

# INTERNAL AUDIT

A UNIQUE CAREER CHOICE



**The Institute of  
Internal Auditors  
South Africa**

*Progress Through Sharing*



## Why should you choose **INTERNAL AUDIT** as a career?

Internal Audit has a long history and has evolved into one of the most exciting careers today. It is a multidimensional discipline that spans over all sectors and is therefore able to offer multiple options in terms of areas of focus and specialisation. The nature of the Internal Auditor's daily work creates the opportunity to acquire a significant amount of depth and breadth of understanding of the organisation's strategy and operations. Its multidimensional nature therefore inevitably shapes internal auditors into ideal candidates for executive positions.

The Profession offers its members the unique opportunity to make a significant contribution to the success of their organisations, and therefore in turn to the economic health of the country. Internal Auditors contribute to the success of their organisations as they are an important line of defence. They are advisors to management and act as the right hand of the Board of Directors through the Audit Committee by giving assurance on the organisation's ability to meet its objectives, its governance, risks and controls. .



## What do **Internal Auditors** do?

The internal auditor is often described as the organisations' critical friend – the independent advisor who can challenge current practice, champion best practice and be a catalyst for improvement, with the objective of ensuring that the organisation as a whole can achieve its strategic objectives.

Internal Auditors are responsible for the following:

- Evaluating controls and advising managers at all levels
  - The Internal Auditor's work includes assessing the tone and risk management culture of the organisation as well as evaluating and reporting on the effectiveness and efficiency of the implementation of management policies.
- Evaluating risks
  - Internal Auditors identify key activities and relevant risk factors and assess their significance. Changing trends and business/economic conditions impact the way the internal auditor assesses risk. The techniques of internal auditing have changed from a reactive and control based form to a more proactive and risk based approach. This enables the internal auditor to anticipate possible future concerns and opportunities as well as identifying current issues.
- Analysing operations and confirming information
  - Internal Auditors work closely with line managers to review operations then report their findings. The internal auditor must be well versed in the strategic objectives of the organisation, so that they have a clear understanding of how the operations of any given part of the organisation fit into the bigger picture.
- Reviewing compliance
  - Compliance review ensures that the organisation is adhering to rules, regulations, laws, codes of practice, guidelines and principles as they apply individually and collectively to all parts of their organisation

# Differences between **Internal Auditors (IAs)** and **External Auditors (EAs)**

<b>Mandate:</b>	Although Internal Audit does have a degree of focus on the financial aspects of the organisation, it is essentially not a financial discipline - unlike its counterpart External Audit. Its multidimensional nature mandates a much broader scope in the organisation than that of External Audit.
<b>Areas of Focus:</b>	<ul style="list-style-type: none"> <li>EAs focus on finance and accounting</li> <li>IAs focus on the whole organisation, all departments, functions and operations</li> </ul>
<b>Independence:</b>	<ul style="list-style-type: none"> <li>EAs are independent external assurance providers to the organisation and have a statutory obligation</li> <li>IAs are part of the organization but independent of management, they provide internal audit assurance and report to the audit committee.</li> </ul>
<b>Risk and Control</b>	<ul style="list-style-type: none"> <li>EAs identify risks and assess controls over financial reporting and place reliance on controls to the extent practicable. Emphasis is on gaining sufficient audit evidence to conclude that the financial statements present a true and fair view.</li> <li>IAs provide an independent view on the organisation's governance, risk management and control processes. They review, the adequacy of control design to ensure that risks are effectively managed, and then test operation of key controls to ensure they are operating as intended and therefore are effective in managing the organisation's risk.</li> </ul>
<b>Driving Results</b>	<ul style="list-style-type: none"> <li>EAs make recommendations to improve the financial control environment</li> <li>IAs make recommendations to improve the overall internal control environment and to improve the operational performance of the organisation as a whole.</li> </ul>

## The **Internal Audit** Career Path

In addition to being the custodian of the Internal Auditing Standards, the IIA SA is also the standard setter of the career path for internal auditors. The important role that Internal Auditors play in their organisations necessitates strict adherence to the minimum requirements set by the Institute.

The IIA SA defines an Internal Audit Professional as someone who has an academic qualification, who has gone through the IIA SAs structured on-the-job training program (Professional Training Program), has gone through a test of competence (IAT, GIA and CIA) and who is a member of the IIA. These four elements must be in place as they speak to the Internal Auditor's competence and accountability to a code of ethics.

The path career Internal Auditors follow in sequence is:

1. Obtaining an academic qualification. We recommend that where possible you work through an academic institution that has been endorsed by the IIA (IAEP status). These institutions often offer internship programs. One of the best ways to learn more about Internal Auditing is to participate in a student internship program. An internship can provide you with special insight into Internal Auditing, its working relationships and job related responsibilities that textbooks cannot offer, not to mention the invaluable personal and professional contacts you make. Plus, internships often turn into paid jobs after graduation. Tertiary institutions make their own decisions about the availability of and credit assigned to internship programs. Registrations for your internships will be arranged according to the requirements of your institution.
2. Become a member of the Institute. Being a member of a professional body is a prerequisite for any professional. Being a member of the IIA SA "brands" an individual as a professional and instantly associates that individual with competence and ethical behaviour. Organisations' reputations are enhanced when it is known that their employees are branded as professionals.
3. Go through the IIA SAs Professional Training Program. This is a structured on-the-job training program designed to build competence in Internal Auditors.
4. Write the CIA exam as the final test of competence.
5. Many Internal Auditors also opt to write the specialty exams which have been designed to further assist members in government, the financial services as well as those who want to enhance their facilitation skills.

6. In order to maintain the professional IIA SA designations, an Internal Auditor must adhere to the IIA SA's continuing professional development requirements.

### **IIA SA Professional Training Program (PTP)**

A PTP is a work-based learning program – comparable to 'articles' or 'training contracts' in other professions. It consists of two elements – an education (formal lecture-room training) leg, and a practical training (workplace instruction) leg. It relates to an occupation and upon completion leads to the awarding of a qualification / designation. The IIA SA offers two SETA accredited PTP programs, namely the IAT and GIA.

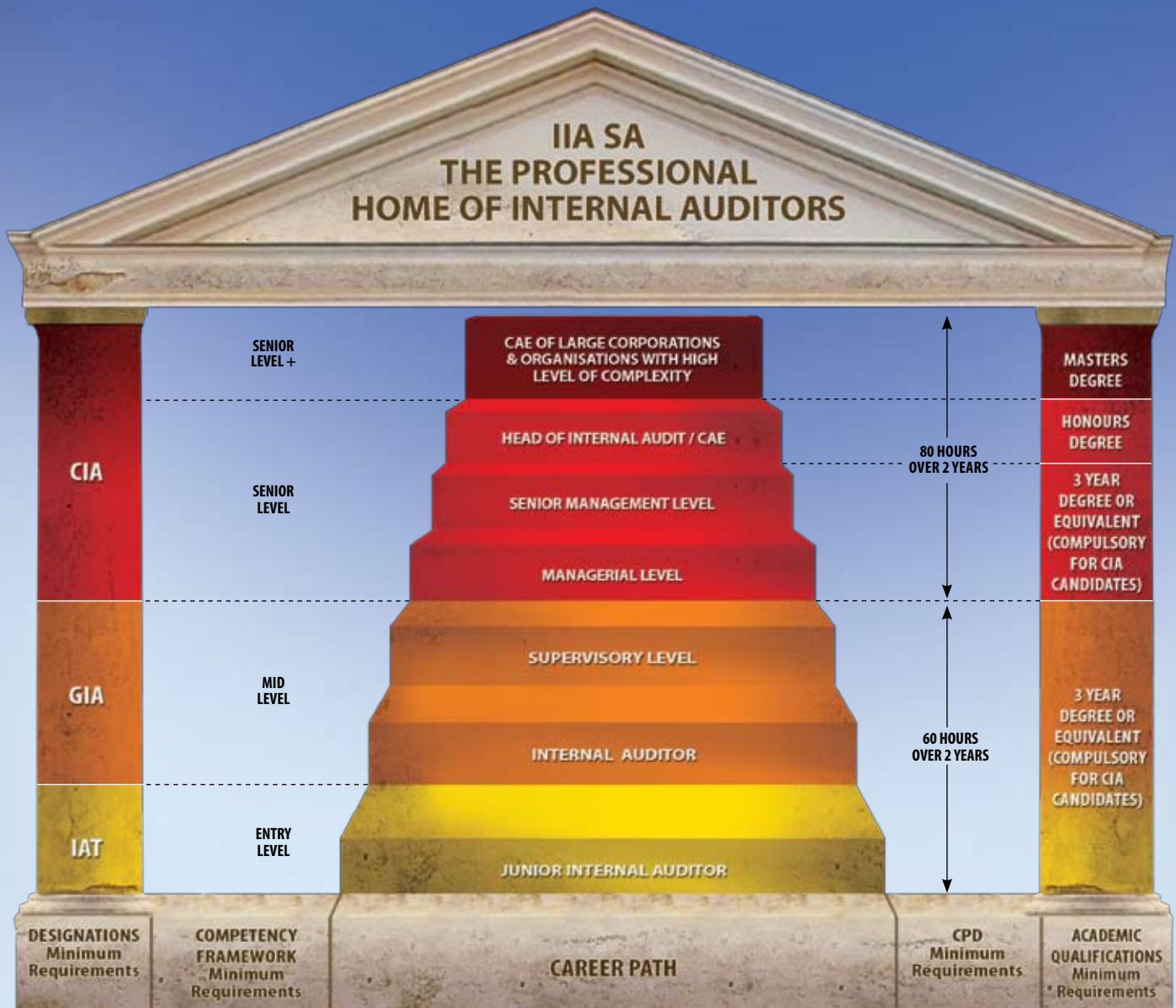
- **Internal Audit Technician (IAT) PTP**  
This is the entry-level designation and indicates that an IAT should be able to perform routine audit tasks, execute audit programs, prepare work papers and draft audit findings. As a guideline, candidates should be in possession of a NQF level 6 qualification, OR candidates without a NQF level 6 qualification, must have at least 3 years relevant practical experience.
- **General Internal Audit (GIA) PTP**  
This is the next step in the career path. The GIA is a supervisory level designation and the format of this program is the same as for the IAT – comprising training modules and structured workplace training. The focus is on being able to perform some senior and supervisory tasks, and conduct multiple audit duties. A GIA should be able to perform duties with limited or no supervision.  
Entrance to the GIA program is by two means – having successfully completed the IAT program, or having being assessed as competent against the IAT Training Log Book specifications.

### **Certified Internal Auditor (CIA)**

The CIA is the premier global designation of the Internal Auditing profession. The CIA is recognised by individuals and organisations throughout the world as 'The Global Mark of Excellence in Internal Auditing.'

The Institute of Internal Auditors awards the CIA certification to qualified candidates who successfully complete a four part written examination and meet the necessary experience, and educational requirements.

# Career path for Internal Auditors



## What skills and character traits should an Internal Auditor have?

Whilst the financial skills of accountants are useful to do their job effectively, Internal Auditors need to possess a high level of technical internal auditing skills and superior business acumen. They must be effective communicators, good project managers, analytically strong and it helps if they are good negotiators. In addition, they must have an excellent grasp of organisational risk, unflinching integrity, be grounded in ethics and have unwavering courage.



## How can I **GET A HEAD START** on my competition?

Staying ahead of the pack is a simple process, but does require commitment and a willingness to make the necessary sacrifices to become competent.

- Do the groundwork and determine whether Internal Auditing is the right career for you. Do you have the right characteristics to be a good Internal Auditor?
- Adhere to the career path requirements as mapped out by the Institute
- Join the IIA SA
- Make use of the IIA SA's infrastructure designed to assist its members in assuring that their technical application of the Standards is sound
- Join the IIA SA's mentorship program as soon as you are eligible to join the program
- Stay abreast of developments through adhering to the Continuing Professional Development requirements

## How can I become a **Member?**

The IIA SA offers a variety of membership classes based on education and experience requirements. All relevant information for becoming a member of the IIA SA is available on our website: [www.iiasa.org.za](http://www.iiasa.org.za) or alternatively you can contact the Membership Administrator on email: [membership@iiasa.org.za](mailto:membership@iiasa.org.za)

## What **MEMBERSHIP OF THE IIA SA** means to the individual

- The IIA lobbies on behalf of its members on all important matters e.g. pending legislation. The professional body ensures that appropriate, consolidated input is provided on legislation which affects internal auditors and their organisations – the Companies Act, Public Finance Management Act and King Report to name a few.
- The IIA provides numerous continuing professional development opportunities to its members which include inter alia, training courses, conferences, seminars, mentorship programs and the like.
- The IIA also provides networking opportunities to its members in all the major regions in the country.
- IIA publications provide members with a wide variety of pertinent information which keeps them current on an ongoing basis.
- A wide variety of material is imported in bulk and made available to members at significantly reduced prices.
- Technical advice and support regarding internal auditing and the application of the Standards is available to all members. The IIA also provides quality assurance services to enhance conformance with the Standards and improve the operations of internal audit functions.
- Global networking is available via the IIA Inc free Web-based interactive community and the International Conferences held annually.

## What is the **Institute of Internal Auditors?**

The Institute of Internal Auditors (IIA) is the professional home of the Internal Auditor. It is the custodian of the Internal Audit Standards, protects the interest of the Internal Auditing profession and sets the career path standards for the Internal Auditors.



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**All relevant information for becoming a member of the IIA SA is available on**

**Website:** [www.iasa.org.za](http://www.iasa.org.za). Alternatively you can contact us on: **Telephone:** 011 450 1040 or **E-mail:** [customerservices@iasa.org.za](mailto:customerservices@iasa.org.za)