

Background

The mission of the Internal Audit Division within DIOS (DIOS IAD) is to add value, support achievement of the mission of UNRWA, and fulfilment of its objectives, through independent and objective assurance and advisory services that assess the effectiveness and efficiency of UNRWA's governance, risk management, and controls processes.

The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing ('the IIA Standards') requires that an external assessment be conducted at least once every five years, with an evaluation of compliance against the IIA Standards, the use of successful practices, and the efficiency and effectiveness of the internal audit activity.

The IIA Standards comprise Attribute and Performance Standards, and DIOS IAD conducted an internal self-assessment of the Attribute Standards in Q2 2021, concluding that overall, the division "generally conforms". In Q4 2021, DIOS IAD engaged external experts with requisite qualifications and experience to conduct an internal quality assessment, focusing on assessing the Performance Standards against the detailed quality criteria in preparation for the external validation to be conducted in 2022.

Objective and purpose

The objectives of the internal quality assessment were to assess DIOS IAD's conformance with the Performance Standards component of IIA Standards while also identifying any areas needing

improvement/lessons learned, including action plan for future implementation in preparation for the external evaluation.

Conclusion

The experts concluded that DIOS IAD "generally conforms" with the Performance Standards with ratings¹ for each series shown below:

# Series	Performance standards	Assessment
2000	Managing the Internal Audit Activity	GC
2100	Nature of Work	GC
2200	Engagement Planning	GC
2300	Performing the Engagement	PC
2400	Communicating Results	GC
2500	Monitoring Progress	GC
2600	Communicating the Acceptance of Risks	NA

Recommendations

Improvements are needed in particular regard to **2300 series** Standards, and recommendations were for DIOS IAD to: enhance audit and advisory performance through strengthening "analysis and evaluation" and "documentation" by continuous professionalization, and to improve the timeliness for completion and reporting of assignments.

Additional recommendations were made aimed at enhancing audit efficiency and effectiveness, including: expanding the audit coverages, for example to conduct a holistic review of governance processes in UNRWA, further contribution and advice to management on UNRWA's development of the ERM; focusing engagements to specific objectives; increasing the monitoring of

¹ The IIA's compliance rating system provides three levels of conformance. The highest (best) level is "Generally conforms" (GC), the next level is "Partially conforms" (PC) and the third level is "Does not conform." (DNC)

resources while streamlining the work program including further refinement of sampling methodology and audit filing categories; clarifying advisory activities; and considering issuance of an overall opinion in the annual activities and impact report.

Action plan to address recommendations

DIOS IAD is committed to implementing the recommendations to ensure that the external validation concludes that the division "generally conforms". Action proposed to address the above recommendations include i.a. the following:

- Formalize a training programme and complete the roll out of an expanded Quality Assurance and Improvement Program,
- Update the audit manual, further enhancing the checklists and templates in use, sampling methodology, and the inclusion of guidance on conducting advisory assignments;
- Further enhance DIOS support to management, contributing to overall agency enhancement of governance, risk management and internal controls.

Methodology, Approach and Disclosure

The quality assessment covered DIOS IAD activities for the past 12 months up to November 2021. The review has been carried out on a selected sample of six assurance and advisory assignments divided over the time period under review and the two senior auditors in charge of these assignments.

As main reference documents, the IIA's International Professional Practices Framework (2017 edition) as well as its Quality Assessment Manual for the Internal Audit Activity (updated 6th edition), with due consideration to the 2017 IPPF, were utilized.

The data collection for the assessment comprised:

- desk review of received data (full access to relevant assignment files and other pertinent DIOS and IAD reference documents)
- field work to collect primary and possibly also missing secondary data; including on-site-mission in Amman where detailed interviews and groups discussions, using both traditional face-to-face discussions as well as Teams meetings were held with DIOS IAD staff, and selected auditees.

Pursuant to OD14, this summary of conclusion and recommendations including action plan taken to address recommendations is made publicly available on the DIOS internet page upon issuance of the report on 30 December 2021.