

Enhancing Audit Quality: The Role and Implementation of QAIP

“What gets measured, gets improved.”
Peter Drucker





About the Speaker

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- Head of Internal Audit, Ameriabank
- Certified Internal Auditor
- Certified quality assessor

Professional roles

- Board Member (IIA Armenia)
- Chair of the Educational Committee (IIA Armenia)

Speaker's Experience with Quality Assurance



1

2022

Coordinated the **external assessment** process at Ameriabank.

2

2023

Launched and established the **QAIP**.

Successfully led two external assessment projects as a consultant—in Moldova and Kazakhstan.

3

2024

Achieved certification as an external quality assessor.

4

2025

Conduct the periodic self-assessment for Ameriabank to promote continuous quality improvement.

Today's Agenda

- ✓ **Quality in Internal Audit**
- ✓ **Main principles when establishing QAIP**
- ✓ **QAIP Requirements from GIAS**
- ✓ **Benefits and challenges of QAIP**
- ✓ **QAIP at Ameriabank**



Quality in Internal Audit



Reputation and professionalism

Maintaining a strong reputation through demonstrated competence, professional integrity, and ethical conduct in all audit activities.



Organizational impact

Driving positive change and adding value across the organization by providing insights and influencing processes, culture, and outcomes at every level.



Quality of deliverables

Producing insightful reports and recommendations that meet standards, create measurable value, and provide strategic advisory support to stakeholders.



Effective communication

Engaging management and the board with clear, confident dialogue and fostering constructive, solutions-focused collaboration.



More Elements of Audit Quality



Professional confidence

Demonstrating conviction and responsibility in Internal Audit conclusions, backed by sound, well-articulated reasoning.



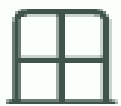
Documentation excellence

Ensuring Internal Audit reports are timely, precise, and that all working papers are accurately documented.



Standards adherence

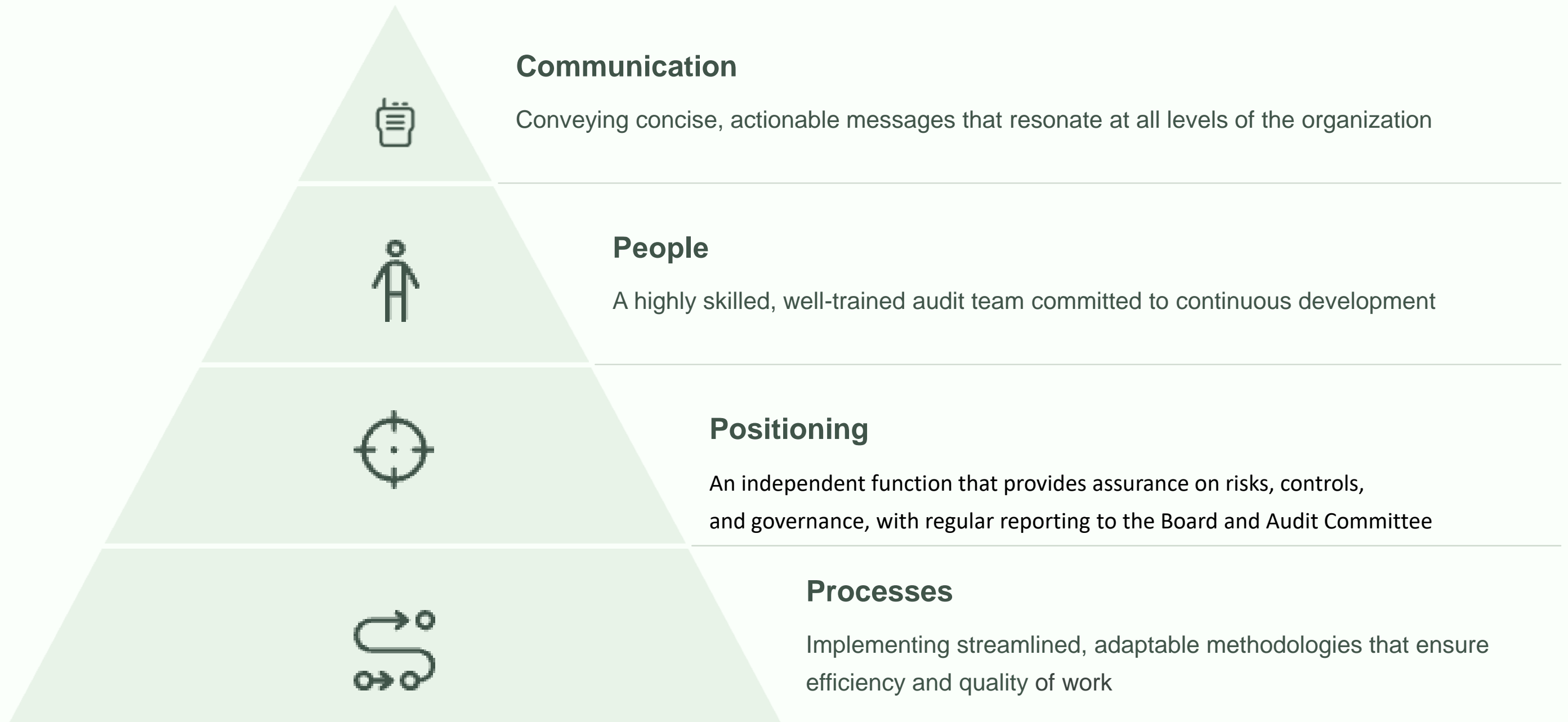
Strictly following professional standards with clear, consistent processes throughout each engagement.



Governance principles

Upholding transparency and independence, while linking Internal Audit work to business strategy.

Key Pillars of Internal Audit Quality



Main principles when establishing QAIP

Strategic alignment

- QAIP aligns with Audit Strategy
- Drives quality to support organizational goals

Methodology integration

- Quality assurance is built into audit workflows
- Applied across planning, execution & reporting
- Not a separate activity

Feedback culture

- QAIP promotes open feedback
- Drives continuous improvement
- Enhances audit quality & team performance

Team engagement

- Quality needs ongoing team commitment
- Everyone is responsible
- Proactive participation is key

Clear reporting

- QAIP ensures transparent quality reporting
- Delivers clear conclusions & stakeholder updates
- Leads to actionable improvement plans

QAIP Requirements from Global Internal Audit Standards



QAIP responsibility

The Chief Audit Executive (CAE) is responsible for developing, implementing, and maintaining the QAIP.

GIAS requirements ensure **conformance with standards**, achievement of **performance objectives**, and foster a culture of **continuous improvement**.

Types of assessments

Internal Assessments (Annual):

- Ongoing monitoring of activities
- Periodic self assessments
- Communicate results to the board and senior management

External Assessments (Every 5 Years):

- Conducted by an independent external assessor (at least one CIA)
- May include a validated self-assessment
- Results reported upon completion

Assessment results must address

- Conformance with global standards
- Achievement of audit performance objectives
- Legal and regulatory compliance (when applicable)
- Improvement plans for identified deficiencies

The Deming cycle (PDCA)

Plan

- Align QAIP with Global Audit Standards
- Set quality goals & KPIs
- Choose assessment methods
- Define internal & external review policies

Do

- Execute audits per QAIP plan
- Monitor through reviews & self-assessments
- Use risk-based methods & adhere to standards

Check

- Regular self-assessments for standards compliance
- Stakeholder feedback from Audit Committee & senior management
- Scheduled internal & external reviews

Act

- Target process, skill & methodology improvements
- Continuously update audit methods to best practices
- Prioritize ongoing learning & professional development



Benefits of a Strong QAIP



Professional credibility

- Establishes the internal audit function as professional and accountable.
- Builds self-confidence among auditors and increases the acceptance of internal auditing across the organization.



Continuous improvement

- Highlights areas for process or skills development, fueling ongoing progress.
- Drives proactive change and encourages investments in improvement initiatives.



Stakeholder confidence

- Strengthens stakeholder **trust and confidence** in audit results.
- Enhances the organization's image and reputation among investors, IFIs, and external/ISO auditors.



Standards compliance

- Ensures internal audit practices consistently align with **GIAS** and deliver measurable value.
- Demonstrates a **commitment to quality and professionalism** and supports a culture of continual improvement.



Challenges in Implementing QAIP

Resource constraints

- **Limited time and budget** often hinder the ability to carry out a comprehensive QAIP or secure an external assessment.
- Internal audit teams are frequently small or stretched thin by competing operational priorities.

Independence and objectivity

- Maintaining true objectivity in **internal QAIP** can be challenging.
- Particularly for **smaller teams** where roles may overlap it is hard to ensure unbiased evaluations.

Resistance to change

- Team members may be reluctant to accept external feedback, especially when there are concerns about unfavorable findings.
- Successful QAIP implementation may require dedicated change management to address necessary adjustments in audit practices.

Documentation issues

- Poor or incomplete documentation of processes, methodologies, or audit work hampers effective assessments.
- Without sufficient evidence, assessors are unable to fully evaluate the quality and effectiveness of internal audit activities.

More Challenges in QAIP Implementation

Selecting the right external assessor

- Identifying an **independent** assessor with a strong understanding of the organization's context is crucial.
- Concerns may arise about **confidentiality** and the assessor's **industry knowledge**.
- External assessors must be **qualified** and reputable, which can be challenging to find.

Continuous improvement issues

- QAIP is an ongoing process that demands **continual evaluation** and enhancement—not a one-time activity.
- Many audit functions struggle to implement **effective follow-up** or apply lessons learned from assessments.

Cultural barriers

- In organizations with weak governance cultures, quality assurance efforts may receive **limited support** or **recognition**.
- QAIP may be treated as a **low priority**.

Feedback culture

- When feedback is not actively encouraged, internal auditors may **hesitate to share insights**, which reduces the program's effectiveness.
- A robust QAIP relies on open communication and **honest feedback**.

QAIP at Ameriabank



Ongoing monitoring

Continuous day-to-day oversight of audit activities to ensure immediate identification and correction of issues.



Internal assessments

Comprehensive annual reviews, including self-assessments and peer evaluations, to maintain conformance with standards and drive internal improvement.



External assessment

An independent validation by qualified external assessors every five years, confirming continued compliance and identifying opportunities for advancement.

Ongoing monitoring at Ameriabank



Supervision of engagements

Managers closely oversee all audit engagements to ensure procedures are correctly followed and issues are addressed promptly.



Checklists and performance metrics

Comprehensive checklists and clearly defined metrics track progress and maintain consistency across engagements.



Peer review

Peer reviews offer a fresh, objective perspective and confirm whether audit conclusions are sound.



Evaluation and KPIs

Standardized evaluation frameworks and KPIs facilitate objective performance measurement and accountability.



Dashboards

Real-time dashboards provide clear visibility into key audit activities and performance indicators.



Feedback from auditee

Immediate feedback is solicited from auditees to identify improvement opportunities and enhance service quality.



KEY PERFORMANCE INDICATORS FOR INTERNAL AUDIT FUNCTION

Evaluation and KPIs at Ameriabank



Assessment frequency

Performance evaluations are conducted **twice a year** to ensure continuous development.



360 Degree assessment

Comprehensive **feedback** gathered from self-assessment, team members, supervisors, and process owners within the bank.



Evaluation framework

Utilizes a structured evaluation matrix with **KPI categories** and assigned weightings.



Feedback process

Emphasizes clear communication and feedback to support continuous improvement and personalized **development plans**.

Key Performance Indicators



100%

Audit plan completion

Audit plan fully executed as scheduled



95%

Action implementation

Agreed actions successfully implemented



40h

Training hours

Continuing professional education (CPE) hours per auditor



80%

Satisfaction rate

Average satisfaction score from auditees



80%

Satisfaction rate of AC

Average satisfaction score from Audit Committee



Max 2

Missed findings

Regulator & external audit findings missed by IA

Periodic Self-Assessment

Overview of Periodic Self Assessment

- Performed annually.
- Comprehensive documentation is maintained through a dedicated QAIP file.
- IIA tools—including the QA Manual and conformance checklists—are systematically utilized.
- CIA certification is required.
- Results are communicated to the Management and Board.
- Report and action plan is submitted to the Board.

Assessment Procedures

- Surveys solicited from the Board and Management
- Feedback surveys among audit staff
- Review of a sample of engagements (at least 20% of the annual plan)
- Evaluation of internal regulations for compliance with GIAS
- Review of audit-related documentation (KPIs, satisfaction surveys, training database, and others)

External assessments

Overview of External Assessments

- Required Every 5 Years
- Conducted by a qualified, independent assessor to evaluate conformance with the Global Internal Audit Standards.
- Can be performed as Self-Assessment with Independent Validation (SAIV).
- Assesses methodology, stakeholder perception, impact, and alignment with best practices.
- Provides independent assurance on audit quality, governance, and performance.
- Results should be shared with the Board and senior management, including action plans for any improvement areas.

Assessment Procedures

- Interviews with Staff, Board and Management
- Feedback surveys among audit staff and Management
- Review of a sample of engagements
- Reviews of internal regulations
- Review of audit-related documentation (KPIs, satisfaction surveys, training database, and others)

Tips & Advice for Effective QAIP



Focus on Substance

Avoid preparing documents simply for appearance. Beyond paperwork: real improvement starts with honest process insight



Embrace Feedback

Welcome constructive feedback, including the challenging kind. Treat criticism as an opportunity for growth.



Adapt Willingly

Be open to change. Improvement depends on your willingness to adapt. Maintain flexibility and proactively.



See the Value

Don't dismiss QAIP as mere bureaucracy. Quality assurance is not just a box-ticking exercise.



Embrace innovation.

Regularly seek out and apply new ideas, tools, and methodologies to boost audit effectiveness and efficiency.



Invest in yourself.

Ongoing learning and professional development empower individual auditors and elevate the performance of the entire function.



Remember: QAIP is a continuous journey. It is not a one-time project, but a recurring cycle of feedback, learning, and improvement.



Focus on creating value, not just compliance. The ultimate aim of QAIP is to strengthen the relevance and impact of IA.

THANK YOU

And remember we don't need to be perfect — we just need to be better than yesterday.

Let's Stay Connected

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