The Institute of Internal Auditors South Africa

The IIA SA of Internal Auditors South Africa

POLICY FOR RECOGNITION OF INTERNAL AUDIT SERVICE PROVIDERS AND RECOGNITION OF EXTERNAL QUALITY ASSURANCE REVIEWERS

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1. Introduction

Having a go to list of recognised service providers in the internal audit profession offers several significant benefits for users of internal audit service providers as well as internal auditors. The IIA SA as the home of internal audit is the ideal place to find professionals who certify that they or their organisations; when performing internal audit assessments and consulting services meet a minimum set of criteria required for listing. In addition, this should from a user's perspective:

- enhance the overall quality and effectiveness of internal audit services,
- instil confidence in stakeholders,
- streamline the supplier selection process,
- facilitate access to specialised expertise, and
- mitigate potential competency risks associated with appointment of internal audit service providers.

1.1. Credibility of Expertise and Quality

Recognised service providers have certified that they have the expertise, qualifications, perform all assignments in adherence to Global Internal Audit Standards and Code of Conduct. This provides internal audit services clients with comfort that they are engaging suitably skilled and competent internal audit professionals who can effectively address their internal audit needs. Specialised skills outside the ambit of internal audit (examples: Actuary, Doctor, Engineer etc.) who are not internal audit professionals registered as members with the IIA SA, but used on internal audit assignments due to their expertise are excluded from the certification statement made by the registered service provider.

1.2. Enhanced Credibility

Organisations and internal auditors listed as recognised service providers gain increased credibility and trust in the eyes of clients, stakeholders, and regulatory bodies. This recognition can make it easier to attract clients and secure engagements.

1.3. Streamlined Supplier Selection

Organisations seeking internal audit services can streamline their procurement process by referring to the list of recognised providers. This saves time and resources, as they can confidently choose recognised professionals or firms.

1.4. Access to Specialised Expertise

The list of service providers often includes professionals or firms with specialised expertise in various industry sectors or audit areas. Organisations can easily find and engage providers with the specific skills and knowledge relevant to their unique requirements.

1.5. Risk Mitigation

Recognised service providers are more likely to adhere to the global internal audit standards, code of ethics, and best practices. Engaging these providers reduces the risk of compliance, regulatory, or ethical issues in internal audit engagements, which can ultimately protect a sourcing organisation's reputation and sustainability.

2. Purpose of the Manual

This manual outlines the policies and procedures for recognising firms providing internal audit services by the Institute of Internal Auditors South Africa (IIA SA). It aims to set minimum criteria for the recognition of high-quality internal audit service providers.

3. Scope

This policy applies to all applicants seeking voluntary recognition by the IIA SA.

4. Definitions

- Internal Audit Services: Internal audit services provided in line with the International Internal Auditing Standards
- Firm: Organisation or Individual providing internal audit services for a fee
- Internal Audit Leaders: Individual with authority to sign Internal Audit Reports
- Recognised: Meeting specific criteria for recognition as an internal audit service provider

5. Commitment to High-Quality Internal Audit Services

The IIA SA is committed to recognising subscribing internal audit service providers to safeguard the reputation of the profession by supporting organisations/individuals which stive to meet the highest standard of internal audit services in relation to the criteria specified by IIA SA.

6. Selection Criteria for Recognising Firms

The IIA SA will recognise internal audit service providers based on a standardised set of criteria as follows:

Services Provided	Criteria
Internal Audit Service Provider	**Application: The firm will certify that it has met the following declaration criteria at the application date:** 1. Payment of the application processing fee 2. The Internal Audit Leader must be an IIA SA member in good standing 3. Internal Audit Leader(s) have Certified Internal Auditor (CIA) or Principal Certified Internal Auditor (PCIA) 4. Internal Audit team leaders having a minimum of five (5) years of internal auditing experience, and a minimum of two (2) years of management experience 5. All internal auditors on the any internal audit assignment must be members of the IIA SA (members in good standing and client may verify this on the IIA SA membership database) 6. Firm is liquid and solvent 7. Firm has professional indemnity insurance in place 8. Firm has a documented Internal Audit Methodology that conform with the relevant legislation and Standards 9. Upfront declaration of adherence to the IIA SA Code of Ethics

Services Provided	Criteria
	10. Upfront declaration that the work complies with the IPPF (until 8 January 2025) and Global Internal Audit standards (effective 9 January 2025) in practice 11. Effective quality assurance and improvement programme (QAIP) in place – evidence of the firms QAIP programme, confirming the effectiveness, required 12. Firm commitment to provide the IIA SA with all requested information as required in the application criteria for review.
	Renewal (Annually): 1. Payment of the renewal fee processing fee 2. Submission of Annual work declaration 3. Annual declaration of compliance with recognition criteria 4. Upfront declaration of adherence to the IIA SA Code of Ethics 5. Upfront declaration that the work complies with the IPPF (until 8 January 2025) and Global Internal Audit standards (effective 9 January 2025) in practice 6. Firm is liquid and solvent 7. Firm has professional indemnity insurance in place 8. Meeting of minimum CPD hours for each internal auditor and internal audit leader in the firm 9. Firm commitment to provide the IIA SA with all requested information as required in the application criteria for review
External Audit Quality Assurance Reviewer	**Application: The reviewer will certify that it has met the following declaration criteria at the application date:** 1. Payment of the application processing fee 2. The Reviewer must be an IIA SA member in good standing 3. Reviewer has Certified Internal Auditor (CIA) or Principal Certified Internal Auditor (PCIA) 4. Reviewer has a minimum of five (5) years of internal auditing experience, and a minimum of two (2) years of internal audit management experience 5. Verification by a Certified Internal Auditor (CIA) or Principal Certified Internal Auditor (PCIA) certified member of the IIA SA of at least 5 reviews as a team leader for Quality Assurance Assessments (Internal QAIP or External Quality Assurance Reviews) 6. Completion of the PEQA or the Global course updated for the global standards, once available or Occupational Certificate: Internal Audit Manager (Quality Assurance) specialisation 7. Commitment to provide the IIA SA with all requested information as required in the application criteria for review 8. Recognised individual subject to ad-hoc review/audit of engagement files and commitment to provide the IIA SA with all requested information required for the review/audit (phase 2)

	Renewal (Annually): 1. Payment of the renewal fee processing fee 2. Submission of annual work declaration 3. Submission of annual ethics declaration 4. Meeting of minimum CPD hours 5. Commitment to provide the IIA SA with all requested information as required in the application criteria for review 6. Firm subject to ad-hoc review/audit of external quality assurance engagement files and commitment to provide the IIA SA with all requested information required for the review/audit (phase 2)

7. Benefits of recognition

Recognised Internal Audit Service Providers

The IIA SA shall offer the following for all recognised Internal Audit Service Providers:
- Letter of recognition
- Listing on the website page for recognised service providers
  - A “Recognised Service Providers” Banner will be included in a selection of mailers with a link to the website page
  - A banner will be added to the landing page of the website with a link to the list of “Recognised Service Providers”
  - A social media post will be made with the link to the website page for “Recognised Service Providers”
- Advocate for the recognition and preference of recognised internal audit service providers
- Offer technical internal audit guidance and support

Recognised External Quality Assurance Reviewer

The IIA SA shall offer the following for all recognised Internal Audit Service Providers:
- Certificate of recognition
- Listing on the website page for recognised external quality assurance reviewers
  - A “Recognised External Quality Assurance Reviewer” Banner will be included in a selection of mailers with a link to the website page
  - A banner will be added to the landing page of the website with a link to the list of “Recognised External Quality Assurance Reviewers”
  - A social media post will be made with the link to the website page for “Recognised External Quality Assurance Reviewers”
- Advocate for the recognition and preference of recognised external quality assurance reviewer
- Offer technical quality assurance guidance and support

8. Considerations for those who do not meet the recognition criteria

8.1 In cases where an individual does not meet all the entry requirements with the exception of the CIA / PCIA, the candidate/s may apply to be assessed through the following opportunities:
- Sourcing the CIA certification through the CIA Challenge Exam; and
- Sourcing the CIA certification through the 3-part exam.

8.2 The IIA SA will, in future, consider a Recognition of Prior Learning (RPL) Process as a future opportunity for improvement.

9. Conditions for Revoking Recognition

9.1 Inadequate Qualifications and Resources: If the service provider's staff members lack the necessary qualifications, experience, or resources to perform effective internal audits

9.2 Failure to Comply with Professional Standards: Derecognition can be triggered if the internal audit service provider fails to adhere to the professional standards and ethical codes relevant to internal audit

9.3 Non-Compliance with Legal and Regulatory Requirements: Any violation of applicable laws, regulations, or industry-specific standards related to internal audit activities

9.4 Substandard Performance: Repeated or severe instances of substandard performance, which result in a material risk to the organisation

9.5 Failure to Provide Timely and Accurate Reporting: If the internal audit service provider consistently fails to provide timely and accurate audit reports and submissions.

9.6 Discontinuation of Business: Should the internal audit service provider cease its operations or go out of business

9.7 Failure to notify the IIA SA in the event that any of the recognition criteria has been breached

10. Appeals Process for declined applications/renewals and revoked recognitions

10.1 Any internal audit service provider whose application for recognition has been declined, whose application for renewal has been declined, or whose recognition has been revoked may file an appeal

10.2 The appellant must submit a written appeal to the CEO, clearly stating the grounds for the appeal

10.3 The appeal must be submitted within thirty (30) business days from the date of receiving the notice of the declined application or revocation

10.4 The IIA SA's Audit, Risk & Finance Committee, composed of impartial and qualified members of the IIA SA Board, shall be responsible for reviewing appeals

10.5 The Audit, Risk & Finance Committee will convene within thirty (30) business days of receiving the appeal

10.6 Grounds for appeal may include, but are not limited to, the following:

- Procedural irregularities in the application or review process
- Errors or misinterpretations of facts or law
- Evidence of compliance with relevant standards, regulations, or policies that were not considered in the initial decision

10.7 The Audit, Risk & Finance Committee will review the appellant's submission, as well as the relevant records and documentation from the initial decision.

10.8 The appellant may be asked to provide additional information or attend a hearing before the Audit, Risk & Finance Committee, if necessary.

10.9 The Audit, Risk & Finance Committee will issue a written decision within ninety (90) business days of the appeal review.

10.10 The Audit, Risk & Finance Committee may take one of the following actions:

- Uphold the initial decision
- Modify the initial decision
- Overturn the initial decision

10.11 The decision of the Audit, Risk & Finance Committee is final and binding. If the appellant is dissatisfied with the decision of the Audit, Risk & Finance Committee, they may pursue external remedies available under South African law.
10.12 All information related to the appeal, including the appellant's identity, will be treated confidentially to the extent permitted by law.
10.13 The decisions of the Audit, Risk & Finance Committee will be communicated in writing to the appellant.
10.14 The costs associated with filing an appeal are the responsibility of the appellant.
10.15 All records related to the appeal will be retained for a period of five (5) years.

11. Non-Compliance to this Policy

12.1 Our policies support our core values and reflect what is important to us. We take breaches of our policies seriously
12.2 Any breach of, or non-compliance with this policy must be communicated to the Policy Owner as soon as reasonably practical. The Policy Owner, with input from key stakeholders, will consider the appropriate action(s) required
12.3 All instances of non-compliance with this policy will be included within the regular risk and compliance reporting processes and reported to the relevant board committee

12. Review

12.1 This Policy shall be reviewed every two years, or as and when it is deemed necessary

13. Approval

13.1 This Policy document was approved by the IIA SA Board of Directors on 11 April 2024.

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South Africa