewhat from their EQAR, it is still adequate to prepare the IAF for the actual EQAR. One (1) of the participants mentioned that "for internal assessment… we don't cover the entire scope" (P1:p.4, 2020). Another participant also indicated that their internal assessment differs to some extent from the EQAR processes and is inadequate to prepare the IAF for the EQAR, as there is still much room for improvement. One (1) participant has labelled assessing the entire scope of the IIA Quality Assessment Manual (2016) as 'time consuming', with two (2) participants stating that they do not have "dedicated quality assurance resources", as alluded to one participant stating that "… so in between audits we are required to put time aside to do some internal QA on the work that we do, but it's a challenge" (P2:p.6; 2020). One (1) participant further highlighted that stakeholder surveys and interviews are not done as part of their internal assessments, but EQAR, as one "can't go and ask people how they feel about you, and then expect them to be objective". One (1) participant's response differed to the other three (3) participants, in that despite their internal assessment not differing from that of the EQAR, it is inadequate to prepare them for it.

4.3.2 Theme 3: Quality assurance self-assessment preparation (QASP) Tool

The QASP tool is a tool that preliminary assesses internal audit against similar criteria used by the external assessor and aims to prepare IAFs' for the EQAR that should take place at least once in five years (IIA, 2016a). Currently the IIA Quality Assessment Manual (2016) consists of numerous Microsoft Word documents that are not user-friendly and does not allow for the self-assessment that culminates in a final automated rating outcome. Hence, the said Manual does not enable the practical implementation of the quality assurance process, as the tool is too labour intensive. The impetus here is to design an automated tool in Microsoft Excel, since this software is accessible to all public sector internal auditors at no additional cost to them. This will enable internal auditors to conduct and implement a quality assurance self-assessment process with the aim to adequately address the gaps identified prior to the EQAR taking place and with the ultimate aim to improve operations toward achieving organisational objectives (Kasim & Hanafi, 2012).

4.3.2.1 Activities contributing to EQAR outcomes

4.3.2.1.1 IAFs with a QAIP

Three (3) participants last had an EQAR conducted less than three years ago, with one (1) participant having done four to six years ago. All four (4) participants received a 'Generally conforms' outcome. Three (3) participants attributed their positive outcomes to ensuring that the "policies, methodologies or manual and charters" are aligned to the IIA Standards. Despite the challenges experienced with their internal assessment, all four (4) participants managed to secure positive EQAR outcomes with the results communicated to both the AC and senior management. Below is a quote made by one (1) of the participants supporting the above:

"… all of our governance documents are in place and according to the standards… whenever there are changes in the standards we take that into account… our policy, our procedures are comprehensive and clear …" (P2:p.16, 2020).

4.3.2.2 Reasons for not implementing a QAIP

Varying reasons by participants were given for not implementing the quality assurance processes, including amongst others having "no CAE for a very long time", the "internal audit function being outsourced for many years", the "department being fairly new". Also highlighted by a participant:

"… we've got a shortage of the competency to implement the Quality Improvement Program" (P8:p.10, 2020).

4.3.2.3 Benefits of a QAIP

All eight (8) participants interviewed, those both with a QAIP and without, were asked the question if using a Microsoft Excel automated QASP tool that simulates an EQAR (if it generates a preliminary rating outcome) will help better prepare IAFs for the actual EQAR. All eight (8) participants agreed that implementing such a tool would help in improving IAE and the quality they deliver to their auditees, as at present the existing tool of one (1) participant is "time consuming and everything needs to be updated manually" (P4:p.13, 2020). In support of and addressing the aforementioned one (1) participant stated that "it will prepare the IAF and then the fact that it's going to be scientific based on what external assessors are going to do, gives an opportunity to do something about it now. If I get a rating which says this is partially conforms (PC), I can do something about it… to get it to generally conforms (GC)" (P3:p.35, 2020). Another participant indicated "it will assist us all in the build-up for the external one" (P6:p.6, 2020), whilst one (1) participant further mentioned "to monitor those measures that are in place to enhance our quality… it will be easy to use, since it's in an excel form" (P8:p.14, 2020). One (1) participant explained that the proposed tool "will simplify processes, as everything is all over the place and it will help create efficiencies" (P2:p.21, 2020).

The question was posed on how the implementation of a QAIP would help IAFs motivate for more capacity building initiatives. This question was posed to the four (4) participants that do not have a QAIP in place. All four (4) participants interviewed are of the view that the gaps emanating from the quality assurance review will help motivate for additional capacity. One (1) participant indicated that it could provide "… a basis to motivate to the accounting officer and the audit committee for the necessary resources" and "… it will help to identify areas of improvement so that the internal audit unit can go back and work on those areas. It will help a lot, because that's how you'll see where to improve" (P5:p.7, 2020). On the other hand the other participant expressed some concern as "management could not understand what this report (quality assurance self-assessment results) mean… in a way it can be interpreted as if internal audit is not performing at all, simply because they don't understand the process (quality assurance) and what it mean" (P6:p.5, 2020).

4.3.2.4 Usefulness of a QAIP self-assessment tool

Any tool developed must serve a need, be efficient and practical enough to allow a process to be implemented with sufficient ease (Sivakumar, 2016). It should make the end-user's work easier and ultimately take something cumbersome and make it efficacious and user-friendly. People know what to do, but how to implement it is sometimes a challenge. Hence, a tool that is converted from the current manually intensive process to a more automated process could vastly improve public sector internal auditors' capability and productivity, allowing for monitoring not only at a IAF level, but also at an oversight level. This is particularly important, as it speaks to the question on the functionalities the proposed QASP tool should have that would simplify the implementation of quality assurance activities. This question was posed to all eight (8) participants, those with a QAIP and those without, with the results reflected below.

4.3.2.4.1 IAFs with a QAIP

Three (3) participants interviewed suggested that in order for the QASP tool to be beneficial, thus contributing to the quality assurance space, it should be "scientific" where the tool, once completed, generates a "rating outcome", as referred to by one (1) participant in this regard:

"So I think that this spreadsheet will bring the scientific element into it" (P2:p.21, 2020).

Another criterion that will contribute to enhancing the proposed tool as suggested by two (2) participants alluded to the importance of monitoring; one (1) participant emphasised that "… the key thing would be something that allows for frequent monitoring" (P1:p.14, 2020). One (1) participant stated that the proposed tool should "be linked to the Standards (IIA Standards)" and since not all criteria weighs the same "weights" should allocated so that "one can start with the important things first that will add more value and impact now" (P3:p.36, 2020). Another participant added that the assessment criteria in terms of the IIA Standards in the Microsoft Excel tool should be "hard-coded (cells within Microsoft Excel protected)" so that criteria requirements are not changed.

4.3.2.4.2 IAFs with no or limited QAIP

The notion of all four (4) participants is that having a Microsoft Excel automated QA self-assessment preparation tool that generates a preliminary rating outcome that simulates an EQAR will help better prepare them for the actual EQAR and suggested a number of functionalities that this tool should entrench. One (1) explained that if the proposed tool could be "straightforward and simple to implement, it could be very helpful, not only to one department, but to most departments where they have not implemented quality assurance processes currently" (P6:p.6, 2020). Another participant emphasised the importance of the proposed tool "highlighting any deficiencies" (P7:p.12, 2020). Two (2) participants highlighted that the proposed tool should be able to "upload documents" (P2:p.22, 2020).

4.3.3 Theme 4: External audit's reliance on internal audit work

This theme relates to reliance placed on the work of internal audit. It is when the external auditor based on certain quality evaluations of internal audit's work, considers using some of its work through placing reliance thereon, provided it falls within its ambit or through direct assistance where internal audit conducts certain audit work on behalf of external audit under their supervision (IAASB, 2014). The importance of this theme pertains to whether or not the implementation of quality assurance processes by the IAF influences if the AGSA will place reliance through using the work of internal audit and / or through direct assistance.

4.3.3.1 IAFs with a QAIP

All four (4) participants interviewed confirmed that they have quality assurance policies and procedures in place and that the AGSA has placed reliance on some of their work in the last five years. These same participants also achieved a "Generally conforms" outcome for their last EQAR. Some of the factors contributing to the AGSA ascertaining whether to place reliance on internal audit's work according to participants include amongst others: if the quality assurance prescripts are in place and applied, the department receiving clean audit opinions for the last five years, and the "outcomes of the EQAR". One (1) of the participants indicated that if one has a positive EQAR, external auditors have no valid reason not to rely on the IAF's work:

"I think when we achieved our GC (Generally conforms), it was quite difficult for them to say no, they can't rely… one of the requirements for them (AGSA) is that they need to be sure that the unit is competent…" (P3:p.5, 2020).

Two (2) of the participants mentioned that "at the beginning of the year we sit with the AGSA and take them through our plan (internal audit's plan)" before the audit committee sign it off (P2:p.4, 2020), where reliance by the AGSA on the IAFs work is considered as "part of the planning process" (P3:p.5, 2020). They added that other considerations such as the "scope" is taken into account to ascertain if any areas are mutually covered by the AGSA and internal audit. In the last five years, the AGSA placed reliance on internal audit's work mainly in areas pertaining to "performance information" and information technology (IT) related audits. According to one (1) participant, positive EQAR results further strengthens and builds the trust relationship between internal and external audit (P3, 2020).

4.3.3.2 IAFs with no or limited QAIP

Two (2) of the four (4) participants stated that their departments' have no quality assurance prescripts in place, with one (1) participant attributing it to the IAF being "outsourced for many years"; however, it's in the process of being brought in-house. The other two (2) participants confirmed that they have quality assurance policies in place, which are included in their "internal audit methodologies… manual", and one (1) of the two (2) participants further indicated that they are conducting "internal assessments"; but not external assessments. Three (3) participants who indicated that they do not have adequate QAIP systems and processes in place stated that the AGSA placed reliance on some of their work during the 2019/20 financial year. Another participant indicated that the AGSA has not placed reliance on their work due to the IAF "never having done an external quality assurance review" and added that the AGSA stated this as their reason for not considering relying on internal audit's work (P5:p.2, 2020).

Various reasons were provided for why reliance was placed on the work of internal audit, with reliance placed by the AGSA ranging from using the work of internal audit to using direct assistance. One (1) participant explained that reliance was placed on internal audit's work in 2019/20 on areas relating to "… asset verification, performance information, and human resources management" (P7:p.3, 2020). The process entailed the IAF sending all of its 2019 internal audit related reports to the AGSA upon their request, of which three (3) audits as aforementioned were relied on, although not pre-agreed upfront at the planning stages. Another participant added that the "AGSA was under pressure to conclude their audit", as "COVID-19 was the main reason, although it was not documented" (P8:p.3, 2020). This was further confirmed by two (2) participants indicating that the AGSA had not placed reliance on their work in the last five years; however, decided to place reliance in the 2019/20 financial year, due to the strain COVID-19 had on the AGSA meeting its deadlines.

5 DISCUSSION OF RESEARCH FINDINGS

5.1 Introduction

The objective of this research was to develop and propose a QASP tool that will provide a basis for IAFs to implement standard 1300 of the IIA Standards (IIA, 2016a). This tool should be able to capacitate IAFs on how to assess its conformance to the said Standards and its effectiveness in terms of its service offerings to the organisation it provides assurance and consulting services to.

The first aim of this research was to identify the factors or indicators that positively contributes to IAE, and a comparison was made to the IIA's Quality Assessment Manual (IIA, 2016) to ascertain if effectiveness of IAFs are adequately and explicitly covered in the Manual. The second aim was to propose a quality assurance self-assessment preparation tool. The factors identified in step one informed the development of the said tool that could capacitate and enable internal audit to conduct quality self-assessments of their IAFs. This could enable internal audit to not only identify their shortcomings and monitor these, but also advocate and motivate their real needs and capacities that will aid them to provide value added services to their audit clients and key stakeholders.

The implications of the QASP tool could contribute to augmenting internal audit's effectiveness within the public sector and empowering them with the tools and techniques needed to develop and improve their service offerings, with the ultimate goal to help their organisation achieve its objectives (IIA, 2016b). The results emanating from this research aim to contribute to the existing body of knowledge, but from a practice perspective, that advances public sector IAFs.

For purposes of the discussion of findings, a summary of the key findings of each theme is presented.

5.2 Key findings: Theme 1 – Internal audit effectiveness

Based on the findings presented in Chapter 4, it appears that all participants are in agreement with literature that indicators or factors of independence, competence, quality and management support contributes to IAE (Huong, 2018), with exception of one (1) participant who did not consider management support as a critical IAE indicator. This is contrary to Alzeban and Gwilliam's (2014) study who found through literature that management support is a key contributor to the effectiveness of IAFs. All these factors of IAE are already included as criteria in the IIA Quality Assessment Manual (2016); however, criteria on management support was expanded upon in the proposed QASP tool to ensure that it explicitly talks to key challenges facing internal audit. A number of participants highlighted management support as a crucial factor of IAE (Alzeban & Gwilliam, 2014), thus further supporting the need to expand on the criteria in the proposed tool. Of the four (4) indicators that contribute to IAE, only one (1) indicator, namely management support is not reinforced by an IIA Standard (2016a). Supervisory and quality assurance review gaps are caused by a lack of capacity according to some participants, thus not being able to implement the IIA Standard 1300 (IIA, 2016a) effectively. The afore-stated is supported by Alzeban and Gwilliam (2014) as their study infers that a sufficiently staffed IAF enhances the quality of work produced by internal audit. Some participants mentioned that the implementation of regular quality assessment reviews would largely assist to improve the quality of internal audit work and the value-add to its auditees.

5.3 Key findings: Theme 2 – Internal Assessments

Based on the findings pertaining to internal assessments, it appears that the assessment criteria in the IIA Quality Assessment Manual (2016), if evaluated against, are adequate to give internal audit management an indication of the areas requiring improvement in order to prepare for the EQAR. It is however evident from the interview results that the lack of conducting stakeholder interviews and or surveys has no to limited influence on the internal assessment and some of the EQAR outcomes, as can be seen by some participants responses and EQAR assessment outcomes. A literature study by Alzeban and Gwilliam (2014) however, does not support this notion, as their study suggests that it does not consider the needs of stakeholders who are the custodians to ensure implementation of recommendations. Half of the participants alluded to their existing internal assessment tools not being adequate highlighting that these tools are not scientific and geared to culminate in a final rating outcome; which is further supported by Kasim and Hanafi (2012). Participants attributed having no dedicated quality assurance resources for not adequately implementing the QAIP processes. Since the interviews taking place, there have been numerous requests for the use and trialling of the said QASP tool, which indicates that there is a need for this tool.

5.4 Key findings: Theme 3 – Quality Assurance Self-Assessment Preparation (QASP) tool

Based on the findings, it appears there is a huge need for the proposed tool and calls for the said tool to be scientific that generates a rating outcome and have a built-in monitoring mechanism is resounding. This need has also been highlighted by Kasim and Hanafi's (2012) research study. A few participants emphasised that entrenching and implementing governing documents in accordance with the IIA Standards (2016a), such as comprehensive policies, methodologies and charters are what contribute to positive EQAR outcomes. A crucial suggestion made by one (1) participant was the capacitation and on-boarding of internal auditors in training them on the proposed tool to ensure that they do not only understand it, but that they can apply the tool in practice. A few participants have requested the use of the proposed QASP tool since their existing quality assurance tools are manually intensive and not monitoring and tracking friendly.

5.5 Key findings: Theme 4 – External audit's reliance on internal audit work

Based on the findings highlighted in Chapter 4, it appears that the AGSA places reliance on the work of internal audit where a number of factors exist. These factors include amongst others: if the quality assurance prescripts are in place and implemented, the department receiving clean audit opinions for prior years, and positive EQAR outcomes. Results further revealed that positive EQAR results further strengthen and build the trust relationship between internal and external audit.

Interestingly, for those participants that do not have adequate QAIP processes in place, it was found that reliance was placed on their work, and not just on those IAFs that have adequate QAIP processes. The AGSA using the work of internal audit is dependent on the outcome of a number of criteria amongst others being assessed, including the implementation of quality control processes, however reliance was placed on IAFs who do not have in place or has not implemented a QAIP (IAASB, 2014). Hence, an inference could be drawn from interviews held with some participants that reliance placed by the AGSA during the 2019/20 financial year on the IAFs that do not have adequate QAIP systems and processes in place could be attributed to Covid-19 challenges causing them tremendous pressure to finalise their external audit engagements. Another exception was that reliance for one (1) IAF was not pre-agreed at the planning stages of internal audit, and this further supports the notion that the 2019/20 financial year was an exception for IAFs that do not have adequate QAIP systems and processes, however reliance was placed on their work.

5.6 Proposed Quality Assurance Self-assessment Preparation (QASP) tool

Based on the findings presented above, the following proposed tool is provided, see Figure 2. The key elements of the tool are briefly discussed.

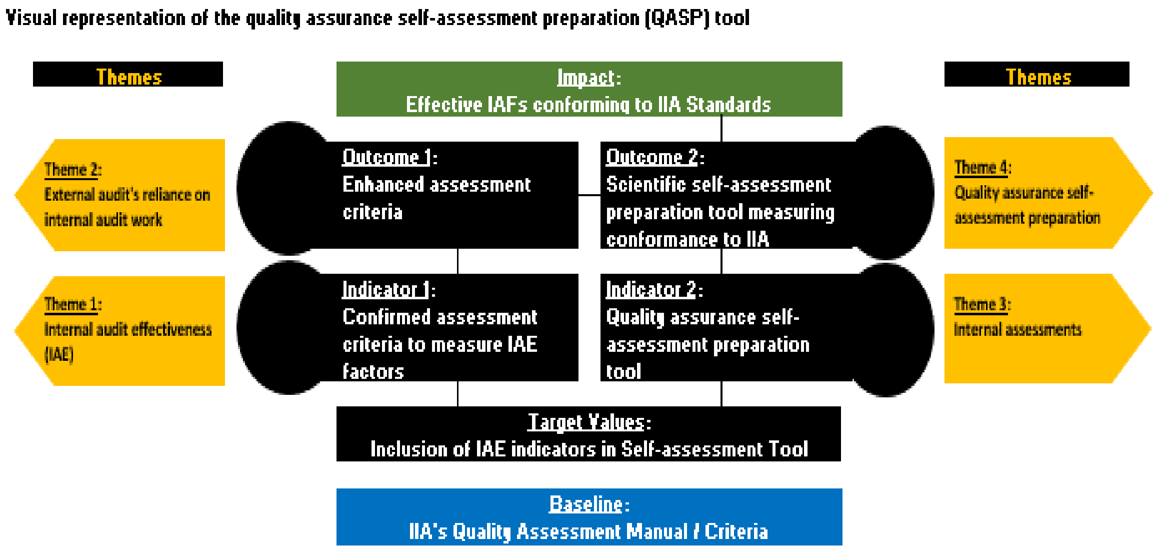

Figure 2: Visual representation of the quality assurance self-assessment preparation (QASP) tool (Zondre Seitei, 2020)

Figure 2 represents the outline of the proposed quality assurance self-assessment preparation (QASP) tool consisting of the following key criteria:

1) **Internal audit effectiveness**, these include the indicators of independence, management support, quality and competence.
2) **Reliance**, this refers to the extent of external audit's reliance on internal audit work and an effective IAF could most likely result in increased reliance.
3) **Internal assessment**, to consider the tools available and its adequacy.
4) **QASP tool**, this is the proposed automated tool that will streamline the quality assurance process and enable the IAF to conduct their own self-assessments.

In addition, refer to **Appendix 4.1** for an extract of the automated Microsoft Excel version of the proposed QASP tool.

6 SUMMARY, CONCLUSIONS, LIMITATIONS, AND RECOMMENDATIONS

6.1 Summary

This study used a qualitative analysis approach through semi-structured interviews that were directed at South African national government department internal auditors'. After ascertaining the indicators that contributes to the effectiveness of internal audit, a determination was made of the tools available to internal audit to conduct quality assurance self-assessments of their effectiveness and conformance to the quality assurance standards and guidelines issued by the professional body, the IIA (2016a).

From the review of the literature two research questions emerged:

- **Research question 1**: What factors or indicators contribute to internal audit effectiveness (IAE)?
- **Research question 2**: What quality assurance self-assessment preparation (QASP) tool can be used to measure IAE and internal audit quality?

The aim of this study was therefore two-fold:

- Firstly, to determine what factors or indicators contribute to internal audit effectiveness (IAE), and
- To propose a quality assurance self-assessment preparation (QASP) tool.

A qualitative research method using semi-structured interviews were used to collect data from participants who are internal audit practitioners in national departments within the South African public sector. A thematic data analysis of the views of participants was done. The findings emerging from the research results highlight four key themes:

- Theme 1: Internal audit effectiveness
- Theme 2: Internal assessments
- Theme 3: Quality Assurance Self-Assessment Preparation (QASP) tool:
    - Activities contributing to EQAR outcomes
    - Reasons for not implementing a QAIP
    - Benefits of a QAIP
    - Usefulness of a QAIP self-assessment tool

- Theme 4: External audit's reliance on internal audit work

It is evident that inadequate tools exist to efficiently evaluate IAF's adherence to the IIA Standards and the IAF's effectiveness (Kasim & Hanafi, 2012). Furthermore, consideration should be given to explicitly include quality assurance assessments in the South African government governing legislation, such as the PFMA (1999), as even though legislation states that internal audit work should be done in accordance with the IIA Standards, quality assurance is not unequivocally mentioned in the prescripts and hence not made a priority within government. If these areas within the statutes are effectively addressed, it will augment the current functioning of IAFs' within the public sector and will enable internal audit to provide the much needed value add to organisations.

From the interviews held with participants who have a QAIP in place, it is clear that the key considerations taken into account by the AGSA regarding placing reliance on internal audit's work includes amongst others, if the quality assurance prescripts are in place and applied, the department receiving clean audit opinions in prior years, and positive EQAR outcomes. Although this is not true for interviewees who does not have a QAIP in place, where reliance was placed, it appears that the work of internal audit was relied upon only in the 2019/20 financial year. However, a fundamental comment made by one (1) of the participants stating that reliance was placed due to the disruption caused by the COVID-19 pandemic putting the AGSA under pressure to meet tight deadlines triggered by the delay in all audits due to the said pandemic. By implication, this resulted in the AGSA resorting to using some of the work or resources of internal audit to get their work done. A suggestion may well be made that this could be the similar case with the other participants that do not have a QAIP in place, but where reliance by the AGSA was placed. In addition, interview results further revealed that positive EQAR results to some extent strengthens and builds the trust relationship between internal and external audit.

The findings revealed that the assessment criteria in the IIA Quality Assessment Manual (2016) are adequate; however, criteria pertaining to management support could be expanded on slightly. It is noted that most IAFs that have a QAIP in place do not conduct stakeholder interviews and or surveys; however, from the interview results, it generally has no to limited influence on the internal assessment and some of the EQAR outcomes, especially since there are no ratings allocated to these questions. This study has shown that IAFs' existing quality assurance tool(s) are inadequate, as alluded to by a number of participants interviewed. This could be attributed to the tool(s) not being scientific and geared to culminate in a final rating outcome, and further does not allow for regular monitoring and updates, which could create increased efficiency. Since these interviews taking place, there have been numerous requests for the use and trialling of the said QASP tool, which highlight a need for such a proposed tool. Capacitation and on-boarding of internal auditors in respect of the proposed tool is fundamental in the success of rolling it out within government. Another positive aspect about this proposed tool is that it could also be applied and rolled out at provincial and local government levels.

All participants that have a QAIP in place confirmed that the factors contributing to IAE as per the literature are included as criteria in their existing assessment mechanisms; however, they would welcome a new tool that is automated with less human intervention. Many IAFs are under-resourced and a number of them are small in nature, thus having an automated tool (developed via a scientific research and development process) to prepare IAFs for the EQAR will aid from both perspectives of resources constraints and cost savings, as they can opt for a self-assessment with independent validation rather than a full assessment (IIA, 2016h). Monitoring findings is an important aspect of moving toward improved outcomes, a number of participants have emphasised that the tool should embrace this aspect to ensure continuous monitoring of progress.

6.2 Conclusions

To improve anything, it is important to firstly know what is not working well (Bagian et al., 2001) so that deliberate and targeted efforts are taken to enhance the functioning of IAFs'. It is with this in mind that exploring a tool that will assist IAFs in assessing and working towards improving their service quality was born. The QASP tool was designed in the absence of any freely available, adequate and effective tools that are user-friendly, especially since the South African government do not have the funds to acquire the use of similar tools. This is why a tool of this nature can immensely contribute to the IAE, as it allows an introspection to be conducted on the health of the IAF.

IAFs do not form part of the core functions within departments, and find themselves last in line to get more resources, since there are many competing priorities within a government department. This is why they are on the back-end in terms of receiving resources, resulting in them having less dedicated core audit time. This could be attributed to IAFs' not being able to have adequate tools to implement certain processes effectively, in particular the QAIP, thus leaving some departments with limited to no resources to implement the latter, as can be seen by those departments who do not have a QAIP in place. This study revealed that the existing internal assessment tools are not adequate and hence there is a need for a more scientific assessment and monitoring tool. Most of the participants interviewed who have a QAIP, highlighted that although they have a tool in place, it is however manual and too labour intensive, not scientific and not allow for continuous monitoring and tracking of progress. The self-assessment tool proposed by this study is a means to address some of these shortcomings experienced by IAFs to enable them to more efficiently implement the QAIP.

Consideration could be given to future researchable areas in this space to explore a maturity model for IAE, where the level of operability of the IAF could be measured. Another future research area is testing the effectiveness of the self-assessment tool proposed in this study through its trial implementation. In addition, statutory audits are being included in risk-based audit plans and audited at the expense of risk-based audits, which is another possible future researchable area that could further be explored.

6.3 Limitations

This study focuses only on capacitating IAFs in national government departments in the South African public sector and not any other spheres of government with the aim to propose a practical automated QASP tool. In addition, the results of this study are not generalizable to the entire population of national departments as only a limited number of departments were represented; however, future research could expand this study to include a more representative sample of national departments. This study did not endeavour to test the effectiveness of the proposed tool; however, this is an area that could be explored for future research purposes. This study is further limited to only the assessment criteria informed by the IIA Standards (2016a) to ensure a succinct assessment and excludes amongst others the survey and interview questions proposed by the IIA Quality Assurance Manual (2016).

Six (6) of the eight (8) semi-structured interviews were done remotely using online platforms as a means to ensure the safety and comfort of all participants due to the COVID-19 pandemic, where social distancing and wearing of masks are mandatory. The challenges this posed however were amongst others the lack of observing non-verbal cues, connectivity issues, load shedding further affecting access to online platforms, and not being able to conduct the interviews using the video option of the online platform, as this would further erode connectivity. In addition, certain transcripts were not fully transcribed and / or the recordings were cut in some areas by the transcriber application due to network loss; however, the recordings assisted as far as it possibly could.

It is important to note that the researcher conducting the interviews is an employee of the National Treasury that is an institution providing oversight and regularly evaluates certain systems or processes that are executed by public institutions, particularly national departments against specific prescripts. This poses a limitation in that participants may feel that if they reveal too much, it may expose and put the department in a poor light making it appear to be ineffective and unproductive; hence, the risk is that their responses to certain questions were subtle and not truly reflective of the real circumstances.

One of the questions posed to participants pertained to whether the AGSA placed reliance on internal audit's work in the last five years. The interviews revealed that reliance was placed on the work of the majority of participants' IAFs, despite them having limited to no QAIP processes in place. When drafting the interview questions, the expectation was that reliance would not be placed by the AGSA on IAFs that do not have an adequate QAIP in place; however, the study has shown that this is not the case. A comment was made by one (1) participant that the AGSA decided to place reliance on their work, due to them being under enormous time pressure caused by the delays imposed by the COVID-19 pandemic. Hence, the responses to this question could have been influenced by the COVID-19 pandemic, and the AGSA placing reliance on the work of IAFs that do not have a QAIP in place could just be an exception, as reliance was placed for the first time on these IAFs during the 2019/20 financial year.

6.4 Recommendations

The outcome of this study proposes a QASP tool and refinement of assessment criteria relating particularly to management support, thus contributing to the existing body of knowledge and providing a foundation for exploring further research to test the effectiveness of this tool. Since management support is an indicator of IAE and no Standard in the IIA Standards (2016a) is dedicated to this area, consideration could be given to at the very least expand on the assessment criteria in the IIA Quality Assessment Manual (2016) relating to management support. Herewith, the following recommendations are provided to key internal audit stakeholders.

6.4.1 IIA Professional Body

A suggestion is that the IIA Quality Assessment Manual (2016) elaborate on the existing criteria pertaining to management support under "Internal Audit Governance" and include it as part of the "IA Governance successful practices & potential opportunities for improvement" sub-section, since this is one of the indicators that enhances IAE. By doing this, and in raising a gap should the support of management be inadequate, it could trigger management's attention to what they can improve on when dealing with internal auditors to ensure a mutually beneficial experience.

6.4.2 National Treasury and IAFs

The intervention presented by this study is more of a practical solution that may not require extra funding with the aim to empower IAFs within the public sector, placing them in a position to conduct a quality assurance self-assessment. Formally, extending it to peer departments to conduct the evaluations or reviews, and subsequently having it validated by an independent assurance party could further enhance this process. This approach could further reduce the costs incurred by departments for EQARs, as it will reduce the assessment team's time spent thereon. Centralised or shared quality assurance teams or resources either amongst cluster departments or at the National Treasury, with the latter being preferable, as this institution is a not only a recognisable and respectable department of influence within the public sector, but also responsible and has the power for making laws in the country. National Treasury could provide a process similar to that of the in-year-monitoring (IYM) process, but for monitoring and reporting of quality assurance activities, as this could contribute to IAE and indirectly to helping organisations achieve their objectives in terms of their mandates.

6.4.3 National Treasury

The insights gathered from this tool could be consolidated at a national level and transversal findings identified that could inform potential targeted solutions and tools that are useful and relevant to the needs of public sector internal auditors. This proposed tool could further assist the National Treasury to report on and obtain a bird's eye view of the challenges facing the internal audit space for attention of senior leadership within government, with the hope that it influences positive change. Another opportunity exists once the proposed tool is trialled, as it could be leveraged by not just rolling it out to national departments, but also at provincial and the local government levels. This especially, since internal auditors who are members of the IIA SA are bound by the IIA Standards (2016a), which means this same tool could be used at all spheres of government as well.

Further to this, is the reliance that can be placed on the work of internal audit by other assurance providers, particularly external audit that could result in efficiencies and cost savings to both internal audit and the organisation (Gramling & Vandervelde, 2006). The results from the interviews reveals that the AGSA uses the work of internal audit more when an EQAR has been conducted, provided the results are positive, although an exception was noted where the AGSA during the 2019/20 financial year placed reliance on the work of IAFs' that do not have a QAIP in place. This exception could be due to the COVID-19 pandemic where the AGSA was under abnormal time constraints, as alluded to by some participants.

In order for the proposed tool to be effectively implemented, it is crucial that the handover of the tool be accompanied by a one-on-one transfer of skill session that will help in capacitating and guiding the end-users on how to efficiently use the tool. This is fundamental to the successful application and implementation of the proposed tool, as a lack of understanding of any system or tool could render or make users conclude that it is ineffective. Many internal auditors' does not have the time to figure out how something works, hence the importance of on-boarding.

6.4.4 Contribution to management knowledge

This study contributes to management knowledge by proposing a tool that IAFs int eh South African public sector can use to assess their effectiveness. As IAFs are regarded as governance pillars, it is argued that more effective IAFs could improve organisational governance. This study is a first step in providing a practical self-assessment tool to IAFs and thus the contribution to management knowledge.

6.5 Final conclusion

In the researcher's view, this study achieved its primary objective to propose a quality assurance self-assessment preparation (QASP) tool that can contribute to improved internal audit effectiveness in South African government departments. The research objective was achieved through applying a qualitative research methodology to obtain internal audit stakeholders' views on the topics of IAE and quality assurance. The key findings emanating from this study contributed to the outcome of this study: a practical and automated QASP tool. In conclusion, the proposed QASP tool could contribute to improved internal audit effectiveness and ultimately quality internal audit services within national government departments and improved service delivery.

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APPENDICES

UNIVERSITY OF THE
WITWATERSRAND,
JOHANNESBURG

Participant Information Sheet

Dear Colleague

My name is Zondre Seitei and I am a Masters student in Business Administration at the University of the Witwatersrand, Johannesburg. As part of my studies, I have to undertake a research project, and I am investigating an internal audit QASP tool under the supervision of Dr Kato Plant. The aim of this research project is to find out how a self-assessment tool can contribute to the effectiveness of IAFs in South African national department.

As part of this project, I would like to invite you to take part in a single interview. This activity will involve answering questions and briefly testing the proposed tool and will take around one (1) hour. With your permission, I would also like to record the interview using a digital device.

There will be no personal costs to you if you participate in this project. You will not receive any direct benefits from participation but there are no disadvantages or penalties if you do not choose to participate or if you withdraw from the study. You may withdraw at any time or not answer any question if you do not want to. The interview will be completely confidential and anonymous as I will not be asking for your name or any identifying information, and the information you give to me will be held securely and not disclosed to anyone else. I will be using a pseudonym (false name) to represent your participation in my final research report. If you experience any distress or discomfort at any point in this process, we will stop the interview or resume another time.

If you have any questions during or afterwards about this research, feel free to contact me on the details listed below. If you wish to receive a summary of this report, I will be happy to send it to you. The data collected from this research project will be stored in a cloud-based storage facility, Dropbox and Google Drive and will be kept for seven (7) years. With your permission the data collected from this research project may be used by other researchers. If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrec-medical.researchoffice@wits.ac.za

Yours sincerely,
Zondre Launchya Seitei

Researcher:
Zondre Launchya Seitei

Supervisor:
Dr Kato Plant

APPENDICES

UNIVERSITY OF THE
WITWATERSRAND,
JOHANNESBURG

Consent Form

Title of project: A proposed internal audit tool to improve internal audit effectiveness in South African national departments

Researcher: Zondre Seitei

I, ……………………………………….., agree to participate in this research project. The research has been explained to me and I understand what my participation will involve. I agree to the following:

(Please circle the relevant options below).

agree that my participation will remain anonymous	YES NO
agree that the researcher may use anonymous quotes in his / er research report	YES NO
agree that the interview may be audio recorded	YES NO
agree to briefly test the proposed tool if requested	YES NO
agree that the information I provide may be used onymously after this project has ended, for academic urposes by other researchers, subject to their own ethics earance being obtained.	YES NO

…………………………………… (signature)
…………………………………… (name of participant)
…………………………………… (date)

Appendix 1.1: Data collection instrument(s)

Interview Schedule – For IAFs that have a QAIP in place:

Interview Schedule (Semi-structured Interviews)

Unique No.:	

Title of Proposed Study: A proposed internal audit tool to improve internal audit effectiveness in South African national departments

First set of Interview Questions - Internal audit functions (IAF) that have a quality assurance programme in place

NO.	**QUESTIONS**			**RATINGS/ ANSWERS**		
PROFILE (ALL)						
1	Please indicate your position level?	Chief Audit Executive (CAE)	Audit Manager	Senior Internal Auditor	If Other?	________________
2	Which department are you employed by *(Click drop-down)* ?	*Click Drop-down*			If Other, name the institution?	________________
3	Number of years' experience in internal audit?	1-2 years'		3-6 years'	7-10 year's	More than 10 years'
GENERIC (ALL)						
4	Do you have quality assurance improvement programme (QAIP) policies/ procedures in place?	Yes	No			
5	Has the Auditor-General S.A. placed reliance on the work of internal audit in the last five years? (either through direct assistance or use of work)	Yes	No	What were the	________________	
INTERNAL AUDIT EFFECTIVENESS (IAE)						
6	Does your EQAR prep-tool include assessment criteria on measuring internal audit's?					
	i. Independence and Objectivity	Yes	No	If No, why?	________________	
	ii. Competence	Yes	No	If No, why?	________________	
	iii. Quality	Yes	No	If No, why?	________________	
	iv. Auditee support	Yes	No	If No, why?	________________	
7	What in your opinion would you say are factors of internal audit effectiveness? (List the most important factors, at least three)					
8	Would you say your internal audit function is effective and delivers quality services to its auditees?	Yes	No	Why?	________________	
IF YES						
Internal Assessment						
9	When was the last quality assurance (QA) **internal assessment** conducted on internal audit?	Less than 1 year ago	2 years ago	3 years ago	More than 4 years ago	Never
10	What was the outcome of your last QA **internal assessment**?	Generally Conforms (GC)	Partially Conforms (PC)		Do Not Conform (DNC)	
11	Has the results of the last QA **internal assessment** been communicated to senior management and the audit committee?	Yes	No	If No, why?	________________	
12	Does your QA criteria and process of internal assessment differ from your	Yes	No	If Yes, how?	________________	
13	Would you say your **internal assessment** process is adequate enough to prepare you for the actual EQAR?	Yes	No	Why?	________________	
IF YES						
External Quality Assurance Review (EQAR)						
14	When was the last **independent external** quality assurance review **(EQAR)** conducted on internal audit?	Less than 3 years ago	4-6 years ago	7-10 years ago	More than 10 years ago	Never
15	What was the outcome of your last **EQAR**?	Generally Conforms	Partially Conforms (PC)		Do Not Conform (DNC)	
16	What in your opinion would you say can be attributed to the **EQAR** outcome?					
17	Has the results of the last **EQAR** been communicated to senior management and the audit committee?	Yes	No	If No, why?	________________	
18	Does the audit committee monitor the EQAR gaps/ findings at least quarterlyto ensure they are adequately addressed?	Yes	No	If No, why?	________________	
19	Do you have a QA review tool in place to conduct a self-assessment against the IIA Standards and effectiveness related criteria? (criteria equivalent to that in the EQAR assessment)	Yes	No			
20	Do your EQAR preparation processes/ tools automatically generate a simulated rating outcome once it is completed?	Yes	No			
21	Would you say your existing **EQAR** preparation processes/ tools are adequate enough to prepare you for the actual EQAR? (Advantages/ Challenges)	Yes	Somewhat	No	Why?	________________
22	Would using an excel automated QA self-assessment preparation tool that simulates an **EQAR** help you better prepare for the actual EQAR? (if it generates a prelim rating outcome)	Yes	No	Why?	________________	
23	What functionalities would you recommend for inclusion in the QA self-assessment tool that would simplify the implementation of quality assurance					

Is there any other thing that you would like to add, highlight or elaborate on that you feel would contribute to/ enhance this

END

Appendix 1.1: Data collection instrument(s)

Interview Schedule – For IAFs that does <u>not</u> have a QAIP in place:

Interview Schedule (Semi-structured Interviews)

Unique No.:	

Title of Proposed Study: A proposed internal audit tool to improve internal audit effectiveness in South African national departments

Second set of Interview Questions - Internal audit functions (IAF) that <u>does not have a quality assurance programme</u> in place

NO.	QUESTIONS	RATINGS/ ANSWERS				
PROFILE (ALL)						
1	Please indicate your position level?	Chief Audit Executive	Audit Manager	Senior Internal Auditor	If Other?	______________
2	Which department are you employed by *(Click drop-down)* ?	*Click Drop-down*			If Other, name the institution?	______________
3	Number of years' experience in internal audit?	1-2 years'		3-6 years'	7-10 year's	More than 10 years'
GENERIC (ALL)						
4	Do you have quality assurance improvement programme (QAIP) policies/ procedures in place?	Yes	No			
5	Has the Auditor-General S.A. placed reliance on the work of internal audit in the last five years? (either through direct assistance or use of work)	Yes	No	What were the reasons?	______________	
INTERNAL AUDIT EFFECTIVENESS (IAE)						
6	What in your opinion would you say are factors of internal audit effectiveness? (List the most important factors, at least three)					
7	Would you say your internal audit function is effective and delivers quality services to its auditees?	Yes	No	Why?	______________	
IF NO						
External Quality Assurance Review (EQAR)						
8	What are the reasons for **not** implementing a quality assurance improvement programme (QAIP)?					
9	Would implementing a quality assurance (QA) self-assessment tool (assessment against the IIA Standards and effectiveness related criteria) in your view improve internal audit	Yes	No	Why?	______________	
10	Would the findings emanating from the QA self-assessment preparation tool help to support your motivation for further capacity building activities? (e.g. training, resources, etc.)	Yes	No	Why?	______________	
11	Would using an excel automated QA self-assessment preparation tool that simulates an **EQAR** help you better prepare for the actual EQAR? (if it generates a prelim rating outcome)	Yes	No	Why?	______________	
12	What functionalities would you recommend for inclusion in the QA self-assessment tool that would simplify the implementation of quality assurance activities?					

Is there any other thing that you would like to add, highlight or elaborate on that you feel would contribute to/ enhance this

END

Appendix 2.1: One-page bio of the researcher including declaration of interest in the research and funders, if any

Am an internal auditor by profession; however, have worked as an external auditor and in roles that provided oversight to other departments from a compliance perspective. Having a keen interest and passion for the internal audit profession, this research is premised on internal audit, and in particular seeks to find ways and techniques to augment public sector IAFs' effectiveness with the ultimate aim of moving them toward optimal value contributors.

The present role at the National Treasury involves developing and enhancing the effectiveness of internal auditors within the public sector at all spheres of government, through the development of bespoke capacity building solutions that relates to training and development. The primary objective is to design and develop solutions that will improve internal auditors' knowledge and skills. It is this reason that has sparked an interest in this research topic, as it has a direct impact on building capacity within the public sector, particularly in areas that will help in advancing service delivery and the protection of public resources. This study is made possible by the National Treasury since it sponsored the researcher to undertake the Masters in Business Administration (MBA) course with a keen interest of identifying and addressing existing gaps through the development of a self-assessment tool that will contribute to the improvement of South African public sector IAFs.

In research, ethics is an imperative, as it is a critical underlying factor of research that promotes integrity, fairness, and honesty amongst others, thus building trust particularly with participants, encouraging their active engagement in contributing valuable hindsight's, insights and foresights. To ensure this study adheres to these ethical principles, the research strategy, design, methods and procedures has been sent to the ethics committee for examination prior to carrying out this study and is attached for reference.

Appendix 2.2: Ethics documentation

MBA Project Proposal Review

Note: this form is to be used for Business Venture Proposals only. Separate forms must be used for Research Articles, Consultancy Projects and Social Entrepreneurship Projects.

Student name: Zondre Launchya Seitei	**Proposed title: A proposed internal audit tool to improve internal audit effectiveness in South African national departments**
Student number: 1841171	

Criterion	Comment and / or Specific Recommendations / Improvements Required
Clearly articulated scope of proposed business venture, including market opportunity, stakeholders and critical risks / uncertainties for building business case	OK
Integrated application of prior research and management theories to critical risks / uncertainties, citing a minimum of 20 peer-reviewed academic journal articles	OK
Clearly articulation of data and analysis needs, stated after the relevant management theory/ies	OK
Specification of data collection, population and sample, participants, research instrument (survey, interview guideline, etc.) and method of analysis	OK
Structure and format consistent with a business venture proposal to potential investors, venture capitalists, partners, etc.	OK
APA 6th referencing including in-text citations, reference list and alignment between the two	OK
Appropriate professional / business style including level of formality, formatting, grammar and spelling; figures and tables clearly legible	OK
Additional comments and instructions: **Ethics clearance application approved**:	-The research proposal is approved. -The ethics clearance application form is approved.

Decision	
Proceed with Supervisor	X
Revise and re-submit	

	Panel Chair	Panel member	Panel member	Panel member
Name:	Dr Jenika Gobind	Dr Manamela	Peter Mmari	Chantal Banga
Signature:	J	M	P	

Note: this form is to be returned to the student immediately after the panel session.

Proposed Internal examiner†:	
Supervisor name: Kato Plant	**Panel Date: 11 November 2020**

† For completion by the research office only.

Appendix 3.1: Dully filled in data collection instrument(s)

Semi-structured interview schedules were used to collect data via Microsoft Teams, Zoom and face-to-face meetings. These meetings were transcribed and recorded using a transcriber application called Otter, and these transcripts and recordings, together with the filled in consent forms are available on the Google Drive link **https://drive.google.com/drive/folders/1EzKV7mg54ETgdMnq9auRYLf9mqzHyEU8?usp=sharing**. The researcher could be contacted to obtain access to the transcripts and recordings of the interviews.

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (1)

A1 Internal Audit Governance (Initial Self-assessment)

QUALITY ASSURANCE SELF-ASSESSMENT PREPARATORY TOOL - EXTERNAL ASSESSMENT

PLANNING GUIDE

A1. CONFORMANCE WITH THE STANDARDS – INTERNAL AUDIT GOVERNANCE (OR OVERSIGHT ENVIRONMENT) (STANDARDS 1000, 1100, 1300, CODE OF ETHICS, AND DEFINITION OF INTERNAL AU

Please review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know, Yes, No).

	Internal Audit Activity Charter (1000) and Definition of Internal Audit Statements	Rating	Ratin	Scoring	Weighti	Final	Type of	WP	Audit
1	Is the internal audit charter reviewed by the chief audit executive (CAE) and formally approved by the Board/Audit Committee/ Council at least annually?	Click drop-down	0	0	40%	0,00	- All Signed and Dated		
2	The internal audit charter clearly defines the purpose, authority, and responsibility of the internal audit activity and is approved by the Board/ Audit Committee/ Council. (1000)	Click Drop-down	0				- All Signed and Dated		
3	The internal audit charter defines the nature of assurance and consulting services. (1000.A1 and C1)	Click Drop-down	0				- All Signed		
4	The internal audit charter recognises and includes reference to the mandatory nature of The IIA's Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and the Standards. (1010)	Click Drop-down	0				- All Signed and Dated		
5	The internal audit charter recognises and includes references to the applicable legislation. (e.g. PFMA, MFMA and all related laws, regulations and frameworks)	Click Drop-down	0				- All Signed and Dated		

	Independence/Objectivity (1100) and Code of Ethics	Rating	Ratin	Scoring	Weighti	Final	Type of	WP	Audit
6	The CAE reports to a level in the organization that allows the internal audit activity to fulfill its responsibilities. (1100 &	Click Drop-down	0	0	30%	0,00	-		
7	Does the CAE confirm to the Board/Audit Committee/Council, at least annually, the organizational independence of the internal audit activity? (1110.A1) Please comment on the Board's/Audit Committee's/Council's involvement in the CAE's appointment, performance evaluation, compensation, and termination.	Click Drop-down	0				- Board/AC/ Council		
8	Are there any significant impairments (in fact or appearance) to the internal audit activity's independence or the staff members' objectivity? (1110.A1 & 1120) If yes, have the impairments been disclosed to the appropriate parties? (1110.A1 &	Click Drop-down	0				- Signed declaration		
9	The administrative reporting relationship to senior management does not interfere with the CAE's responsibility to the Board/Audit Committee/Council. (1110)	Click Drop-down	0				- Signed declaration		
10	There are no restrictions or limitations to the scope, resources (i.e. funding), access to records, personnel, properties by the internal audit activity. (1110.A1 and 1130)	Click Drop-down	0				- Planning Memo's		
11	The nature of the CAE's functional reporting relationship to the Board/Audit Committee/Council provides the direct interaction needed to promote independence and communicate audit results. (1100, 1110.A1 and 1111)	Click Drop-down	0				- No. of meetings		
12	Are adequate safeguards in place to limit impairments to independence and/or objectivity where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal audit? (1112) (such as risk management and compliance activities)	Click Drop-down	0				- Minutes of meetings on		
13	Audit engagements are performed with an unbiased mental attitude. (1120)	Click Drop-down	0						
14	The CAE established and effectively ensured that all audit staff has conformed to the necessary Code of Ethics requirements? (Code of Ethics and 1120) - *Detail explanation required with evidence*	Click Drop-down	0				- Signed declaration		
15	Has adequate precautions been taken where the internal audit activity has provided assurance services for which they had previously performed consulting services, to ensure that the objectivity has not been impaired and that it is managed when resources are assigned to the engagement. (1130.A3)	Click Drop-down	0				- Engagemen t		
16	Auditors are aware that they must report any real or perceived objectivity or Code of Ethics issues as soon as such issues arise. (Code of Ethics, 1120 1130)	Click Drop-down	0				- Check if this is		

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (2)

Please review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know, Yes, No).

	Quality Assurance and Improvement Program - QAIP (1300) I Statements	Rating	Ratio	Scoring	Weighti	Final	Type of	WP	Audit
17	Do the Quality Assurance and Improvement Program (QAIP) ongoing monitoring activities include an analysis of performance metrics? If yes, what are your critical performance categories and measures? (1311 and **Practice Guide, Measuring Internal Audit Effectiveness and Efficiency**)	Click drop-down	0	0	25%	0,00	- Performance metrics		
18	Have you conducted the periodic internal assessment at least annually? (1311, **Practice Advisory 1311-1, and Practice Guide, Quality Assurance and Improvement Program**).								
18.1	Does the review team have the necessary qualifications to conduct the review?	Click drop-down	0				'- Results of the annual		
18.2	Does the scope of the review cover all performance areas? (i.e. IA Governance, IA Staff, IA Management and IA	Click drop-down	0				- Results of		
18.3	Was the results of the periodic internal assessment (at least annually) communicated to senior management and the Board/Audit Committee/Council?	Click drop-down	0				- Minutes of ManCo/		
19	Did the CAE discuss the current external assessment with the Board/Audit Committee/Council? If yes, did the discussion include: a) the form of the external assessment (full scope versus self-assessment with independent validation), b) the qualifications and independence of the assessment team (including any potential conflict of interest), and c) the need for more frequent external assessments? (1312)	Click drop-down	0				- Minutes of ManCo/ ExCo & Board/		
20	Do you state that the internal audit activity "conforms with the International Standards for the Professional Practice of Internal Auditing"? (1321) If yes, which documents include the conformance notations (e.g. internal audit charter,	Click drop-down	0				- External assessment		
21	The internal audit acitivity uses the appropriate wording pertaining to (non)conformance in the internal audit charter and/or audit reports and related documentation that is backed-up by the results emanating from the QAIP. (1321)	Click Drop-down	0				- External assessment		
22	The CAE has formally established and documented a QAIP that is consistent with the *Standards* and describes procedures to implement all aspects of the QAIP. (1300 and 1310)	Click Drop-down	0				- Assessment		
23	The QAIP enables the internal audit activity to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, and the *Standards*. (1300, 1310, 1311 and 1312)	Click Drop-down	0				- Assessment		
24	The QAIP is used to identify opportunities to improve the internal audit activity's efficiency and effectiveness. (1300, 1311 and 1312)	Click Drop-down	0				- Assessment		
25	There is evidence of ongoing reviews of the performance of the internal audit activity. (1311)	Click Drop-down	0				- Results of		
26	Periodic internal assessments are being performed according to the frequency/scope in the QAIP and are consistent with the International Professional Practices Framework (IPPF) guidance. (1311)	Click Drop-down	0				- QAIP Assessment		
27	There is evidence of comprehensive external reviews by qualified, independent reviewers. (1312)	Click Drop-down	0				- Results of		
28	The results of external and periodic internal assessments are formally communicated to senior management and the Board/Audit Committee/Council upon completion. (1320)	Click Drop-down	0				- Minutes of ManCo/		
29	The results of ongoing monitoring are communicated to senior management and the Board/Audit Committee/Council at least annually. (1320)	Click Drop-down	0				- Minutes of ManCo/		
30	Any nonconformance with the Definition of Internal Auditing, Code of Ethics, and the *Standards* that impacts the scope or operation of the internal audit activity will be disclosed to senior management and the Board/Audit	Click Drop-down	0				- Results of Internal		

		Type of	WP	Audit
31	Please list and comment on any potential conformance issues (related to Standards 1000, 1100, 1300, or the Code of Ethics) that were identified as part of your self-assessment.			
	List			

	IA Governance successful practices & potential opportunities for improvement				Type of Evidenc	WP Ref.	Audit Notes
32	Please describe the CAE's vision and mission for the internal audit activity, the activity's core values, and its client service objectives and strategies.						
	Vision	Mission	Core Values	Client Service Objectives and Strategies			

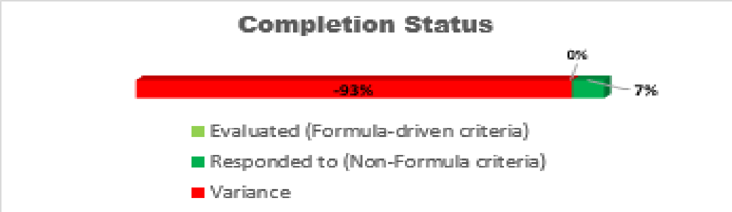
Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (3)

Please review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	IA Governance successful practices & potential opportunities for improvement I	Rating	Ratin	Scoring	Weighti	Final	Type of	WP	Audit
33	Key internal audit stakeholders understand and support the internal audit activity's purpose, authority, and	Click Drop-down	0	0	5%	0,00	- Feedback		
34	Management avails the required resources (i.e. financial and human) that will adequately support and help internal audit provide assurance and consulting services on all the high risks identified.	Click Drop-down	0				- Risk-based Plan		
35	Are audit findings, especially high risk one's resolved within a reasonable period of time or pre-agreed between key stakeholders.	Click Drop-down	0				- Findings resolve		
36	The internal audit activity has developed effective working relationships with internal audit stakeholder groups and understands their expectations and appetite for value-added internal audit services.	Click Drop-down	0				- Feedback Survey		
37	The internal audit activity is independent on paper (e.g., formal reporting structure and relationships) and in practice (e.g., communicating sensitive audit results and significant risks).	Click Drop-down	0				- Organogra		
38	Internal audit stakeholders and staff members believe that internal audit has a culture of professionalism.	Click Drop-down	0				- Feedback		
39	The internal audit staff understands the CAE's vision and the internal audit activity's core values and client service	Click Drop-down	0				- Meetings/		
40	The internal audit activity fosters an identifiable culture of quality and continuous improvement.	Click Drop-down	0				-		
41	The CAE has a seat at the table when organization-level operational, risk management, and strategic topics are discussed.	Click Drop-down	0				- Committee		

		Type of	WP	Audit
42	Please list and comment on any of your leading practices or potential opportunities for improvement that were identified as part of your self-assessment.			
	List			

SUMMARY OF RESULTS



LEGEND:

Evaluation Scale Range:

GC - Generally	91% - 100%
PC - Partially	50% - 90%
DNC - Does Not Conform	1% - 49%

Ratings Allocation:

Strongly Agree / Yes	SA	4
Agree	A	3
Disagree	D	2
Strongly Disagree / No	SD	1
Don't Know	DK	0
Reliance on/ use of the work of Internal Audit: The		

Overall Rating:

Evaluation Area	Total Criteria per Evaluation Area	Rating: Strongly Agree / Yes	Agree	Disagree	Strongly Disagree / No	Don't Know	Total # Rating (Actual)	Scoring: Scoring %	Weighting %	Final Score (%)		Maximum Scoring points
Internal Audit Activity Charter (1000) and Definition of Internal Audit	5	0	0	0	0	0	•	0	40%	0,00	#DIV/0!	20
Independence/Objectivity (1100) and Code of Ethics	11	0	0	0	0	0	•	0	30%	0,00	#DIV/0!	44
Quality Assurance and Improvement Program - QAIP (1300) I	16	0	0	0	0	0	•	0	25%	0,00	#DIV/0!	64
IA Governance successful practices & potential opportunities for	9	0	0	0	0	0	•	0	5%	0,00	#DIV/0!	36
Other	3											
TOTAL (including non-formula criteria - i.e.	44											
TOTAL (excluding non-formula criteria - i.e.	41	•	•	•	•	•	•	•	100%	0,00	####	164
							Outcome		#DIV/0!			

Conclusion

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (4)

A2 Internal Audit Staff (Initial Self-assessment)

QUALITY ASSURANCE SELF-ASSESSMENT PREPARATORY TOOL - EXTERNAL ASSESSMENT

PLANNING GUIDE
A2. INTERNAL AUDIT STAFF (STANDARD 1200)
Conformance with the IIA's International Standards for the Professional Practice of Internal Auditing

Please review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	Proficiency (1210) | Statements	Rating	Rating	Scoring %	Weighting %	Final Score	Type of Evidence	WP Ref.	Audit Notes
1	Has the CAE identified and evaluated the **collective** core competencies, knowledge, and skills that the internal audit staff must possess or obtain to deliver on their responsibilities? (1210 and 2030) *Please comment on how the core competencies in these documents are kept current and used in internal audit annual/strategic planning.*	4 - Yes	4	44	50%	22,00	- Organisational needs assessment conducted (skills related)		
2	Has the CAE addressed the gaps emanating from its analysis that pertains to the collective core competencies, knowledge, and skills? (1210 and 2030)	4 - Yes	4				- Competency frameworks/matri		
3	Are consideration given to specialized areas of knowledge (e.g. IT, treasury, engineering, legal/or compliance) when crafting the IAA audit plans? (1210)	4 - Yes	4				- Resource plan that addresses		
4	Has the CAE adequately made arrangements for the required specialized areas of knowledge and skills (e.g., IT, treasury, engineering, legal/or compliance) required by the specific identified audit engagements? *If yes, what are specialized areas of knowledge and how do you staff these engagements (e.g., subject matter experts on staff, guest auditors/or rotation programs, co-sourcing)?*	4 - Yes	4				- Co/Insourcing of skills (contract/ MoU) - Training of staff		
5	The internal audit activity and staff have knowledge, skills, and other competencies needed to complete the annual audit plan. (1210, Code of Ethics and 2030)	4 - Strongly Agree	4				- Resource plan (which include as		
6	The internal audit activity and staff have knowledge, skills, and other competencies needed to complete individual engagements. (1210, Code of Ethics, and 2230)	4 - Strongly Agree	4				- Detailed Team compositions (i.e.		
7	Where skills are lacking, the chief audit executive (CAE) has obtained competent advice and engaged capable assistance or has declined the engagement. (1210.A1 and 1210.C1)	4 - Strongly Agree	4				- Minutes/ Recordings of		
8	We have effective training and development policies/or practices/or procedures in place. (1210 and 1230 and 2040)	4 - Strongly Agree	4				- Competency		
9	Staff performance is reviewed regularly and criterion used is adequate and appropriate for the needs of the internal audit activity. (1230)	4 - Strongly Agree	4				- Performance Agreements (PA)		
10	Auditors undergo specific training based on collective staff training needs analysis, including IT concepts and fraud training. (1230)	4 - Strongly Agree	4				- List of trainings underwent for the		
11	Continuing professional development is a priority and is used to enhance and maintain internal audit competencies. (1230)	4 - Strongly Agree	4				- Training and Developmental		

	Due Professional Care (1220) | Statements	Rating	Rating	Scoring %	Weighting %	Final Score	Type of Evidence	WP Ref.	Audit Notes
12	Are individual audit staff members made aware of their due professional care (Standard 1220) responsibilities? (e.g. extent of work needed to achieve the engagement's objectives, use of technology-based audit and data analysis techniques, cost of assurance in relation to potential benefits). (1220)	4 - Strongly Agree	4	12	30%	3,60	- Meeting Minutes - Signed		
13	Conformance to due professional care (Standards 1220) is monitored?	4 - Strongly Agree	4				-		
14	The level of due professional care expected of a reasonably prudent and competent internal auditor is consistently applied on audit engagements. (1220)	4 - Strongly Agree	4				- Review/coaching		

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (5)

15 Please list and comment on any potential conformance issues that were identified as part of your self-assessment.

	Type of Evidence	WP Ref.	Audit Notes
List			

'lease review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	IA staff successful practices & potential opportunities for improvement | Statements	Rating	Rating	Scoring %	Weighting %	Final Score	Type of Evidence	WP Ref.	Audit Notes
16	The internal audit organization structure promotes the achievement of the internal audit activity's mission/goals.	4 - Strongly Agree	4	44	20%	8,80	- % of positions		
17	Internal audit staff competencies (in the following four CBOK 2010 categories) support the internal audit activity's ability to deliver the value proposition.								
17	**General Competencies** (e.g. communication, ability to promote the value of internal audit-advocacy, problem identification and solution skills)	4 - Strongly Agree	4				- Competency frameworks/matri		
17	**Behavioural Skills** (e.g. confidentiality, objectivity, judgment, integrity, works well with all management levels, governance and ethics sensitivity)	4 - Strongly Agree	4				- Competency frameworks/matri		
17	**Technical Skills** (e.g. understanding the business, risk analysis and control assessment techniques, business process analysis, risk analysis and control assessment techniques)	4 - Strongly Agree	4				- Competency frameworks/matri		
17	**Knowledge** (e.g. auditing and standards, organizational culture, governance and risk management, industry knowledge)	4 - Strongly Agree	4				- Competency		
18	The internal audit activity contributes to the organization's management development.	4 - Strongly Agree	4				- Advocacy of IA		
19	The internal audit activity is active in professional association bodies.	4 - Strongly Agree	4				- Membership		
20	Internal audit activity clients believe that the internal audit staff understands the business and have the competencies needed to add value.	4 - Strongly Agree	4				- Client Feedback Surveys		
21	Stakeholders view internal audit as a source of talent.	4 - Strongly Agree	4				- Client Feedback		
22	Internal audit staff members believe they are working in a highly productive and professional internal audit activity and take pride in their value-added audit services.	4 - Strongly Agree	4				- Staff Feedback Surveys		
23	The internal audit activity and staff are developing their proficiencies (e.g. data mining and analytics) and the risk expertise (e.g. strategic, business, data privacy, cyber security) that will be needed in the near future.	4 - Strongly Agree	4				- Certifications/ Qualifications		

24 Please list and comment on any of your leading practices or potential opportunities for improvement that were identified as part of your self-assessment.

	Type of Evidence	WP Ref.	Audit Notes
List			

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (6)

A3 Internal Audit Management (Initial Self-assessment)

QUALITY ASSURANCE SELF-ASSESSMENT PREPARATORY TOOL - EXTERNAL ASSESSMENT **STOPPED???**

PLANNING GUIDE

A3. INTERNAL AUDIT MANAGEMENT (STANDARDS 2000, 2100, 2600, AND 2450)

Conformance with the IIA's International Standards for the Professional Practice of Internal Auditing (ISPPIA)

Managing the Internal Audit Activity (2000 and 2450) and Communicating the Acceptance of Risks (2600)

	Planning (2010)	Rating	Rating	Scoring %	Weighting %	Final Score	Type of Evidence	WP Ref.	Audit Notes
1	Has the CAE taken into account the organization's strategic/annual plans, risk management framework/registers, and information technology plans amongst others in developing the risk-based audit plans (three-year rolling and annual audit plans) and the priorities of the internal audit activity? (2010) Describe how these documents amongst others has been used in the audit planning process.	4 - Yes	4	5	25%	1,35	- Audit Universe linked to organisational risks		
2	Has the internal audit activity considered and taken into account the completeness of the audit universe? Describe how the internal audit activity ensures the completeness of the audit universe. Also comment on any potential auditable activities that have been excluded from your plan or are placeholders (i.e. have not been audited) for future coverage. (2010)	4 - Yes	4				- All functions and business		

3 Show the percentage of the internal audit activity's staff time and or contract (outsourced) services applied to each of the following types of assurance and consulting activities. (Note: If the internal audit activity's timekeeping system does not facilitate classifying time in this manner, provide a rough estimate and show a separate breakdown based on the internal audit activity's system. The internal audit activity's timekeeping/time management system will be reviewed during the assessment team's/validator's onsite visit):

Type of Evidence	WP Ref.	Audit Notes
- Audit Plans		

Activities	Assurance	Consulting	Core function	Support functions %	Type	Percentage (%)
Performance audits					Audit Hours	%
Audit of Performance Information (AoPI)					Audit Hours	%
Financial					Audit Hours	%
Compliance					Audit Hours	%
Operational					Audit Hours	%
Human Resources					Audit Hours	%
IT audits					Audit Hours	%
Governance reviews					Audit Hours	%
Risk management					Audit Hours	%
Fraud detection and investigations					Audit Hours	%
Planned audit assignments	0	0	0	0		0%
Planning *(GAIP, Strategic and Annual planning for internal audit function)*					Audit Hours	%
Adhoc assignments					Audit Hours	%
Administration: General management, training, and other administration					Non-audit hours: Adm	%
Public holidays, all types of leave *(annual, sick, study, etc.)*					Non-audit hours: Othe	%
Other assignments	0	0	0	0		0%
ACTUAL TOTAL	0	0	0	0		0%
PLANNED TOTAL	100%	100%	100%	100%		100%
VARIANCE ***(Must be zero to balance)***	100%	100%	100%	100%		100%

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (7)

		Type of Evidence	WP Ref.	Audit Notes
4	Briefly describe your periodic reporting to senior management and the Board/Audit Committee/Council (i.e., frequency and content of meetings, informal contacts, frequency of private sessions with the Board/Audit Committee/Council, etc.). Also comment on senior management and or Board/Audit Committee/Council expectations regarding overall opinions (2010.A2 and 2450) and any other comments about communication/reporting practices. (2020 and 2060)			
	Explain			

		Type of	WP	Audit Notes
5	Briefly describe the process that is used to develop, maintain, and implement the internal audit policies/procedures manual. (2040)			
	Explain			

		Type of Evidence	WP Ref.	Audit Notes
6	Please list the other assurance providers within the organization (e.g., compliance, quality, environmental, risk management) and briefly describe how the internal audit activity shares information and coordinates activities with these groups. (2050) Also comment on any use of assurance maps (Practice Advisory 2050-2) and internal audit's reliance on the work of other assurance providers (Practice Advisory 2050-3) and the interaction with subject matter experts from within the organization (e.g., guest auditors). e.g. Combined Assurance Framework			
	List			

		Type of Evidence	WP Ref.	Audit Notes
7	Please list any third-party providers of outsourced or co-sourced internal audit services used by the organization. If the internal audit activity is outsourced, describe how the third-party provider has made the organization aware that the organization has the responsibility for maintaining an effective internal audit activity. (2070) If internal audit services are co-sourced, please briefly describe the interaction with the third-party provider.			
	List			

ease review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	Managing the Internal Audit Activity (2000)	Rating	Rating	Scoring %	Weighting %	Final Score	Type of Evidence	WP Ref.	Audit Notes
8	The chief audit executive (CAE) has established risk-based audit plan(s) consistent with the organization's goals. (2010A.1 and 2010.C1)	4 - Strongly Agree	4	27	35%	9,46	- Audit Plans		
9	The CAE identified and considered the input and expectations of the Board/ Audit Committee/Council, management, and other stakeholders in developing the plan. (2010.A1 and C1)	4 - Strongly Agree	4				- Meeting minutes/		
10	The plan(s) provides sufficient coverage of the organization's governance and risk management processes. (2010, 2110, and 2120)	4 - Strongly Agree	4				- Audit Pans		
11	The plan(s) provides sufficient coverage of the organization's control process. (2010 and 2130)	4 - Strongly Agree	4				- Audit Pans		
12	The plan(s) provides sufficient coverage of information technology governance, current systems, systems under development, and technology management issues. (2010, 2110, 2120, and 2130)	4 - Strongly Agree	4				- Audit Pans		
13	The plan(s) is/are reviewed and adjusted, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. (i.e. Any changes from the approved plan(s) during the year are tracked) (2010 and 2020)	4 - Strongly Agree	4				- Updated Audit Plan(s)		
14	Resources (human and technology) and financial budgets are appropriate, sufficient, and effectively deployed to support the completion of the approved plan(s). (2030 and 2020)	4 - Strongly Agree	4				- Meeting minutes		
15	Appropriate internal audit policies and procedures have been documented and communicated relative to the size, structure and complexity of the work of the internal audit activity. (audit staff, senior management and Board/Audit Committee/Council) (2040)	4 - Strongly Agree	4				- Evidence of communicati		
16	Internal audit policies and procedures are understood and used by the internal audit staff. (2040)	4 - Strongly Agree	4				- Meeting		
17	Internal audit work is effectively coordinated with that of the external auditors and with internal providers of assurance and consulting services. (2050)	4 - Strongly Agree	4				- Meeting minutes (to		

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (8)

Please use this checklist to confirm that required Board/Audit Committee/Council communication has taken place. Also indicate when the communication occurred and where it was documented (N/A = Not Applicable):

	Communication (2400) and Communicating the Acceptance of Risks (2600) Statements	Rating	Rating	Scoring %	Weighting %	Final Score	Type of Evidence	WP Ref.	Audit Notes	Date Communicated	Where Documented
18	The internal audit charter (1000) and a discussion of the Definition of Internal Auditing, Code of Ethics, and the *Standards*. (1010).	4 - Yes	4	19	15%	2,84	- Meeting minutes/				
19	Annual (at least) confirmation of the organizational independence of the internal audit activity. (1110)	4 - Yes	4				- Meeting				
20	A discussion of the need for more frequent (than five years) external assessments and the qualifications and independence of the external reviewer or review team, including any potential conflicts of interest. (1311)	4 - Yes	4				- Meeting minutes/Em				
21	The results of the quality assurance and improvement program to senior management and the Board/Audit Committee/Council. (1320)	4 - Yes	4				- IA Quarterly				
22	There is evidence that the CAE has communicated the internal audit activity's annual plan, including the impact of resource limitations, to senior management and the Board/ Council/ Audit Committee for review and approval. (2020)	4 - Yes	4				- Meeting minutes				
23	A discussion and consideration of the expectations of senior management, the Board/Audit Committee/Council, and other stakeholders for internal audit opinions and other conclusions. (2010.A2 and 2450)	4 - Yes	4				- Meeting minutes/				
24	Periodic reporting includes significant risk exposures and control issues, governance issues, and the communication of management's acceptance of risks that may be unacceptable to the organization. (2060 and 2600)	4 - Yes	4				- IA Quarterly				

Nature of Work (2100)

		Type of Evidence	WP Ref.	Audit Notes
25	Please describe the internal audit activity's role in risk management. (e.g., no role, assurance, support, or managing and coordinating the process – Practice Advisory 2120-1) Also comment on any legitimate roles that internal audit can play if safeguards exist (e.g., facilitating the identification and evaluation of risks – Position Paper, The Role of Internal Audit in ERM) and any management responsibilities that the internal audit activities assumed. (2120.C3 and Position Paper, The Role of Internal Audit in ERM)			
	Explain			

Please review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	Nature of Work (2100) Statements	Rating	Rating	Scoring %	Weighting	Final	Type of	WP	Audit Notes
26	The internal audit activity can demonstrate that it has assessed and made appropriate recommendations of the following governance activities (2110):			35	15%	5,27			
26.1	Ethics-related programs and activities that are used to promote appropriate ethics and values within the organization.	4 - Strongly Agree	4				- Ethics		
26.2	Ensuring effective organizational performance management and accountability.	4 - Strongly Agree	4				- Reports		
26.3	Communicating risk and control information to appropriate areas of the organization.	4 - Strongly Agree	4				- Meeting		
26.4	Coordinating the activities of and communicating information among the Board/Audit Committee/Council, external and internal auditors, and management.	4 - Strongly Agree	4				- Meeting minutes		
26.5	Information technology governance of the organization sustains and supports the organization's strategies and objectives. (2110.A2)	4 - Strongly Agree	4				- Meeting minutes on		
27	The internal audit activity can demonstrate that it has evaluated the effectiveness and contributed to the improvement of the risk management processes. (2120)	4 - Strongly Agree	4				- Review of risk		
28	The internal audit activity can demonstrate that it has assisted the organization in maintaining an effective control process by evaluating their effectiveness and efficiency and by promoting continuous improvement. (2130)	4 - Strongly Agree	4				- Audit reports		
29	There is evidence that, where appropriate, the scope of individual audit engagements includes the risks and controls relating to the organization's governance, operations, and information systems regarding the (2120.A1, 2130.A1, and								
29.1	Achievement of the organization's strategic objectives.	4 - Strongly Agree	4				- Audit		
29.2	Reliability and integrity of financial and operational information.	4 - Strongly Agree	4				- Audit		
29.3	Effectiveness and efficiency of operations and programs.	4 - Strongly Agree	4				- Audit		
29.4	Safeguarding of assets.	4 - Strongly Agree	4				- Audit		
29.5	Compliance with laws, regulations, policies, procedures, and contracts.	4 - Strongly Agree	4				- Audit		
29.6	Potential for the occurrence of fraud and how the organization manages fraud risk. (2120.A2)	4 - Strongly Agree	4				- Audit		

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (9)

IA Management successful practices & potential opportunities for improvement

		Type of Evidence	WP Ref.	Audit Notes
31	Please provide examples of how the internal audit activity has contributed to the improvement of the organization's governance, risk management, and control processes. Also comment on any current priorities and future plans to increase the value of the internal audit activity's services.			
	List			

Please review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	Statements	Rating	Rating	Scoring %	Weightin	Final	Type of	WP	Audit Notes
32	Internal audit risk-based planning process is continuous and improves their focus on emerging risk issues. (2010 and 2020)	4 - Strongly Agree	4	14	10%	0,00	- Audit Plan (all		
33	Senior management and the Board/Audit Committee/Council view internal audit as a respected advisor and a valuable source of insight and foresight. (2060)	4 - Strongly Agree	4				- Stakeholder		
34	Internal audit stakeholders value internal audit's assurance activities and believe that internal audit has contributed to the improvement of the organization's (2100 and 1000):								
34,1	Governance process.	4 - Strongly Agree	4				-		
34,2	Risk management process.	4 - Strongly Agree	4				- Stakeholder survey		
34,3	Control environment and process.	4 - Strongly Agree	4				- Stakeholder survey		

		Type of	WP	Audit Notes
35	Please list and comment on any of your leading practices or potential opportunities for improvement that were identified as part of your self-assessment.			
	List			

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (10)

A4 Internal Audit Process (Initial Self-assessment)

QUALITY ASSURANCE SELF-ASSESSMENT PREPARATORY TOOL - EXTERNAL ASSESSMENT

PLANNING GUIDE

A4. INTERNAL AUDIT PROCESS (STANDARDS 2200, 2300, 2400, AND 2500)

Conformance with the IIA's International Standards for the Professional Practice of Internal Auditing

1 Based on your current audit plan, what is your mix (percent of audit plan) of assurance, consulting, or "blended" (i.e., incorporates aspects of both consulting and assurance in a combined method, per Implementing the International Professional Practices Framework [IPPF]) engagements? Do you think this mix of internal audit services will change or remain the same in the next three years?

Type of Engagement	Current Plan(s)	Future Plan(s)
Assurance Engagements	%	%
Consulting Engagements (or Advisory Services)	%	%
Blended Engagements (Combined Consulting/Assurance)	%	%
Total	**0%**	**0%**
VARIANCE (Must be zero to balance)	**100%**	**100%**

	Assurance and Consulting Engagements Files	Rating	Rating	Scoring %	Weighting %	Final Score	Type of Evidence	WP Ref.	Audit Notes
2	Do your internal audit activity based on your current internal audit policies/procedures/or practices have a checklist of all minimum key documents that are required on all assurance engagements?	4 - Yes	4	7	20%	1,43	- Checklist of minimum		
3	Do your internal audit activity based on your current internal audit policies/procedures/or practices have a checklist of all minimum key documents that are required on all consulting engagements?	4 - Yes	4				- Checklist of minimum		
4	Are assurance and consulting engagements covered by your internal audit activity's ongoing quality and/or periodic internal assessments? (Practice Advisory 1311-1) If yes, please briefly describe the results of the most recent review and any actions that were initiated to improve conformity with the Standards.	4 - Yes	4				- Audit Files		

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (11)

Please review the following assurance engagement statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	Assurance Engagements Statements	Rating	Rating	Scorin	Weightin	Final	Type of	WP	Audit Notes
5	Engagement planning considers the objectives of the activity being reviewed, significant risks, and the adequacy and effectiveness of the activity's risk management and control processes. (2201)	4 - Strongly Agree	4	57	40%	22,86	- Systems description		
6	Engagement planning considers the opportunities for making significant improvements to the activity's governance, risk management, and control processes. (2201)	4 - Strongly Agree	4				- Systems description		
7	Engagement objectives reflect the results of the preliminary risk assessment (2210 and 2210.A1-A2) and use an adequate criteria to evaluate governance, risk management, and controls. (2210, 2210.A3)	4 - Strongly Agree	4				- Risk and Control		
8	Engagement scope considered the relevant systems, records, personnel, and physical properties (including those under the control of third parties) and is consistent with the audit objectives. (2220)	4 - Strongly Agree	4				- Systems description		
9	There is evidence that appropriate resources (e.g., staff) are allocated to achieve engagement objectives. (2230)	4 - Strongly Agree	4				-		
10	Engagement work programs are developed, establishing the procedures for identifying, analyzing, evaluating, and recording the information needed to achieve the engagement objectives. (2240)	4 - Strongly Agree	4				- Engagemen		
11	Prior to implementation, the work program and subsequent program adjustments are formally approved. (2240.A1)	4 - Strongly Agree	4				- Approved		
12	Workpapers include all the relevant information to achieve the objectives. (2310)	4 - Strongly Agree	4				- Reviewed		
13	Conclusions and engagement results are based on appropriate analyses and evaluations. (2320)	4 - Strongly Agree	4				- Reviewed		
14	Sufficient information is documented to support the conclusions and audit results. (2330)	4 - Strongly Agree	4				- Reviewed		
15	Workpapers have controlled access and are retained according to the policy of the organization. (2330.A1, A2, and C1)	4 - Strongly Agree	4				- Audit file		
16	There is evidence that engagements are properly supervised to ensure objectives are achieved, quality is assured, and staff is developed. (2340)	4 - Strongly Agree	4				- Review/		
17	Communications include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans. (2410)	4 - Strongly Agree	4				- Audit		
18	If appropriate, an opinion or conclusion is included in the audit report. (2410.A1 and 2450)	4 - Strongly Agree	4				- Audit		
19	Engagement communication is accurate, objective, clear, concise, constructive, complete, and timely. (2420)	4 - Strongly Agree	4				- Audit		
20	If a final communication contains a significant error or omission, corrected information is communicated to all parties. (2421)	4 - Strongly Agree	4				- Email/		
21	If appropriate, reports state that the engagement was "Conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* ". (2430)	4 - Strongly Agree	4				- Audit report (s)		
22	If required, engagement communication discloses nonconformance with the Definition of Internal Auditing, the Code of Ethics, or the *Standards*. (2431)	4 - Strongly Agree	4				- Audit		
23	Final results are communicated to appropriate personnel according to the policy of the organization. (2440, 2440.A1-A2, and 2440.C1-C2)	4 - Strongly Agree	4				- Audit		
24	A system is used to monitor internal audit results to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. (2500.A1)	4 - Strongly Agree	4				- Follow-up/		
25	The monitoring system is used to communicate the disposition of internal audit results to senior management. (2500)	4 - Strongly Agree	4				- Follow-		
26	If a management action has not been effectively implemented, or if senior management has accepted the risk of not taking action, the chief audit executive (CAE) will communicate the matter to relevant stakeholders. (2500 and 2600)	4 - Strongly Agree	4				- IA Quarterly		
27	Our current policies/procedures covering assurance engagements are designed to provide reasonable assurance that the internal audit activity conforms with the Standards. (Standards 2200 - 2500)	4 - Strongly Agree	4				- Relevant policies/		
28	Our current internal audit policies/procedures are being applied consistently on all assurance engagements. **(please refer to A2 for specific policies/procedures)**	4 - Strongly Agree	4				- Conforman		

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (12)

Please review the following consulting engagement statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	Consulting Engagements Statements	Rating	Rating	Scorin	Weightin	Final	Type of	WP	Audit Notes
29	Consulting engagements are accepted based on their potential to improve management of risks, add value, and improve the organization's operations. (2010.C1 and 2201.C1)	4 - Strongly Agree	4	19	10%	1,90	- Motivation		
30	On significant consulting engagements, internal auditors document their understanding of the client's objectives, scope, respective responsibilities, and other client expectations. (2201.C1)	4 - Strongly Agree	4				- Scoping/ Planning		
31	Consulting engagement objectives address governance, risk management, and control processes to the extent agreed upon with the client. (2210.C1 and C2)	4 - Strongly Agree	4				- Scoping/ Planning		
32	The scope of the engagement is sufficient to address the agreed-upon objectives. (2220.C1)	4 - Strongly Agree	4				- Scoping/		
33	There is evidence that appropriate resources (e.g., staff) are allocated to achieve engagement objectives. (2230)	4 - Strongly Agree	4				- Engagemen		
34	Communication of the progress and results of engagements are appropriate based on the nature of the engagement and the needs of the client. (2410.C1)	4 - Strongly Agree	4				- Meeting Minutes		
35	If significant governance, risk management, and control issues are identified, they are communicated to senior management and the Board/Audit Committee/Council. (2440.C2)	4 - Strongly Agree	4				- Audit report with		
36	The disposition of results of consulting engagements are monitored to the extent agreed upon with the client. (2500.C1)	4 - Strongly Agree	4				- Follow-up/		

37 Please list and comment on any potential conformance issues that were identified as part of your self-assessment.

	Type of Evidence	WP Ref.	Audit Notes
List			

IA process successful practices & potential opportunities for improvement

38 On a typical assurance or consulting project, how much time (using percentages) is spent in the planning, performing, and communication stages of the project? If needed, use a range of percentages (e.g., Planning = 10% to 30%).

Engagement Phase or Activity	Assurance	Consultin g
Planning the Engagement	%	%
Performing the Work	%	%
Communicating the Results	%	%
Total	**0%**	**0%**
VARIANCE (Must be zero to balance)	**100%**	**100%**

Does this in any way affect the rating, i.e. GC/PC/DNC?

39 Describe any performance/or productivity measures that are used to monitor the efficiency and effectiveness and quality of the internal audit process. Also comment on any strengths or opportunities that have been identified using the performa

	Type of Evidence	WP Ref.	Audit Notes
Explain	- Tools/ techniques/		

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (13)

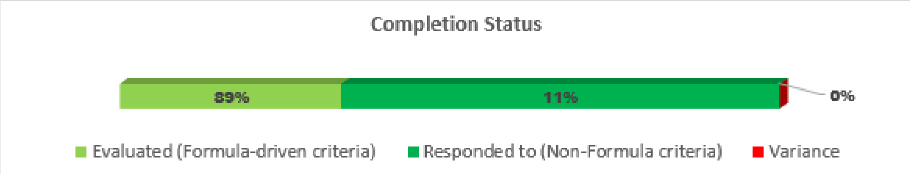
	Client Feedback Processes	Rating	Rating	Scoring %	Weighting %	Final Score	Type of Evidence	WP Ref.	Audit Notes
40	Do the internal audit activity have mechanisms in place to obtain feedback on the efficiency and effectiveness of the internal audit process from internal audit clients? *List and describe the mechanisms that are used to obtain feedback on the internal audit process from internal audit clients. Also comment on any strengths or*	4 - Yes	4	2	15%	0,36	- Auditee/ Stakeholder Survey		

Please review the following statements and rate your level of agreement (Strongly Agree, Agree, Disagree, Strongly Disagree, and Don't Know).

	Statements	Rating	Rating	Scorin	Weightin	Final	Type of	WP	Audit Notes
41	Internal audit technology is being used to enhance internal audit process efficiency and deliver value-added results.	4 - Strongly Agree	4	14	15%	2,14	- List all		
42	Data mining techniques and continuous auditing are being effectively used.	4 - Strongly Agree	4				- Work		
43	Internal audit project planning is used to identify client expectations and identify opportunities to add value.	4 - Strongly Agree	4				- Meeting		
44	Effective project management techniques are used in performing internal audit projects.	4 - Strongly Agree	4				- Tools/		
45	Clients/stakeholders perceive internal audit communication as insightful, impactful, and constructive.	4 - Strongly Agree	4				- Auditee/		
46	The internal audit activity has a strategy to continuously improve the internal audit process.	4 - Strongly Agree	4				- Strategy		

		Type of	WP	Audit Notes
47	Please list and comment on any of your leading practices or potential opportunities for improvement that were identified as part of your self-assessment.			
	List			

SUMMARY OF RESULTS



LEGEND:

Evaluation Scale Range:

GC = Generally	91% - 100%
PC = Partially Conform	50% - 90%
DNC = Does Not Conform	1% - 49%

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Ratings Allocation:

Strongly Agree | Yes	SA	4
Agree	A	3
Disagree	D	2
Strongly Disagree | No	SD	1
Don't Know	DK	0
Reliance on/ use of the work of Internal		

Overall Rating:

Evaluation Area	Total Criteria per Evaluation Area	Rating: Strongly Agree | Yes	Agree	Disagree	Strongly Disagree | No	Don't Know	Total / Rating *(Actual)*	Scoring: Scoring %	Weighting %	Final Score (%)		Maximum Scoring points
Assurance and Consulting Engagements Files	3	3	0	0	0	0	12	7	20%	1,43	5%	12
Assurance Engagements Statements	24	24	0	0	0	0	96	57	40%	22,86	80%	96
Consulting Engagements Statements	8	8	0	0	0	0	32	19	10%	1,90	7%	32
Client Feedback Processes	1	1	0	0	0	0	4	2	15%	0,36	1%	4
Statements	6	6	0	0	0	0	24	14	15%	2,14	7%	24
Other	5											
TOTAL (including non-formula criteria - i.e. 27,28,36)	**47**											
TOTAL (excluding non-formula criteria - i.e. 27,28,36)	**42**	**42**	**0**	**0**	**0**	**0**	**168**	**100**	**1**	**28,69**	100%	**168**
							Outcome	Generally Conforms				

Conclusion

Appendix 4.1: Proposed Quality Assurance Self-assessment Preparation (QASP) Tool (14)

Monitoring Progress of Initial Self-assessment

MONITORING - PROGRESS											
Quarter 1			Quarter 2			Quarter 3			Quarter 4		
Progress	How	WP Ref.	Progress	How	WP Ref.	Progress	How	WP Ref.	Progress	How	WP Ref.
	Click drop-down			Click drop-down			Click drop-down			Click drop-down	
	Click Drop-down			Click Drop-down			Click Drop-down			Click Drop-down	
	Click Drop-down			Click Drop-down			Click Drop-down			Click Drop-down	
	Click Drop-down			Click Drop-down			Click Drop-down			Click Drop-down	
	Click Drop-down			Click Drop-down			Click Drop-down			Click Drop-down	

MONITORING - PROGRESS											
Quarter 1			Quarter 2			Quarter 3			Quarter 4		
Progress	How	WP Ref.	Progress	How	WP Ref.	Progress	How	WP Ref.	Progress	How	WP Ref.
	Click Drop-down			Click Drop-down			Click Drop-down			Click Drop-down	
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