IIA STANDARD
INTERNAL AUDIT ROLE IN AN ORGANIZATION

The Institute of Internal Auditors

Internal audits are established as a service to management to help organizations meet their objectives. One of the key roles is to monitor risks and ensure that the controls in place are adequate to mitigate those risks. Internal audit helps organizations achieve their objective by:

- providing **assurance** and **consulting services**
- remaining **independence** and **objectivity** **adding value** by supporting improvement of the operations of the organization
- bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the organizations:
  - **Governance**
  - **risk management**
  - **controls**

The three areas of focus for internal audit are:

1. **Governance**: Governance is the combination of processes and structures implemented by the Legislature/FMB/SMC to inform, direct, manage, and monitor the activities of the GNWT/Department toward the **achievement of** its **objectives**. Internal audit role is to determine adequacy of the governance framework.

2. **Risk Management**: The process conducted by management to understand and deal with uncertainties that could affect the organization's ability to **achieve** its **objective**. Management decision process will normally consider:

   - Risk/Opportunities
   - Risk Appetite
   - Inherent Risk
   - Residual Risk
   - Risk Response

   Internal Audit role is the help management with risk assessment.

3. **Internal Controls**: Any action taken to manage risk and increase the likelihood that established **objectives** will be **achieved**. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that **objective** will be **achieved**. Internal controls prevent actions that result in repeated loss and facilitate repeated positive experience. The role of Internal Audit is to help assess the effectiveness and efficiency of internal controls.

   For additional Information on the IIA Standards, please click this link.