Internal Audit Quality Assessment
Presented to:

World Vision International

October 2020

World Vision International
Global Internal Audit

It is our overall opinion that Global Internal Audit generally conforms with the *Standards* and the IIA Code of Ethics.

This level of conformance is the top rating and demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing

Governance	
Standard	**Rating**
1000	GC
1100	GC
1300	GC
Code of Ethics	GC

Staff	
Standard	**Rating**
1200	GC

Management	
Standard	**Rating**
2000	GC
2100	GC
2450	GC
2600	GC

Process	
Standard	**Rating**
2200	GC
2300	GC
2400	GC
2500	GC

Thank you for the opportunity to be of service to Global Internal Audit. We will be pleased to respond to further questions concerning this report and furnish any desired information.

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Executive Summary

Under the *International Standards for the Professional Practice of Internal Auditing ("Standards"),* an external quality assessment ("EQA") of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The World Vision International ("World Vision") internal audit activity ("Global Internal Audit") in consultation with the Audit and Risk Committee, selected The Institute of Internal Auditors ("IIA") Quality Services, LLC to lead their review. The EQA took place remotely during the week of August 10, 2020 and the final conclusions made by the independent assessment team were as of August 14, 2020 – the last date of the fieldwork phase of the EQA. The qualified assessment team who performed this EQA demonstrated competence in both the professional practice of internal auditing and the EQA process as required by the *Standards*.

Future changes in external factors and actions taken by personnel, including actions taken to address our recommendations, may have an impact upon the operation of Global Internal Audit in a manner that this report did not and cannot anticipate. Considerable professional judgment is involved in evaluating the observations and developing recommendations. Accordingly, it should be recognized that others could evaluate the results differently and draw different conclusions.

All information included in this report is proprietary and confidential and is intended for World Vision use only; and may not be distributed to any other third party, other than your regulator or external auditor, without the prior written consent of The IIA Quality Services, LLC.

Opinion as to Conformance with the *Standards* and the IIA Code of Ethics

It is our overall opinion that Global Internal Audit generally conforms with the *Standards* and the IIA Code of Ethics. This level of conformance is the top rating and demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing ("Core Principles") and the Definition of Internal Auditing.

A detailed list of conformance with individual *Standards* and the IIA Code of Ethics is shown on page 10 of this report. Upon issuance of this report, Global Internal Audit may use the terms "Conforms with the *International Standards for the Professional Practice of Internal Auditing"* and "Conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing"*.

The IIA's *Quality Assessment Manual for the Internal Audit Activity – 2017 IPPF Aligned Edition ("Quality Assessment Manual")* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform.*"* "Generally Conforms" means the assessor or assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the *Standards* and the IIA Code of Ethics in all material respects. Detailed definitions for rating criteria associated with "Generally Conforms", "Partially Conforms", and "Does Not Conform" are described in Attachment A found on page 32 of this report and are consistent with the guidance provided by the IIA in their *Quality Assessment Manual.*

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Executive Summary
Observations Specific to Global Internal Audit

Overall

Global Internal Audit generally conforms with the *Standards* and the IIA Code of Ethics. This level of conformance is the top rating and demonstrates a clear intent and commitment to achieving the Core Principles and the Definition of Internal Auditing. Global Internal Audit operates in a very dynamic environment, with changing and emerging risks. Their ability to adapt and be responsive to change, combined with their ability to leverage insight on risks impacting the organization into focused audit plans, will continue to be critical to their success and value to World Vision. The CAE has established and is executing a Quality Assurance and Improvement Program ("QAIP") that demonstrates a clear commitment to continuous improvement and alignment with the *Standards* and the IIA Code of Ethics. The Global Internal Audit annual risk assessment process focuses activities in areas of highest risk and impact consistent with the strategies, objectives, and risks of World Vision. Global Internal Audit is a critical component of the World Vision governance structure, and they operate as an effective third line of defense that appropriately monitors risk management and control activities across World Vision. The Global Internal Audit methodology supports planning, fieldwork, reporting, and monitoring processes for engagements identified in the annual audit planning process.

Attribute Standards

Global Internal Audit has the infrastructure in place to support sustainability of internal audit processes in a consistent and quality manner. The Global Internal Audit Charter is foundational to all their activities and appropriately defines their purpose, authority, responsibilities, and accountabilities within World Vision. The functional and administrative reporting relationships of the CAE generally support organizational independence and objectivity. The nature of the functional reporting relationship to the Audit and Risk Committee is specifically and consistently described in both the Global Internal Audit and the Audit and Risk Committee charters. The Global Internal Audit Charter specifically references the fact that the Core Principles, the IIA Code of Ethics, the *Standards,* and the Definition of Internal Auditing are mandatory in nature. Independence and objectivity of Global Internal Audit management and staff is supported by language in the Global Internal Audit Charter and the Global Internal Audit Manual of Policies & Procedures ("Global Internal Audit Manual"). Global Internal Audit management and staff collectively possess the knowledge, skills, and competencies necessary to demonstrate professional proficiency. An internal auditing competency framework is used to support talent management activities within Global Internal Audit including continuing professional development and resource allocation. Work is performed with due professional care that includes an appropriate level of supervisory review and approval. Global Internal Audit embraces the use of technology and is working to enhance and expand the use of Computer-Assisted Audit Techniques ("CAATs") to support their risk assessment and planning activities, as well as for the execution of individual audit engagements. The QAIP is defined and documented in a detailed manner that supports consistency and sustainability of its execution. Internal assessment differentiates between ongoing monitoring of performance and periodic internal assessment. The on-going monitoring process incorporates the use of quality review procedures with checklists and templates, supervisory review and approval, performance metrics, and customer surveys to ensure each engagement is performed consistent with the defined Global Internal Audit methodology. A holistic periodic internal assessment process has been designed and is performed on an annual basis to evaluate and conclude on conformance with the *Standards* and the IIA Code of Ethics. The QAIP stipulates that external assessment must be performed every five years consistent with the requirement in the *Standards*. The last EQA was performed in 2015 so the current EQA is being performed within this five-year requirement. Results of internal and external assessments are communicated to senior management and the Audit and Risk Committee in timeframes established by the *Standards*.

Executive Summary
Observations Specific to Global Internal Audit

Performance Standards

Global Internal Audit is managed effectively – processes and procedures support consistency, quality, and sustainability.   A vision, mission, and associated objectives have been established for Global Internal Audit. A multi-year strategic plan is being formalized to guide Global Internal Audit in a proactive, thoughtful, systematic, and practical manner. The annual audit plan is supported by a risk assessment process that incorporates broad-based input from Global Internal Audit stakeholders including the Audit and Risk Committee. The annual audit plan, and significant changes to the plan, are presented to senior management for review and to the Audit and Risk Committee for review and approval. The annual audit plan is consistent with the entity-wide view of risk and appears to be focused in the areas of highest risk, impact, and relevance to World Vision. Global Internal Audit resource levels and skill sets align with annual audit plan objectives and requirements. Documentation of policies and procedures in the Global Internal Audit Manual support consistency, quality, and sustainability of their execution. Global Internal Audit actively coordinates activities with other providers of assurance for World Vision. Periodic reports to the Audit and Risk Committee effectively communicate Global Internal Audit activities. Global Internal Audit appropriately balances their focus between governance, risk management, and control activities consistent with the Nature of Work *Standards.* Engagement level planning is supported by engagement level risk assessment to focus audit activities in areas of highest risk and impact. Work paper documentation supports linkage between engagement objectives, risks, controls, work programs, and reports. Supervisory review and approval are consistently documented within the work papers at appropriate times. Results of engagements are effectively communicated to senior stakeholders within World Vision and the Audit and Risk Committee. There is an effective follow-up process in place that tracks audit issues through to resolution.

Executive Summary
Conformance Summary – *Standards* and the IIA Code of Ethics

		GC	PC	DNC
OVERALL		X		

		GC	PC	DNC
ATTRIBUTE STANDARDS		X		
1000	**Purpose, Authority, and Responsibility**	X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100	**Independence and Objectivity**	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairments to Independence or Objectivity	X		
1200	**Proficiency and Due Professional Care**	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	**Quality Assurance and Improvement Program**	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of "Conforms with the *International Standards for the Professional Practice of Internal Auditing*"	X		
1322	Disclosure of Nonconformance	X		

		GC	PC	DNC
PERFORMANCE STANDARDS		X		
2000	**Managing the Internal Audit Activity**	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		

		GC	PC	DNC
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		
2100	**Nature of Work**	X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200	**Engagement Planning**	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Programs	X		
2300	**Performing the Engagement**	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	**Communicating Results**	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the *International Standards for the Professional Practice of Internal Auditing*"	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	**Monitoring Progress**	X		
2600	**Communicating the Acceptance of Risks**	X		

		GC	PC	DNC
IIA CODE OF ETHICS		X		

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